UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-K

Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended December 31, 2008
Commission file number 001-09718

THE PNC FINANCIAL SERVICES GROUP, INC.

(Exact name of registrant as specified in its charter)

Pennsylvania	25-1435979
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

One PNC Plaza
249 Fifth Avenue
Pittsburgh, Pennsylvania 15222-2707
(Address of principal executive offices, including zip code)

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

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, par value $5.00	New York Stock Exchange
$1.60 Cumulative Convertible Preferred Stock-Series C, par value $1.00	New York Stock Exchange
$1.80 Cumulative Convertible Preferred Stock-Series D, par value $1.00	New York Stock Exchange
Depositary Shares Each Representing 1/4000 Interest in a Share of 9.875% Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series L, par value $1.00	
12.000% Fixed-to-Floating Rate Normal Automatic Preferred Enhanced Capital Securities (issued by National City Capital Trust I)	New York Stock Exchange
6.625% Trust Preferred Securities (issued by National City Capital Trust II)	New York Stock Exchange
6.625% Trust Preferred Securities (issued by National City Capital Trust III)	New York Stock Exchange
8.000% Trust Preferred Securities (issued by National City Capital Trust IV)	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
$1.80 Cumulative Convertible Preferred Stock - Series A, par value $1.00
$1.80 Cumulative Convertible Preferred Stock - Series B, par value $1.00

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes X No __

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes __ No X

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No __

Indicate by check mark if the disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. X

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer X   Accelerated filer __   Non-accelerated filer __   Smaller reporting company __

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes __ No X

The aggregate market value of the registrant's outstanding voting common stock held by nonaffiliates on June 30, 2008, determined using the per share closing price on that date on the New York Stock Exchange of $57.10, was approximately $19.7 billion. There is no non-voting common equity of the registrant outstanding.

Number of shares of registrant's common stock outstanding at February 17, 2009: 444,312,329

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive Proxy Statement of The PNC Financial Services Group, Inc. to be filed pursuant to Regulation 14A for the 2009 annual meeting of shareholders ("Proxy Statement") are incorporated by reference into Part III of this Form 10-K.

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PART I

Forward-Looking Statements: From time to time, The PNC Financial Services Group, Inc. ("PNC" or the "Corporation") has made and may continue to make written or oral forward-looking statements regarding our outlook or expectations for earnings, revenues, expenses, capital levels, liquidity levels, asset quality or other future financial or business performance, strategies or expectations, or the impact of legal, regulatory or supervisory matters on our business operations or performance. This Annual Report on Form 10-K (the "Report" or "Form 10-K") also includes forward-looking statements. With respect to all such forward- looking statements, you should review our Risk Factors discussion in Item 1A and our Risk Management, Critical Accounting Policies and Judgments, and Cautionary Statement Regarding Forward-Looking Information sections included in Item 7 of this Report.

ITEM 1 – BUSINESS

BUSINESS OVERVIEW We are one of the largest diversified financial services companies in the United States and are headquartered in Pittsburgh, Pennsylvania. As described further below and elsewhere in this Report, on December 31, 2008, PNC acquired National City Corporation ("National City"), nearly doubling our assets to a total of $291 billion and expanding our total consolidated deposits to $193 billion.

We were incorporated under the laws of the Commonwealth of Pennsylvania in 1983 with the consolidation of Pittsburgh National Corporation and Provident National Corporation. Since 1983, we have diversified our geographical presence, business mix and product capabilities through internal growth, strategic bank and non-bank acquisitions and equity investments, and the formation of various non-banking subsidiaries.

Prior to the National City acquisition, PNC had businesses engaged in retail banking, corporate and institutional banking, asset management, and global investment servicing, providing many of its products and services nationally and others in PNC's primary geographic markets located in Pennsylvania, New Jersey, Washington, DC, Maryland, Virginia, Ohio, Kentucky and Delaware. PNC also provided certain investment servicing internationally.

National City's primary businesses prior to its acquisition by PNC included commercial and retail banking, mortgage financing and servicing, consumer finance and asset management, operating through an extensive network in Ohio, Florida, Illinois, Indiana, Kentucky, Michigan, Missouri, Pennsylvania and Wisconsin. National City also conducted selected consumer lending businesses and other financial services on a nationwide basis.

ACQUISITION OF NATIONAL CITY CORPORATION

On December 31, 2008, we acquired National City for approximately $6.1 billion. The total consideration included approximately $5.6 billion of PNC common stock, $150 million of preferred stock, and cash paid to warrant holders by National City.

We completed the acquisition primarily by issuing approximately 95 million shares of PNC common stock. In accordance with purchase accounting methodologies, National City Bank's balance sheet was adjusted to fair value at which time the bank was under-capitalized from a regulatory perspective. However, PNC's Consolidated Balance Sheet remained well-capitalized and liquid.

Following the closing, PNC received $7.6 billion from the US Department of the Treasury under the Emergency Economic Stabilization Act of 2008 in exchange for the issuance of preferred stock and a warrant. These proceeds were used to enhance National City Bank's regulatory capital position to well-capitalized in order to continue serving the credit and deposit needs of existing and new customers. On a consolidated basis, these proceeds resulted in further improvement to our capital and liquidity positions.

National City, based in Cleveland, Ohio, was one of the nation's largest financial services companies. In connection with obtaining regulatory approvals for the acquisition, PNC has agreed to divest 61 of National City Bank's branches in Western Pennsylvania with deposits of approximately $3.9 billion as of December 31, 2008. We expect to merge National City Bank into PNC Bank, National Association ("PNC Bank, N.A.") in the fourth quarter of 2009.

Additional information regarding our acquisition of National City can be found in the following disclosures:

- The Executive Summary portion of Item 7 of this Report,
- Note 2 Acquisitions and Divestitures included in our Notes To Consolidated Financial Statements within Item 8 of this Report, and
- Our Current Reports on Form 8-K filed October 24, 2008, October 30, 2008, December 23, 2008, and January 2, 2009.

OTHER ACQUISITION AND DIVESTITURE ACTIVITY

On April 4, 2008, we acquired Lancaster, Pennsylvania-based Sterling Financial Corporation for approximately 4.6 million shares of PNC common stock and $224 million in cash. Sterling was a banking and financial services company with approximately $3.2 billion in assets, $2.7 billion in deposits, and 65 branches in south-central Pennsylvania, northern Maryland and northern Delaware.

On March 31, 2008, we sold J.J.B. Hilliard, W.L. Lyons, LLC, a Louisville, Kentucky-based wholly-owned subsidiary of PNC and a full-service brokerage and financial services provider, to Houchens Industries, Inc. We recognized an after-tax gain of $23 million in the first quarter of 2008 in connection with this divestiture.

We include information on significant acquisitions and divestitures in Note 2 Acquisitions and Divestitures in the Notes To Consolidated Financial Statements in Item 8 of this Report and here by reference.

REVIEW OF LINES OF BUSINESS In addition to the following information relating to our lines of business, we incorporate information under the captions Line of Business Highlights, Product Revenue, and Business Segments Review in Item 7 of this Report here by reference. Also, we include financial and other information by business in Note 27 Segment Reporting in the Notes To Consolidated Financial Statements in Item 8 of this Report here by reference.

We have four major businesses engaged in providing banking, asset management and global fund processing products and services: Retail Banking; Corporate & Institutional Banking; BlackRock; and Global Investment Servicing. Assets, revenue and earnings attributable to foreign activities were not material in the periods presented. The business segment results for 2008 and prior periods do not include the impact of National City, which we acquired on December 31, 2008.

RETAIL BANKING

Retail Banking provides deposit, lending, brokerage, trust, investment management, and cash management services to over 6 million consumer and small business customers within our primary geographic markets. Our customers are serviced through 2,589 offices in our branch network as of December 31, 2008 (including National City branches), the call center and the internet. The branch network is located primarily in Pennsylvania, New Jersey, Washington, DC, Maryland, Virginia, Delaware, Ohio, Kentucky, Indiana, Illinois, Michigan, Missouri, Florida and Wisconsin.

Retail Banking also serves as investment manager and trustee for employee benefit plans and charitable and endowment assets and provides nondiscretionary defined contribution plan services. These services are provided to individuals and corporations primarily within our primary geographic markets.

Our core strategy is to acquire and retain customers who maintain their primary checking and transaction relationships with PNC. We also seek revenue growth by deepening our share of our customers' financial assets and needs, including savings and liquidity deposits, loans and investable assets. A key element of our strategy is to continue to optimize our physical distribution network by opening and upgrading stand-alone and in-store branches in attractive sites while consolidating or selling branches with less opportunity for growth.

CORPORATE & INSTITUTIONAL BANKING

Corporate & Institutional Banking provides lending, treasury management, and capital markets-related products and services to mid-sized corporations, government entities, and selectively to large corporations. Lending products include secured and unsecured loans, letters of credit and equipment leases. Treasury management services include cash and investment management, receivables management, disbursement services, funds transfer services, information reporting, and global trade services. Capital markets-related products and services include foreign exchange, derivatives, loan syndications, mergers and acquisitions advisory and related services to middle-market companies, securities underwriting, and securities sales and trading. Corporate & Institutional Banking also provides commercial loan servicing, and real estate advisory and technology solutions for the commercial real estate finance industry. Corporate & Institutional Banking provides products and services generally within our primary geographic markets with certain products and services offered nationally.

Corporate & Institutional Banking is focused on becoming a premier provider of financial services in each of the markets it serves. The value proposition to its customers is driven by providing a broad range of competitive and high quality products and services by a team fully committed to delivering the comprehensive resources of PNC to help each client succeed. Corporate & Institutional Banking's primary goals are to achieve market share growth and enhanced returns by means of expansion and retention of customer relationships and prudent risk and expense management.

BLACKROCK

BlackRock is one of the largest publicly-traded investment management firms in the United States with $1.3 trillion of assets under management at December 31, 2008. BlackRock manages assets on behalf of institutional and individual investors worldwide through a variety of fixed income, cash management, equity and balanced and alternative investment separate accounts and funds. In addition, BlackRock provides risk management, investment system outsourcing and financial advisory services globally to institutional investors.

At December 31, 2008, our equity ownership interest in BlackRock was approximately 33%. Our investment in BlackRock is a strategic asset of PNC and a key component of our diversified earnings stream. The ability of BlackRock to grow assets under management is the key driver of increases in its revenue, earnings and, ultimately, shareholder value. BlackRock's strategies for growth in assets under management include a focus on achieving client investment performance objectives in a manner consistent with their risk preferences and delivering excellent client service. The business dedicates significant resources to attracting and retaining talented professionals and to the ongoing enhancement of its investment technology and operating capabilities to deliver on this strategy.

GLOBAL INVESTMENT SERVICING

Global Investment Servicing (formerly PFPC) is a leading provider of processing, technology and business intelligence services to asset managers, broker-dealers, and financial advisors worldwide. Securities services include custody, securities lending, and accounting and administration for funds registered under the Investment Company Act of 1940 and alternative investments. Investor services include transfer agency, subaccounting, banking transaction services, and distribution. Financial advisor services include managed accounts and information management. This business segment serviced $2.0 trillion in total assets and 72 million shareholder accounts as of December 31, 2008, both domestically and internationally. International locations include Ireland, Poland and Luxembourg.

Global Investment Servicing focuses technological resources on driving efficiency through streamlining operations and developing flexible systems architecture and client-focused servicing solutions. Global Investment Servicing's mission is to help enable its clients to expand their capabilities, maintain a technical edge, and maximize returns on their internal resources by growing revenue and staying ahead of competitors. During the past year, Global Investment Servicing expanded its capabilities to serve its clients in the full service subaccounting arena, integrated its recent acquisitions of Albridge Solutions and Coates Analytics, and opened a new servicing unit in Wroclaw, Poland.

BUSINESS SEGMENT CHANGES IN 2009

In addition to our existing business segments, PNC will have three additional business segments beginning in the first quarter of 2009: Residential Mortgage Banking; PNC Asset Management Group; and Distressed Assets Portfolio. These new business segments reflect the impact of our December 31, 2008 acquisition of National City and are more fully described in Note 28 Subsequent Event included in the Notes To Consolidated Financial Statements included under Item 8 of this Report.

SUBSIDIARIES Our corporate legal structure at December 31, 2008 consisted of three domestic subsidiary banks, including their subsidiaries, and approximately 79 active non-bank subsidiaries. PNC Bank, N.A., headquartered in Pittsburgh, Pennsylvania, and National City Bank, headquartered in Cleveland, Ohio, are our principal bank subsidiaries. Our other bank subsidiary is PNC Bank, Delaware. Our non-bank subsidiary, Global Investment Servicing, has obtained a banking license in Ireland and a branch in Luxembourg, which allow Global Investment Servicing to provide depositary services as part of its business. For additional information on our subsidiaries, see Exhibit 21 to this Report.

STATISTICAL DISCLOSURE BY BANK HOLDING COMPANIES The following statistical information is included on the indicated pages of this Report and is incorporated herein by reference:

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SUPERVISION AND REGULATION

OVERVIEW

PNC is a bank holding company registered under the Bank Holding Company Act of 1956 as amended ("BHC Act") and a financial holding company under the Gramm-Leach-Bliley Act ("GLB Act").

We are subject to numerous governmental regulations, some of which are highlighted below. You should also read Note 23 Regulatory Matters in the Notes To Consolidated Financial Statements in Item 8 of this Report, included here by reference, for additional information regarding our regulatory matters. Applicable laws and regulations restrict permissible activities and investments and require compliance with protections for loan, deposit, brokerage, fiduciary, mutual fund and other customers, among other things. They also restrict our ability to repurchase stock or to receive dividends from bank subsidiaries and impose capital adequacy requirements. The consequences of noncompliance can include substantial monetary and nonmonetary sanctions.

In addition, we are subject to comprehensive examination and supervision by, among other regulatory bodies, the Board of Governors of the Federal Reserve System ("Federal Reserve") and the Office of the Comptroller of the Currency ("OCC"), which results in examination reports and ratings (which are not publicly available) that can impact the conduct and growth of our businesses. These examinations consider not only compliance with applicable laws and regulations, but also capital levels, asset quality and risk, management ability and performance, earnings, liquidity, and various other factors. An examination downgrade by any of our federal bank regulators potentially can result in the imposition of significant limitations on our activities and growth. These regulatory agencies generally have broad discretion to impose restrictions and limitations on the operations of a regulated entity where the agencies determine, among other things, that such operations are unsafe or unsound, fail to comply with applicable law or are otherwise inconsistent with laws and regulations or with the supervisory policies of these agencies. This supervisory framework could materially impact the conduct, growth and profitability of our operations.

We are also subject to regulation by the Securities and Exchange Commission ("SEC") by virtue of our status as a public company and due to the nature of some of our businesses.

As a regulated financial services firm, our relationships and good standing with regulators are of fundamental importance to the continuation and growth of our businesses. The Federal Reserve, OCC, SEC, and other domestic and foreign regulators have broad enforcement powers, and powers to approve, deny, or refuse to act upon our applications or notices to conduct new activities, acquire or divest businesses or assets and deposits, or reconfigure existing operations.

Due to the current economic environment and issues facing the financial services industry, as well as the effect of the change from the Bush to the Obama administration, we anticipate new legislative and regulatory initiatives over the next several years, including many focused specifically on banking and other financial services in which we are engaged. These initiatives will be in addition to the actions already taken by Congress and the regulators, including the Emergency Economic Stabilization Act of 2008 ("EESA") and the American Recovery and Reinvestment Act of 2009 (the "Recovery Act"). Developments to date, as well as those that come in the future, have had and are likely to continue to have an impact on the conduct of our business. The more detailed description of the significant regulations to which we are subject that follows is based on the current regulatory environment and is subject to potentially material change.

On February 10, 2009, the US Department of the Treasury announced a capital assistance program to ensure that banking institutions are appropriately capitalized, with high quality capital. A key component of the program is a one-time forward-looking supervisory assessment of the capital needs of the 19 largest bank holding companies (those such as PNC with risk-weighted assets of $100 billion or more) under a more challenging economic environment than currently projected.

To conduct the exercise, these bank holding companies will be asked to analyze their loans and securities portfolios, as well as off-balance sheet commitments and contingencies, to determine expected future losses under "base case" and "more adverse" economic scenarios. They will also be asked to forecast internal resources available to absorb losses, including pre-provision revenue and reserves.

Should the supervisory agencies determine based on the assessment that an additional capital buffer is warranted, bank holding companies will be given a six month period to raise the additional capital from private sources. Otherwise, bank holding companies that have undergone this forward-looking capital test will have access to the US Department of the Treasury capital in the form of mandatorily convertible preferred shares.

In light of the economic downturn and the actions taken by Congress, the US Department of the Treasury and other regulatory agencies to address the credit crisis, there is an increased focus by regulators on lending activities by banks and the relationship between those activities and governmental efforts to improve this situation. Also at least in part driven by the current economic and financial situation, there is an increased focus on fair lending and other issues related to the mortgage industry. Ongoing mortgage-related regulatory reforms include measures aimed at limiting mortgage foreclosures.

There has been a heightened focus recently on consumer protection issues generally, including those related to the protection of confidential customer information.

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Over the last several years, there has been an increasing regulatory focus on compliance with anti-money laundering laws and regulations, resulting in, among other things, several significant publicly announced enforcement actions.

There are numerous rules governing the regulation of financial services institutions and their holding companies. Accordingly, the following discussion is general in nature and does not purport to be complete or to describe all of the laws and regulations that apply to us.

BANK REGULATION

As a bank holding company and a financial holding company, we are subject to supervision and regular inspection by the Federal Reserve. Our subsidiary banks and their subsidiaries are subject to supervision and examination by applicable federal and state banking agencies, principally the OCC with respect to PNC Bank, N.A. and National City Bank, and the Federal Reserve Bank of Cleveland and the Office of the State Bank Commissioner of Delaware with respect to PNC Bank, Delaware.

Because of PNC's equity ownership interest in BlackRock, BlackRock is subject to the supervision and regulation of the Federal Reserve.

Parent Company Liquidity and Dividends. The principal source of our liquidity at the parent company level is dividends from PNC Bank, N.A. and National City Bank. PNC Bank, N.A. and National City Bank are subject to various federal and state restrictions on their ability to pay dividends to PNC Bancorp, Inc., and PNC, respectively, the direct parents of the subsidiary banks. Our subsidiary banks are also subject to federal laws limiting extensions of credit to their parent holding company and non-bank affiliates as discussed in Note 23 Regulatory Matters included in the Notes To Consolidated Financial Statements in Item 8 of this Report, which is incorporated herein by reference. Further information on bank level liquidity and parent company liquidity and on certain contractual restrictions is also available in the Liquidity Risk Management section and in the "Perpetual Trust Securities", "PNC Capital Trust E Trust Preferred Securities", and "Acquired Entity Trust Preferred Securities" sections of the Off-Balance Sheet Arrangements and VIEs section of Item 7 of this Report.

Under Federal Reserve policy, a bank holding company is expected to act as a source of financial strength to each of its subsidiary banks and to commit resources to support each such bank. Consistent with the "source of strength" policy for subsidiary banks, the Federal Reserve has stated that, as a matter of prudent banking, a bank holding company generally should not maintain a rate of cash dividends unless its net income available to common shareholders has been sufficient to fully fund the dividends and the prospective rate of earnings retention appears to be consistent with the corporation's capital needs, asset quality and overall financial condition. Also, there are restrictions on dividends associated with our December 31, 2008 issuance of preferred stock to the US Department of the Treasury under the TARP Capital Purchase Program, as discussed in Note 19 Shareholders' Equity of the Notes To Consolidated Financial Statements under Item 8 of this Report.

Additional Powers Under the GLB Act. The GLB Act permits a qualifying bank holding company to become a "financial holding company" and thereby to affiliate with financial companies engaging in a broader range of activities than would otherwise be permitted for a bank holding company. Permitted affiliates include securities underwriters and dealers, insurance companies and companies engaged in other activities that are determined by the Federal Reserve, in consultation with the Secretary of the Treasury, to be "financial in nature or incidental thereto" or are determined by the Federal Reserve unilaterally to be "complementary" to financial activities. We became a financial holding company as of March 13, 2000.

The Federal Reserve is the "umbrella" regulator of a financial holding company, with its operating entities, such as its subsidiary broker-dealers, investment managers, investment companies, insurance companies and banks, also subject to the jurisdiction of various federal and state "functional" regulators with normal regulatory responsibility for companies in their lines of business.

As subsidiaries of a financial holding company under the GLB Act, our non-bank subsidiaries are allowed to conduct new financial activities or acquire non-bank financial companies with after-the-fact notice to the Federal Reserve. In addition, our non-bank subsidiaries (and any financial subsidiaries of subsidiary banks) are now permitted to engage in certain activities that were not permitted for banks and bank holding companies prior to enactment of the GLB Act, and to engage on less restrictive terms in certain activities that were previously permitted. Among other activities, we currently rely on our status as a financial holding company to conduct mutual fund distribution activities, merchant banking activities, and securities underwriting and dealing activities.

In addition, the GLB Act permits national banks, such as PNC Bank, N.A. and National City Bank, to engage in expanded activities through the formation of a "financial subsidiary." In order to qualify to establish or acquire a financial subsidiary, PNC Bank, N.A., National City Bank and PNC Bank, Delaware must be "well capitalized" and "well managed" and may not have a less than "satisfactory" Community Reinvestment Act ("CRA") rating. A national bank that is one of the largest 50 insured banks in the United States, such as PNC Bank, N.A. and National City Bank, must also have issued debt (which, for this purpose, may include the uninsured portion of a national bank's long-term certificates of deposit) with certain minimum ratings. PNC Bank, N.A. and National City Bank have filed financial subsidiary certifications with the OCC and currently engage in insurance agency activities through financial subsidiaries. PNC Bank, N.A. and National City Bank may also generally engage through a financial subsidiary in any activity that is financial in nature or incidental to a financial activity. Certain activities, however, are impermissible for a financial subsidiary of a national bank, including insurance underwriting, insurance investments, real estate investment or development, and merchant banking.

Because of issues regarding the operations of National City Bank, PNC has entered into an agreement with the Federal Reserve, and PNC Bank, N.A. and National City Bank have entered into agreements with the OCC, pursuant to which we are providing a plan for National City Bank to address these issues. If PNC fails to satisfy the concerns of the regulators within six-months of the acquisition of National City Bank (that is, by June 30, 2009), and no extension of the time period is granted, the Federal Reserve would have broad authority to limit PNC's activities, including a requirement that we conform existing non-banking activities to activities that were permissible prior to the enactment of the GLB Act. In addition, pursuant to the agreements with the OCC, the OCC could limit the activities of PNC Bank, N.A. and National City Bank if the concerns are not addressed satisfactorily by June 30, 2009, or within any additional time granted by the OCC. PNC Bank, N.A. and National City Bank could be required to conform the activities of their financial subsidiaries to activities in which a national bank could engage directly. The potential impact of these consequences for PNC and the two banks is primarily on the conduct of existing merchant banking, securities underwriting and dealing, and insurance activities that in part can be addressed through alternative means of conducting these activities and that in any event is not expected to be material to PNC's consolidated business.

Other Federal Reserve and OCC Regulation. The federal banking agencies possess broad powers to take corrective action as deemed appropriate for an insured depository institution and its holding company. The extent of these powers depends upon whether the institution in question is considered "well capitalized," "adequately capitalized," "undercapitalized," "significantly undercapitalized" or "critically undercapitalized." Generally, the smaller an institution's capital base in relation to its risk-weighted assets, the greater the scope and severity of the agencies' powers, ultimately permitting the agencies to appoint a receiver for the institution. Business activities may also be influenced by an institution's capital classification. For instance, only a "well capitalized" depository institution may accept brokered deposits without prior regulatory approval and an "adequately capitalized" depository institution may accept brokered deposits only with prior regulatory approval. At December 31, 2008, each of our domestic subsidiary banks exceeded the required ratios for classification as "well capitalized." For additional discussion of capital adequacy requirements, we refer you to "Funding and Capital Sources" in the Consolidated Balance Sheet Review section of Item 7 of this Report and to Note 23 Regulatory Matters included in the Notes To Consolidated Financial Statements in Item 8 of this Report.

Laws and regulations limit the scope of our permitted activities and investments. In addition to the activities that would be permitted to be conducted by a financial subsidiary, national banks (such as PNC Bank, N.A. and National City Bank) and their operating subsidiaries may engage in any activities that are determined by the OCC to be part of or incidental to the business of banking.

Moreover, examination ratings of "3" or lower, lower capital ratios than peer group institutions, regulatory concerns regarding management, controls, assets, operations or other factors, can all potentially result in practical limitations on the ability of a bank or bank holding company to engage in new activities, grow, acquire new businesses, repurchase its stock or pay dividends, or to continue to conduct existing activities.

The Federal Reserve's prior approval is required whenever we propose to acquire all or substantially all of the assets of any bank or thrift, to acquire direct or indirect ownership or control of more than 5% of the voting shares of any bank or thrift, or to merge or consolidate with any other bank holding company or thrift holding company. When reviewing bank acquisition applications for approval, the Federal Reserve considers, among other things, each subsidiary bank's record in meeting the credit needs of the communities it serves in accordance with the CRA. Our ability to grow through acquisitions could be limited by these approval requirements.

At December 31, 2008, PNC Bank, N.A., National City Bank, and PNC Bank, Delaware were rated "outstanding" with respect to CRA.

FDIC Insurance. All three of our domestic subsidiary banks are insured by the FDIC and subject to premium assessments. Regulatory matters could increase the cost of FDIC deposit insurance premiums to an insured bank as FDIC deposit insurance premiums are "risk based." Therefore, higher fee percentages would be charged to banks that have lower capital ratios or higher risk profiles. These risk profiles take into account weaknesses that are found by the primary banking regulator through its examination and supervision of the bank. A negative evaluation by the FDIC or a bank's primary federal banking regulator could increase the costs to a bank and result in an aggregate cost of deposit funds higher than that of competing banks in a lower risk category.

Our subsidiary banks are subject to "cross-guarantee" provisions under federal law that provide that if one of these banks fails or requires FDIC assistance, the FDIC may assess a "commonly-controlled" bank for the estimated losses suffered by the FDIC. Such liability could have a material adverse effect on our financial condition or that of the assessed bank. While the FDIC's claim is junior to the claims of depositors, holders of secured liabilities, general creditors and subordinated creditors, it is superior to the claims of the bank's shareholders and affiliates, including PNC and intermediate bank holding companies.

SECURITIES AND RELATED REGULATION

The SEC, together with either the OCC or the Federal Reserve, regulates our registered broker-dealer subsidiaries. These subsidiaries are also subject to rules and regulations promulgated by the Financial Industry Regulatory Authority ("FINRA"), among others.

Several of our subsidiaries are registered with the SEC as investment advisers and provide services both directly to clients and to PNC affiliates and related entities, including registered investment companies. Our investment advisor subsidiaries are subject to the requirements of the Investment Advisers Act of 1940, as amended, and the SEC's regulations thereunder. The principal purpose of the regulations applicable to investment advisers is the protection of clients and the securities markets, rather than the protection of creditors and shareholders of investment advisors. The regulations applicable to investment advisers cover all aspects of the investment advisory business, including limitations on the ability of investment advisers to charge performance-based or non-refundable fees to clients; record-keeping; operational, marketing and reporting requirements; disclosure requirements; limitations on principal transactions between an adviser or its affiliates and advisory clients; as well as general anti-fraud prohibitions. These investment advisory subsidiaries also may be subject to state securities laws and regulations.

In addition, our investment advisory subsidiaries that are investment advisors to registered investment companies and other managed accounts are subject to the requirements of the Investment Company Act of 1940, as amended, and the SEC's regulations thereunder, including Allegiant Asset Management Company, a wholly-owned subsidiary of National City Bank and registered investment advisor that serves as the investment advisor for the Allegiant mutual funds. Global Investment Servicing is subject to regulation by the SEC as a service provider to registered investment companies.

Additional legislation, changes in rules promulgated by the SEC, other federal and state regulatory authorities and self-regulatory organizations, or changes in the interpretation or enforcement of existing laws and rules may directly affect the method of operation and profitability of investment advisers. The profitability of investment advisers could also be affected by rules and regulations that impact the business and financial communities in general, including changes to the laws governing taxation, antitrust regulation and electronic commerce.

Over the past several years, the SEC and other governmental agencies have been investigating the mutual fund and hedge fund industries, including Allegiant, Global Investment Servicing and other industry participants. The SEC has proposed various rules, and legislation has been introduced in Congress, intended to reform the regulation of these industries. The effect of regulatory reform has, and is likely to continue to, increase the extent of regulation of the mutual fund and hedge fund industries and impose additional compliance obligations and costs on our subsidiaries involved with those industries.

Under provisions of the federal securities laws applicable to broker-dealers, investment advisers and registered investment companies and their service providers, a determination by a court or regulatory agency that certain violations have occurred at a company or its affiliates can result in fines, restitution, a limitation of permitted activities, disqualification to continue to conduct certain activities and an inability to rely on certain favorable exemptions. Certain types of infractions and violations can also affect a public company in its timing and ability to expeditiously issue new securities into the capital markets. In addition, expansion of activities of a broker-dealer generally requires approval of FINRA and regulators may take into account a variety of considerations in acting upon such applications, including internal controls, capital, management experience and quality, prior enforcement and disciplinary history and supervisory concerns.

Global Investment Servicing and BlackRock are also subject to regulation by appropriate authorities in the foreign jurisdictions in which they do business.

BlackRock has subsidiaries in securities and related businesses subject to SEC and FINRA regulation, as described above. For additional information about the regulation of BlackRock, we refer you to the discussion under the "Regulation" section of Item 1 Business in BlackRock's most recent Annual Report on Form 10-K, which may be obtained electronically at the SEC's website at www.sec.gov.

COMPETITION

We are subject to intense competition from various financial institutions and from non-bank entities that engage in similar activities without being subject to bank regulatory supervision and restrictions.

In making loans, our subsidiary banks compete with traditional banking institutions as well as consumer finance companies, leasing companies and other non-bank lenders, and institutional investors including CLO managers, hedge funds, mutual fund complexes and private equity firms. Loan pricing, structure and credit standards are extremely important in the current environment as we seek to achieve risk-adjusted returns. Traditional deposit activities are subject to pricing pressures and customer migration as a result of intense competition for consumer investment dollars.

Our subsidiary banks compete for deposits with the following:

- Other commercial banks,
- Savings banks,
- Savings and loan associations,
- Credit unions,
- Treasury management service companies,
- Insurance companies, and
- Issuers of commercial paper and other securities, including mutual funds.

Our various non-bank businesses engaged in investment banking and private equity activities compete with the following:

- Commercial banks,
- Investment banking firms,
- Merchant banks,
- Insurance companies,
- Private equity firms, and
- Other investment vehicles.

In providing asset management services, our businesses compete with the following:

- Investment management firms,
- Large banks and other financial institutions,
- Brokerage firms,
- Mutual fund complexes, and
- Insurance companies.

The fund servicing business is also highly competitive, with a relatively small number of providers. Merger, acquisition and consolidation activity in the financial services industry has also impacted the number of existing or potential fund servicing clients and has intensified competition.

We include here by reference the additional information regarding competition included in the Item 1A Risk Factors section of this Report.

EMPLOYEES Period-end employees totaled 59,595 at December 31, 2008. This total includes 25,313 full-time and 2,908 part-time PNC legacy employees and 27,112 full-time and 4,262 part-time National City employees.

SEC REPORTS AND CORPORATE GOVERNANCE INFORMATION

We are subject to the informational requirements of the Securities Exchange Act of 1934, as amended ("Exchange Act"), and, in accordance with the Exchange Act, we file annual, quarterly and current reports, proxy statements, and other information with the SEC. Our SEC File Number is 001-09718. You may read and copy this information at the SEC's Public Reference Room located at 100 F Street NE, Room 1580, Washington, D.C. 20549. You can obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330.

You can also obtain copies of this information by mail from the Public Reference Section of the SEC, 100 F Street, NE, Washington, D.C. 20549, at prescribed rates.

The SEC also maintains an internet website that contains reports, proxy and information statements, and other information about issuers, like us, who file electronically with the SEC. The address of that site is www.sec.gov. You can also inspect reports, proxy statements and other information about us at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005.

We also make our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports filed or furnished to the SEC pursuant to Section 13(a) or 15(d) of the Exchange Act available free of charge on or through our internet website as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. PNC's corporate internet address is www.pnc.com and you can find this information at www.pnc.com/secfilings. Shareholders and bondholders may also obtain copies of these filings without charge by contacting Shareholder Services at 800-982-7652 or via the online contact form at www.computershare.com/contactus for copies without exhibits, or by contacting Shareholder Relations at 800- 843-2206 or via e-mail at investor.relations@pnc.com for copies of exhibits.

We filed the certifications of our Chairman and Chief Executive Officer and our Chief Financial Officer required pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 with respect to our Annual Report on Form 10-K for 2007 with the SEC as exhibits to that report and have filed the CEO and CFO certifications required by Section 302 of that Act with respect to this Form 10-K as exhibits to this Report.

Information about our Board and its committees and corporate governance at PNC is available on PNC's corporate website at www.pnc.com/corporategovernance. Shareholders who would like to request printed copies of the PNC Code of Business Conduct and Ethics or our Corporate Governance Guidelines or the charters of our Board's Audit, Nominating and Governance, or Personnel and Compensation Committees (all of which are posted on the PNC corporate website) may do so by sending their requests to George P. Long, III, Corporate Secretary, at corporate headquarters at One PNC Plaza, 249 Fifth Avenue, Pittsburgh, Pennsylvania 15222-2707. Copies will be provided without charge to shareholders.

Our common stock is listed on the New York Stock Exchange ("NYSE") under the symbol "PNC." Our Chairman and Chief Executive Officer submitted the required annual CEO Certification regarding the NYSE's corporate governance listing standards (a Section 12(a) CEO Certification) to the NYSE within 30 days after our 2008 annual shareholders meeting.

INTERNET INFORMATION

The PNC Financial Services Group, Inc.'s financial reports and information about its products and services are available on the internet at www.pnc.com. We provide information for investors in portions of our corporate website, such as the Investor Events and Financial Information areas that you can find under “About PNC – Investor Relations”. In this section, we will from time to time post information that we believe may be important or useful to investors. We generally post the following shortly before or promptly following its first use or release: financially-related press releases (including earnings releases), various SEC filings, presentation materials associated with earnings and other investor conference calls or events, and access to live and taped audio from such calls or events. When warranted, we will also use our website to expedite public access to time-critical information regarding PNC in advance of distribution of a press release or a filing with the SEC disclosing the same information. You can also find the SEC reports and corporate governance information described in the section above in the Investor Relations section of our website.

Where we have included web addresses in this Report, such as our web address and web addresses of the SEC and of BlackRock, we have included those web addresses as inactive textual references only. Except as specifically incorporated by reference into this Report, information on those websites is not part hereof.

ITEM 1A – RISK FACTORS

We are subject to a number of risks potentially impacting our business, financial condition, results of operations and cash flows. Indeed, as a financial services organization, certain elements of risk are inherent in every one of our transactions and are present in every business decision we make. Thus, we encounter risk as part of the normal course of our business, and we design risk management processes to help manage these risks.

There are risks that are known to exist at the outset of a transaction. For example, every loan transaction presents credit risk (the risk that the borrower may not perform in accordance with contractual terms) and interest rate risk (a potential loss in earnings or economic value due to adverse movement in market interest rates or credit spreads), with the nature and extent of these risks principally depending on the identity of the borrower and overall economic conditions. These risks are inherent in every loan transaction; if we wish to make loans, we must manage these risks through the terms and structure of the loans and through management of our deposits and other funding sources.

Risk management is an important part of our business model. The success of our business is dependent on our ability to identify, understand and manage the risks presented by our business activities so that we can balance appropriately revenue generation and profitability with these inherent risks. Our shareholders have been well served by our focus on maintaining a moderate risk profile. With an economy in severe recession and our recent acquisition of National City, our Consolidated Balance Sheet at December 31, 2008 did not reflect that desired risk profile. However, we remain committed to a moderate risk profile and we are working hard to bring our risk issues back into alignment. We discuss our principal risk management processes and, in appropriate places, related historical performance in the Risk Management section included in Item 7 of this Report.

The following are the key risk factors that affect us. These risk factors and other risks are also discussed further in other parts of this Report.

Risks related to current economic conditions

The continuation or worsening of current recessionary conditions, as well as continued turmoil in the financial markets, would likely have an adverse effect on our business, financial position and results of operations.

The economy in the United States and globally is currently in the midst of a severe recession. This economic situation has been accompanied by disruption and turmoil in financial markets around the world. Throughout much of the United States, the past two years have seen dramatic declines in the housing market, with falling home prices and increasing foreclosures. The deepening recession has led to increased unemployment and underemployment. Businesses across many industries are showing reduced earnings or in some cases losses, with reduced investments in growth.

For the financial services industry, this overall environment has resulted in significant write-downs of asset values, initially of mortgage-backed securities but spreading to other derivative and cash securities. Affected institutions include commercial and investment banks as well as government-sponsored entities. The impact of this situation has led to distress in credit markets, reduced liquidity for many types of securities, and concerns regarding the financial strength and adequacy of the capitalization of financial institutions. Some financial institutions around the world have failed, some have needed significant additional capital, and others have been forced to seek acquisition partners.

Reflecting concern about the stability of the financial markets generally and the strength of counterparties, as well as concern about their own capital and liquidity positions, many lenders and institutional investors have reduced or ceased providing funding to borrowers. The resulting economic pressure on consumers and businesses and the lack of confidence in the financial markets has exacerbated the state of economic distress and hampered efforts to bring about an economic recovery and restore stability to financial markets.

The United States and other governments have taken unprecedented steps to try to stabilize the financial system, including making significant investments in financial institutions and guaranteeing or otherwise supporting troubled assets held by financial institutions. The new Obama administration and the U.S. Congress are actively seeking ways of providing economic stimulus and financial market stability, including the recent enactment of the Recovery Act.

These economic conditions have had an adverse effect on our business and financial performance. We do not expect that the weakened economy or difficult conditions in the financial markets are likely to improve meaningfully in the near future, and we expect those conditions to have an ongoing negative impact on us. A worsening or prolonged continuation of these conditions would likely aggravate the adverse effects of these difficult economic and market conditions on us and on others in the financial institutions industry.

In particular, we may face the following risks in connection with the current economic and market environment:

- Proposals to permit bankruptcy courts to adjust the terms of home mortgage obligations of people in proceedings before them may adversely impact the value of mortgages and mortgage-backed securities held by us, including, in the case of securities, by affecting the protections offered by subordination provisions.
- We expect to face increased regulation of our industry, including as a result of the EESA, the Recovery Act and other current or future initiatives to provide economic stimulus, financial market stability and enhanced regulation of financial services companies. Compliance with such regulation may increase our costs and limit our ability to pursue business opportunities.
- Investors may have less confidence in the equity markets in general and in financial services industry stocks in particular, which could place downward pressure on PNC's stock price and resulting market valuation.
- Market developments may further affect consumer and business confidence levels and may cause declines in credit usage and adverse changes in payment patterns, causing increases in delinquencies and default rates.
- Our ability to assess the creditworthiness of our customers may be impaired if the models and approaches we use to select, manage, and underwrite our customers become less predictive of future behaviors.
- The process we use to estimate losses inherent in our credit exposure requires difficult, subjective, and complex judgments, including the review of economic conditions and how these economic conditions might impair the ability of our borrowers to repay their loans, which may no longer be capable of accurate estimation, which may, in turn, impact the reliability of the process.
- We could suffer decreases in customer desire to do business with us, whether as a result of a decreased demand for loans or other financial products and services or decreased deposits or other investments in accounts with PNC.
- Competition in our industry could intensify as a result of the increasing consolidation of financial services companies in connection with current market conditions. Governmental support provided to financial institutions could alter the competitive landscape.
- Increased regulation of compensation at financial services companies as part of government efforts to reform the industry may hinder our ability to attract and retain well-qualified individuals in key positions.
- We may be required to pay significantly higher Federal Deposit Insurance Corporation premiums because market developments have significantly depleted the insurance fund of the FDIC and reduced the ratio of reserves to insured deposits.

Some of these risks are discussed in more detail below.

The continuation of current recessionary conditions would likely adversely affect our lending businesses and the value of the loans and debt securities we hold.

Given the high percentage of our assets represented, directly or indirectly, by loans and the importance of lending to our overall business, continued recessionary conditions are likely to have a negative impact on our business, our ability to serve our customers and our results of operations. Such conditions are likely to lead to increases in the number of borrowers who become delinquent or default or otherwise demonstrate a decreased ability to meet their obligations under their loans. This would result in higher levels of non-performing loans, net charge-offs, provision for credit losses and valuation adjustments on loans held for sale. The value to us of other assets such as investment securities, most of which are debt securities or represent securitizations of loans, similarly would be negatively impacted by widespread decreases in credit quality resulting from a weak economy.

Our regional concentration makes us particularly at risk for economic conditions in our primary retail banking footprint.

Although many of our businesses are national and some are international in scope, our retail banking business is concentrated within our retail branch network footprint (for the past several years, Delaware, Indiana, Kentucky, Maryland, New Jersey, Ohio, Pennsylvania, Virginia and Washington, D.C., and, with our recent acquisition of National City, now including Florida, Illinois, Michigan, Missouri and Wisconsin). Thus, we are particularly vulnerable to adverse changes in economic conditions in these states or the Mid-Atlantic and Midwest regions more generally.

Our business and performance are vulnerable to the impact of continued volatility in debt and equity markets.

As most of our assets and liabilities are financial in nature, we tend to be particularly sensitive to the performance of the financial markets. Starting in the middle of 2007, there has been significant turmoil and volatility in worldwide financial markets, which is, at present, ongoing. This turmoil and volatility are a contributory factor to overall economic conditions, leading to some of the risks discussed above, including impairing the ability of borrowers and other counterparties to meet obligations to us. Financial market volatility also can have some of the following adverse effects on PNC and our business and financial performance:

- It can affect the value or liquidity of our on-balance sheet and off-balance sheet financial instruments.
- It can affect the value of servicing rights that we acquire and carry at fair value, such as the residential mortgage servicing rights acquired in the National City transaction.
- It can affect, to the extent we access capital markets to raise funds to support our business and overall liquidity position, the cost of such funds or our ability to raise such funds. The inability to access capital markets at a desirable cost could affect our liquidity or results of operations.
- It can affect the value of the assets that we manage or otherwise administer for others or the assets for which we provide processing and information services. Although we are not directly impacted by changes in the value of assets that we manage or administer for others or for which we provide processing and information services, decreases in the value of those assets would affect our fee income relating to those assets and could result in decreased demand for our services.
- It can affect the required funding of our pension obligations to the extent that the value of the assets supporting those obligations drops below minimum levels.
- In general, it can impact the nature, profitability or risk profile of the financial transactions in which we engage.

Volatility in the markets for real estate and other assets commonly securing financial products has been and is likely to continue to be a significant contributor to overall volatility in financial markets.

Our business and financial performance is impacted significantly by market interest rates and movements in those rates. The monetary, tax and other policies of governmental agencies, including the Federal Reserve, have a significant impact on interest rates and overall financial market performance over which we have no control and which we may not be able to predict adequately.

As a result of the high percentage of our assets and liabilities that are in the form of interest-bearing or interest-related instruments, changes in interest rates, in the shape of the yield curve or in spreads between different market interest rates can have a material effect on our business, our profitability and the value of our financial assets and liabilities. For example:

- Movements in interest rates affect mortgage prepayment speeds and could result in impairments of mortgage servicing assets.
- Changes in interest rates or interest rate spreads can affect the difference between the interest that we earn on assets and the interest that we pay on liabilities, which impacts our overall net interest income.
- Such changes can affect the ability of borrowers to meet obligations under variable or adjustable rate debt instruments.
- Such changes may decrease the demand for interest-rate based products and services, including loans and deposit accounts.
- Such changes can also affect our ability to hedge various forms of market and interest rate risk and may decrease the profitability or increase the risk associated with such hedges.

The monetary, tax and other policies of the government and its agencies, including the Federal Reserve, have a significant impact on interest rates and overall financial market performance. These governmental policies can thus affect the activities and results of operations of banking companies such as PNC. An important function of the Federal Reserve is to regulate the national supply of bank credit and market interest rates. The actions of the Federal Reserve influence the rates of interest that we charge on loans and that we pay on borrowings and interest-bearing deposits and can also affect the value of our on-balance sheet and off-balance sheet financial instruments. Both due to the impact on rates and by controlling access to direct funding from the Federal Reserve Banks, the Federal Reserve's policies also influence, to a significant extent, our cost of funding. We cannot predict the nature or timing of future changes in monetary, tax and other policies or the effect that they may have on our activities and results of operations.

The soundness of other financial institutions could adversely affect us.

Financial services institutions are interrelated as a result of trading, clearing, counterparty, or other relationships. We have exposure to many different industries and counterparties, and we routinely execute transactions with counterparties in the financial services industry, including brokers and dealers, commercial banks, investment banks, mutual and hedge funds, and other institutional clients. Many of these transactions expose us to credit risk in the event of default of our counterparty or client. In addition, our credit risk may be exacerbated when the collateral held by us cannot be realized upon or is liquidated at prices not sufficient to recover the full amount of the loan or derivative exposure due us. There can be no assurance that any such losses would not materially and adversely affect our results of operations or earnings.

Actions taken by the federal government to stabilize the U.S. financial system and provide economic stimulus may not succeed.

Given the recent financial market turmoil, particularly in the last several months, the federal government has taken numerous steps to stabilize the US financial system, both through legislative and regulatory action. The steps include passage of EESA and actions taken by the US Department of the Treasury thereafter to implement EESA, as well as the recent enactment of the Recovery Act. Legislative and regulatory initiatives to provide economic stimulus, financial market stability and financial market regulatory reform have been proposed or are pending (including some that have modified or would modify EESA), and more are anticipated going forward. What steps the government will take, the manner in which they will be implemented and the actual impact they will have on the economy and financial markets are uncertain. The failure of these governmental actions to help stabilize the financial markets and the U.S. economy, and the potential impact of compliance with government regulations undertaken in connection with such actions on our costs and our ability to pursue business opportunities, could materially and adversely affect our business, financial condition, results of operations, access to credit, or the trading price of our common stock.

Risks resulting from recent transactions

Our acquisition of National City presents substantial risks and uncertainties, which could limit our ability to realize the anticipated benefits from this transaction.

On December 31, 2008, we acquired National City through a merger in which PNC continued as the surviving entity. We provide additional information about this acquisition in Note 2 Acquisitions and Divestitures included in the Notes To Consolidated Financial Statements in Item 8 of this Report.

This acquisition presents the following risks to PNC:

- Like PNC, National City was a large financial institution and has retail and other banking operations in numerous markets in which PNC had little or no experience. National City also had major operations in areas in which PNC did not have a significant presence, including residential mortgage lending, residential mortgage servicing, credit card lending and equipment leasing. As a result of these factors, there are significant integration-related risks, which are greater than in other recent acquisitions by PNC.
- Prior to completion of the merger, PNC and National City operated as separate independent entities. The integration process may result in the loss of key employees, the disruption of either company's ongoing businesses or inconsistencies in standards, controls, procedures, and policies that adversely affect our ability to maintain relationships with clients, customers, depositors, and employees or to achieve the anticipated benefits of the merger. Integration efforts between the two companies will also divert management attention and resources. Successful integration may also be hampered by cultural differences between the two organizations. Further, PNC agreed, in connection with obtaining regulatory approvals for the National City acquisition, to divest 61 of National City Bank's branches in Western Pennsylvania and this process is also underway.
- In recent periods, National City's results had been impacted negatively by a significant amount of asset impairments. Our results following the acquisition will depend on our ability to manage these assets, which require special servicing and management oversight, including disposition if appropriate. As the integration process develops, we may identify other issues with respect to National City's asset valuation or accounting procedures that may lead to further impairments or write-downs.
- National City's pre-acquisition financial performance and resulting stock price performance and other pre-acquisition activities have led to several lawsuits and governmental investigations, and more may be commenced in the future. As a result of this acquisition, we now bear the risks associated with lawsuits and governmental investigations relating to National City, the full extent of the potential adverse impact of which cannot currently be predicted with reasonable certainty. See Note 24 Legal Proceedings in the Notes to Consolidated Financial Statements in Item 8 of this Report for additional information.

Our issuance of securities to the US Department of the Treasury may limit our ability to return capital to our shareholders and is dilutive to our common shares. Also, the dividend rate increases substantially after five years if we are unable to redeem the shares by that time.

In connection with our sale of $7.6 billion of senior preferred stock to the US Department of the Treasury on December 31, 2008, we also issued the US Department of the Treasury a warrant to purchase approximately 17 million shares of our common stock at $67.33 per share. The terms of the transaction with the Department of the Treasury result in limitations on our ability to pay dividends and repurchase our shares. For three years after issuance or until the Department of the Treasury no longer holds any preferred shares, we will not be able to increase our dividends above the most recent level prior to October 14, 2008 ($.66 per common share on a quarterly basis) nor repurchase any of our shares without the Department of the Treasury's approval with limited exceptions, most significantly purchases in connection with benefit plans. Also, we will not be able to pay any dividends at all unless we are current on our dividend payments on the preferred shares. These restrictions, as well as the dilutive impact of the warrant, may have an adverse effect on the market price of our common stock.

Unless we are able to redeem the preferred stock during the first five years, the dividends on this capital will increase substantially at that point, from 5% (almost $400 million annually) to 9% (almost $700 million annually). Depending on market conditions and our financial performance at the time, this increase in dividends could significantly impact our capital and liquidity.

The US Department of the Treasury has the unilateral ability to change some of the restrictions imposed on us by virtue of our sale of securities to it.

Our agreement with the US Department of the Treasury under which it purchased our securities imposes restrictions on our conduct of our business, including restrictions related to our payment of dividends and repurchase of our stock and related to our executive compensation and governance. The US Department of the Treasury has the right under this agreement to unilaterally amend it to the extent required to comply with any future changes in federal statutes. The Recovery Act amended provisions of EESA relating to compensation and governance as they affect companies such as PNC that have sold securities to the US Department of the Treasury. In some cases, these amendments require action by the US Department of the Treasury to implement them. These amendments could have an adverse impact on the conduct of our business, as could additional amendments in the future that impose further requirements or amend existing requirements.

Risks related to the ordinary course of PNC's business

We operate in a highly competitive environment, both in terms of the products and services we offer, the geographic markets in which we conduct business, as well as our labor markets and competition for talented employees. Competition could adversely impact our customer acquisition, growth and retention, as well as our credit spreads and product pricing, causing us to lose market share and deposits and revenues.

We are subject to intense competition from various financial institutions as well as from non-bank entities that engage in similar activities without being subject to bank regulatory supervision and restrictions. This competition is described in Item 1 of this Report under "Competition."

In all, the principal bases for competition are pricing (including the interest rates charged on loans or paid on interest-bearing deposits), product structure, the range of products and services offered, and the quality of customer service (including convenience and responsiveness to customer needs and concerns). The ability to access and use technology is an increasingly important competitive factor in the financial services industry. Technology is important not only with respect to delivery of financial services but also in processing information. Each of our businesses consistently must make significant technological investments to remain competitive.

A failure to address adequately the competitive pressures we face could make it harder for us to attract and retain customers across our businesses. On the other hand, meeting these competitive pressures could require us to incur significant additional expenses or to accept risk beyond what we would otherwise view as desirable under the circumstances. In addition, in our interest sensitive businesses, pressures to increase rates on deposits or decrease rates on loans could reduce our net interest margin with a resulting negative impact on our net interest income. Any of these results would likely have an adverse effect on our overall financial performance.

We grow our business in part by acquiring from time to time other financial services companies, and these acquisitions present us with a number of risks and uncertainties related both to the acquisition transactions themselves and to the integration of the acquired businesses into PNC after closing.

Acquisitions of other financial services companies in general present risks to PNC in addition to those presented by the nature of the business acquired. We describe some of the integration risks presented by our recent acquisition of National City above. Many of these risks are common to some extent in acquisition transactions.

In general, acquisitions may be substantially more expensive to complete (including as a result of costs incurred in connection with the integration of the acquired company) and the anticipated benefits (including anticipated cost savings and strategic gains) may be significantly harder or take longer to achieve than expected. In some cases, acquisitions involve our entry into new businesses or new geographic or other markets, and these situations also present risks resulting from our inexperience in these new areas. As a regulated financial institution, our pursuit of attractive acquisition opportunities could be negatively impacted due to regulatory delays or other regulatory issues. Regulatory and/or legal issues relating to the pre-acquisition operations of an acquired business may cause reputational harm to PNC following the acquisition and integration of the acquired business into ours and may result in additional future costs or regulatory limitations arising as a result of those issues.

The performance of our asset management businesses may be adversely affected by the relative performance of our products compared with alternative investments as well as by overall economic and market conditions.

Asset management revenue is primarily based on a percentage of the value of assets under management and, in some cases, performance fees, in most cases expressed as a percentage of the returns realized on assets under management, and thus is impacted by general changes in capital markets valuations as well as by customer preferences and needs. In addition, investment performance is an important factor influencing the level of assets under management. Poor investment performance could impair revenue and growth as existing clients might withdraw funds in favor of better performing products. Also, performance fees could be lower or nonexistent. Additionally, the ability to attract funds from existing and new clients might diminish. Overall economic conditions may limit the amount that customers are able or willing to invest.

The failure or negative performance of products of other financial institutions could lead to a loss of confidence in similar products offered by us without regard to the performance of our products. Such a negative contagion could lead to withdrawals, redemptions and liquidity issues in such products and have a material adverse impact on our assets under management and asset management revenues and earnings.

The performance of our fund servicing business may be adversely affected by changes in investor preferences, or changes in existing or potential fund servicing clients or alternative providers.

Fund servicing fees are primarily derived from the market value of the assets and the number of shareholder accounts that we administer for our clients. The performance of our fund processing business is thus partially dependent on the underlying performance of its fund clients and, in particular, their ability to attract and retain customers. Changes in interest rates or a sustained weakness, weakening or volatility in the debt and equity markets could (in addition to affecting directly the value of assets administered as discussed above) influence an investor's decision to invest or maintain an investment in a particular mutual fund or other pooled investment product. Other factors beyond our control may impact the ability of our fund clients to attract or retain customers or customer funds, including changes in preferences as to certain investment styles. Further, to the extent that our fund clients' businesses are adversely affected by ongoing governmental investigations into the practices of the mutual and hedge fund industries, our fund processing business' results also could be adversely impacted. As a result of these types of factors, fluctuations may occur in the level or value of assets for which we provide processing services. In addition, this regulatory and business environment is likely to continue to result in operating margin pressure for our various services.

As a regulated financial services firm, we are subject to numerous governmental regulations and to comprehensive examination and supervision by regulators, which affects our business as well as our competitive position.

PNC is a bank and financial holding company and is subject to numerous governmental regulations involving both its business and organization. PNC services its obligations primarily with dividends and advances that it receives from its subsidiaries.

Our businesses are subject to regulation by multiple bank regulatory bodies as well as multiple securities industry regulators. Applicable laws and regulations restrict our ability to repurchase stock or to receive dividends from subsidiaries that operate in the banking and securities business and impose capital adequacy requirements. They also restrict permissible activities and investments and require compliance with protections for loan, deposit, brokerage, fiduciary, mutual fund and other customers, and for the protection of customer information, among other things. The consequences of noncompliance can include substantial monetary and nonmonetary sanctions as well as damage to our reputation and businesses.

In addition, we are subject to comprehensive examination and supervision by banking and other regulatory bodies. Examination reports and ratings (which often are not publicly available) and other aspects of this supervisory framework can materially impact the conduct, growth, and profitability of our businesses.

Due to the current economic environment and issues facing the financial services industry, as well as the effect of the change from the Bush to the Obama administration, we anticipate new legislative and regulatory initiatives over the next several years, including many focused specifically on banking and other financial services in which we are engaged. These initiatives will be in addition to the actions already taken by Congress and the regulators, including EESA and the Recovery Act. Developments to date, as well as those that come in the future, have had and are likely to continue to have an impact on the conduct of our business. This impact could include rules and regulations that affect the nature and profitability of our business activities, how we use our capital, how we compensate and incent our employees and other matters potentially having a negative effect on our overall business results and prospects.

Under the regulations of the Federal Reserve, a bank holding company is expected to act as a source of financial strength for its subsidiary banks. As a result of this regulatory policy, the Federal Reserve might require PNC to commit resources to its subsidiary banks when doing so is not otherwise in the interests of PNC or its shareholders or creditors.

Our ability to pay dividends to shareholders is largely dependent on dividends from our operating subsidiaries, principally our banking subsidiaries. Banks are subject to regulation on the amount and circumstances of dividends they can pay to their holding companies. At present, National City Bank does not have any ability to pay dividends, so we are primarily relying on PNC Bank, N.A.'s dividend capacity to support our external dividends.

We discuss these and other regulatory issues applicable to PNC in the Supervision and Regulation section included in Item 1 of this Report and in Note 23 Regulatory Matters in the Notes To Consolidated Financial Statements in Item 8 of this Report and here by reference.

Over the last several years, there has been an increasing regulatory focus on compliance with anti-money laundering laws and regulations, resulting in, among other things, several significant publicly-announced enforcement actions. There has also been a heightened focus recently, by customers and the media as well as by regulators, on the protection of confidential customer information. A failure to have adequate procedures to comply with anti-money laundering laws and regulations or to protect the confidentiality of customer information could expose us to damages, fines and regulatory penalties, which could be significant, and could also injure our reputation with customers and others with whom we do business.

We must comply with generally accepted accounting principles established by the Financial Accounting Standards Board, accounting, disclosure and other rules set forth by the SEC, income tax and other regulations established by the US Department of the Treasury, and revenue rulings and other guidance issued by the Internal Revenue Service, which affect our financial condition and results of operations.

Changes in accounting standards, or interpretations of those standards, can impact our revenue recognition and expense policies and affect our estimation methods used to prepare the consolidated financial statements. Changes in income tax regulations, revenue rulings, revenue procedures, and other guidance can impact our tax liability and alter the timing of cash flows associated with tax deductions and payments. New guidance often dictates how changes to standards and regulations are to be presented in our consolidated financial statements, as either an adjustment to beginning retained earnings for the period or as income or expense in current period earnings. In some cases, changes may be applied to previously reported disclosures.

The determination of the amount of loss allowances and impairments taken on our assets is highly subjective and could materially impact our results of operations or financial position.

The determination of the amount of loss allowances and asset impairments varies by asset type and is based upon our periodic evaluation and assessment of known and inherent risks associated with the respective asset class. Such evaluations and assessments are revised as conditions change and new information becomes available. Management updates its evaluations regularly and reflects changes in allowances and impairments in operations as such evaluations are revised. There can be no assurance that our management has accurately assessed the level of impairments taken and allowances reflected in our financial statements. Furthermore, additional impairments may need to be taken or allowances provided for in the future. Historical trends may not be indicative of future impairments or allowances.

Our asset valuation may include methodologies, estimations and assumptions that are subject to differing interpretations and could result in changes to asset valuations that may materially adversely affect our results of operations or financial condition.

We must use estimates, assumptions, and judgments when financial assets and liabilities are measured and reported at fair value. Assets and liabilities carried at fair value inherently result in a higher degree of financial statement volatility. Fair values and the information used to record valuation adjustments for certain assets and liabilities are based on quoted market prices and/or other observable inputs provided by independent third-party sources, when available. When such third-party information is not available, we estimate fair value primarily by using cash flows and other financial modeling techniques utilizing assumptions such as credit quality, liquidity, interest rates and other relevant inputs. Changes in underlying factors, assumptions, or estimates in any of these areas could materially impact our future financial condition and results of operations.

During periods of market disruption, including periods of significantly rising or high interest rates, rapidly widening credit spreads or illiquidity, it may be difficult to value certain of our assets if trading becomes less frequent and/or market data becomes less observable. There may be certain asset classes that were in active markets with significant observable data that become illiquid due to the current financial environment. In such cases, certain asset valuations may require more subjectivity and management judgment. As such, valuations may include inputs and assumptions that are less observable or require greater estimation. Further, rapidly changing and unprecedented credit and equity market conditions could materially impact the valuation of assets as reported within our consolidated financial statements, and the period-to-period changes in value could vary significantly. Decreases in value may have a material adverse effect on our results of operations or financial condition.

Our business and financial performance could be adversely affected, directly or indirectly, by natural disasters, by terrorist activities or by international hostilities.

The impact of natural disasters, terrorist activities and international hostilities cannot be predicted with respect to severity or duration. However, any of these could impact us directly (for example, by causing significant damage to our facilities or preventing us from conducting our business in the ordinary course), or could impact us indirectly through a direct impact on our borrowers, depositors, other customers, suppliers or other counterparties. We could also suffer adverse consequences to the extent that natural disasters, terrorist activities or international hostilities affect the economy and capital and other financial markets generally. These types of impacts could lead, for example, to an increase in delinquencies, bankruptcies or defaults that could result in our experiencing higher levels of nonperforming assets, net charge-offs and provisions for credit losses.

Our ability to mitigate the adverse consequences of such occurrences is in part dependent on the quality of our resiliency planning, including our ability to anticipate the nature of any such event that occurs. The adverse impact of natural disasters or terrorist activities or international hostilities also could be increased to the extent that there is a lack of preparedness on the part of national or regional emergency responders or on the part of other organizations and businesses that we deal with, particularly those that we depend upon.

ITEM 1B – UNRESOLVED STAFF COMMENTS

There are no SEC staff comments regarding PNC's periodic or current reports under the Exchange Act that are pending resolution.

ITEM 2 – PROPERTIES

Our executive and administrative offices are located at One PNC Plaza, Pittsburgh, Pennsylvania. The thirty-story structure is owned by PNC Bank, N. A. We occupy the entire building. In addition, PNC Bank, N.A. owns a thirty-four story structure adjacent to One PNC Plaza, known as Two PNC Plaza, that houses additional office space.

We own or lease numerous other premises for use in conducting business activities, including operations centers, offices, and branch and other facilities. We consider the facilities owned or occupied under lease by our subsidiaries to be adequate. We include here by reference the additional information regarding our properties in Note 11 Premises, Equipment and Leasehold Improvements in the Notes To Consolidated Financial Statements in Item 8 of this Report.

ITEM 3 – LEGAL PROCEEDINGS

See the information set forth in Note 24 Legal Proceedings included in the Notes to Consolidated Financial Statements in Item 8 of this Report, which is incorporated here by reference.

National City has agreed to pay a penalty of $200,000 imposed under section 6707 A(b)(2) of the Internal Revenue Code for failure to include certain reportable transaction information in its 2004 federal income tax return related to a listed transaction. We expect to pay the penalty in 2009.

ITEM 4 – SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

A special meeting of shareholders of The PNC Financial Services Group, Inc. was held on December 23, 2008 for the purpose of considering and acting upon the following matters: (1) a proposal to approve the issuance of shares of PNC common stock as contemplated by the Agreement and Plan of Merger, dated as of October 24, 2008, by and between The PNC Financial Services Group, Inc. and National City Corporation, as such agreement may be amended from time to time; and (2) a proposal to approve the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies, in the event that there were not sufficient votes at the time of the special meeting to approve the proposal described under (1) above.

Based on a total of approximately 348.5 million eligible votes, approximately 266 million votes, or 76% of the total, were cast. The votes cast included votes for or against either proposal, as well as abstentions.

The proposal to approve the issuance of shares of PNC common stock in connection with PNC's acquisition of National City was ratified and the aggregate votes cast for or against and the abstentions were as follows:

Aggregate Votes		
For	Against	Abstain
262,287,739	3,057,391	634,073

The proposal to approve the adjournment of the special meeting, if necessary, was ratified and the aggregate votes cast for or against and the abstentions were as follows (there were also 1,550 non-votes):

Aggregate Votes		
For	Against	Abstain
240,665,800	24,585,286	726,567

With respect to all of the preceding matters, holders of our common and voting preferred stock voted together as a single class. The following table sets forth, as of the November 14, 2008 record date, the number of shares of each class or series of stock that were issued and outstanding and entitled to vote, the voting power per share, and the aggregate voting power of each class or series:

Title of Class or Series	Voting Rights Per Share	Number of Shares Entitled to Vote	Aggregate Voting Power
Common Stock	1	347,960,466	347,960,466
$1.80 Cumulative Convertible Preferred Stock – Series A	8	6,540	52,320
$1.80 Cumulative Convertible Preferred Stock – Series B	8	1,137	9,096
$1.60 Cumulative Convertible Preferred Stock – Series C	4/2.4	119,126	198,543
$1.80 Cumulative Convertible Preferred Stock – Series D	4/2.4	170,761	284,602
Total possible votes			348,505,027*

*Represents greatest number of votes possible. Actual aggregate voting power was less since each holder of voting preferred stock was entitled to a number of votes equal to the number of full shares of common stock into which such holder's preferred stock was convertible.

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EXECUTIVE OFFICERS OF THE REGISTRANT Information regarding each of our executive officers as of February 17, 2009 is set forth below. Executive officers do not have a stated term of office. Each executive officer has held the position or positions indicated or another executive position with the same entity or one of its affiliates for the past five years unless otherwise indicated below.

Name	Age	Position with PNC	Year Employed (1)
James E. Rohr	60	Chairman and Chief Executive Officer (2)	1972
Joseph C. Guyaux	58	President	1972
William S. Demchak	46	Senior Vice Chairman	2002
Timothy G. Shack	58	Vice Chairman	1976
Thomas K. Whitford	52	Vice Chairman	1983
Joan L. Gulley	61	Executive Vice President and Chief Human Resources Officer	1986
Michael J. Hannon	52	Executive Vice President and Chief Risk Officer	1982
Richard J. Johnson	52	Executive Vice President and Chief Financial Officer	2002
Helen P. Pudlin	59	Executive Vice President and General Counsel	1989
Robert Q. Reilly	44	Executive Vice President	1987
Samuel R. Patterson	50	Senior Vice President and Controller	1986
John J. Wixted, Jr.	57	Senior Vice President	2002

(1) Where applicable, refers to year employed by predecessor company.
(2) Also serves as a director of PNC.

William S. Demchak was appointed Senior Vice Chairman in February 2009. He joined PNC as Vice Chairman and Chief Financial Officer in September 2002. Since August 2005, he has had oversight responsibilities for the Corporation's Corporate & Institutional Banking business. He also oversees PNC's asset and liability management and equity management activities.

Timothy G. Shack was appointed Vice Chairman in February 2009. He was Executive Vice President from July 1991 to February 2009, and also served as Chief Information Officer from April 1998 to May 2008.

Thomas K. Whitford was appointed Vice Chairman in February 2009. He was appointed Chief Administrative Officer in May 2007. From April 2002 through May 2007, he served as Chief Risk Officer.

Joan L. Gulley was Chief Executive Officer for PNC's wealth management business from 2002 to 2006. In 2006 she was appointed Executive Vice President of PNC Bank, N.A. and was responsible for product and segment management, as well as advertising and brand management for PNC. In April 2008 she was appointed Senior Vice President and Chief Human Resources Officer for PNC and in February 2009 she was appointed Executive Vice President of PNC.

Michael J. Hannon was appointed Executive Vice President and Chief Risk Officer in February 2009 and was previously Senior Vice President and Chief Credit Officer.

Richard J. Johnson joined PNC in December 2002 and served as Senior Vice President and Director of Finance until his appointment as Chief Financial Officer of the Corporation effective in August 2005. He was appointed Executive Vice President in February 2009.

Helen P. Pudlin was appointed Executive Vice President and General Counsel in February 2009 and was previously Senior Vice President and General Counsel.

Robert Q. Reilly joined PNC Bank, N.A. in September 1987. He serves as the lead of PNC's wealth management business, and in February 2009 he was appointed Executive Vice President of PNC.

John J. Wixted, Jr. joined PNC as Senior Vice President and Chief Regulatory Officer in August 2002. From May 2007 until February 2009, he also served as Chief Risk Officer.

DIRECTORS OF THE REGISTRANT The name, age and principal occupation of each of our directors as of February 17, 2009, and the year he or she first became a director is set forth below:

- Richard O. Berndt, 66, Managing Partner of Gallagher, Evelius & Jones LLP (*law firm*) (2007)
- Charles E. Bunch, 59, Chairman and Chief Executive Officer of PPG Industries, Inc. (*coatings, sealants and glass products*) (2007)
- Paul W. Chellgren, 66, Operating Partner, SPG Partners, LLC, (*private equity*) (1995)
- Robert N. Clay, 62, President and Chief Executive Officer of Clay Holding Company (*investments*) (1987)
- George A. Davidson, Jr., 70, Retired Chairman of Dominion Resources, Inc. (*public utility holding company*) (1988)
- Kay Coles James, 59, President and Founder of The Gloucester Institute (*non-profit*) (2006)
- Richard B. Kelson, 62, Operating Advisor, Pegasus Capital Advisors, L.P., (*private equity*) (2002)
- Bruce C. Lindsay, 67, Chairman and Managing Member of 2117 Associates, LLC (*advisory company*) (1995)
- Anthony A. Massaro, 64, Retired Chairman and Chief Executive Officer of Lincoln Electric Holdings, Inc. (*manufacturer of welding and cutting products*) (2002)
- Jane G. Pepper, 63, President of Pennsylvania Horticultural Society (*non-profit*) (1997)
- James E. Rohr, 60, Chairman and Chief Executive Officer of PNC (1990)
- Donald J. Shepard, 62, Retired Chairman of the Executive Board and Chief Executive Officer, AEGON N.V. (*insurance*) (2007)

- Lorene K. Steffes, 63, Independent Business Advisor *(technology and technical services)* (2000)
- Dennis F. Strigl, 62, President and Chief Operating Officer of Verizon Communications Inc. (*telecommunications*) (2001)
- Stephen G. Thieke, 62, Retired Chairman, Risk Management Committee of JP Morgan Incorporated (*financial and investment banking services*) (2002)
- Thomas J. Usher, 66, Chairman of Marathon Oil Corporation (*oil and gas industry*) (1992)
- George H. Walls, Jr., 66, former Chief Deputy Auditor of the State of North Carolina (2006)
- Helge H. Wehmeier, 66, Retired President and Chief Executive Officer of Bayer Corporation (*healthcare, crop protection, and chemicals*) (1992)

PART II

ITEM 5 – MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

(a) Our common stock is listed on the New York Stock Exchange and is traded under the symbol "PNC." At the close of business on February 17, 2009, there were 79,036 common shareholders of record.

Holders of PNC common stock are entitled to receive dividends when declared by the Board of Directors out of funds legally available for this purpose. Our Board of Directors may not pay or set apart dividends on the common stock until dividends for all past dividend periods on any series of outstanding preferred stock have been paid or declared and set apart for payment. The Board presently intends to continue the policy of paying quarterly cash dividends. However, on March 1, 2009, the Board decided to reduce PNC's quarterly common stock dividend from $0.66 to $0.10 per share. The next dividend is expected to be declared in early April 2009. The amount of any future dividends will depend on economic and market conditions, our financial condition and operating results, and other factors, including contractual restrictions and applicable government regulations and policies (such as those relating to the ability of bank and non-bank subsidiaries to pay dividends to the parent company).

The Risk Factors section of Item 1A of this Report and Note 19 Shareholders' Equity in the Notes To Consolidated Financial Statements in Item 8 of this Report, which we include here by reference, describe restrictions on dividends and common share repurchases associated with our December 31, 2008 issuance of preferred stock to the US Department of the Treasury under the TARP Capital Purchase Program. In addition, the Federal Reserve has the power to prohibit us from paying dividends without its approval. For further information concerning dividend restrictions and restrictions on loans, dividends or advances from bank subsidiaries to the parent company, you may review "Supervision and Regulation" in Item 1 of this Report, "Funding and Capital Sources" in the Consolidated Balance Sheet Review section, "Liquidity Risk Management" in the Risk Management section, and "Perpetual Trust Securities", "PNC Capital Trust E Trust Preferred Securities" and "Acquired Entity Trust Preferred Securities" in the Off-Balance Sheet Arrangements and VIEs section of Item 7 of this Report, and Note 23 Regulatory Matters in the Notes To Consolidated Financial Statements in Item 8 of this Report, which we include here by reference.

We include here by reference additional information relating to PNC common stock under the caption "Common Stock Prices/Dividends Declared" in the Statistical Information (Unaudited) section of Item 8 of this Report.

We include here by reference the information regarding our compensation plans under which PNC equity securities are authorized for issuance as of December 31, 2008 in the table (with introductory paragraph and notes) that appears under Item 12 of this Report.

Our registrar, stock transfer agent, and dividend disbursing agent is:
Computershare Investor Services, LLC
250 Royall Street
Canton, MA 02021
800-982-7652

We include here by reference the information that appears under the caption "Common Stock Performance Graph" at the end of this Item 5.

(b) Not applicable.

(c) Details of our repurchases of PNC common stock during the fourth quarter of 2008 are included in the following table:

In thousands, except per share data

2008 period	Total shares purchased (a) (b)	Average price paid per share	Total shares purchased as part of publicly announced programs (c)	Maximum number of shares that may yet be purchased under the programs (c)
October 1 – October 31	247	$ 67.37		24,710
November 1 – November 30	186	$ 62.13		24,710
December 1 – December 31	143	$ 49.13		24,710
Total	576	$ 61.16		

(a) Under the US Treasury's TARP Capital Purchase Program, there are restrictions on dividends and common share repurchases associated with the preferred stock that we issued to the US Treasury under that program on December 31, 2008. As is typical with cumulative preferred stocks, dividend payments for this preferred must be current before dividends can be paid on junior shares, including our common stock, or junior shares can be repurchased or redeemed. Also, the US Treasury's consent will be required for any increase in common dividends per share above the most recent level prior to October 14, 2008 until the third anniversary of the preferred issuance unless all of that preferred has been redeemed or is no longer held by the US Treasury. Further, during that same period, the US Treasury's consent will be

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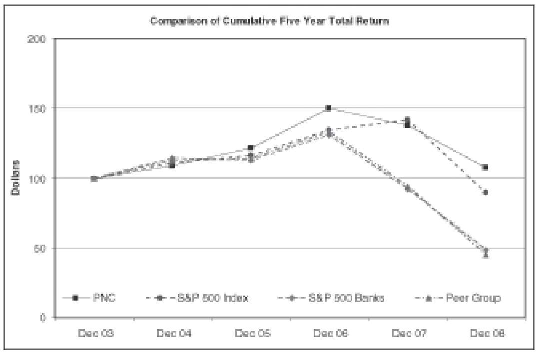
required, unless the preferred stock is no longer held by the US Treasury, for any share repurchases with limited exceptions, most significantly purchases of common shares in connection with any benefit plan in the ordinary course of business consistent with past practice.

(b) Reflects PNC common stock purchased in connection with our various employee benefit plans. No shares were purchased under the program referred to in note (c) to this table during the fourth quarter of 2008.

(c) Our current stock repurchase program allows us to purchase up to 25 million shares on the open market or in privately negotiated transactions. This program was authorized on October 4, 2007 and will remain in effect until fully utilized or until modified, superseded or terminated.

Common Stock Performance Graph

This graph shows the cumulative total shareholder return (i.e., price change plus reinvestment of dividends) on our common stock during the five-year period ended December 31, 2008, as compared with: (1) a selected peer group of our competitors, called the “Peer Group;” (2) an overall stock market index, the S&P 500 Index; and (3) a published industry index, the S&P 500 Banks. The yearly points marked on the horizontal axis of the graph correspond to December 31 of that year. The stock performance graph assumes that $100 was invested on January 1, 2004 for the five-year period and that any dividends were reinvested. The table below the graph shows the resultant compound annual growth rate for the performance period.



	Base Period	Assumes $100 investment at Close of Market on December 31, 2002 Total Return = Price change plus reinvestment of dividends					5-Year Compound Growth Rate
	Dec 03	Dec 04	Dec 05	Dec 06	Dec 07	Dec 08	
PNC	$ 100	108.92	121.63	150.33	137.87	107.29	1.42%
S&P 500 Index	$ 100	110.88	116.32	134.69	142.09	89.52	(2.19)%
S&P 500 Banks	$ 100	114.44	112.80	130.99	91.98	48.29	(13.55)%
Peer Group	$ 100	112.86	113.85	133.00	94.06	45.03	(14.75)%

The Peer Group for the preceding chart and table consists of the following companies: BB&T Corporation; Comerica Inc.; Fifth Third Bancorp; KeyCorp; National City Corporation; The PNC Financial Services Group, Inc.; SunTrust Banks, Inc.; U.S. Bancorp.; Wachovia Corporation; Regions Financial Corporation; and Wells Fargo & Co. This Peer Group was approved by the Board’s Personnel and Compensation Committee (the “Committee”) for 2008. As of December 31, 2008, Wells Fargo & Co. acquired Wachovia Corporation and PNC acquired National City Corporation. Typically, the Committee reviews the makeup of the peer group annually. Due to the many changes in the financial industry generally, PNC’s substantially increased size and scope at the beginning of 2009, and a significant number of mergers and other changes with respect to PNC’s 2008 peers and other industry leaders, the Committee has changed the peer group for 2009 to consist of the following companies: BB&T Corporation; Bank of America Corporation; Capital One Financial, Inc.; Comerica Inc.; Fifth Third Bancorp; JPMorgan Chase; KeyCorp; M&T Bank; Regions Financial Corporation; SunTrust Banks, Inc.; U.S. Bancorp; and Wells Fargo & Co.

Each yearly point for the Peer Group is determined by calculating the cumulative total shareholder return for each company in the Peer Group from December 31, 2003 to December 31 of that year (End of Month Dividend Reinvestment Assumed) and then using the median of these returns as the yearly plot point.

In accordance with the rules of the SEC, this section, captioned “Common Stock Performance Graph,” shall not be incorporated by reference into any of our future filings made under the Securities Exchange Act of 1934 or the Securities Act of 1933. The Common Stock Performance Graph, including its accompanying table and footnotes, is not deemed to be soliciting material or to be filed under the Exchange Act or the Securities Act.

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ITEM 6 – SELECTED FINANCIAL DATA

Dollars in millions, except per share data	2008 (a)	2007	2006 (b)	2005	2004
		Year ended December 31			
SUMMARY OF OPERATIONS					
Interest income	**$ 6,313**	$ 6,166	$ 4,612	$ 3,734	$ 2,752
Interest expense	**2,490**	3,251	2,367	1,580	783
Net interest income	**3,823**	2,915	2,245	2,154	1,969
Noninterest income	**3,367**	3,790	6,327	4,173	3,572
Total revenue	**7,190**	6,705	8,572	6,327	5,541
Provision for credit losses (c)	**1,517**	315	124	21	52
Noninterest expense	**4,430**	4,296	4,443	4,306	3,712
Income before minority interests and income taxes	**1,243**	2,094	4,005	2,000	1,777
Minority interest in income of BlackRock			47	71	42
Income taxes	**361**	627	1,363	604	538
Net income	**$ 882**	$ 1,467	$ 2,595	$ 1,325	$ 1,197
PER COMMON SHARE					
Basic earnings	**$ 2.50**	$ 4.43	$ 8.89	$ 4.63	$ 4.25
Diluted earnings	**$ 2.46**	$ 4.35	$ 8.73	$ 4.55	$ 4.21
Book value (d)	**$ 39.44**	$ 43.60	$ 36.80	$ 29.21	$ 26.41
Cash dividends declared	**$ 2.61**	$ 2.44	$ 2.15	$ 2.00	$ 2.00
SELECTED RATIOS					
Net interest margin (e)	**3.37%**	3.00%	2.92%	3.00%	3.22%
Noninterest income to total revenue	**47**	57	74	66	64
Efficiency	**62**	64	52	68	67
Return on					
Average tangible common shareholders' equity	**17.70**	22.65	48.74	30.64	29.90
Average common shareholders' equity	**6.28**	10.53	27.97	16.58	16.82
Average assets	**.62**	1.19	2.73	1.50	1.59
Loans to deposits (d)	**91**	83	76	81	82
Dividend payout	**104.6**	55.0	24.4	43.4	47.2
Tier 1 risk-based capital (d)	**9.7**	6.8	10.4	8.3	9.0
Common shareholders' equity to total assets (d)	**6.0**	10.7	10.6	9.3	9.4
Average common shareholders' equity to average assets	**9.6**	11.3	9.8	9.0	9.4

(a) The 2008 Consolidated Income Statement does not include operating results of National City.
(b) The 2007 Versus 2006 Consolidated Income Statement Review section of Item 7 of this Report describes certain items impacting 2006 results.
(c) Amount for 2008 included $504 million conforming provision for credit losses related to our National City acquisition.
(d) At December 31.
(e) Calculated as annualized taxable-equivalent net interest income divided by average earning assets. The interest income earned on certain earning assets is completely or partially exempt from federal income tax. As such, these tax-exempt instruments typically yield lower returns than taxable investments. To provide more meaningful comparisons of margins for all earning assets, we use net interest income on a taxable-equivalent basis in calculating net interest margin by increasing the interest income earned on tax-exempt assets to make it fully equivalent to interest income earned on taxable investments. This adjustment is not permitted under GAAP in the Consolidated Income Statement. The taxable-equivalent adjustments to net interest income for the years 2008, 2007, 2006, 2005 and 2004 were $36 million, $27 million, $25 million, $33 million and $20 million, respectively.

Certain prior-period amounts have been reclassified to conform with the current period presentation, which we believe is more meaningful to readers of our consolidated financial statements. See Note 2 Acquisitions and Divestitures in the Notes To Consolidated Financial Statements in Item 8 of this Report for information on significant recent business acquisitions and divestitures, including our December 31, 2008 acquisition of National City Corporation. For information regarding certain business risks, see Item 1A Risk Factors and the Risk Management section of Item 7 of this Report. Also, see our Cautionary Statement Regarding Forward-Looking Information included in Item 7 of this Report for certain risks and uncertainties that could cause actual results to differ materially from those anticipated in forward-looking statements or from historical performance.

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December 31 Dollars in millions, except as noted	2008 (a)	2007	2006	2005	2004
BALANCE SHEET HIGHLIGHTS					
Assets	**$ 291,081**	$ 138,920	$ 101,820	$ 91,954	$ 79,723
Loans	**175,489**	68,319	50,105	49,101	43,495
Allowance for loan and lease losses	**3,917**	830	560	596	607
Investment securities	**43,473**	30,225	23,191	20,710	16,761
Loans held for sale	**4,366**	3,927	2,366	2,449	1,670
Goodwill	**8,868**	8,405	3,402	3,619	3,001
Equity investments (b)	**8,554**	6,045	5,330	1,323	1,058
Deposits	**192,865**	82,696	66,301	60,275	53,269
Borrowed funds (c)	**52,240**	30,931	15,028	16,897	11,964
Shareholders' equity	**25,422**	14,854	10,788	8,563	7,473
Common shareholders' equity	**17,490**	14,847	10,781	8,555	7,465
ASSETS ADMINISTERED (in billions)					
Managed (d)	**$ 110**	$ 74	$ 55	$ 495	$ 383
Nondiscretionary	**125**	112	85	83	93
FUND ASSETS SERVICED (in billions)					
Accounting/administration net assets	**$ 839**	$ 990	$ 837	$ 835	$ 721
Custody assets	**379**	500	427	476	451
SELECTED STATISTICS					
Period-end employees	**59,595**	28,320	23,783	25,348	24,218
Branches	**2,589**	1,109	852	839	776
ATMs	**6,232**	3,900	3,581	3,721	3,581
Residential mortgage servicing portfolio (in billions)	**$ 187**				
Commercial mortgage servicing portfolio (in billions)	**$ 286**	$ 243	$ 200	$ 136	$ 98

(a) Information at December 31, 2008 includes the impact of National City Corporation, which we acquired as of that date.

(b) The balances at December 31, 2008, 2007 and 2006 include our investment in BlackRock. BlackRock was a consolidated entity at December 31, 2005 and 2004.

(c) Includes long-term borrowings of $35 billion, $12.6 billion, $6.6 billion, $6.8 billion, and $5.7 billion for 2008, 2007, 2006, 2005, and 2004, respectively. Borrowings which mature more than one year after December 31, 2008 are considered to be long-term.

(d) Assets under management at December 31, 2008, 2007 and 2006 do not include BlackRock's assets under management as we deconsolidated BlackRock effective September 29, 2006.

ITEM 7 – MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

EXECUTIVE SUMMARY

THE PNC FINANCIAL SERVICES GROUP, INC.

PNC is one of the largest diversified financial services companies in the United States based on assets and is headquartered in Pittsburgh, Pennsylvania.

As described further below, on December 31, 2008, PNC acquired National City Corporation ("National City"), nearly doubling our assets to a total of $291 billion and expanding our total consolidated deposits to $193 billion. Our Consolidated Balance Sheet includes the impact of National City as of December 31, 2008.

Prior to the acquisition, PNC had businesses engaged in retail banking, corporate and institutional banking, asset management, and global investment servicing, providing many of its products and services nationally and others in PNC's primary geographic markets located in Pennsylvania, New Jersey, Washington, DC, Maryland, Virginia, Ohio, Kentucky and Delaware. PNC also provided certain investment servicing internationally.

National City's primary businesses prior to its acquisition by PNC included commercial and retail banking, mortgage financing and servicing, consumer finance and asset management, operating through an extensive network in Ohio, Florida, Illinois, Indiana, Kentucky, Michigan, Missouri, Pennsylvania and Wisconsin. National City also conducted selected consumer lending businesses and other financial services on a nationwide basis.

PNC is now in the process of integrating the business and operations of National City with those of PNC.

KEY STRATEGIC GOALS

We manage our company for the long term and are focused on returning to a moderate risk profile while maintaining strong capital and liquidity positions, investing in our markets and products, and embracing our corporate responsibility to the communities where we do business.

Our strategy to enhance shareholder value centers on driving positive operating leverage by achieving growth in revenue from our balance sheet and diverse business mix that exceeds growth in expenses controlled through disciplined cost management. In each of our current business segments, the primary drivers of revenue growth are the acquisition, expansion and retention of customer relationships. We strive to expand our customer base by offering convenient banking options and leading technology solutions, providing a broad range of fee-based and credit products and services, focusing on customer service, and through a significantly enhanced branding initiative. We may also grow revenue through appropriate and targeted acquisitions and, in certain businesses, by expanding into new geographical markets.

We are focused on our strategies for quality growth. We are committed to returning to a moderate risk profile characterized by disciplined credit management and limited exposure to earnings volatility resulting from interest rate fluctuations and the shape of the interest rate yield curve. Our actions have created a well-positioned and strong balance sheet, ample liquidity and investment flexibility to adjust, where appropriate and permissible, to changing interest rates and market conditions.

We continue to be disciplined in investing capital in our businesses while returning a portion to shareholders through dividends and share repurchases when appropriate and permissible. See the Funding and Capital Sources section of the Consolidated Balance Sheet Review section and the Liquidity Risk Management section of this Financial Review regarding certain restrictions on dividends and common share repurchases resulting from PNC's participation in the US Treasury's Troubled Asset Relief Program ("TARP") Capital Purchase Program and dividend capacity.

On March 1, 2009, the Board decided to reduce PNC's quarterly common stock dividend from $0.66 to $0.10 per share. The next dividend is expected to be declared in early April 2009. Our Board recognizes the importance of the dividend to our shareholders. While our overall capital and liquidity positions are strong, extreme economic and market deterioration and the changing regulatory environment drove this difficult but prudent decision. This proactive measure will help us build capital, further strengthen our balance sheet and continue to serve our customers.

ACQUISITION OF NATIONAL CITY CORPORATION

On December 31, 2008, we acquired National City for approximately $6.1 billion. The total consideration included approximately $5.6 billion of PNC common stock, $150 million of preferred stock, and cash paid to warrant holders by National City.

We completed the acquisition primarily by issuing approximately 95 million shares of PNC common stock. In accordance with purchase accounting methodologies, National City Bank's balance sheet was adjusted to fair value at which time the bank was under-capitalized from a regulatory perspective. However, PNC's Consolidated Balance Sheet remained well-capitalized and liquid.

Following the closing, PNC received $7.6 billion from the US Department of the Treasury under the Emergency Economic Stabilization Act of 2008 in exchange for the issuance of preferred stock and a warrant. These proceeds were used to enhance National City Bank's regulatory capital position to well-capitalized in order to continue serving the credit and deposit needs of existing and new customers. On a consolidated basis, these proceeds resulted in further improvement to our capital and liquidity positions.

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National City, based in Cleveland, Ohio, was one of the nation's largest commercial banking organizations based on assets. We expect to incur total merger and integration costs of approximately $1.2 billion in connection with the acquisition of National City, including $575 million recognized in the fourth quarter of 2008. The transaction is expected to result in the reduction of approximately $1.2 billion of combined company annualized noninterest expense through the elimination of operational and administrative redundancies.

Other than the merger and integration costs discussed above, our acquisition of National City did not impact our 2008 Consolidated Income Statement, nor did it impact our 2008 Average Consolidated Balance Sheet. Note 2 Acquisitions and Divestitures included in our Notes To Consolidated Financial Statements within Item 8 of this Report and our Current Reports on Form 8-K filed October 24, 2008, October 30, 2008, December 23, 2008, and January 2, 2009 provide additional information regarding our acquisition of National City.

RECENT MARKET AND INDUSTRY DEVELOPMENTS

Starting in the middle of 2007 and with a heightened level of activity during the second half of 2008 and into early 2009, there has been unprecedented turmoil, volatility and illiquidity in worldwide financial markets, accompanied by uncertain prospects for the overall national economy, which is currently in the midst of a severe recession. In addition, there have been dramatic changes in the competitive landscape of the financial services industry during this time.

Recent efforts by the Federal government, including the US Department of the Treasury, the Federal Reserve, the FDIC, and the Securities and Exchange Commission, to stabilize and restore confidence in the financial services industry have impacted and will likely continue to impact PNC and our stakeholders. These efforts, which will continue to evolve, include the Emergency Economic Stabilization Act of 2008, the American Recovery and Reinvestment Act of 2009, and other legislative, administrative and regulatory initiatives, including the US Treasury's TARP and TARP Capital Purchase Program, the FDIC's Temporary Liquidity Guarantee Program ("TLGP") and the Federal Reserve's Commercial Paper Funding Facility ("CPFF").

Beginning in the fourth quarter of 2008, PNC participated in several of these programs as further described below:

TARP CAPITAL PURCHASE PROGRAM

The TARP Capital Purchase Program encourages US financial institutions to build capital through the sale to the US Treasury of senior preferred shares of stock to increase the flow of financing to US businesses and consumers and to support the US economy.

On December 31, 2008, PNC issued to the US Treasury $7.6 billion of preferred stock together with a related warrant to purchase shares of common stock of PNC, in accordance with the terms of the TARP Capital Purchase Program. Funds from this sale count as Tier 1 capital and the warrant qualifies as tangible common equity.

Holders of this preferred stock are entitled to a cumulative cash dividend at the annual rate per share of 5% of the liquidation preference per year for the first five years after the closing date. Afterward, the annual dividend rate will increase, to 9% per year. PNC's intent is to redeem this preferred stock prior to the escalation of the dividend rate.

Note 19 Shareholders' Equity included in our Notes to Consolidated Financial Statements within Item 8 of this Report includes additional information regarding the preferred stock and the related warrant that we issued under this program.

FDIC TEMPORARY LIQUIDITY GUARANTEE PROGRAM

The FDIC's TLGP is designed to strengthen confidence and encourage liquidity in the banking system by:

- Guaranteeing newly issued senior unsecured debt of eligible institutions, including FDIC-insured banks and thrifts, as well as certain holding companies ("TLGP-Debt Guarantee Program"), and
- Providing full deposit insurance coverage for non-interest bearing transaction accounts in FDIC-insured institutions, regardless of the dollar amount ("TLGP - -Transaction Account Guarantee Program").

In December 2008, PNC Funding Corp issued at the holding company level fixed and floating rate senior notes totaling $2.9 billion under the FDIC's TLGP-Debt Guarantee Program as more fully described within the Liquidity Risk Management section of this Item 7. Each of these series of senior notes is guaranteed by the FDIC and is backed by the full faith and credit of the United States through June 30, 2012.

As of October 14, 2008, PNC Bank, N.A. and National City Bank have been participating in the TLGP-Transaction Account Guarantee Program. Under this program, through December 31, 2009, all non-interest bearing transaction accounts are fully guaranteed by the FDIC for the entire amount in the account. Coverage under this program is in addition to, and separate from, the coverage available under the FDIC's general deposit insurance rules.

COMMERCIAL PAPER FUNDING FACILITY

The Federal Reserve established the CPFF to provide a liquidity backstop to US issuers of commercial paper and thereby improve liquidity in short-term funding markets and thus increase the availability of credit for businesses and households. Effective October 28, 2008, Market Street Funding LLC ("Market Street") was approved to participate in the Federal Reserve's CPFF. The CPFF commitment to purchase up to $5.4 billion of three-month Market Street commercial paper expires on October 30, 2009. As of December 31, 2008, Market Street's participation in this

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program totaled $445 million. These trades matured at the end of January 2009 and were replaced with commercial paper sold to investors.

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It is also possible that the US Congress and federal banking agencies, as part of their efforts to provide economic stimulus and financial market stability, to enhance the liquidity and solvency of financial institutions and markets, and to enhance the regulation of financial institutions and markets, will announce additional legislation, regulations or programs. These additional actions may take the form of changes in or additions to the statutes or regulations related to existing programs, including those described above. It is not possible at this time to predict the ultimate impact of these actions on PNC's business plans and strategies.

KEY FACTORS AFFECTING FINANCIAL PERFORMANCE

Our financial performance is substantially affected by several external factors outside of our control including the following, some of which may be affected by legislative, regulatory and administrative initiatives of the Federal government outlined above:

- General economic conditions, including the length and severity of the current recession,
- The level of, and direction, timing and magnitude of movement in interest rates, and the shape of the interest rate yield curve,
- The functioning and other performance of, and availability of liquidity in, the capital and other financial markets,
- Loan demand, utilization of credit commitments and standby letters of credit, and asset quality,
- Customer demand for other products and services,
- Changes in the competitive landscape and in counterparty creditworthiness and performance as the financial services industry restructures in the current environment,
- Movement of customer deposits from lower to higher rate accounts or to investment alternatives, and
- The impact of market credit spreads on asset valuations.

In addition, our success will depend, among other things, upon:

- Further success in the acquisition, growth and retention of customers,
- Progress toward integrating the National City acquisition,
- Continued development of the markets related to our recent acquisitions, including full deployment of our product offerings,
- Revenue growth,
- A sustained focus on expense management, including achieving our cost savings targets associated with our National City integration, and creating positive operating leverage,
- Managing the distressed assets portfolio,
- Maintaining solid overall asset quality,
- Continuing to maintain our solid deposit base,
- Prudent risk and capital management leading to a return to our desired moderate risk profile, and
- Actions we take within the capital and other financial markets.

See also Item 1A Risk Factors and the Cautionary Statement Regarding Forward-Looking Information section of Item 7 of this Report.

OTHER 2008 ACQUISITION AND DIVESTITURE ACTIVITY

On April 4, 2008, we acquired Lancaster, Pennsylvania-based Sterling Financial Corporation ("Sterling") for approximately 4.6 million shares of PNC common stock and $224 million in cash. Sterling was a banking and financial services company with approximately $3.2 billion in assets, $2.7 billion in deposits, and 65 branches in south-central Pennsylvania, northern Maryland and northern Delaware. The Sterling technology systems and bank charter conversions were completed during the third quarter of 2008 and we realized the anticipated cost savings related to these activities.

On March 31, 2008, we sold J.J.B. Hilliard, W.L. Lyons, LLC ("Hilliard Lyons"), a Louisville, Kentucky-based wholly-owned subsidiary of PNC and a full-service brokerage and financial services provider, to Houchens Industries, Inc. We recognized an after-tax gain of $23 million in the first quarter of 2008 in connection with this divestiture. Business segment information for the periods presented in this Item 7 reflects the reclassification of results for Hilliard Lyons, including the gain on the sale of this business, from the Retail Banking business segment to "Other."

Summary Financial Results

In millions, except per share data	Year ended December 31 2008	2007
Net income	**$ 882**	$ 1,467
Diluted earnings per share	**$ 2.46**	$ 4.35
Return on		
Average common shareholders' equity	**6.28%**	10.53%
Average assets	**.62%**	1.19%

Our earnings and related per share amounts for 2008 do not include the impact of National City, which we acquired effective December 31, 2008, other than a conforming adjustment to our provision for credit losses of $504 million and other integration costs of $71 million, both of which were recognized in the fourth quarter.

Our performance in 2008 included the following:

- At December 31, 2008 we had total assets of $291 billion, including loans of $175 billion, and total deposits of $193 billion, reflecting the acquisition of National City.
- We significantly strengthened capital. The Tier 1 risk-based capital ratio was 9.7% at December 31,

2008 compared with 6.8% at December 31, 2007. We issued $7.6 billion of preferred stock and a common stock warrant to the US Department of the Treasury under the TARP Capital Purchase Program on December 31, 2008, which qualified as Tier 1 capital.

- Our tangible common equity ratio was 2.9% at December 31, 2008. We expect our tangible common equity ratio to be less sensitive to the impact of widening credit spreads on accumulated other comprehensive loss going forward primarily due to the composition of the securities available for sale portfolio acquired from National City and a substantially higher level of tangible common equity in the combined company.
- We maintained a strong liquidity position and continued to generate deposits. The loan to deposit ratio was 91% at December 31, 2008, reflecting the acquisition of National City. Average deposits for 2008 increased 10% compared with 2007.
- Credit quality migration reflected a rapidly weakening economy, but remained manageable as PNC was able to maintain a strong capital position and generate positive operating leverage. The allowance for loan and lease losses increased to $3.9 billion at December 31, 2008 from $830 million at December 31, 2007 primarily as a result of the National City acquisition and related conforming credit adjustment. The ratio of allowance for loan and lease losses to total loans was strengthened to 2.23% at December 31, 2008 compared with 1.21% at December 31, 2007. This ratio excluding the impact of the National City acquisition was 1.77% at December 31, 2008. We provide a reconciliation of this ratio excluding the National City impact to the GAAP-basis ratio in the Statistical Information (Unaudited) section in Item 8 of this Report.
- Average loans for 2008 increased 16% over 2007.
- We are committed to supporting the objectives of the Emergency Economic Stabilization Act of 2008. To that end, we are continuing to make credit available to qualified borrowers including enhanced calling efforts on small businesses and corporations, promotions offered with special financing rates and responding to increased loan demand for first mortgages. We have reaffirmed and renewed loans and lines of credit, focused on early identification of loan modification candidates and are working closely where appropriate with customers who are experiencing financial hardship to set up new repayment schedules, loan modifications and forbearance programs. We plan to enhance these efforts over time to improve the effectiveness of our broad-reaching initiatives.
- Investment securities were $43.5 billion at December 31, 2008, or 15% of total assets. The portfolio was primarily comprised of well-diversified, high quality securities with US government agency residential mortgage-backed securities representing 53% of the portfolio. Of the remaining portfolio, approximately 80% of the securities had AAA-equivalent ratings.
- PNC created positive operating leverage for the year of 4%, or $351 million. Total revenue for 2008 grew 7% compared with 2007, driven by growth in net interest income, and exceeded year-over-year noninterest expense growth of 3%.
- With the acquisition of National City, our retail banks now serve over 6 million consumer and business customers. Comprehensive two-year integration plans are being implemented with a goal of eliminating $1.2 billion of annualized expenses, including the reduction of approximately 5,800 positions across the combined 59,595 employee base by 2011. The first regional branch conversion is planned for the second half of 2009.

Our Consolidated Income Statement Review section of this Item 7 describes in greater detail the various items that impacted our results for 2008 and 2007.

BALANCE SHEET HIGHLIGHTS

Total assets were $291.1 billion at December 31, 2008 compared with $138.9 billion at December 31, 2007. Total assets at December 31, 2008 included $133.7 billion related to National City. Our acquisition of National City did not impact our 2008 Average Consolidated Balance Sheet.

Total average assets were $142.0 billion for 2008 compared with $123.4 billion for 2007. This increase reflected a $16.5 billion increase in average interest-earning assets and a $2.1 billion increase in average noninterest-earning assets. An increase of $10.2 billion in loans and a $6.2 billion increase in investment securities were the primary factors for the increase in average interest-earning assets.

The increase in average noninterest-earning assets for 2008 reflected an increase in average goodwill of $1.6 billion primarily related to the acquisition of Sterling on April 4, 2008, Yardville National Bancorp (“Yardville”) on October 26, 2007 and Mercantile Bankshares Corporation (“Mercantile”) on March 2, 2007.

The impact of the Sterling, Yardville and Mercantile acquisitions is also reflected in our year-over-year increases in average total loans, average securities available for sale and average total deposits as described further below.

Average total loans were $72.7 billion for 2008 and $62.5 billion for 2007. The increase in average total loans included growth in commercial loans of $5.5 billion, consumer loans of $2.8 billion, commercial real estate loans of $1.7 billion and residential mortgage loans of $.5 billion. Loans represented 64% of average interest-earning assets for both 2008 and 2007.

Average investment securities totaled $32.7 billion for 2008 and $26.5 billion for 2007. Average residential and commercial mortgage-backed securities increased $4.5 billion on a combined basis in the comparison. Average investment securities for 2008 included $.4 billion of held to maturity securities that we transferred from available for sale status during the fourth quarter of 2008. Investment securities comprised 29% of average interest-earning assets for 2008 and 27% for 2007.

Average total deposits were $84.5 billion for 2008, an increase of $7.7 billion over 2007. Average deposits grew from the prior year period primarily as a result of increases in money market balances and other time deposits.

Average total deposits represented 60% of average total assets for 2008 and 62% for 2007. Average transaction deposits were $55.7 billion for 2008 compared with $50.7 billion for 2007.

Average borrowed funds were $31.3 billion for 2008 and $23.0 billion for 2007. Increases of $7.1 billion in Federal Home Loan Bank borrowings and $1.4 billion in other borrowed funds drove the increase compared with 2007.

Shareholders' equity totaled $25.4 billion at December 31, 2008 compared with $14.9 billion at December 31, 2007 and reflected the issuance of securities under the TARP Capital Purchase Program and the impact of National City. See the Consolidated Balance Sheet Review section of this Item 7 for additional information.

LINE OF BUSINESS HIGHLIGHTS

We refer you to Item 1 of this Report under the captions Business Overview and Review of Lines of Business for an overview of our business segments and to the Business Segments Review section of this Item 7 for a Results Of Businesses – Summary table and further analysis of business segment results for 2008 and 2007, including presentation differences from Note 27 Segment Reporting in the Notes To Consolidated Financial Statements in Item 8 of this Report.

Total business segment earnings were $983 million for 2008 and $1.7 billion for 2007. We provide a reconciliation of total business segment earnings to total PNC consolidated net income as reported on a GAAP basis in Note 27.

Retail Banking

Retail Banking's earnings were $429 million for 2008 compared with $876 million for 2007. The decline in earnings over the prior year was primarily driven by increases in the provision for credit losses and noninterest expense. The 2008 revenue growth was negatively impacted by a lower interest credit attributed to deposits in the declining rate environment and was therefore not reflective of the solid growth in customers and deposits.

Corporate & Institutional Banking

Corporate & Institutional Banking earned $225 million in 2008 compared with $432 million in 2007. The 48% decline in earnings over 2007 was primarily driven by an increase in the provision for credit losses and by higher valuation losses on commercial mortgage loans held for sale, net of hedges.

BlackRock

Our BlackRock business segment earned $207 million in 2008 and $253 million in 2007. These results reflect our approximately 33% share of BlackRock's reported GAAP earnings during both periods and the additional income taxes on these earnings incurred by PNC.

Global Investment Servicing

Global Investment Servicing earned $122 million for 2008 and $128 million for 2007. Results for 2008 were negatively impacted by declines in asset values and fund redemptions as a result of severe deterioration of the financial markets during the fourth quarter.

Other

"Other" incurred a loss of $101 million in 2008 and a loss of $222 million in 2007.

"Other" for 2008 included the impact of integration costs, including the National City conforming provision for credit losses, totaling $422 million after taxes, of which $380 million after taxes were recognized in the fourth quarter of 2008. In addition, net securities losses in 2008 totaled $134 million after taxes. These factors were partially offset by strong growth in net interest income related to asset and liability management activities in 2008, and the after-tax impact of the following:

- After-tax gains totaling $160 million from PNC's remaining BlackRock long-term incentive plan programs ("LTIP") shares obligation,
- The $23 million after-tax gain on the sale of Hilliard Lyons in the first quarter,
- The $40 million after-tax third quarter reversal of a legal contingency reserve established in connection with an acquisition due to a settlement, and
- The $30 million after-tax partial reversal of the Visa indemnification liability.

"Other" for 2007 included the after-tax impact of the following:

- Integration costs totaling $99 million after taxes,
- A net after-tax charge of $83 million representing the net mark-to-market adjustment on our remaining BlackRock LTIP shares obligation partially offset by the gain recognized in connection with PNC's first quarter transfer of BlackRock shares to satisfy a portion of our BlackRock LTIP shares obligation, and
- A $53 million after-tax charge for an indemnification obligation related to certain Visa litigation.

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CONSOLIDATED INCOME STATEMENT REVIEW

Our Consolidated Income Statement is presented in Item 8 of this Report. Net income for 2008 was $882 million and for 2007 was $1.467 billion. Total revenue for 2008 increased 7% compared with 2007. We created positive operating leverage in the year-to-date comparison as total noninterest expense increased 3% in the comparison.

NET INTEREST INCOME AND NET INTEREST MARGIN

Year ended December 31 Dollars in millions	2008	2007
Net interest income	**$3,823**	$2,915
Net interest margin	**3.37%**	3.00%

Changes in net interest income and margin result from the interaction of the volume and composition of interest-earning assets and related yields, interest-bearing liabilities and related rates paid, and noninterest-bearing sources of funding. See Statistical Information – Analysis Of Year-To-Year Changes In Net Interest (Unaudited) Income And Average Consolidated Balance Sheet and Net Interest Analysis in Item 8 of this Report for additional information.

The 31% increase in net interest income for 2008 compared with 2007 was favorably impacted by the $16.5 billion, or 17%, increase in average interest-earning assets and a decrease in funding costs. The 2008 net interest margin was positively affected by declining rates paid on deposits and borrowings compared with the prior year. The reasons driving the higher interest-earning assets in these comparisons are further discussed in the Balance Sheet Highlights portion of the Executive Summary section of this Item 7.

The net interest margin was 3.37% for 2008 and 3.00% for 2007. The following factors impacted the comparison:

- A decrease in the rate paid on interest-bearing liabilities of 140 basis points. The rate paid on interest-bearing deposits, the single largest component, decreased 123 basis points.
- These factors were partially offset by a 77 basis point decrease in the yield on interest-earning assets. The yield on loans, the single largest component, decreased 109 basis points.
- In addition, the impact of noninterest-bearing sources of funding decreased 26 basis points due to lower interest rates and a lower proportion of noninterest-bearing sources of funding to interest-earning assets.

For comparing to the broader market, during 2008 the average federal funds rate was 1.94% compared with 5.03% for 2007.

We expect our full-year 2009 net interest income to benefit from the impact of interest accretion of discounts resulting from purchase accounting marks and deposit pricing alignment related to our National City acquisition. We also currently expect our 2009 net interest margin to improve on a year-over-year basis.

NONINTEREST INCOME

Summary

Noninterest income was $3.367 billion for 2008 and $3.790 billion for 2007.

Noninterest income for 2008 included the following:

- Gains of $246 million related to the mark-to-market adjustment on our BlackRock LTIP shares obligation,
- Losses related to our commercial mortgage loans held for sale of $197 million, net of hedges,
- Impairment and other losses related to alternative investments of $179 million,
- Income from Hilliard Lyons totaling $164 million, including the first quarter gain of $114 million from the sale of this business,
- Net securities losses of $206 million,
- A first quarter gain of $95 million related to the redemption of a portion of our Visa Class B common shares related to Visa’s March 2008 initial public offering,
- A third quarter $61 million reversal of a legal contingency reserve established in connection with an acquisition due to a settlement,
- Trading losses of $55 million,
- A $35 million impairment charge on commercial mortgage servicing rights, and
- Equity management losses of $24 million.

Noninterest income for 2007 included the following:

- The impact of $82 million gain recognized in connection with our transfer of BlackRock shares to satisfy a portion of PNC’s LTIP obligation and a $209 million net loss on our LTIP shares obligation,
- Income from Hilliard Lyons totaling $227 million,
- Trading income of $104 million,
- Equity management gains of $102 million, and
- Gains related to our commercial mortgage loans held for sale of $3 million, net of hedges.

Apart from the impact of these items, noninterest income increased $16 million in 2008 compared with 2007.

Additional analysis

Fund servicing fees increased $69 million in 2008, to $904 million, compared with $835 million in 2007. The impact of the December 2007 acquisition of Albridge Solutions Inc. (“Albridge Solutions”) and growth in Global Investment Servicing’s offshore operations were the primary drivers of this increase.

Global Investment Servicing provided fund accounting/ administration services for $839 billion of net fund investment assets and provided custody services for $379 billion of fund investment assets at December 31, 2008, compared with $990 billion and $500 billion, respectively, at December 31, 2007. The decrease in assets serviced was due to declines in asset values and fund outflows resulting primarily from market conditions in the second half of 2008.

Asset management fees totaled $686 million in 2008, a decline of $98 million compared with 2007. The effect on fees of lower equity earnings from BlackRock, a $12 billion decrease in assets managed due to equity values related to wealth management, and the Hilliard Lyons divestiture were reflected in the decline compared with 2007. Excluding $53 billion of assets acquired on December 31, 2008 resulting from our acquisition of National City, assets managed at December 31, 2008 totaled $57 billion compared with $74 billion at December 31, 2007. The Hilliard Lyons sale and the impact of comparatively lower equity markets in 2008 drove the decline in assets managed. The Retail Banking section of the Business Segments Review section of this Item 7 includes further discussion of assets under management.

Consumer services fees declined $69 million, to $623 million, for 2008 compared with 2007. The sale of Hilliard Lyons more than offset the benefits of increased volume-related fees, including debit card, credit card, bank brokerage and merchant revenues.

Corporate services revenue totaled $704 million in 2008 compared with $713 million in 2007. Higher revenue from treasury management and other fees were more than offset by lower merger and acquisition advisory fees and commercial mortgage servicing fees, net of amortization.

Service charges on deposits grew $24 million, to $372 million, in 2008 compared with 2007. The impact of our expansion into new markets contributed to the increase during 2008.

Net securities losses totaled $206 million in 2008 compared with net securities losses of $5 million in 2007. Losses for 2008 included other-than-temporary impairment charges of $312 million, including $74 million on our investment in preferred stock of FHLMC and FNMA that were partially offset by securities gains.

Other noninterest income totaled $284 million for 2008 compared with $423 million for 2007. Other noninterest income for 2008 included gains of $246 million related to our BlackRock LTIP shares adjustment, the $114 million gain from the sale of Hilliard Lyons, the $95 million gain from the redemption of a portion of our investment in Visa related to its March 2008 initial public offering, and the $61 million reversal of a legal contingency reserve referred to above. The impact of these items was partially offset by losses related to our commercial mortgage loans held for sale of $197 million, net of hedges, trading losses of $55 million and equity management losses of $24 million.

Other noninterest income for 2007 included a net loss related to our BlackRock investment of $127 million (the net of the two items described within the Summary section above), trading income of $104 million, equity management gains of $102 million and gains related to our commercial mortgage loans held for sale, net of hedges, of $3 million.

See the BlackRock portion of the Business Segments Review section of Item 7 of this Report for further information regarding LTIP. Additional information regarding our transactions related to Visa is included in Note 25 Commitments And Guarantees in the Notes To Consolidated Financial Statements included in Item 8 of this Report. Further details regarding our trading activities are included in the Market Risk Management – Trading Risk portion of the Risk Management section of this Item 7 and information regarding equity management are included in the Market Risk Management-Equity and Other Investment Risk section.

Other noninterest income typically fluctuates from period to period depending on the nature and magnitude of transactions completed.

We expect noninterest income in 2009 to reflect customer growth, offset by softening consumer fees and by ongoing volatility of the more market-related categories.

PRODUCT REVENUE

In addition to credit and deposit products for commercial customers, Corporate & Institutional Banking offers other services, including treasury management and capital markets-related products and services and commercial mortgage loan servicing, that are marketed by several businesses to commercial and retail customers across PNC.

Treasury management revenue, which includes fees as well as net interest income from customer deposit balances, increased 14% to $545 million in 2008 compared with $476 million in 2007. The increase was primarily related to the impact of our expansion into new markets and strong growth in commercial payment card services and in cash and liquidity management products.

Revenue from capital markets-related products and services totaled $336 million in 2008 compared with $290 million in 2007. This increase was primarily driven by strong customer interest rate derivative and foreign exchange activity partially offset by a decline in merger and acquisition advisory fees.

Commercial mortgage banking activities include revenue derived from loan originations, commercial mortgage servicing (including net interest income and noninterest income from loan servicing and ancillary services), gains from loan sales, valuation adjustments, net interest income on loans held for sale, and related commitments and hedges.

Commercial mortgage banking activities resulted in revenue of $65 million in 2008 compared with $252 million in 2007. Revenue for 2008 reflected losses of $197 million on commercial mortgage loans held for sale, net of hedges, due to the impact of an illiquid market during most of 2008. The comparable amount for 2007 was a gain of $3 million. Revenue for 2007 also reflected significant securitization activity. In addition, commercial mortgage servicing revenue declined $53 million primarily due to a $35 million impairment charge on commercial mortgage servicing rights while net interest income from commercial mortgage loans held for sale increased $61 million in 2008 compared with 2007 due to higher loans held for sale balances.

PROVISION FOR CREDIT LOSSES

The provision for credit losses totaled $1.517 billion for 2008 compared with $315 million for 2007. Of the total 2008 provision, $990 million was recorded in the fourth quarter, including $504 million of additional provision recorded on December 31, 2008 to conform the National City loan reserving methodology with ours. The differences in methodology include granularity of loss computations, statistical and quantitative factors rather than qualitative assessment, and the extent of current appraisals and risk assessments.

In addition to the impact of National City, the higher provision in 2008 compared with the prior year was driven by general credit quality migration, including residential real estate development and commercial real estate exposure, an increase in net charge-offs, and growth in nonperforming loans. Growth in our total credit exposure also contributed to the higher provision amounts in both comparisons.

With a deteriorating economy, we expect credit migration will continue throughout 2009 as credit quality improvements will lag any economic turnaround. The Credit Risk Management portion of the Risk Management section of this Item 7 includes additional information regarding factors impacting the provision for credit losses.

See also Item 1A Risk Factors and the Cautionary Statement Regarding Forward-Looking Information section of Item 7 of this Report.

NONINTEREST EXPENSE

Total noninterest expense was $4.430 billion for 2008 and $4.296 billion for 2007, an increase of $134 million, or 3%. Higher noninterest expense in 2008 compared with 2007 primarily resulted from investments in growth initiatives, including acquisitions, partially offset by the impact of the sale of Hilliard Lyons and disciplined expense management.

Integration costs included in noninterest expense totaled $122 million for 2008, including $81 million in the fourth quarter, and $102 million for 2007. Integration costs for the fourth quarter of 2008 included $71 million related to our National City acquisition.

Noninterest expense for 2008 included the benefit of the reversal of $46 million of the $82 million Visa indemnification liability that we established in the fourth quarter of 2007. Additional information regarding our transactions related to Visa is included in Note 25 Commitments And Guarantees in the Notes To Consolidated Financial Statements included in Item 8 of this Report.

Expense management will be a key driver in 2009 as we intend to maintain our focus on continuous improvement and to achieve cost savings targets associated with our National City integration. We currently expect FDIC deposit insurance costs to increase significantly in 2009.

EFFECTIVE TAX RATE

Our effective tax rate was 29.1% for 2008 and 29.9% for 2007.

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CONSOLIDATED BALANCE SHEET REVIEW

SUMMARIZED BALANCE SHEET DATA

December 31 - in millions	2008	2007
Assets		
Loans	**$175,489**	$ 68,319
Investment securities	**43,473**	30,225
Cash and short-term investments	**23,936**	10,425
Loans held for sale	**4,366**	3,927
Equity investments	**8,554**	6,045
Goodwill	**8,868**	8,405
Other intangible assets	**2,820**	1,146
Other	**23,575**	10,428
Total assets	**$291,081**	$138,920
Liabilities		
Deposits	**$192,865**	$ 82,696
Borrowed funds	**52,240**	30,931
Other	**18,328**	8,785
Total liabilities	**263,433**	122,412
Minority and noncontrolling interests in consolidated entities	**2,226**	1,654
Total shareholders' equity	**25,422**	14,854
Total liabilities, minority and noncontrolling interests, and shareholders' equity	**$291,081**	$138,920

The summarized balance sheet data above is based upon our Consolidated Balance Sheet in Item 8 of this Report.

Our Consolidated Balance Sheet at December 31, 2008 included National City's assets and liabilities at estimated fair value as of that date. This acquisition added approximately $134 billion of assets, including $99.7 billion of loans, after giving effect to purchase accounting adjustments, eliminations and reclassifications.

Various seasonal and other factors impact our period-end balances whereas average balances (discussed under the Balance Sheet Highlights section of this Item 7 and included in the Statistical Information section of Item 8 of this Report) are generally more indicative of underlying business trends apart from the impact of recent acquisitions.

An analysis of changes in selected balance sheet categories follows.

LOANS

A summary of the major categories of loans outstanding is shown in the following table. Outstanding loan balances reflect unearned income, unamortized discount and premium, and purchase discounts and premiums totaling $4.1 billion and $990 million at December 31, 2008 and 2007, respectively.

Loans increased $107.2 billion as of December 31, 2008 compared with December 31, 2007. Our National City acquisition added $99.7 billion of loans, including $34.3 billion of commercial, $16.0 billion of commercial real estate, $30.5 billion of consumer and $10.6 billion of residential mortgage loans.

In February 2008, we transferred the education loans in our held for sale portfolio to the loan portfolio as further described in the Loans Held For Sale section of this Consolidated Balance Sheet Review.

Details Of Loans

December 31 - in millions	2008	2007
Commercial		
Retail/wholesale	**$ 11,482**	$ 6,013
Manufacturing	**13,263**	4,814
Other service providers	**9,038**	3,639
Real estate related (a)	**9,107**	5,556
Financial services	**5,194**	1,419
Health care	**3,201**	1,464
Other	**16,034**	5,634
Total commercial	**67,319**	28,539
Commercial real estate		
Real estate projects	**17,176**	6,111
Commercial mortgage	**8,560**	2,792
Total commercial real estate	**25,736**	8,903
Equipment lease financing	**6,461**	2,514
TOTAL COMMERCIAL LENDING	**99,516**	39,956
Consumer		
Home equity		
Lines of credit	**24,024**	6,811
Installment	**14,252**	7,636
Education	**4,211**	132
Automobile	**1,667**	1,513
Credit card and other unsecured lines of credit	**3,163**	462
Other	**5,172**	1,839
Total consumer	**52,489**	18,393
Residential real estate		
Residential mortgage	**18,783**	9,046
Residential construction	**2,800**	511
Total residential real estate	**21,583**	9,557
TOTAL CONSUMER LENDING	**74,072**	27,950
Other	**1,901**	413
Total loans	**$175,489**	$68,319

(a) Includes loans to customers in the real estate and construction industries.

Total loans represented 60% of total assets December 31, 2008 and 49% of total assets at December 31, 2007.

Our loan portfolio continued to be diversified among numerous industries and types of businesses. The loans that we hold are also concentrated in, and diversified across, our principal geographic markets. See Note 4 Loans, Commitments To Extend Credit and Concentrations of Credit Risk in the Notes To Consolidated Financial Statements in Item 8 of this Report for additional information.

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The following table presents the valuation adjustments applied against National City loans as part of the purchase accounting process at December 31, 2008.

National City Loan Portfolio Assessment

Dollars in billions	Principal Balance	Valuation Adjustment	Fair Value	Valuation Adjustment as % of Principal Balance
	December 31, 2008			
Valuation Adjustments By Loan Classification				
Commercial/Commercial real estate	$ 56.5	$ 4.7	$51.8	8.3%
Consumer	31.4	3.5	27.9	11.1%
Residential real estate	19.2	4.4	14.8	22.9%
Other	.9		.9	
Total	$108.0	$ 12.6	$95.4(a)	11.7%
Valuation Adjustments By Type				
Impaired loans				
Commercial/Commercial real estate	$ 4.0	$ 2.2	$ 1.8	55.0%
Consumer	5.8	1.9	3.9	32.8%
Residential real estate	9.5	3.3	6.2	34.7%
Total impaired loans	19.3	7.4	11.9	38.3%
Performing loans	88.7	5.2	83.5	5.9%
Total	$108.0	$ 12.6	$95.4(a)	11.7%
Valuation Adjustments By Component				
Fair value mark – impaired loans		$ 7.4		
Fair value mark – performing loans		2.4		
Subtotal – fair value marks		9.8		
National City reserve carryover on performing loans		2.3		
Conforming credit reserve on performing loans		.5		
Total		$ 12.6		

(a) Represents total adjusted loans of $99.7 billion from the National City acquisition, net of $2.8 billion of loan loss reserves, $1.1 billion of loans previously classified as held for sale by National City, and $.4 billion of other purchase accounting adjustments.

Our home equity loan outstandings totaled $38.3 billion at December 31, 2008. In this portfolio, we consider the higher risk loans to be those with a recent FICO credit score of less than or equal to 660 and a loan-to-value ratio greater than or equal to 90%. We had $1.2 billion or approximately 3% of the total portfolio in this grouping at December 31, 2008. In our $18.8 billion residential mortgage portfolio, loans with a recent FICO credit score of less than or equal to 660 and a loan-to-value ratio greater than 90% totaled $2.5 billion and comprised approximately 14% of this portfolio at December 31, 2008.

Commercial lending outstandings are the largest category and are the most sensitive to changes in assumptions and judgments underlying the determination of the allowance for loan and lease losses. We have allocated $2.6 billion, or 67%, of the total allowance for loan and lease losses at December 31, 2008 to these loans. We allocated $1.2 billion, or 32%, of the remaining allowance at that date to consumer lending outstandings and $47 million, or 1%, to all other loans. This allocation also considers other relevant factors such as:

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

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Included in total loans at December 31, 2008 were $27.2 billion of distressed loans. These loans include residential real estate development loans, cross-border leases, subprime residential mortgage loans, brokered home equity loans and certain other residential real estate loans. These loans require special servicing and management oversight given current market conditions or, in the case of cross-border leases, are tax and yield challenged. The majority of the distressed loans were from acquisitions, including $24.6 billion from National City. An allowance for loan and lease losses of $927 million was allocated to the distressed loans at December 31, 2008. A total of $537 million of the distressed loans were classified as nonperforming at that date. Details of distressed loans follow:

Details of Distressed Loan Portfolio

In millions	Dec. 31, 2008
Commercial	**$28**
Commercial real estate	
Real estate projects	**2,847**
Commercial mortgage	**510**
Total commercial real estate	**3,357**
Equipment lease financing	**858**
TOTAL COMMERCIAL LENDING	**4,243**
Consumer	
Home equity	
Lines of credit	**5,474**
Installment	**2,877**
Total home equity	**8,351**
Residential real estate	
Residential mortgage	**10,198**
Residential construction	**2,603**
Total residential real estate	**12,801**
TOTAL CONSUMER LENDING	**21,152**
Other	**1,761**
Total (a)	**$ 27,156**

(a) Includes impaired loans attributable to National City totaling $10.3 billion, net of valuation adjustments. The pre-adjusted principal balance was $15.3 billion and represented the majority of the total $19.3 billion principal balance of total impaired loans included in the National City Loan Portfolio Assessment table on page 32.

Net unfunded credit commitments are comprised of the following:

Net Unfunded Credit Commitments

December 31 - in millions	2008 (a)	2007
Commercial and commercial real estate	**$ 59,982**	$42,021
Home equity lines of credit	**23,195**	8,680
Consumer credit card lines	**19,028**	969
Other	**2,683**	1,677
Total	**$104,888**	$53,347

(a) Includes $53.9 billion related to National City.

Unfunded commitments are concentrated in our primary geographic markets. Commitments to extend credit represent arrangements to lend funds or provide liquidity subject to specified contractual conditions. Commercial commitments are reported net of participations, assignments and syndications, primarily to financial institutions, totaling $8.6 billion at December 31, 2008 and $8.9 billion at December 31, 2007.

Unfunded liquidity facility commitments and standby bond purchase agreements totaled $7.0 billion at December 31, 2008 and $9.4 billion at December 31, 2007 and are included in the preceding table primarily within the "Commercial" and "Consumer" categories. The decrease from December 31, 2007 was due to a $2.5 billion decline in Market Street commitments.

In addition to credit commitments, our net outstanding standby letters of credit totaled $10.3 billion at December 31, 2008 and $4.8 billion at December 31, 2007. Standby letters of credit commit us to make payments on behalf of our customers if specified future events occur.

INVESTMENT SECURITIES

Details Of Investment Securities

In millions	Amortized Cost	Fair Value
December 31, 2008		
SECURITIES AVAILABLE FOR SALE		
Debt securities		
Residential mortgage-backed		
Agency	**$22,744**	**$23,106**
Nonagency	**13,205**	**8,831**
Commercial mortgage-backed	**4,305**	**3,446**
Asset-backed	**2,069**	**1,627**
US Treasury and government agencies	**738**	**739**
State and municipal	**1,326**	**1,263**
Other debt	**563**	**559**
Corporate stocks and other	**575**	**571**
Total securities available for sale	**$45,525**	**$40,142**
SECURITIES HELD TO MATURITY		
Debt securities		
Commercial mortgage-backed	**$ 1,945**	**$ 1,896**
Asset-backed	**1,376**	**1,358**
Other debt	**10**	**10**
Total securities held to maturity	**$ 3,331**	**$ 3,264**
December 31, 2007		
SECURITIES AVAILABLE FOR SALE		
Debt securities		
Residential mortgage-backed		
Agency	$ 9,218	$ 9,314
Nonagency	11,929	11,638
Commercial mortgage-backed	5,227	5,264
Asset-backed	2,878	2,770
U.S. Treasury and government agencies	151	155
State and municipal	340	336
Other debt	85	84
Corporate stocks and other	662	664
Total securities available for sale	$30,490	$30,225

Investment securities totaled $43.5 billion at December 31, 2008, including $13.3 billion from the National City acquisition that were primarily US government agency residential mortgage-backed securities. Securities represented 15% of total assets at December 31, 2008 and 22% of total assets at December 31, 2007.

We evaluate our portfolio of investment securities in light of changing market conditions and other factors and, where appropriate, take steps intended to improve our overall positioning. During the fourth quarter of 2008, we transferred $3.2 billion of securities available for sale to securities held to maturity status and transferred $599 million of proprietary trading securities to the available for sale portfolio.

The transfer of available for sale securities to held to maturity involved short-duration, high quality securities where management's intent to hold changed. In reassessing the classification of these securities, management also considered the current and ongoing illiquidity in the capital markets and that securities prices are under increasing downward pressure, even where there is no indication of credit impairment.

The transfer of trading securities to available for sale occurred against the backdrop of events occurring in the market that management determined to be unusual and highly unlikely to recur in the near term. As a result of these events, which included the unprecedented market illiquidity and related volatility, PNC's economic hedges associated with these trading positions become increasingly ineffective, resulting in increasing and unexpected earnings volatility. Coincident with the transfer of trading securities to available for sale, all hedging instruments were terminated.

At December 31, 2008, the investment securities balance included a net unrealized loss of $5.4 billion, which represented the difference between fair value and amortized cost. The comparable amount at December 31, 2007 was a net unrealized loss of $265 million. The fair value of investment securities is impacted by interest rates, credit spreads, and market volatility and illiquidity. We believe that a substantial portion of the decline in value of these securities is attributable to changes in market credit spreads and market illiquidity and not from deterioration in the credit quality of individual securities or underlying collateral, where applicable. The net unrealized losses at December 31, 2008 did not reflect credit quality concerns of any significance with the underlying assets, which represented an overall well-diversified, high quality portfolio. US government agency residential mortgage-backed securities represented 53% of the investment securities portfolio at December 31, 2008.

During 2008, we recorded other-than-temporary impairment charges totaling $312 million, of which $151 million related to residential mortgage-backed securities, $87 million related to asset-backed securities collateralized by first- and second-lien residential mortgage loans and $74 million related to our investment in preferred securities of FHLMC and FNMA.

At least quarterly we conduct a comprehensive security-level impairment assessment. Our process and methods have evolved as market conditions have deteriorated and as more research and other analyses have become available. We expect that our process and methods will continue to evolve. Our assessment considers the security structure, recent security collateral performance metrics, our judgment and expectations of future performance, and relevant industry research and analysis. We also consider the magnitude of the impairment and the amount of time that the security has been impaired in our assessment. Results of the periodic assessment are reviewed by a cross-functional senior management team representing Asset & Liability Management, Finance, Balance Sheet Risk Management, and Credit Policy. The senior management team considers the results of the assessments, as well as other factors, in determining whether the impairment is other-than-temporary.

One of the key inputs into our impairment assessment process is the level of delinquencies (i.e., 60 days and more) for any given security. In February 2009, we received updated delinquency information through January 31, 2009 for our residential mortgage-backed and asset-backed securities positions collateralized by first- and second-lien residential mortgage loans. Delinquencies have generally increased in the January 2009 versus December 2008 month-over-month comparison and, based upon our evaluation of these updated delinquency statistics, we currently expect that we will record additional other-than-temporary impairment charges in the first quarter of 2009. We currently do not expect that these charges will be material to our capital position.

If the current issues affecting the US housing market were to continue for the foreseeable future or worsen, or if market volatility and illiquidity were to continue or worsen, or if market interest rates were to increase appreciably, the valuation of our available for sale securities portfolio could continue to be adversely affected. See Note 7 Investment Securities in the Notes To Consolidated Financial Statements in Item 8 of this Report for additional information.

Net unrealized gains and losses in the securities available for sale portfolio are included in shareholders' equity as accumulated other comprehensive income or loss, net of tax. The fair value of investment securities generally decreases when interest rates increase and vice versa. In addition, the fair value generally decreases when credit spreads widen and vice versa.

The expected weighted-average life of investment securities (excluding corporate stocks and other) was 3 years and 1 month at December 31, 2008 and 3 years and 6 months at December 31, 2007.

We estimate that at December 31, 2008 the effective duration of investment securities was 3.7 years for an immediate 50 basis points parallel increase in interest rates and 3.1 years for an immediate 50 basis points parallel decrease in interest rates. Comparable amounts at December 31, 2007 were 2.8 years and 2.5 years, respectively.

Loans Held For Sale

December 31 - in millions	2008	2007
Commercial mortgage	**$2,158**	$2,116
Residential mortgage	**1,962**	117
Education		1,525
Other	**246**	169
Total	**$4,366**	$3,927

The acquisition of National City added approximately $2.2 billion of loans held for sale, primarily 1-4 family conforming residential mortgages. The residential mortgage loans held for sale will be accounted for at fair value.

PNC adopted SFAS 159 beginning January 1, 2008 and elected to account for certain commercial mortgage loans held for sale at fair value. The balance of these assets was $1.4 billion at December 31, 2008. We stopped originating these types of loans during the first quarter of 2008. We intend to continue pursuing opportunities to reduce our commercial mortgage loans held for sale position at appropriate prices. We sold and/or securitized $.6 billion of commercial mortgage loans held for sale carried at fair value in 2008. Losses of $197 million on commercial mortgage loans held for sale, net of hedges, were included in other noninterest income for 2008 compared with gains of $3 million in 2007. Net interest income on commercial mortgage loans held for sale was $76 million in 2008 compared with $15 million in 2007. The non-cash losses reflected illiquid market conditions which began in the latter part of 2007.

We previously classified substantially all of our education loans as loans held for sale as we sold education loans to issuers of asset-backed paper when the loans were placed into repayment status. During 2008, the secondary markets for education loans have been impacted by liquidity issues similar to those for other asset classes. In February 2008, given this outlook and the economic and customer relationship value inherent in this product, we transferred these loans at lower of cost or market value from held for sale to the loan portfolio. We did not sell education loans during the remainder of 2008 and do not anticipate sales of these transferred loans in the foreseeable future.

Funding and Capital Sources

Details Of Funding Sources

December 31 - in millions	2008	2007
Deposits		
Money market	**$ 67,678**	$ 32,785
Demand	**43,212**	20,861
Retail certificates of deposit	**58,315**	16,939
Savings	**6,056**	2,648
Other time	**13,620**	2,088
Time deposits in foreign offices	**3,984**	7,375
Total deposits	**192,865**	82,696
Borrowed funds		
Federal funds purchased and repurchase agreements	**5,153**	9,774
Federal Home Loan Bank borrowings	**18,126**	7,065
Bank notes and senior debt	**13,664**	6,821
Subordinated debt	**11,208**	4,506
Other	**4,089**	2,765
Total borrowed funds	**52,240**	30,931
Total	**$245,105**	$113,627

Total funding sources increased $131.5 billion at December 31, 2008 compared with the balance at December 31, 2007.

Deposits totaled $192.9 billion at December 31, 2008, including $104 billion from the National City acquisition, compared with $82.7 billion at December 31, 2007. Interest-bearing deposits represented 81% of total deposits at December 31, 2008 compared with 76% at December 31, 2007. The change in deposit composition reflected the higher proportion of certificates of deposit and other interest-bearing deposits associated with National City. Borrowed funds totaled $52.2 billion at December 31, 2008 compared with $30.9 billion at December 31, 2007. Borrowed funds at December 31, 2008 included $18.2 billion of National City obligations and $2.9 billion of senior notes guaranteed under the FDIC's TLGP-Debt Guarantee Program that PNC issued in December 2008.

The Liquidity Risk Management section of this Item 7 contains further details regarding actions we have taken which impacted our borrowed funds balances during 2008.

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Capital

We manage our capital position by making adjustments to our balance sheet size and composition, issuing debt, equity or hybrid instruments, executing treasury stock transactions, managing dividend policies and retaining earnings. On March 1, 2009, we took a proactive step to build capital and further strengthen our balance sheet as the Board of Directors decided to reduce PNC's quarterly common stock dividend from $0.66 to $0.10 per share.

Total shareholders' equity increased $10.6 billion, to $25.4 billion, at December 31, 2008 compared with December 31, 2007 and reflected the following:

- The December 2008 issuance of $7.6 billion of preferred stock and a common stock warrant to the US Department of Treasury under the TARP Capital Purchase Program,
- The December 2008 issuance of $5.6 billion of common stock in connection with the National City acquisition,
- The May 2008 issuance of $500 million of Series K preferred stock,
- The April 2008 issuance of $312 million of common stock in connection with the Sterling acquisition, and
- The December 2008 issuance of $150 million of Series L preferred stock in connection with the National City acquisition.

These factors were partially offset by the $3.8 billion increase from December 31, 2007 in accumulated other comprehensive loss which included $3.5 billion of net unrealized securities losses. The Investment Securities section of this Consolidated Balance Sheet Review includes additional information regarding these unrealized losses.

Common shares outstanding were 443 million at December 31, 2008 and 341 million at December 31, 2007. PNC issued approximately 95 million common shares in December 2008 and 4.6 million common shares in April 2008 in connection with the closings of the National City and Sterling acquisitions, respectively.

Our current common stock repurchase program permits us to purchase up to 25 million shares of PNC common stock on the open market or in privately negotiated transactions. This program will remain in effect until fully utilized or until modified, superseded or terminated. The extent and timing of share repurchases under this program will depend on a number of factors including, among others, market and general economic conditions, economic and regulatory capital considerations, alternative uses of capital, regulatory and contractual limitations, and the potential impact on our credit ratings. We did not purchase any shares during 2008 under this program. During 2007, we purchased 11 million common shares under our current and prior common stock repurchase programs at a total cost of approximately $800 million.

Under the TARP Capital Purchase Program, there are restrictions on dividends and common share repurchases associated with the preferred stock that we issued to the US Treasury in accordance with that program. As is typical with cumulative preferred stock, dividend payments for this preferred stock must be current before dividends can be paid on junior shares, including our common stock, or junior shares can be repurchased or redeemed. Also, the US Treasury's consent will be required for any increase in common dividends per share above the most recent level prior to October 14, 2008 until the third anniversary of the preferred stock issuance as long as the US Treasury continues to hold any of the preferred stock. Further, during that same period, the US Treasury's consent will be required, unless the preferred stock is no longer held by the US Treasury, for any share repurchases with limited exceptions, most significantly purchases of common shares in connection with any benefit plan in the ordinary course of business consistent with past practice.

Risk-Based Capital

December 31 - dollars in millions	2008	2007
Capital components		
Shareholders' equity		
Common	**$ 17,490**	$ 14,847
Preferred	**7,932**	7
Trust preferred capital securities	**2,898**	572
Minority interest	**1,506**	985
Goodwill and other intangible assets	**(9,800)**	(8,853)
Eligible deferred income taxes on goodwill and other intangible assets	**594**	119
Pension, other postretirement benefit plan adjustments	**666**	177
Net unrealized securities losses, after-tax	**3,618**	167
Net unrealized losses (gains) on cash flow hedge derivatives, after-tax	**(374)**	(175)
Other	**(243)**	(31)
Tier 1 risk-based capital	**24,287**	7,815
Subordinated debt	**5,676**	3,024
Eligible allowance for credit losses	**3,153**	964
Total risk-based capital	**$ 33,116**	$ 11,803
Assets		
Risk-weighted assets, including off-balance sheet instruments and market risk equivalent assets	**$251,106**	$115,132
Adjusted average total assets	**138,689**	126,139
Capital ratios		
Tier 1 risk-based	**9.7%**	6.8%
Total risk-based	**13.2**	10.3
Leverage	**17.5**	6.2
Tangible common equity		
Common shareholders' equity	**$ 17,490**	$ 14,847
Goodwill and other intangible assets	**(9,800)**	(8,853)
Total deferred income taxes on goodwill and other intangible assets (a)	**594**	119
Tangible common equity	**$ 8,284**	$ 6,113
Total assets excluding goodwill and other intangible assets, net of deferred income taxes	**$281,874**	$130,185
Tangible common equity ratio	**2.9%**	4.7%

(a) As of December 31, 2008, deferred taxes on taxable combinations were added to eligible deferred income taxes for non-taxable combinations that are used in the calculation of the tangible common equity ratio.

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PNC's Tier 1 risk-based capital ratio was 9.7% at December 31, 2008 compared with 6.8% at December 31, 2007. The increase in the ratio from December 31, 2007 included the issuance of Tier 1 eligible securities during the first half of 2008 totaling $1.3 billion, including REIT preferred, noncumulative perpetual preferred, and trust preferred securities. The "Perpetual Trust Securities" and "PNC Capital Trust E Trust Preferred Securities" portions of the Off-Balance Sheet Arrangements and VIEs section of this Item 7 and Note 19 Shareholders' Equity in Item 8 of this Report have additional information regarding these securities.

In addition, $7.6 billion of preferred stock and a common stock warrant was issued to the US Department of the Treasury under the TARP Capital Purchase Program on December 31, 2008. Tier 1 risk-based capital further increased as a result of $5.6 billion of common stock issued in the National City acquisition and PNC's assumption of $2.6 billion of Tier 1 qualifying capital securities previously issued by National City. These increases in capital were partially offset by the deduction of higher acquisition-related intangible assets. The positive effect on the Tier 1 ratio of the net increase in capital was somewhat offset by an increase in risk-weighted assets primarily related to acquisitions, including National City.

The leverage ratio at December 31, 2008 reflected the favorable impact on Tier 1 risk-based capital from the issuance of securities under TARP and the issuance of PNC common stock in connection with the National City acquisition, both of which occurred on December 31, 2008. In addition, the ratio as of that date did not reflect any impact of National City on PNC's adjusted average total assets.

PNC's tangible common equity ratio was 2.9% at December 31, 2008 compared with 4.7% at December 31, 2007. The decrease in the ratio from the prior year was the result of the decline in the value of the securities available for sale portfolio and the value of assets in our pension plan. We expect PNC's tangible common equity ratio to be less sensitive to the impact of widening credit spreads on accumulated other comprehensive loss going forward primarily due to the composition of the securities available for sale portfolio acquired from National City and a substantially higher level of common equity in the combined company.

The access to, and cost of, funding new business initiatives including acquisitions, the ability to engage in expanded business activities, the ability to pay dividends, the level of deposit insurance costs, and the level and nature of regulatory oversight depend, in part, on a financial institution's capital strength.

At December 31, 2008 and December 31, 2007, each of our domestic bank subsidiaries was considered "well capitalized" based on US regulatory capital ratio requirements. See the Supervision And Regulation section of Item 1 of this Report and Note 23 Regulatory Matters in the Notes To Consolidated Financial Statements in Item 8 of this Report for additional information. We believe our bank subsidiaries will continue to meet these requirements in 2009.

Off-Balance Sheet Arrangements And VIEs

We engage in a variety of activities that involve unconsolidated entities or that are otherwise not reflected in our Consolidated Balance Sheet that are generally referred to as "off-balance sheet arrangements." The following sections of this Report provide further information on these types of activities:

- Commitments, including contractual obligations and other commitments, included within the Risk Management section of this Item 7, and
- Note 10 Securitization Activity and Note 25 Commitments and Guarantees in the Notes To Consolidated Financial Statements included in Item 8 of this Report.

The following provides a summary of variable interest entities ("VIEs"), including those that we have consolidated and those in which we hold a significant variable interest but have not consolidated into our financial statements as of December 31, 2008 and December 31, 2007.

Consolidated VIEs – PNC Is Primary Beneficiary

In millions	Aggregate Assets	Aggregate Liabilities
Partnership interests in low income housing projects (a)		
December 31, 2008	**$ 1,499**	**$ 1,455**
December 31, 2007	$ 1,108	$ 1,108
Credit Risk Transfer Transaction (b)		
December 31, 2008	**$ 1,070**	**$ 1,070**

(a) Amounts for December 31, 2008 include National City, which PNC acquired on that date.
(b) National City-related transaction.

Non-Consolidated VIEs – Significant Variable Interests

In millions	Aggregate Assets	Aggregate Liabilities	PNC Risk of Loss
December 31, 2008			
Market Street	**$ 4,916**	**$ 5,010**	**$ 6,965(a)**
Collateralized debt obligations	**20**		**2**
Partnership interests in tax credit investments (b) (c) (d)	**1,095**	**652**	**920**
Total (c)	**$ 6,031**	**$ 5,662**	**$ 7,887**
December 31, 2007			
Market Street	$ 5,304	$ 5,330	$ 9,019(a)
Collateralized debt obligations	255	177	6
Partnership interests in low income housing projects	298	184	155
Total	$ 5,857	$ 5,691	$ 9,180

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(a) PNC's risk of loss consists of off-balance sheet liquidity commitments to Market Street of $6.4 billion and other credit enhancements of $.6 billion at December 31, 2008. The comparable amounts were $8.8 billion and $.2 billion at December 31, 2007. These liquidity commitments are included in the Net Unfunded Credit Commitments table in the Consolidated Balance Sheet Review section of this Report.
(b) Amounts reported primarily represent low income housing projects.
(c) Amounts include the impact of National City.
(d) Aggregate assets and aggregate liabilities at December 31, 2008 represent approximate balances due to limited availability of financial information associated with the acquired National City partnerships that we did not sponsor.

Market Street

Market Street Funding LLC ("Market Street") is a multi-seller asset-backed commercial paper conduit that is owned by an independent third party. Market Street's activities primarily involve purchasing assets or making loans secured by interests in pools of receivables from US corporations that desire access to the commercial paper market. Market Street funds the purchases of assets or loans by issuing commercial paper which has been rated A1/P1 by Standard & Poor's and Moody's, respectively, and is supported by pool-specific credit enhancements, liquidity facilities and program-level credit enhancement. Generally, Market Street mitigates its potential interest rate risk by entering into agreements with its borrowers that reflect interest rates based upon its weighted average commercial paper cost of funds. During 2007 and 2008, Market Street met all of its funding needs through the issuance of commercial paper.

Market Street commercial paper outstanding was $4.4 billion at December 31, 2008 and $5.1 billion at December 31, 2007. The weighted average maturity of the commercial paper was 24 days at December 31, 2008 compared with 32 days at December 31, 2007.

Effective October 28, 2008, Market Street was approved to participate in the Federal Reserve's CPFF authorized under Section 13(3) of the Federal Reserve Act. The CPFF commitment to purchase up to $5.4 billion of three-month Market Street commercial paper expires on October 30, 2009. As of December 31, 2008, Market Street's participation in this program totaled $445 million. These trades matured at the end of January 2009 and were replaced with commercial paper sold to investors.

In the ordinary course of business during 2008, PNC Capital Markets, acting as a placement agent for Market Street, held a maximum daily position in Market Street commercial paper of $75 million with an average of $12 million. This compares with a maximum daily position of $113 million with an average of $27 million for the year ended December 31, 2007. PNC Capital Markets owned no Market Street commercial paper at December 31, 2008 and owned less than $1 million of such commercial paper at December 31, 2007. PNC Bank, National Association ("PNC Bank, N.A.") purchased overnight maturities of Market Street commercial paper on two days during September 2008 in the amounts of $197 million and $531 million and one day during October 2008 in the amount of $278 million due to illiquidity in the commercial paper market. We considered these transactions as part of our evaluation of Market Street described below to determine that we are not the primary beneficiary. PNC made no other purchases of Market Street commercial paper during 2007 or 2008.

PNC Bank, N.A. provides certain administrative services, the program-level credit enhancement and 99% of liquidity facilities to Market Street in exchange for fees negotiated based on market rates. PNC recognized program administrator fees and commitment fees related to PNC's portion of the liquidity facilities of $21 million and $4 million, respectively, for the year ended December 31, 2008. The comparable amounts were $13 million and $4 million for the year ended December 31, 2007.

The commercial paper obligations at December 31, 2008 and December 31, 2007 were effectively collateralized by Market Street's assets. While PNC may be obligated to fund under the $6.4 billion of liquidity facilities for events such as commercial paper market disruptions, borrower bankruptcies, collateral deficiencies or covenant violations, our credit risk under the liquidity facilities is secondary to the risk of first loss provided by the borrower or another third party in the form of deal-specific credit enhancement, such as by the over collateralization of the assets. Deal-specific credit enhancement that supports the commercial paper issued by Market Street is generally structured to cover a multiple of expected losses for the pool of assets and is sized to generally meet rating agency standards for comparably structured transactions. In addition, PNC would be required to fund $1.0 billion of the liquidity facilities if the underlying assets are in default. See Note 25 Commitments And Guarantees included in the Notes To Consolidated Financial Statements of this Report for additional information.

PNC provides program-level credit enhancement to cover net losses in the amount of 10% of commitments, excluding explicitly rated AAA/Aaa facilities. PNC provides 100% of the enhancement in the form of a cash collateral account funded by a loan facility. This facility expires in March 2013. Until November 25, 2008, PNC provided only 25% of the enhancement in the form of a cash collateral account funded by a loan facility and provided a liquidity facility for the remaining 75% of program-level enhancement.

Market Street has entered into a Subordinated Note Purchase Agreement ("Note") with an unrelated third party. The Note provides first loss coverage whereby the investor absorbs losses up to the amount of the Note, which was $6.6 million as of December 31, 2008. Proceeds from the issuance of the Note are held by Market Street in a first loss reserve account that will be used to reimburse any losses incurred by Market Street, PNC Bank, N.A. or other providers under the liquidity facilities and the credit enhancement arrangements.

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Assets of Market Street Funding LLC

In millions	Outstanding	Commitments	Weighted Average Remaining Maturity In Years
December 31, 2008 (a)			
Trade receivables	**$ 1,516**	**$ 3,370**	**2.34**
Automobile financing	**992**	**992**	**3.94**
Collateralized loan obligations	**306**	**405**	**1.58**
Credit cards	**400**	**400**	**.19**
Residential mortgage	**14**	**14**	**27.00**
Other	**1,168**	**1,325**	**1.76**
Cash and miscellaneous receivables	**520**		
Total	**$ 4,916**	**$ 6,506**	**2.34**
December 31, 2007 (a)			
Trade receivables	$ 1,375	$ 2,865	2.63
Automobile financing	1,387	1,565	4.06
Collateralized loan obligations	519	1,257	2.54
Credit cards	769	775	.26
Residential mortgage	37	720	.90
Other	1,031	1,224	1.89
Cash and miscellaneous receivables	186		
Total	$ 5,304	$ 8,406	2.41

(a) Market Street did not recognize an asset impairment charge or experience any material rating downgrades during 2007 or 2008.

Market Street Commitments by Credit Rating (a)

	December 31, 2008	December 31, 2007
AAA/Aaa	**19%**	19%
AA/Aa	**6**	6
A/A	**72**	72
BBB/Baa	**3**	3
Total	**100%**	100%

(a) The majority of our facilities are not explicitly rated by the rating agencies. All facilities are structured to meet rating agency standards for applicable rating levels.

We evaluated the design of Market Street, its capital structure, the Note, and relationships among the variable interest holders under the provisions of FASB Interpretation No. 46, (Revised 2003) “Consolidation of Variable Interest Entities” (“FIN 46R”). Based on this analysis, we are not the primary beneficiary as defined by FIN 46R and therefore the assets and liabilities of Market Street are not reflected in our Consolidated Balance Sheet.

We would consider changes to the variable interest holders (such as new expected loss note investors and changes to program-level credit enhancement providers), terms of expected loss notes, and new types of risks related to Market Street as reconsideration events. We review the activities of Market Street on at least a quarterly basis to determine if a reconsideration event has occurred.

Based on current accounting guidance, we are not required to consolidate Market Street into our consolidated financial statements. However, if PNC would be determined to be the primary beneficiary under FIN 46R, we would consolidate the commercial paper conduit at that time. Based on current accounting guidance, to the extent that the par value of the assets in Market Street exceeded the fair value of the assets upon consolidation, the difference would be recognized by PNC as a loss in our Consolidated Income Statement in that period. Based on the fair value of the assets held by Market Street at December 31, 2008, the consolidation of Market Street would not have had a material impact on our risk-based capital ratios or debt covenants.

Low Income Housing Projects

We make certain equity investments in various limited partnerships that sponsor affordable housing projects utilizing the Low Income Housing Tax Credit (“LIHTC”) pursuant to Sections 42 and 47 of the Internal Revenue Code. The purpose of these investments is to achieve a satisfactory return on capital, to facilitate the sale of additional affordable housing product offerings and to assist us in achieving goals associated with the Community Reinvestment Act. The primary activities of the limited partnerships include the identification, development and operation of multi-family housing that is leased to qualifying residential tenants. Generally, these types of investments are funded through a combination of debt and equity. We typically invest in these partnerships as a limited partner.

Also, we are a national syndicator of affordable housing equity (together with the investments described above, the “LIHTC investments”). In these syndication transactions, we create funds in which our subsidiaries are the general partner and sell limited partnership interests to third parties, and in some cases may also purchase a limited partnership interest in the fund. The purpose of this business is to generate income from the syndication of these funds and to generate servicing fees by managing the funds. General partner activities include selecting, evaluating, structuring, negotiating, and closing the fund investments in operating limited partnerships, as well as oversight of the ongoing operations of the fund portfolio.

We evaluate our interests and third party interests in the limited partnerships in determining whether we are the primary beneficiary. The primary beneficiary determination is based on which party absorbs a majority of the variability. The primary sources of variability in LIHTC investments are the tax credits, tax benefits of losses on the investments and development and operating cash flows. We have consolidated LIHTC investments in which we absorb a majority of the variability and thus are considered the primary beneficiary. The assets are primarily included in Equity Investments and Other Assets on our Consolidated Balance Sheet with the liabilities primarily classified in Other Liabilities and Minority

Interest. Neither creditors nor equity investors in the LIHTC investments have any recourse to our general credit. The consolidated aggregate assets and liabilities of these LIHTC investments are provided in the Consolidated VIEs – PNC Is Primary Beneficiary table and reflected in the “Other” business segment.

We also have LIHTC investments in which we are not the primary beneficiary, but are considered to have a significant variable interest based on our interests in the partnership. These investments are disclosed in the Non-Consolidated VIEs – Significant Variable Interests table. The table also reflects our maximum exposure to loss. Our maximum exposure to loss is equal to our legally binding equity commitments adjusted for recorded impairment and partnership results. We use the equity and cost methods to account for our investment in these entities with the investments reflected in Equity Investments on our Consolidated Balance Sheet. In addition, we increase our recognized investments and recognize a liability for all legally binding unfunded equity commitments. These liabilities are reflected in Other Liabilities on our Consolidated Balance Sheet.

Credit Risk Transfer Transaction

National City Bank (“NCB”) sponsored a special purpose entity (“SPE”) trust and concurrently entered into a credit risk transfer agreement with an independent third-party to mitigate credit losses on a pool of nonconforming mortgage loans originated by its former First Franklin business unit. The SPE was formed with a small contribution from NCB and was structured as a bankruptcy-remote entity so that its creditors have no recourse to NCB. In exchange for a perfected security interest in the cash flows of the nonconforming mortgage loans, the SPE issued to NCB asset-backed securities in the form of senior, mezzanine, and subordinated equity notes. NCB has incurred credit losses equal to the subordinated equity notes. NCB currently holds the right to put the mezzanine notes to the independent third-party at par. As of December 31, 2008, the value of the mezzanine notes was $169 million. NCB holds the senior notes and will be responsible for credit losses in excess of this amount.

The SPE was deemed to be a VIE as its equity was not sufficient to finance its activities. NCB was determined to be the primary beneficiary of the SPE as it would absorb the majority of the expected losses of the SPE through its holding of all of the asset-backed securities. Accordingly, this SPE was consolidated and all of the entity’s assets, liabilities, and equity are intercompany balances and are eliminated in consolidation. Nonconforming mortgage loans, including foreclosed properties, pledged as collateral to the SPE remain on the balance sheet and totaled $719 million at December 31, 2008 reflecting the impact of fair value adjustments recorded by PNC in conjunction with the acquisition.

In January 2009, cumulative credit losses in the mortgage loan pool surpassed the principal balance of subordinated equity notes, giving PNC the right to put the first mezzanine note to the independent third party in accordance with the credit risk transfer agreement. In February 2009, PNC exercised its put option and received $16 million for the mezzanine note. Prior to this reconsideration event, management evaluated what impact this transaction would have on determining whether we would remain the primary beneficiary of the SPE. Management concluded, through reassessment of the expected losses and residual returns of the SPE, that we would remain the primary beneficiary and accordingly should continue to consolidate the SPE.

Perpetual Trust Securities

We issue certain hybrid capital vehicles that qualify as capital for regulatory and rating agency purposes.

In February 2008, PNC Preferred Funding LLC (the “LLC”), one of our indirect subsidiaries, sold $375 million of 8.700% Fixed-to-Floating Rate Non-Cumulative Exchangeable Perpetual Trust Securities of PNC Preferred Funding Trust III (“Trust III”) to third parties in a private placement. In connection with the private placement, Trust III acquired $375 million of Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Securities of the LLC (the “LLC Preferred Securities”). The sale was similar to the March 2007 private placement by the LLC of $500 million of 6.113% Fixed-to-Floating Rate Non-Cumulative Exchangeable Trust Securities (the “Trust II Securities”) of PNC Preferred Funding Trust II (“Trust II”) in which Trust II acquired $500 million of LLC Preferred Securities and to the December 2006 private placement by PNC REIT Corp. of $500 million of 6.517% Fixed-to-Floating Rate Non-Cumulative Exchangeable Perpetual Trust Securities (the “Trust I Securities”) of PNC Preferred Funding Trust I (“Trust I”) in which Trust I acquired $500 million of LLC Preferred Securities.

Each Trust III Security is automatically exchangeable into a share of Series J Non-Cumulative Perpetual Preferred Stock of PNC, each Trust II Security is automatically exchangeable into a share of Series I Non-Cumulative Perpetual Preferred Stock of PNC (“Series I Preferred Stock”), and each Trust I Security is automatically exchangeable into a share of Series F Non-Cumulative Perpetual Preferred Stock of PNC Bank, N.A. (“PNC Bank Preferred Stock”), in each case under certain conditions relating to the capitalization or the financial condition of PNC Bank, N.A. and upon the direction of the Office of the Comptroller of the Currency.

We entered into a replacement capital covenant in connection with the closing of the Trust I Securities sale (the “Trust RCC”) whereby we agreed that neither we nor our subsidiaries (other than PNC Bank, N.A. and its subsidiaries) would purchase the Trust Securities, the LLC Preferred Securities or the PNC Bank Preferred Stock unless such repurchases or redemptions are made from the proceeds of the issuance of certain qualified securities and pursuant to the other terms and conditions set forth in the replacement capital covenant with respect to the Trust RCC.

We also entered into a replacement capital covenant in connection with the closing of the Trust II Securities sale (the "Trust II RCC") whereby we agreed until March 29, 2017 that neither we nor our subsidiaries would purchase or redeem the Trust II Securities, the LLC Preferred Securities or the Series I Preferred Stock unless such repurchases or redemptions are made from the proceeds of the issuance of certain qualified securities and pursuant to the other terms and conditions set forth in the replacement capital covenant with respect to the Trust RCC.

As of December 31, 2008, each of the Trust RCC and the Trust II RCC are for the benefit of holders of our $200 million of Floating Rate Junior Subordinated Notes issued in June 1998. We filed a copy of each of the Trust RCC and the Trust II RCC with the SEC as Exhibit 99.1 to PNC's Form 8-K filed on December 8, 2006 and as Exhibit 99.1 to PNC's Form 8-K filed on March 30, 2007, respectively.

PNC has contractually committed to Trust II and Trust III that if full dividends are not paid in a dividend period on the Trust II Securities or the Trust III Securities, as applicable, or the LLC Preferred Securities held by Trust II or Trust III, as applicable, 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.

PNC Bank, N.A. has contractually committed to Trust I that if full dividends are not paid in a dividend period on the Trust I Securities, LLC Preferred Securities or any other parity equity securities issued by the LLC, neither PNC Bank, N.A. nor its subsidiaries will 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 to holders of the LLC Preferred Securities and any parity equity securities issued by the LLC) except: (i) in the case of dividends payable to subsidiaries of PNC Bank, N.A., to PNC Bank, N.A. or another wholly-owned subsidiary of PNC Bank, N.A. or (ii) in the case of dividends payable to persons that are not subsidiaries of PNC Bank, N.A., to such persons only if, (A) in the case of a cash dividend, PNC has first irrevocably committed to contribute amounts at least equal to such cash dividend or (B) in the case of in-kind dividends payable by PNC REIT Corp., PNC has committed to purchase such in-kind dividend from the applicable PNC REIT Corp. holders in exchange for a cash payment representing the market value of such in-kind dividend, and PNC has committed to contribute such in-kind dividend to PNC Bank, N.A.

PNC Capital Trust E Trust Preferred Securities

In February 2008, PNC Capital Trust E issued $450 million of 7.75% Trust Preferred Securities due March 15, 2068 (the "Trust E Securities"). PNC Capital Trust E's only assets are $450 million of 7.75% Junior Subordinated Notes due March 15, 2068 and issued by PNC (the "JSNs"). The Trust E Securities are fully and unconditionally guaranteed by PNC. We may, at our option, redeem the JSNs at 100% of their principal amount on or after March 15, 2013.

In connection with the closing of the Trust E Securities sale, we agreed that, if we have given notice of our election to defer interest payments on the JSNs or a related deferral period is continuing, then PNC would be subject during such period to restrictions on dividends and other provisions protecting the status of the JSN debenture holder similar to or in some ways more restrictive than those potentially imposed under the Exchange Agreements with Trust II and Trust III, as described above. PNC Capital Trusts C and D have similar protective provisions with respect to $500 million in principal amount of junior subordinated debentures. Also, in connection with the closing of the Trust E Securities sale, we entered into a replacement capital covenant, a copy of which was attached as Exhibit 99.1 to PNC's Form 8-K filed on February 13, 2008 and which is described in Note 14 Capital Securities of Subsidiary Trusts in Item 8 of this Report.

Acquired Entity Trust Preferred Securities

As a result of the National City acquisition, we assumed obligations with respect to $2.4 billion in principal amount of junior subordinated debentures issued by the acquired entity. As a result of the Mercantile, Yardville and Sterling acquisitions, we assumed obligations with respect to $158 million in principal amount of junior subordinated debentures issued by the acquired entities. Under the terms of these debentures, if there is an event of default under the debentures or PNC exercises its right to defer payments on the related trust preferred securities issued by the statutory trusts or there is a default under PNC's guarantee of such payment obligations, PNC would be subject during the period of such default or deferral to restrictions on dividends and other provisions protecting the status of the debenture holders similar to or in some ways more restrictive than those potentially imposed under the Exchange Agreements with Trust II and Trust III, as described above.

We are subject to replacement capital covenants ("RCCs") with respect to four tranches of junior subordinated debentures inherited from National City, copies of which RCCs were attached, respectively, as Exhibit 99.2 to the National City Form 8-K filed on February 4, 2008 and Exhibit 99.1 to the National City Forms 8-K filed on November 9, 2006, May 25, 2007 and August 30, 2007. See Note 14 Capital Securities of Subsidiary Trusts. Similarly, we are subject to a replacement capital covenant with respect to our Series L Preferred Stock, a copy of which was attached as Exhibit 99.1 to National City's Form 8-K filed on February 4, 2008. See Note 19 Shareholders' Equity in Item 8 of this Report.

FAIR VALUE MEASUREMENTS AND FAIR VALUE OPTION

We adopted SFAS 157, "*Fair Value Measurements*" ("SFAS 157"), and SFAS 159, "*The Fair Value Option for Financial Assets and Financial Liabilities – Including an amendment of FASB Statement No. 115*" ("SFAS 159"), on January 1, 2008. SFAS 157 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. SFAS 159 permits entities to choose to measure many financial instruments and certain other items at fair value. Under SFAS 159, we elected to fair value certain commercial mortgage loans classified as held for sale and certain customer resale agreements and bank notes to align the accounting for the changes in the fair value of these financial instruments with the changes in the value of their related hedges. See Note 8 Fair Value in the Notes To Consolidated Financial Statements under Item 8 of this Report for further information.

At December 31, 2008, fair value assets represented 13% of total assets and fair value liabilities represented 2% of total liabilities. Assets and liabilities measured at fair value on a recurring basis, including instruments for which PNC has elected the fair value option, are summarized below. As prescribed by SFAS 157, the assets and liabilities of National City acquired in a purchase business combination on December 31, 2008 were excluded from the table below and related disclosures.

Fair Value Measurements – Summary

	December 31, 2008			
In millions	Level 1	Level 2	Level 3	Total Fair Value
Assets				
Securities available for sale	$ 347	$21,633	$4,837	$26,817
Financial derivatives (a)	16	5,582	125	5,723
Trading securities (b)	89	529	73	691
Commercial mortgage loans held for sale (c)			1,400	1,400
Customer resale agreements (d)		1,072		1,072
Equity investments			571	571
Other assets		144	6	150
Total assets	$ 452	$28,960	$7,012	$36,424
Liabilities				
Financial derivatives (e)	$2	$4,387	$22	$4,411
Trading securities sold short (f)	182	207		389
Other liabilities		9		9
Total liabilities	$ 184	$ 4,603	$ 22	$ 4,809

(a) Included in other assets on the Consolidated Balance Sheet.
(b) Included in trading securities on the Consolidated Balance Sheet. Fair value includes net unrealized losses of $27.5 million.
(c) Included in loans held for sale on the Consolidated Balance Sheet. PNC has elected the fair value option under SFAS 159 for certain commercial mortgage loans held for sale.
(d) Included in federal funds sold and resale agreements on the Consolidated Balance Sheet. PNC has elected the fair value option under SFAS 159 for this item.
(e) Included in other liabilities on the Consolidated Balance Sheet.
(f) Included in other borrowed funds on the Consolidated Balance Sheet.

Valuation Hierarchy

The following is an outline of the valuation methodologies used for measuring fair value under SFAS 157 for the major items above. SFAS 157 focuses on the exit price in the principal or most advantageous market for the asset or liability in an orderly transaction between willing market participants and establishes a reporting hierarchy to maximize the use of observable inputs. The fair value hierarchy (i.e., Level 1, Level 2, and Level 3) is described in detail in Note 8 Fair Value in the Notes To Consolidated Financial Statements under Item 8 of this Report.

We characterize active markets as those where transaction volumes are sufficient to provide objective pricing information, with reasonably narrow bid/ask spreads and where dealer quotes received do not vary widely. Inactive markets are characterized by low transaction volumes, price quotations which vary substantially among market participants, or in which minimal information is released publicly. We also consider nonperformance risks including credit risk as part of our valuation methodology for all assets measured at fair value. Any models used to determine fair values or to validate dealer quotes based on the descriptions

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below are subject to review and independent testing as part of our model validation and internal control testing processes. Significant models are tested by our Model Validation Committee on at least an annual basis. In addition, we have teams, independent of the traders, verify marks and assumptions used for valuations at each period end.

Securities

Securities include both the available for sale and trading portfolios. We use prices sourced from pricing services, dealer quotes or recent trades to determine the fair value of securities. Approximately 75% of our positions are valued using pricing services provided by the Lehman Index and IDC. Lehman Index prices are set with reference to market activity for highly liquid assets such as agency mortgage-backed securities, and matrix priced for other assets, such as CMBS and asset-backed securities. IDC primarily uses matrix pricing for the instruments we value using this service, such as agency adjustable rate mortgage securities, agency CMOs and municipal bonds. Dealer quotes received are typically non-binding and corroborated with other dealers' quotes, by reviewing valuations of comparable instruments, or by comparison to internal valuations. The majority of our securities are classified as Level 2 in the fair value hierarchy. In circumstances where market prices are limited or unavailable, valuations may require significant management judgments or adjustments to determine fair value. In these cases, the securities are classified as Level 3.

The primary valuation technique for securities classified as Level 3 is to identify a proxy security, market transaction or index. The proxy selected generally has similar credit, tenor, duration, pricing and structuring attributes to the PNC position. The price, market spread, or yield on the proxy is then used to calculate an indicative market price for the security. Depending on the nature of the PNC position and its attributes relative to the proxy, management may make additional adjustments to account for market conditions, liquidity, and nonperformance risk, based on various inputs including recent trades of similar assets, single dealer quotes, and/or other observable and unobservable inputs.

	December 31, 2008			
	Agency	Non-Agency		
Dollars in millions	Residential Mortgage-Backed Securities	Residential Mortgage-Backed Securities	Commercial Mortgage-Backed Securities	Other Asset-Back Securities
Fair Value	$ 12,742	$ 7,420	$ 3,419	$ 1,492
<u>% of Fair Value:</u>				
By Vintage				
2008	36%	1%		
2007	24%	15%	10%	15%
2006	23%	23%	31%	30%
2005	5%	35%	12%	31%
2004 and earlier	12%	26%	47%	24%
Total	100%	100%	100%	100%
By Credit rating				
Agency	100%	1%		
AAA		82%	98%	71%
AA		4%	1%	7%
A		5%		2%
BBB		2%		8%
BB		3%		6%
B		1%		2%
Lower than B		2%		4%
No rating			1%	
Total	100%	100%	100%	100%
By FICO Score				
>720		68%		13%
<720 or >660		30%		47%
<660				1%
No FICO score	100%	2%	100%	39%
Total	100%	100%	100%	100%

<u>Residential Mortgage-Backed Securities</u>

At December 31, 2008, our residential mortgage-backed securities portfolio was comprised of $12.7 billion fair value of US government agency-backed securities (substantially all classified as available for sale) and $7.4 billion fair value of private-issuer securities (all classified as available for sale). The agency securities are generally collateralized by 1-4 family, conforming, fixed-rate residential mortgages**.** The private-issuer securities are also generally collateralized by 1-4 family residential mortgages. The mortgage loans underlying the private-issuer securities are generally non-conforming (i.e., original balances in excess of the amount qualifying for agency securities) and predominately have interest rates that are fixed for a period of time, after which the rate adjusts to a floating rate based upon a contractual spread that is indexed to a market rate (i.e., a “hybrid ARM”).

Substantially all of the securities are senior tranches in the subordination structure and have credit protection in the form of credit enhancement, over-collateralization and/or excess spread accounts. At December 31, 2008, $419 million, or 6%, of private-issuer securities were rated below “BBB” by at least one national rating agency or not rated.

For eight securities, we recorded other-than-temporary impairment charges of $151 million in 2008.

Commercial Mortgage-Backed Securities
The commercial mortgage-backed securities portfolio was $3.4 billion fair value at December 31, 2008 (all classified as available for sale), and consisted of fixed-rate, private-issuer securities collateralized by non-residential properties, primarily retail properties, office buildings, and multi-family housing. Substantially all of the securities are the most senior tranches in the subordination structure.

At December 31, 2008, $18 million, or 1%, of the commercial mortgage-backed securities were not rated.

We recorded no other-than-temporary impairment charges on commercial mortgage-backed securities in 2008.

Other Asset-Backed Securities
The asset-backed securities portfolio was $1.5 billion fair value at December 31, 2008 (all classified as available for sale), and consisted of fixed-rate and floating-rate, private-issuer securities collateralized primarily by various consumer credit products, including first-lien residential mortgage loans, credit cards, and automobile loans. Substantially all of the securities are senior tranches in the subordination structure and have credit protection in the form of credit enhancement, over-collateralization and/or excess spread accounts.

At December 31, 2008, $184 million, or 12%, of the asset-backed securities were rated below “BBB” by at least one national rating agency or not rated.

For seven asset-backed securities, we recorded other-than-temporary impairment charges totaling approximately $87 million in 2008.

Financial Derivatives
Exchange-traded derivatives are valued using quoted market prices and are classified as Level 1. However, the majority of derivatives that we enter into are executed over-the-counter and are valued using internal techniques. Readily observable market inputs to these models can be validated to external sources, including industry pricing services, or corroborated through recent trades, dealer quotes, yield curves, implied volatility or other market related data. Certain derivatives, such as total rate of return swaps, are corroborated to the CMBX index. These derivatives are classified as Level 2. Derivatives priced using significant management judgment or assumptions are classified as Level 3. The fair values of our derivatives are adjusted for nonperformance risk including credit risk as appropriate. Our nonperformance risk adjustment is computed using internal assumptions based primarily on historical default and recovery observations. The credit risk adjustment is not currently material to the overall derivatives valuation.

Commercial Mortgage Loans and Commitments Held for Sale
Effective January 1, 2008, we elected to account for commercial mortgage loans classified as held for sale and intended for securitization at fair value under the provisions of SFAS 159. Based on the significance of unobservable inputs, we classify this portfolio as Level 3. As such, a synthetic securitization methodology was used historically to value the loans and the related unfunded commitments on an aggregate basis based upon current commercial mortgage-backed securities (CMBS) market structures and conditions. The election of the fair value option aligns the accounting for the commercial mortgages with the related hedges. It also eliminates the requirements of hedge accounting under SFAS 133. Due to the inactivity in the CMBS securitization market in 2008, we determined the fair value of commercial mortgage loans held for sale by using a whole loan methodology. Based on the significance of unobservable inputs, we classify this portfolio as Level 3. Valuation assumptions included observable inputs based on whole loan sales, both observed in the market and actual sales from our portfolio and new loan origination spreads during the quarter. Adjustments were made to the assumptions to account for uncertainties, including market conditions, and liquidity. Credit risk was included as part of our valuation process for these loans by considering expected rates of return for market participants for similar loans in the marketplace.

Customer Resale Agreements
Effective January 1, 2008, we elected to account for structured resale agreements at fair value, which are economically hedged using free-standing financial derivatives. The fair value for structured resale agreements is determined using a model which includes observable market data as inputs such as interest rates. Readily observable market inputs to this model can be validated to external sources, including yield curves, implied volatility or other market related data.

Equity Investments
The valuation of direct and indirect private equity investments requires significant management judgment due to the absence of quoted market prices, inherent lack of liquidity and the long-term nature of such investments. The carrying values of

direct and affiliated partnership interests reflect the expected exit price and are based on various techniques including publicly traded price, multiples of adjusted earnings of the entity, independent appraisals, anticipated financing and sale transactions with third parties, or the pricing used to value the entity in a recent financing transaction. Indirect investments in private equity funds are valued based on the financial statements that we receive from their managers. Due to the time lag in our receipt of the financial information and based on a review of investments and valuation techniques applied, adjustments to the manager provided value are made when available recent portfolio company information or market information indicates a significant change in value from that provided by the manager of the fund. These investments are classified as Level 3.

Level 3 Assets and Liabilities

Under SFAS 157, financial instruments are considered Level 3 when their values are determined using pricing models, discounted cash flow methodologies or similar techniques and at least one significant model assumption or input is unobservable. At December 31, 2008, Level 3 fair value assets of $7.012 billion represented 19% of total assets at fair value and 2% of total assets. Level 3 fair value liabilities of $22 million at December 31, 2008 represented less than 1% of total liabilities at fair value and less than 1% of total liabilities at that date.

During 2008, securities transferred into Level 3 from Level 2 exceeded securities transferred out by $4.3 billion. These primarily related to private issuer asset-backed securities, auction rate securities, residential mortgage-backed securities and corporate bonds and occurred due to reduced volume of recently executed transactions and the lack of corroborating market price quotations for these instruments. Other Level 3 assets include commercial mortgage loans held for sale, private equity investments and other assets.

Total securities measured at fair value at December 31, 2008 included securities available for sale and trading securities consisting primarily of residential and commercial mortgage-backed securities and other asset-backed securities. Unrealized gains and losses on available for sale securities do not impact liquidity or risk-based capital. However, reductions in the credit ratings of these securities would have an impact on the determination of risk-weighted assets which could reduce our regulatory capital ratios. In addition, other-than-temporary impairments on available for sale securities would reduce our regulatory capital ratios.

BUSINESS SEGMENTS REVIEW

In 2008 and 2007, we had four major businesses engaged in providing banking, asset management and global fund processing products and services. Business segment results, including inter-segment revenues, and a description of each business are included in Note 27 Segment Reporting included in the Notes To Consolidated Financial Statements under Item 8 of this Report.

Certain revenue and expense amounts included in this Business Segments Review differ from the amounts shown in Note 27 due to the presentation in this Business Segments Review of business revenue on a taxable-equivalent basis, income statement classification differences related to Global Investment Servicing, the inclusion of the results of Hilliard Lyons, including the March 2008 gain on sale, in the “Other” category, and the inclusion of 2008 Albridge Solutions and Coates Analytics and 2007 BlackRock/MLIM transaction integration costs in the “Other” category.

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

Assets receive a funding charge and liabilities and capital receive a funding credit based on a transfer pricing methodology that incorporates product maturities, duration and other factors. Capital is intended to cover unexpected losses and is assigned to the banking and servicing businesses using our risk-based economic capital model. We have assigned capital equal to 6% of funds to Retail Banking to reflect the capital required for well-capitalized domestic banks and to approximate market comparables for this business. The capital assigned for Global Investment Servicing reflects its legal entity shareholder’s equity.

We have allocated the allowances for loan and lease losses and unfunded loan commitments and letters of credit based on our assessment of risk inherent in the business segment loan portfolios. Our allocation of the costs incurred by operations and other shared support areas not directly aligned with the businesses is primarily based on the use of services.

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Total business segment financial results differ from total consolidated results. The impact of these differences is reflected in the “Other” category. “Other” for purposes of this Business Segments Review and the Business Segment Highlights in the Executive Summary includes residual activities that do not meet the criteria for disclosure as a separate reportable business, such as gains or losses related to BlackRock transactions including LTIP share distributions and obligations, earnings and gains or losses related to Hilliard Lyons, integration costs, asset and liability management activities including net securities gains or losses and certain trading activities, equity management activities, differences between business segment performance reporting and financial statement reporting (GAAP), intercompany eliminations, and most corporate overhead.

Employee data as reported by each business segment in the tables that follow reflect PNC legacy staff directly employed by the respective businesses and excludes corporate and shared services employees. National City legacy employees totaling 31,374 at December 31, 2008 are not included in any of PNC’s business segment tables.

Beginning in the first quarter of 2009, PNC expects to have three new reportable business segments which are described in Note 28 Subsequent Event included in the Notes To Consolidated Financial Statements under Item 8 of this Report.

Results Of Businesses – Summary

	Earnings		Revenue		Average Assets (a)	
Year ended December 31 - in millions	**2008**	2007	**2008**	2007	**2008**	2007
Retail Banking (b)	**$ 429**	$ 876	**$3,608**	$3,580	**$ 46,578**	$ 41,943
Corporate & Institutional Banking	**225**	432	**1,531**	1,538	**36,994**	29,052
BlackRock	**207**	253	**261**	338	**4,240**	4,259
Global Investment Servicing (c)	**122**	128	**916**	831	**5,278**	2,476
Total business segments	**983**	1,689	**6,316**	6,287	**93,090**	77,730
Other (d) (e)	**(101)**	(222)	**874**	418	**48,930**	45,688
Total consolidated	**$ 882**	$1,467	**$7,190**	$6,705	**$142,020**	$123,418

(a) Period-end balances for BlackRock and Global Investment Servicing.
(b) Amounts reflect the reclassification of results for Hilliard Lyons, which we sold on March 31, 2008, and the related gain on sale, from Retail Banking to “Other.”
(c) Global Investment Servicing revenue represents the sum of servicing revenue and nonoperating income (expense) less debt financing costs. Global Investment Servicing income classified as net interest income (expense) in Note 27 Segment Reporting in the Notes To Consolidated Financial Statements included in Item 8 of this Report represents the interest components of nonoperating income (net of nonoperating expense) and debt financing.
(d) “Other” for 2008 includes $422 million of after-tax integration costs, including conforming provision for credit losses, primarily related to National City. “Other” for the 2007 includes $99 million of after-tax integration costs and $53 million of after-tax Visa indemnification costs.

“Other” also includes results related to our cross-border lease portfolio for both 2008 and 2007. However, 2006 results for this item are included in Corporate & Institutional Banking in Note 27 Segment Reporting in the Notes To Consolidated Financial Statements included in Item 8 of this Report.
(e) “Other” average assets are comprised primarily of investment securities and residential mortgage loans associated with asset and liability management activities.

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RETAIL BANKING (a)

Year ended December 31 Dollars in millions except as noted	2008	2007
INCOME STATEMENT		
Net interest income	**$1,992**	$2,062
Noninterest income		
Asset management	**420**	445
Service charges on deposits	**362**	339
Brokerage	**153**	134
Consumer services	**419**	392
Other	**262**	208
Total noninterest income	**1,616**	1,518
Total revenue	**3,608**	3,580
Provision for credit losses	**612**	138
Noninterest expense	**2,284**	2,045
Pretax earnings	**712**	1,397
Income taxes	**283**	521
Earnings	**$429**	$876
AVERAGE BALANCE SHEET		
Loans		
Consumer		
Home equity	**$14,678**	$14,209
Indirect	**2,050**	1,897
Education	**2,012**	110
Other consumer	**1,761**	1,487
Total consumer	**20,501**	17,703
Commercial and commercial real estate	**14,677**	12,534
Floor plan	**997**	978
Residential mortgage	**2,362**	1,992
Other	**67**	70
Total loans	**38,604**	33,277
Goodwill and other intangible assets	**6,132**	4,920
Loans held for sale	**329**	1,564
Other assets	**1,513**	2,182
Total assets	**$46,578**	$41,943
Deposits		
Noninterest-bearing demand	**$10,860**	$10,513
Interest-bearing demand	**9,583**	8,876
Money market	**19,677**	16,786
Total transaction deposits	**40,120**	36,175
Savings	**2,701**	2,678
Certificates of deposit	**16,397**	16,637
Total deposits	**59,218**	55,490
Other liabilities	**329**	417
Capital	**3,773**	3,481
Total funds	**$63,320**	$59,388
PERFORMANCE RATIOS		
Return on average capital	**11%**	25%
Noninterest income to total revenue	**45**	42
Efficiency	**63**	57

OTHER INFORMATION (b) (c)		
Credit-related statistics:		
Commercial nonperforming assets	**$540**	$187
Consumer nonperforming assets	**79**	38
Total nonperforming assets (d)	**$619**	$225
Commercial net charge-offs	**$239**	$71
Consumer net charge-offs	**129**	60
Total net charge-offs	**$368**	$131
Commercial net charge-off ratio	**1.52%**	.52%
Consumer net charge-off ratio	**.56%**	.30%
Total net charge-off ratio	**.95%**	.39%

At December 31 Dollars in millions except as noted	2008	2007
OTHER INFORMATION CONTINUED (b) (c)		
Other statistics:		
Full-time employees	**11,481**	11,022
Part-time employees	**2,363**	2,298
ATMs	**4,041**	3,900
Branches (e)	**1,148**	1,109
ASSETS UNDER ADMINISTRATION (in billions) (f)		
Assets under management		
Personal	**$38**	$49
Institutional	**19**	20
Total	**$57**	$69
Asset Type		
Equity	**$26**	$40
Fixed income	**19**	17
Liquidity/other	**12**	12
Total	**$57**	$69
Nondiscretionary assets under administration		
Personal	**$23**	$30
Institutional	**64**	82
Total	**$87**	$112
Asset Type		
Equity	**$34**	$49
Fixed income	**19**	27
Liquidity/other	**34**	36
Total	**$87**	$112
Home equity portfolio credit statistics:		
% of first lien positions	**38%**	39%
Weighted average loan-to-value ratios (g)	**73%**	73%
Weighted average FICO scores (h)	**727**	727
Annualized net charge-off ratio	**.52%**	.20%
Loans 90 days past due	**.58%**	.37%
Checking-related statistics:		
Retail Banking checking relationships	**2,432,000**	2,272,000
Consumer DDA households using online banking	**1,238,000**	1,091,000
% of consumer DDA households using online banking	**57%**	54%
Consumer DDA households using online bill payment	**882,000**	667,000
% of consumer DDA households using online bill payment	**41%**	33%
Small business loans and managed deposits:		
Small business loans	**$13,483**	$13,049
Managed deposits:		
On-balance sheet		
Noninterest-bearing demand (i)	**$8,319**	$5,994
Interest-bearing demand	**2,157**	1,873
Money market	**3,638**	3,152
Certificates of deposit	**880**	1,068
Off-balance sheet (j)		
Small business sweep checking	**3,140**	2,780
Total managed deposits	**$18,134**	$14,867
Brokerage statistics:		
Financial consultants (k)	**414**	364
Full service brokerage offices	**23**	24
Brokerage account assets (billions)	**$15**	$19

(a) Information for all periods presented excludes the impact of National City, which PNC acquired on December 31, 2008, and Hilliard Lyons, which was sold on March 31, 2008, and whose results have been reclassified to "Other."

(b) Presented as of December 31 except for net charge-offs and net charge-off ratio.

(c) Amounts as of and for the year ended December 31, 2008 include the impact of Yardville. Amounts subsequent to April 4, 2008 include the impact of Sterling.

(d) Includes nonperforming loans of $605 million at December 31, 2008 and $215 million at December 31, 2007.
(e) Excludes certain satellite branches that provide limited products and service hours.
(f) Excludes brokerage account assets.
(g) Calculated as of origination date.
(h) Represents the most recent FICO scores that we have on file.
(i) The increase at December 31, 2008 compared with December 31, 2007 reflected large customer deposit activity in the last few days of December 2008.
(j) Represents small business balances. These balances are swept into liquidity products managed by other PNC business segments, the majority of which are off-balance sheet.
(k) Financial consultants provide services in full service brokerage offices and PNC traditional branches.

The acquisition of National City on December 31, 2008 added 1,441 branches, including 61 branches that we committed to divest, and 2,191 ATMs to our distribution network. Including the impact of National City, our network grew to 2,589 branches and 6,232 ATM machines, giving PNC one of the largest distribution networks among US banks. The acquisition also added $53 billion of assets under management to give the combined company $110 billion in assets under management.

All other Retail Banking business segment disclosures in this Item 7 exclude any impact of National City.

Retail Banking's earnings were $429 million for 2008 compared with $876 million for 2007. The decline in earnings over the prior year was primarily driven by increases in the provision for credit losses and noninterest expense. The 2008 revenue growth was negatively impacted by a lower interest credit attributed to deposits in the declining rate environment and was therefore not reflective of the solid growth in customers and deposits.

Highlights of Retail Banking's performance during 2008 include the following:

- Retail Banking expanded the number of customers it serves and grew checking relationships. Total checking relationships increased by a net 160,000 since December 31, 2007, which includes both the conversion of Yardville and Sterling accounts as well as the addition of new relationships through organic growth. Excluding relationships added from acquisitions, net new consumer and business checking relationships grew by 72,000 in 2008 compared with 32,000 a year earlier.
- Average deposit balances increased $3.7 billion or 7% primarily as a result of strong money market deposit growth and the benefits of the acquisitions.
- Our investment in online banking capabilities continued to pay off. Since December 31, 2007, the percentage of consumer checking households using online bill payment increased from 33% to 41%. We continue to seek customer growth by expanding our use of technology, such as the recent launch of our "Virtual Wallet" online banking product. Recently, Virtual Wallet received a "Best of the Web" award for 2008 from *Online Banking Report.*
- Retail Banking continued to invest in the branch network. During 2008, we opened 19 new branches, consolidated 45 branches, and acquired 65 branches for a total of 1,148 branches at December 31, 2008. We continue to work to optimize our network by opening new branches in high growth areas, relocating branches to areas of higher market opportunity, and consolidating branches in areas of declining opportunity. We relocated 8 branches during 2008.

In October 2008 we announced an exclusive agreement under which we will provide banking services in Giant Food LLC supermarket locations across Virginia, Maryland, Delaware and the District of Columbia. In 2009, we expect to open approximately 40 new in-store branches and install approximately 180 ATMs. Additional locations are expected to open in subsequent years.

Total revenue for 2008 was $3.608 billion, a 1% increase compared with $3.580 billion for 2007. Net interest income of $1.992 billion decreased $70 million, or 3%, compared with 2007. This decline was primarily driven by a lower value attributed to deposits in the declining rate environment partially offset by benefits from earlier acquisitions.

Noninterest income increased $98 million, or 6%, compared with 2007. This growth was attributed primarily to the following:

- A gain of $95 million from the redemption of a portion of our Visa Class B common shares related to Visa's March 2008 initial public offering,
- The Mercantile, Yardville and Sterling acquisitions,
- Increased volume-related consumer fees including debit card, credit card, and merchant revenue, and
- Increased brokerage account activities.

These increases were partially offset by lower asset management fees as a result of lower equity markets and by other business gains in the prior year.

The Market Risk Management – Equity and Other Investment Risk section of this Financial Review includes further information regarding Visa.

The provision for credit losses for 2008 was $612 million compared to $138 million for 2007. Net charge-offs were $368 million for 2008 and $131 million in 2007. Asset quality continued to migrate at an accelerated pace in the very challenging economic and credit environment. The increases in provision and net charge-offs were primarily a result of the following:

- Downward credit migration of residential real estate development and related sectors, commercial real estate, and commercial and industrial loan portfolios, and
- Increased levels of consumer and commercial charge-offs given the current credit environment.

Based upon the current environment and the acquisition of National City, we believe the provision and nonperforming assets will continue to increase in 2009 versus 2008 levels.

Noninterest expense for 2008 totaled $2.284 billion, an increase of $239 million compared with 2007. Approximately 76% of this increase was attributable to acquisitions and continued investments in the business such as the branch network and innovation.

Full-time employees at December 31, 2008 totaled 11,481, an increase of 459 over the prior year. Part-time employees have increased by 65 since December 31, 2007. The increase in full-time and part-time employees was primarily the result of the Yardville and Sterling acquisitions.

Growing core checking deposits as a lower-cost funding source and as the cornerstone product to build customer relationships is the primary objective of our deposit strategy. Furthermore, core checking accounts are critical to our strategy of expanding our payments business. Average total deposits increased $3.7 billion, or 7%, compared with 2007.

- Average money market deposits increased $2.9 billion, and average certificates of deposits declined $.2 billion. Money market deposits experienced core growth and both deposit categories benefited from the acquisitions. The decline in certificates of deposits was a result of a focus on relationship customers rather than pursuing higher-rate single service customers. The deposit strategy of Retail Banking is to remain disciplined on pricing, target specific products and markets for growth, and focus on the retention and growth of balances for relationship customers.
- Average demand deposit growth of $1.1 billion, or 5%, was primarily driven by acquisitions as organic growth was impacted by current economic conditions, such as lower average balances per account.

Currently, we are focused on a relationship-based lending strategy that targets specific customer sectors (homeowners, students, small businesses and auto dealerships) while seeking a moderate risk profile for the loans that we originate.

- Average commercial and commercial real estate loans grew $2.1 billion, or 17%, compared with 2007. The increase was primarily attributable to acquisitions. Organic loan growth reflecting the strength of increased small business loan demand from existing customers and the acquisition of new relationships through our sales efforts was also a factor in the increase. At December 31, 2008, commercial and commercial real estate loans totaled $14.6 billion. This portfolio included $3.2 billion of commercial real estate loans, of which approximately $2.4 billion were related to our expansion from earlier acquisitions into the greater Maryland and Washington, DC markets. Approximately $.4 billion of the commercial real estate loans were in residential real estate development.
- Average home equity loans grew $469 million, or 3%, compared with 2007 primarily due to acquisitions. Our home equity loan portfolio is relationship based, with 93% of the portfolio attributable to borrowers in our primary geographic footprint. We monitor this portfolio closely and the nonperforming assets and charge-offs that we have experienced are within our expectations given current market conditions.
- Average education loans grew $1.9 billion compared with 2007. The increase was primarily the result of the transfer of approximately $1.8 billion of education loans previously held for sale to the loan portfolio during the first quarter of 2008. The Loans Held For Sale portion of the Consolidated Balance Sheet Review section of this Financial Review includes additional information related to this transfer.
- Average residential mortgage loans increased $370 million primarily due to the addition of loans from acquisitions.

Assets under management of $57 billion at December 31, 2008 decreased $12 billion compared with the balance at December 31, 2007. The decline in assets under management was primarily due to comparatively lower equity markets partially offset by the Sterling acquisition and positive net inflows. New business sales efforts and new client acquisition and growth were ahead of our expectations.

Nondiscretionary assets under administration of $87 billion at December 31, 2008 decreased $25 billion compared with the balance at December 31, 2007. This decline was primarily driven by comparatively lower equity markets and net outflows resulting from the reduction in several significant relationships.

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CORPORATE & INSTITUTIONAL BANKING (a)

Year ended December 31 Dollars in millions except as noted	2008	2007
INCOME STATEMENT		
Net interest income	**$1,037**	$818
Noninterest income		
Corporate service fees	**545**	564
Other	**(51)**	156
Noninterest income	**494**	720
Total revenue	**1,531**	1,538
Provision for credit losses	**366**	125
Noninterest expense	**882**	818
Pretax earnings	**283**	595
Income taxes	**58**	163
Earnings	**$225**	$432
AVERAGE BALANCE SHEET		
Loans		
Corporate (b)	**$12,485**	$9,930
Commercial real estate	**5,631**	4,408
Commercial – real estate related	**3,022**	2,390
Asset-based lending	**5,274**	4,595
Total loans (b)	**26,412**	21,323
Goodwill and other intangible assets	**2,247**	1,919
Loans held for sale	**2,053**	1,319
Other assets	**6,282**	4,491
Total assets	**$36,994**	$29,052
Deposits		
Noninterest-bearing demand	**$7,598**	$7,301
Money market	**5,216**	4,784
Other	**2,286**	1,325
Total deposits	**15,100**	13,410
Other liabilities	**5,479**	3,347
Capital	**2,616**	2,152
Total funds	**$23,195**	$18,909
PERFORMANCE RATIOS		
Return on average capital	**9%**	20%
Noninterest income to total revenue	**32**	47
Efficiency	**58**	53
COMMERCIAL MORTGAGE SERVICING PORTFOLIO (in billions)		
Beginning of period	**$243**	$200
Acquisitions/additions	**31**	88
Repayments/transfers	**(25)**	(45)
End of period	**$249**	$243
OTHER INFORMATION		
Consolidated revenue from (c):		
Treasury management	**$545**	$476
Capital markets	**$336**	$290
Commercial mortgage loan sales and valuations (d)	**$(115)**	$19
Commercial mortgage loan servicing (e)	**180**	233
Commercial mortgage banking activities	**$65**	$252
Total loans (f)	**$28,996**	$23,861
Nonperforming assets (f) (g)	**$749**	$243
Net charge-offs	**$168**	$70
Full-time employees (f)	**2,294**	2,290
Net carrying amount of commercial mortgage servicing rights (f)	**$654**	$694

(a) Information for all periods presented excludes the impact of National City, which PNC acquired on December 31, 2008.
(b) Includes lease financing.
(c) Represents consolidated PNC amounts.
(d) Includes valuations on commercial mortgage loans held for sale and related commitments, derivative valuations, origination fees, gains on sale of loans held for sale and net interest income on loans held for sale.
(e) Includes net interest income and noninterest income from loan servicing and ancillary services.
(f) At December 31.
(g) Includes nonperforming loans of $747 million at December 31, 2008 and $222 million at December 31, 2007.

Corporate & Institutional Banking earned $225 million in 2008 compared with $432 million in 2007. The 48% decline in earnings over 2007 was primarily driven by an increase in the provision for credit losses and by higher valuation losses on commercial mortgage loans held for sale, net of hedges.

- Net interest income grew $219 million, or 27%, in 2008 compared with 2007. The increase over the prior year was primarily a result of an increase in commercial mortgage loans held for sale, organic loan growth and acquisitions.
- Corporate service fees decreased $19 million compared with 2007 to $545 million. The fourth quarter of 2008 included a $35 million impairment charge on commercial mortgage servicing rights due to the effect of lower interest rates. Increases in treasury management, structured finance and syndication fees more than offset declines in commercial mortgage servicing fees, net of amortization, and merger and acquisition advisory fees.
- Other noninterest income was negative $51 million for 2008 compared with income of $156 million in 2007. Losses of $197 million on commercial mortgage loans held for sale, net of hedges, were included in other noninterest income for 2008 compared with gains of $3 million in 2007. These non-cash valuation losses reflected illiquid market conditions which began in the latter part of 2007.
- PNC adopted SFAS 159 beginning January 1, 2008 and elected to account for its loans held for sale and intended for securitization at fair value. We stopped originating these loans during the first quarter of 2008. We intend to continue pursuing opportunities to reduce our loans held for sale position at appropriate prices. We sold and/or securitized $.6 billion of commercial mortgage loans held for sale carried at fair value in 2008 reducing these fair value assets to $1.4 billion at December 31, 2008.
- The provision for credit losses was $366 million in 2008 compared with $125 million in 2007. The increase in the provision was primarily due to credit quality migration mainly related to residential real estate development and related sectors along with growth in total credit exposure. Nonperforming

assets increased $506 million in the comparison. The largest component of the increase was in commercial real estate and commercial real estate related loans. Based upon the current environment and the acquisition of National City, we believe the provision will continue to increase in 2009 versus 2008 levels.

- Noninterest expense increased $64 million, or 8%, compared with 2007. The increase was primarily due to the impact of the 2007 ARCS Commercial Mortgage and Mercantile acquisitions, expenses associated with revenue-related activities, growth initiatives mainly in treasury management, higher passive losses associated with low income housing tax credit investments, and write-downs of other real estate owned.
- Average loan balances increased $5.1 billion, or 24%, compared with 2007. The increase in corporate and commercial real estate loans resulted from higher utilization of credit facilities, organic growth from new and existing clients, and the impact of the Mercantile and Yardville acquisitions.
- Average deposit balances increased $1.7 billion, or 13%, compared with 2007. The increase resulted primarily from higher time deposits and the impact of acquisitions.
- The commercial mortgage servicing portfolio was $249 billion at December 31, 2008, an increase of $6 billion from December 31, 2007. Servicing portfolio additions were modest during 2008 due to the declining volumes in the commercial mortgage securitization market.
- Average other assets and other liabilities increased $1.8 billion and $2.1 billion, respectively. These increases were due to customer driven trading and related hedging transactions. In addition, an increase in customer driven money management activities contributed to the higher other liabilities balance.

See the additional revenue discussion regarding treasury management, capital markets-related products and services, and commercial mortgage banking activities on pages 29 and 30.

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BLACKROCK

Our BlackRock business segment earned $207 million in 2008 and $253 million in 2007. These results reflect our approximately 33% share of BlackRock's reported GAAP earnings and the additional income taxes on these earnings incurred by PNC.

PNC's investment in BlackRock was $4.2 billion at December 31, 2008 and $4.1 billion at December 31, 2007. The book value per share was $98.32 at December 31, 2008.

BLACKROCK LTIP PROGRAMS AND EXCHANGE AGREEMENTS

BlackRock adopted the 2002 LTIP program to help attract and retain qualified professionals. At that time, PNC agreed to transfer up to four million of the shares of BlackRock common stock then held by us to help fund the 2002 LTIP and future programs approved by BlackRock's board of directors, subject to certain conditions and limitations. Prior to 2006, BlackRock granted awards of approximately $233 million under the 2002 LTIP program, of which approximately $208 million were paid on January 30, 2007. The award payments were funded by 17% in cash from BlackRock and approximately one million shares of BlackRock common stock transferred by PNC and distributed to LTIP participants. We recognized a pretax gain of $82 million in the first quarter of 2007 from the transfer of BlackRock shares. The gain was included in other noninterest income and reflected the excess of market value over book value of the one million shares transferred in January 2007. Additional BlackRock shares were distributed to LTIP participants during the first quarter of 2008, resulting in a $3 million pretax gain in other noninterest income, and during January 2009, resulting in a $1 million pretax gain.

BlackRock granted awards in 2007 under an additional LTIP program, all of which are subject to achieving earnings performance goals prior to the vesting date of September 29, 2011. Of the shares of BlackRock common stock that we have agreed to transfer to fund their LTIP programs, approximately 1.6 million shares have been committed to fund the awards vesting in 2011 and the amount remaining would then be available for future awards.

PNC's noninterest income for 2008 included a $243 million pretax gain related to our commitment to fund additional BlackRock LTIP programs. This gain represented the mark-to-market adjustment related to our remaining BlackRock LTIP common shares obligation as of December 31, 2008 and resulted from the decrease in the market value of BlackRock common shares for 2008. PNC's noninterest income for 2007 included a pretax charge of $209 million for an increase in the market value of BlackRock common shares for that period.

As further described in PNC's Current Report on Form 8-K filed December 30, 2008, PNC entered into an Exchange Agreement with BlackRock on December 26, 2008. The transactions contemplated by this agreement will restructure PNC's ownership of BlackRock equity without altering, to any meaningful extent, PNC's economic interest in BlackRock. PNC will continue to be subject to the limitations on its voting rights in its existing agreements with BlackRock. These transactions will also allow PNC to reduce its net income volatility associated with the quarterly marking-to-market of obligations related to PNC's delivery of BlackRock stock under the BlackRock LTIP.

Also on December 26, 2008, BlackRock entered into an Exchange Agreement with Merrill Lynch in anticipation of the consummation of the merger of Bank of America Corporation and Merrill Lynch which was completed on January 1, 2009. The PNC and Merrill Lynch Exchange Agreements restructured PNC's and Merrill Lynch's respective ownership of BlackRock common and preferred equity. The exchange was completed on February 27, 2009.

PNC will continue to account for its investment in BlackRock under the equity method of accounting, with its share of BlackRock's earnings reduced from approximately 33% to 31%, solely as a result of the exchange of 2.9 million of its shares of BlackRock common stock for new BlackRock Series C Preferred Stock. The Series C Preferred Stock will not be taken into consideration in determining PNC's share of BlackRock earnings under the equity method. PNC's percentage ownership of BlackRock common stock is expected to increase from approximately 36.5% to 46.5%. The increase will result from a substantial exchange of Merrill Lynch's BlackRock common stock for BlackRock preferred stock. As a result of the BlackRock preferred stock currently held by Merrill Lynch and the new BlackRock preferred stock being issued to Merrill Lynch and PNC under the Exchange Agreements, PNC's share of BlackRock common stock has been, and will continue to be, higher than its overall share of BlackRock's equity and earnings.

On February 27, 2009, PNC's obligation to deliver BlackRock common shares was replaced with an obligation to deliver shares of BlackRock's new Series C Preferred Stock. PNC will account for these preferred shares at fair value as permitted under SFAS 159, which will offset the impact of marking-to-market the liability to deliver these shares to BlackRock.

The transactions related to the Exchange Agreements will not affect our right to receive dividends declared by BlackRock.

QUELLOS TRANSACTION

On October 1, 2007, BlackRock acquired the fund of funds business of Quellos Group, LLC ("Quellos"). The combined fund of funds platform operates under the name BlackRock Alternative Advisors and is one of the largest fund of funds platforms in the world. In connection with the acquisition, BlackRock paid $562 million in cash to Quellos and placed 1.2 million shares of BlackRock common stock into an escrow account. The shares of BlackRock common stock will be held in the escrow account for up to three years and will be available to satisfy certain indemnification obligations of Quellos under the asset purchase agreement. In April 2008, 280,519 common stock shares were released to Quellos in accordance with the Quellos asset purchase agreement, which resulted in an adjustment to the recognized purchase price. In addition, Quellos may be entitled to receive two contingent payments upon achieving certain investment advisory base and performance fee measures through December 31, 2010, totaling up to an additional $969 million in a combination of cash and stock.

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GLOBAL INVESTMENT SERVICING

Year ended December 31 Dollars in millions except as noted	2008	2007
INCOME STATEMENT		
Servicing revenue (a)	**$947**	$863
Operating expense (a)	**728**	637
Operating income	**219**	226
Debt financing	**34**	38
Nonoperating income (b)	**3**	6
Pretax earnings	**188**	194
Income taxes	**66**	66
Earnings	**$122**	$128
PERIOD-END BALANCE SHEET		
Goodwill and other intangible assets	**$1,301**	$1,315
Other assets	**3,977**	1,161
Total assets	**$5,278**	$2,476
Debt financing	**$850**	$989
Other liabilities	**3,737**	865
Shareholder's equity	**691**	622
Total funds	**$5,278**	$2,476
PERFORMANCE RATIOS		
Return on average equity	**18%**	23%
Operating margin (c)	**23**	26
SERVICING STATISTICS (at December 31)		
Accounting/administration net fund assets (in billions) (d)		
Domestic	**$764**	$869
Offshore	**75**	121
Total	**$839**	$990
Asset type (in billions)		
Money market	**$431**	$373
Equity	**227**	390
Fixed income	**103**	123
Other	**78**	104
Total	**$839**	$990
Custody fund assets (in billions)	**$379**	$500
Shareholder accounts (in millions)		
Transfer agency	**14**	19
Subaccounting	**58**	53
Total	**72**	72
OTHER INFORMATION		
Full-time employees (at December 31)	**4,934**	4,784

(a) Certain out-of-pocket expense items which are then client billable are included in both servicing revenue and operating expense above, but offset each other entirely and therefore have no effect on operating income. Distribution revenue and expenses which relate to 12b-1 fees that are received from certain fund clients for payment of marketing, sales and service expenses also entirely offset each other, but are netted for presentation purposes above.
(b) Net of nonoperating expense.
(c) Total operating income divided by total servicing revenue.
(d) Includes alternative investment net assets serviced.

Global Investment Servicing earned $122 million for 2008 and $128 million for 2007. Results for 2008 were negatively impacted by declines in asset values and fund redemptions as a result of severe deterioration of the financial markets during the fourth quarter.

Highlights of Global Investment Servicing's performance for 2008 included:

- Initiatives in the offshore arena resulted in a 13% increase in offshore servicing revenue. This included the start up of a new servicing location in Poland which employed 69 individuals at year end. Assets serviced, however, decreased by 38% as a direct result of the unsettled global equity markets and the resultant high redemption activity in the latter part of the year.
- Subaccounting shareholder accounts rose by 5 million, or 9%, to 58 million, as existing clients continued to convert additional fund families to this platform. Global Investment Servicing remains a leading provider of subaccounting services. A prominent new client was won during 2008 due to the combined subaccounting services and wealth reporting capabilities that Global Investment Servicing can now provide as a result of its acquisition of Albridge Solutions in December 2007.
- Total accounting/administration funds serviced increased 7% over the prior year. However, assets serviced decreased 15% due to declines in asset values and fund outflows resulting from market conditions, primarily in the fourth quarter of 2008.

Servicing revenue for 2008 reached $947 million, an increase of $84 million, or 10%, over 2007. This increase resulted primarily from the acquisitions of Albridge Solutions and Coates Analytics, LP in December 2007, growth in offshore operations, and increased securities lending activities afforded by the volatility in the markets.

Operating expense increased $91 million, or 14%, to $728 million, in 2008 compared with 2007. Investments in technology, a larger employee base to support business growth, and costs related to the acquisitions made in December 2007 drove the higher expense level.

Debt financing costs and nonoperating income were both lower than prior year levels due to the much lower interest rate environment and principal payments on debt during the year.

Global Investment Servicing's balance sheet was also impacted by the market turmoil at year end as clients chose to leave cash balances uninvested.

Total assets serviced by Global Investment Servicing totaled $2.0 trillion at December 31, 2008 compared with $2.5 trillion at December 31, 2007. The decline in assets serviced was a direct result of global market declines.

Critical Accounting Estimates And Judgments

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

Fair Value Measurements

We must use estimates, assumptions, and judgments when assets and liabilities are required to be recorded at, or adjusted to reflect, fair value. This includes the initial measurement at fair value of the assets acquired and liabilities assumed in acquisitions qualifying as business combinations under SFAS 141 or SFAS 141(R), "Business Combinations." The valuation of both financial and nonfinancial assets and liabilities in these transactions require numerous assumptions and estimates and the use of third-party sources including appraisers and valuation specialists.

Assets and liabilities carried at fair value inherently result in a higher degree of financial statement volatility. Assets and liabilities measured at fair value on a recurring basis, including those elected under SFAS 159, include available for sale and trading securities, financial derivatives, certain commercial and residential mortgage loans held for sale, customer resale agreements, private equity investments, and residential mortgage servicing rights. Fair values and the information used to record valuation adjustments for certain assets and liabilities are based on either quoted market prices or are provided by other independent third-party sources, when available. When such third-party information is not available, we estimate fair value primarily by using cash flow and other financial modeling techniques. Changes in underlying factors, assumptions, or estimates in any of these areas could materially impact our future financial condition and results of operations.

Effective January 1, 2008, PNC adopted SFAS 157. SFAS 157 defines fair value as the price that would be received to sell a financial asset or paid to transfer a financial liability in an orderly transaction between market participants at the measurement date. SFAS 157 established a three level hierarchy for disclosure of assets and liabilities recorded at fair value. The classification of assets and liabilities within the hierarchy is based on whether the inputs to the valuation methodology used in the measurement are observable or unobservable.

The following sections of this Report provide further information on this type of activity:

- Fair Value Measurements and Fair Value Option included within this Item 7, and
- Note 8 Fair Value included in Notes to Consolidated Financial Statements in Item 8 of this Report.

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

We maintain allowances for loan and lease losses and unfunded loan commitments and letters of credit at levels that we believe to be adequate to absorb estimated probable credit losses inherent in the loan portfolio. We determine the adequacy of the allowances based on periodic evaluations of the loan and lease portfolios and other relevant factors. However, this evaluation is inherently subjective as it requires material estimates, all of which may be susceptible to significant change, including, among others:

- Probability of default,
- Loss given default,
- Exposure at date of default,
- Amounts and timing of expected future cash flows on impaired loans,
- Value of collateral,
- Historical loss exposure, and
- Amounts for changes in economic conditions that may not be reflected in historical results.

In determining the adequacy of the allowance for loan and lease losses, we make specific allocations to impaired loans, allocations to pools of watchlist and non-watchlist loans, and allocations to consumer and residential mortgage loans. We also allocate reserves to provide coverage for probable losses not covered in specific, pool and consumer reserve methodologies related to qualitative factors. While allocations are made to specific loans and pools of loans, the total reserve is available for all credit losses.

Commercial lending is the largest category of credits and is the most sensitive to changes in assumptions and judgments underlying the determination of the allowance for loan and lease losses. We have allocated approximately $2.6 billion, or 67%, of the allowance for loan and lease losses at December 31, 2008 to the commercial lending category. Consumer and residential mortgage loan allocations are made at a total portfolio level based on historical loss experience adjusted for portfolio activity. Approximately $1.2 billion, or 32%, of the allowance for loan and lease losses at December 31, 2008 have been allocated to these consumer lending categories. The remainder of the allowance is allocated to the other loans category.

To the extent actual outcomes differ from our estimates, additional provision for credit losses may be required that would reduce future earnings. See the following for additional information:

- Allowances For Loan And Lease Losses And Unfunded Loan Commitments And Letters Of Credit in the Credit Risk Management section of this Item 7 (which includes an illustration of the estimated impact on the aggregate of the allowance for loan and lease losses and allowance for unfunded loan commitments and letters of credit assuming we increased pool reserve loss rates for certain loan categories), and
- Note 5 Asset Quality in the Notes To Consolidated Financial Statements in Item 8 of this Report, and Allocation Of Allowance For Loan And Lease Losses in the Statistical Information (Unaudited) section.

Estimated Cash Flows on Impaired Loans

AICPA Statement of Position 03-3, "Accounting for Certain Loans or Debt Securities Acquired in a Transfer" (SOP 03-3) provides guidance for accounting for certain loans that have experienced a deterioration of credit quality at the time of acquisition for which it is probable that the investor will be unable to collect all contractually required payments. The application of this guidance requires a two-step process: the determination of which loans qualify due to credit quality deterioration and the determination of fair value and undiscounted expected cash flows for the loans that are in the scope of SOP 03-3. SOP 03-3 prohibits "carrying over" or creation of an allowance for loan losses in the initial accounting of all loans in scope.

In our assessment of credit quality deterioration, we must make numerous assumptions, interpretations and judgments, based on internal and third-party credit quality information and ultimately determine whether we believe it is probable that we will not be able to collect all amounts due, including both principal and interest, according to the contractual terms of the loans. This is a point in time assessment and inherently subjective due to the nature of the available information and judgment involved.

For those loans that qualify under SOP 03-3, the valuation process involves estimating the fair value of each loan at acquisition and determining the undiscounted expected cash flows to be realized from the loan both at acquisition and periodically throughout the life of the loan. Measurement of the fair value of the loan is based on the provisions of SFAS 157 as discussed above.

The measurement of undiscounted expected cash flows involves assumptions and judgments as to credit risk, interest rate risk, prepayment risk, default rates, loss severity, payment speeds and collateral values. All of these factors are inherently subjective and can result in significant changes in the cash flow estimates over the life of the loan. Such changes increase future earnings volatility due to increases or decreases in the accretable yield (i.e., difference between the undiscounted expected cash flows and the fair value) recognized on the loan or the requirement to record a provision for credit losses if the decline in expected cash flows is attributable to a decline in credit quality.

Goodwill

Goodwill arising from business acquisitions represents the value attributable to unidentifiable intangible elements in the business acquired. Most of our goodwill relates to value inherent in the Retail Banking, Corporate & Institutional Banking and Global Investment Servicing businesses. The value of this goodwill is dependent upon our ability to provide quality, cost effective services in the face of competition from other market participants on a national and international basis. We also rely upon continuing investments in processing systems, the development of value-added service features, and the ease of access by customers to our services.

As such, the value of goodwill is ultimately supported by earnings, which is driven by transaction volume and, for certain businesses, the market value of assets under administration or for which processing services are provided. Lower earnings resulting from a lack of growth or our inability to deliver cost-effective services over sustained periods can lead to impairment of goodwill, which could result in a current period charge to earnings. At least annually, management reviews the current operating environment and strategic direction of each reporting unit taking into consideration any events or changes in circumstances that may have an effect on the unit. A reporting unit is defined as an operating segment or one level below an operating segment. This input is then used to calculate the fair value of the reporting unit, including goodwill, which is compared to its carrying value. If the fair value of the reporting unit exceeds its carrying amount, then the goodwill of that reporting unit is not considered impaired. During the fourth quarter 2008, and the first quarter of 2009, PNC considered whether the decline in the fair value of our market capitalization due to market conditions is an indicator of declines in the fair value of the reporting units. Although the fair values of the reporting units decreased, their estimated fair values are still considered to be in excess of their respective carrying values. Based on the results of our analysis, there have been no impairment charges related to goodwill. See Note 9 Goodwill and Other Intangible Assets in the Notes To Consolidated Financial Statements in Item 8 of this Report for additional information.

Lease Residuals

We provide financing for various types of equipment, aircraft, energy and power systems, and rolling stock through a variety of lease arrangements. Direct financing leases are carried at the sum of lease payments and the estimated residual value of the leased property, less unearned income. Residual value insurance or guarantees by governmental entities provide support for a significant portion of the residual value. Residual

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values are subject to judgments as to the value of the underlying equipment that can be affected by changes in economic and market conditions and the financial viability of the residual guarantors and insurers. To the extent not guaranteed or assumed by a third party, or otherwise insured against, we bear the risk of ownership of the leased assets. This includes the risk that the actual value of the leased assets at the end of the lease term will be less than the residual value, which could result in an impairment charge and reduce earnings in the future. Residual values are reviewed for impairment on a quarterly basis.

Revenue Recognition
We derive net interest and noninterest income from various sources, including:
- Lending,
- Securities portfolio,
- Asset management and fund servicing,
- Customer deposits,
- Loan servicing,
- Brokerage services,
- Merger and acquisition advisory services,
- Sale of loans and securities,
- Certain private equity activities, and
- Securities and derivatives trading activities including foreign exchange.

We also earn fees and commissions from issuing loan commitments, standby letters of credit and financial guarantees, selling various insurance products, providing treasury management services and participating in certain capital markets transactions. Revenue earned on interest-earning assets including the accretion of fair value adjustments on discounts for purchased loans is recognized based on the effective yield of the financial instrument.

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

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

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

RECENT ACCOUNTING PRONOUNCEMENTS

See Note 1 Accounting Policies in the Notes To Consolidated Financial Statements in Item 8 of this Report for additional information on the following recent accounting pronouncements that are relevant to our business, including a description of each new pronouncement, the required date of adoption, our planned date of adoption, and the expected impact on our consolidated financial statements.

The following were issued in 2008:
- FASB Staff Position No. (“FSP”) EITF 99-20-1, “Amendments to the Impairment Guidance of EITF Issue No. 99-20”
- FSP FAS 132(R)-1, “Employers’ Disclosures about Postretirement Benefit Plan Assets”
- FSP FAS 140-4 and FIN 46(R)-8, “Disclosures by Public Entities (Enterprises) about Transfers of Financial Assets and Interests in Variable Interest Entities”
- FSP FAS 157-3, “Determining the Fair Value of a Financial Asset When the Market for That Asset Is Not Active”
- FSP FAS 133-1 and FIN 45-4, “Disclosures about Credit Derivatives and Certain Guarantees: An Amendment of FASB Statement No. 133 and FASB Interpretation No. 45; and Clarification of the Effective Date of FASB Statement No. 161”
- FSP EITF 03-6-1, “Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities”
- FSP APB 14-1, “Accounting for Convertible Debt Instruments That May Be Settled in Cash Upon Conversion (Including Partial Cash Settlement)”
- SFAS 163, “Accounting for Financial Guarantee Insurance Contracts an Interpretation of FASB Statement No. 60”
- SFAS 162, “The Hierarchy of Generally Accepted Accounting Principles”
- FSP FAS 142-3, “Determination of the Useful Life of Intangible Assets”
- SFAS 161, “Disclosures about Derivative Instruments and Hedging Activities”
- FSP FAS 140-3, “Accounting for Transfers of Financial Assets and Repurchase Financing Transactions”

The following were issued in 2007:
- SFAS 141(R), "Business Combinations"
- SFAS 160, "Accounting and Reporting of Noncontrolling Interests in Consolidated Financial Statements, an Amendment of ARB No. 51"
- SEC Staff Accounting Bulletin No. 109
- FIN 46(R) 7, "Application of FASB Interpretation No. 46(R) to Investment Companies"
- FSP FIN 48-1, "Definition of Settlement in FASB Interpretation ("FIN") No. 48"
- SFAS 159

The following were issued in 2006 with an effective date in 2008:
- SFAS 157
- The Emerging Issues Task Force ("EITF") of the FASB issued EITF Issue 06-4, "Accounting for Deferred Compensation and Postretirement Benefit Aspects of Endorsement Split-Dollar Life Insurance Arrangements"

STATUS OF DEFINED BENEFIT PENSION PLAN

We have a noncontributory, qualified defined benefit pension plan ("plan" or "pension plan") covering eligible employees. Benefits are derived from a cash balance formula based on compensation levels, age and length of service. Pension contributions are based on an actuarially determined amount necessary to fund total benefits payable to plan participants. Consistent with our investment strategy, plan assets are primarily invested in equity investments and fixed income instruments. Plan fiduciaries determine and review the plan's investment policy.

We calculate the expense associated with the pension plan in accordance with SFAS 87, *"Employers' Accounting for Pensions,"* and we use assumptions and methods that are compatible with the requirements of SFAS 87, including a policy of reflecting trust assets at their fair market value. On an annual basis, we review the actuarial assumptions related to the pension plan, including the discount rate, the rate of compensation increase and the expected return on plan assets.

The discount rate and compensation increase assumptions do not significantly affect pension expense. However, the expected long-term return on assets assumption does significantly affect pension expense. The expected long-term return on plan assets for determining net periodic pension cost for 2008 was 8.25%, unchanged from 2007. Under current accounting rules, the difference between expected long-term returns and actual returns is accumulated and amortized to pension expense over future periods. Each one percentage point difference in actual return compared with our expected return causes expense in subsequent years to change by up to $7 million as the impact is amortized into results of operations.

The table below reflects the estimated effects on pension expense of certain changes in annual assumptions, using 2009 estimated expense as a baseline.

Change in Assumption	Estimated Increase to 2009 Pension Expense (In millions)
.5% decrease in discount rate	(a)
.5% decrease in expected long-term return on assets	$ 16
.5% increase in compensation rate	$ 2

(a) De minimis.

We currently estimate a pretax pension expense of $124 million in 2009 compared with a pretax benefit of $32 million in 2008. The 2009 values and sensitivities shown above include the qualified defined benefit plan maintained by National City that we merged into the PNC plan as of December 31, 2008. The expected increase in pension cost is attributable not only to the National City acquisition, but also to the significant variance between 2008 actual investment returns and long-term expected returns.

Our pension plan contribution requirements are not particularly sensitive to actuarial assumptions. Investment performance has the most impact on contribution requirements and will drive the amount of permitted contributions in future years. Also, current law, including the provisions of the Pension Protection Act of 2006, sets limits as to both minimum and maximum contributions to the plan. We expect that the minimum required contributions under the law will be zero for 2009.

We maintain other defined benefit plans that have a less significant effect on financial results, including various nonqualified supplemental retirement plans for certain employees. See Note 15 Employee Benefit Plans in the Notes To Consolidated Financial Statements in Item 8 of this Report for additional information.

RISK MANAGEMENT

We encounter risk as part of the normal course of our business and we design risk management processes to help manage these risks. This Risk Management section first provides an overview of the risk measurement, control strategies, and monitoring aspects of our corporate-level risk management processes. Following that discussion is an analysis of the risk management process for what we view as our primary areas of risk: credit, operational, liquidity, and market. The discussion of market risk is further subdivided into interest rate, trading, and equity and other investment risk areas. Our use of financial derivatives as part of our overall asset and liability risk management process is also addressed within the Risk Management section of this Item 7. In appropriate places within this section, historical performance is also addressed.

OVERVIEW

As a financial services organization, we take a certain amount of risk in every business decision. For example, every time we open an account or approve a loan for a customer, process a payment, hire a new employee, or implement a new computer system, we incur a certain amount of risk. As an organization, we must balance revenue generation and profitability with the risks associated with our business activities. Risk management is not about eliminating risks, but about identifying and accepting risks and then effectively managing them so as to optimize shareholder value.

The key to effective risk management is to be proactive in identifying, measuring, evaluating, and monitoring risk on an ongoing basis. Risk management practices support decision-making, improve the success rate for new initiatives, and strengthen the market's confidence in an organization.

We manage risk toward an overall moderate risk profile. The current economic environment, combined with our acquisition of National City, has increased our risk profile above that desired level. We remain committed to a moderate risk profile and are working to return to that level of overall risk.

CORPORATE-LEVEL RISK MANAGEMENT OVERVIEW

We support risk management through a governance structure involving the Board, senior management and a corporate risk management organization.

Although our Board as a whole is responsible generally for oversight of risk management, committees of the Board provide oversight to specific areas of risk with respect to the level of risk and risk management structure.

We use management level risk committees to help ensure that business decisions are executed within our desired risk profile. The Executive Committee ("EC"), consisting of senior management executives, provides oversight for the establishment and implementation of new comprehensive risk management initiatives, reviews enterprise level risk profiles and discusses key risk issues.

The corporate risk management organization has the following key roles:

- Facilitate the identification, assessment and monitoring of risk across PNC,
- Provide support and oversight to the businesses, and
- Identify and implement risk management best practices, as appropriate.

Risk Measurement

We conduct risk measurement activities specific to each area of risk. The primary vehicle for aggregation of enterprise-wide risk is a comprehensive risk management methodology that is based on economic capital. This primary risk aggregation measure is supplemented with secondary measures of risk to arrive at an estimate of enterprise-wide risk. The economic capital framework is a measure of potential losses above and beyond expected losses. Potential one year losses are capitalized to a level commensurate with a financial institution with an A rating by the credit rating agencies. Economic capital incorporates risk associated with potential credit losses (Credit Risk), fluctuations of the estimated market value of financial instruments (Market Risk), failure of people, processes or systems (Operational Risk), and income losses associated with declining volumes, margins and/or fees, and the fixed cost structure of the business (Business Risk). We estimate credit and market risks at an exposure level while we estimate the remaining risk types at an institution or business segment level. We routinely compare the output of our economic capital model with industry benchmarks.

Risk Control Strategies

We centrally manage policy development and exception oversight through corporate-level risk management. Corporate risk management is authorized to take action to either prevent or mitigate exceptions to policies and is responsible for monitoring compliance with risk management policies. The Corporate Audit function performs an independent assessment of the internal control environment. Corporate Audit plays a critical role in risk management, testing the operation of the internal control system and reporting findings to management and to the Audit Committee of the Board.

Risk Monitoring

Corporate risk management reports on a regular basis to our Board regarding the enterprise risk profile of the Corporation. These reports aggregate and present the level of risk by type of risk and communicate significant risk issues, including performance relative to risk tolerance limits. Both the Board and the EC provide guidance on actions to address key risk issues as identified in these reports.

CREDIT RISK MANAGEMENT

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

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

The credit granting businesses maintain direct responsibility for monitoring credit risk within PNC. The Corporate Credit

Policy area provides independent oversight to the measurement, monitoring and reporting of our credit risk and reports to the Chief Administrative Officer. Corporate Audit also provides an independent assessment of the effectiveness of the credit risk management process.

Nonperforming, Past Due And Potential Problem Assets

See the Nonperforming Assets And Related Information table in the Statistical Information (Unaudited) section of Item 8 of this Report and included here by reference for details of the types of nonperforming assets that we held at December 31 of each of the past five years. In addition, certain performing assets have interest payments that are past due or have the potential for future repayment problems.

Credit quality migration reflected a rapidly weakening economy during 2008, but remained manageable as we were able to maintain a strong capital position and generate positive operating leverage. We remained focused on returning to a moderate risk profile.

Nonperforming Assets by Type

In millions	Dec. 31 2008 (a)	Dec. 31 2007
Nonaccrual loans		
Commercial		
Retail/wholesale	**$ 88**	$ 39
Manufacturing	**141**	35
Other service providers	**114**	48
Real estate related (b)	**151**	45
Financial services	**23**	15
Health care	**37**	4
Other	**22**	7
Total commercial	**576**	193
Commercial real estate		
Real estate projects	**659**	184
Commercial mortgage	**107**	28
Total commercial real estate	**766**	212
Equipment lease financing	**97**	3
TOTAL COMMERCIAL LENDING	**1,439**	408
Consumer		
Home equity	**66**	16
Other	**4**	1
Total consumer	**70**	17
Residential real estate		
Residential mortgage (c)	**139**	26
Residential construction	**14**	1
Total residential real estate (c)	**153**	27
TOTAL CONSUMER LENDING (c)	**223**	44
Total nonaccrual loans (c)	**1,662**	452
Restructured loans		2
Total nonperforming loans (c)	**1,662**	454
Foreclosed and other assets		
Commercial lending	**34**	23
Consumer	**11**	8
Residential real estate	**458**	10
Total foreclosed and other assets	**503**	41
Total nonperforming assets (c)(d)(e)	**$2,165**	$ 495

(a) Amounts at December 31, 2008 include $722 million of nonperforming assets related to National City. Nonperforming assets of National City are comprised of $250 million of nonperforming loans, including $154 million related to commercial lending and $96 million related to consumer lending, and $472 million of foreclosed and other assets.
(b) Includes loans related to customers in the real estate and construction industries.
(c) We have adjusted the December 31, 2007 amounts to be consistent with the current methodology for recognizing nonaccrual residential mortgage loans serviced under master servicing arrangements.
(d) Excludes equity management assets carried at estimated fair value of $42 million at December 31, 2008 and $4 million at December 31, 2007.
(e) Excludes loans held for sale carried at lower of cost or market value of $78 million at December 31, 2008 (amount includes troubled debt restructured assets of $5 million) and $25 million at December 31, 2007.

Nonperforming loans at December 31, 2008 included $537 million related to the distressed loan portfolio, of which $103 million were attributable to National City. Details of these nonperforming loans follow.

Nonperforming Loans - Distressed Loan Portfolio

In millions	Dec. 31, 2008
Commercial real estate – real estate projects	**$ 445**
Consumer – home equity	**29**
Residential real estate	
Residential mortgage	**50**
Residential construction	**13**
Total residential real estate	**63**
Total nonperforming loans – distressed portfolio	**$ 537**

Change In Nonperforming Assets

In millions	2008	2007
January 1	**$ 495**	$ 184
National City acquisition	**722**	
Other acquisitions (a)	**9**	37
Transferred from accrual	**1,981**	653
Charge-offs and valuation adjustments	**(491)**	(167)
Principal activity including payoffs	**(381)**	(179)
Returned to performing	**(127)**	(23)
Asset sales	**(43)**	(10)
December 31	**$2,165**	$ 495

(a) Sterling in 2008; Mercantile and Yardville in 2007.

Total nonperforming assets at December 31, 2008 increased $1.670 billion, to $2.165 billion, from the balance at December 31, 2007. Our nonperforming assets represented .74% of total assets at December 31, 2008 compared with .36% at December 31, 2007. The increase in nonperforming assets reflected higher nonaccrual residential real estate development loans and loans in related sectors, and the addition of $722 million of nonperforming assets related to National City.

Nonperforming assets added with the National City acquisition exclude those loans that we impaired in accordance with SOP 03-3.

We recorded such loans at estimated fair value and considered them to be performing, even if contractually past due (or if we do not expect to receive payment in full based on the original contractual terms), since certain purchase accounting adjustments will be accreted to interest income over time. The accretion will represent the discount associated with the difference between the expected cash flows and estimated fair value of the loans. This accounting treatment resulted in the return to performing status of $3.2 billion of loans previously classified as nonperforming by National City. The purchase accounting adjustments were estimated as of December 31, 2008 and such estimates may be refined during the first quarter of 2009.

At December 31, 2008, our largest nonperforming asset was approximately $36 million and our average nonperforming loan associated with commercial lending was less than $1 million.

The amount of nonperforming loans that was current as to principal and interest was $555 million at December 31, 2008 and $178 million at December 31, 2007.

Accruing Loans Past Due 90 Days Or More- Summary

	Amount		Percent of Total Outstandings	
Dollars in millions	**Dec. 31 2008 (a)**	Dec. 31 2007	**Dec. 31 2008 (a)**	Dec. 31 2007
Commercial	**$ 97**	$ 14	**.14%**	.05%
Commercial real estate	**723**	18	**2.81**	.20
Equipment lease financing	**2**		**.03**	
Consumer	**419**	49	**.80**	.27
Residential real estate	**2,011**	43	**9.32**	.45
Other	**7**	12	**.37**	2.91
Total	**$3,259**	$ 136	**1.86%**	.20%

(a) Amounts include the impact of National City.

Loans that are not included in nonperforming or past due categories but cause us to be uncertain about the borrower's ability to comply with existing repayment terms over the next six months totaled $745 million at December 31, 2008, compared with $134 million at December 31, 2007.

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

We maintain an allowance for loan and lease losses to absorb losses from the loan portfolio. We determine the allowance based on quarterly assessments of the probable estimated losses inherent in the loan portfolio. While we make allocations to specific loans and pools of loans, the total reserve is available for all loan and lease losses.

In addition to the allowance for loan and lease losses, we maintain an allowance for unfunded loan commitments and letters of credit. We report this allowance as a liability on our Consolidated Balance Sheet. We determine this amount using estimates of the probability of the ultimate funding and losses related to those credit exposures. This methodology is similar to the one we use for determining the adequacy of our allowance for loan and lease losses.

We refer you to Note 5 Asset Quality in the Notes To Consolidated Financial Statements in Item 8 of this Report regarding changes in the allowance for loan and lease losses and in the allowance for unfunded loan commitments and letters of credit. Also see the Allocation Of Allowance For Loan And Lease Losses table in the Statistical Information (Unaudited) section of Item 8 of this Report for additional information included herein by reference.

We establish specific allowances for loans considered impaired using a method prescribed by SFAS 114, "Accounting by Creditors for Impairment of a Loan." All impaired loans except leases and large groups of smaller-balance homogeneous loans which may include but are not limited to credit card, residential mortgage, and consumer installment loans are subject to SFAS 114 analysis. Specific allowances for individual loans over a set dollar threshold are determined by our Special Asset Committee based on an analysis of the present value of expected future cash flows from the loans discounted at their effective interest rate, observable market price, or the fair value of the underlying collateral. We establish specific allowance on all other impaired loans based on the loss given default credit risk rating.

Allocations to non-impaired commercial and commercial real estate loans (pool reserve allocations) are assigned to pools of loans as defined by our business structure and are based on internal probability of default and loss given default credit risk ratings.

Key elements of the pool reserve methodology include:

- Probability of default ("PD"), which is primarily based on historical default analyses and is derived from the borrower's internal PD credit risk rating;
- Exposure at default ("EAD"), which is derived from historical default data; and
- Loss given default ("LGD"), which is based on historical loss data, collateral value and other structural factors that may affect our ultimate ability to collect on the loan and is derived from the loan's internal LGD credit risk rating.

Our pool reserve methodology is sensitive to changes in key risk parameters such as PDs, LGDs and EADs. In general, a given change in any of the major risk parameters will have a corresponding change in the pool reserve allocations for non-impaired commercial loans. Our commercial loans are the largest category of credits and are most sensitive to changes in the key risk parameters and pool reserve loss rates. To illustrate, if we increase the pool reserve loss rates by 5% for all categories of non-impaired commercial loans, then the

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aggregate of the allowance for loan and lease losses and allowance for unfunded loan commitments and letters of credit would increase by $128 million. Additionally, other factors such as the rate of migration in the severity of problem loans will contribute to the final pool reserve allocations.

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

The provision for credit losses totaled $1.517 billion for 2008 compared with $315 million for 2007. Of the total 2008 provision, $990 million was recorded in the fourth quarter, including $504 million of additional provision recorded at December 31, 2008 to conform the National City loan reserving methodology with ours. The differences in methodology include granularity of loss computations, statistical and quantitative factors rather than qualitative assessment, and the extent of current appraisals and risk assessments.

In addition to the impact of National City, the higher provision in 2008 compared with the prior year was driven by general credit quality migration, including residential real estate development and commercial real estate exposure, an increase in net charge-offs, and growth in nonperforming loans. Growth in our total credit exposure also contributed to the higher provision amounts in both comparisons.

In addition, the provision for credit losses for 2008 and the evaluation of the allowances for loan and lease losses and unfunded loan commitments and letters of credit as of December 31, 2008 reflected loan and total credit exposure growth, changes in loan portfolio composition, and other changes in asset quality. The provision includes amounts for probable losses on loans and credit exposure related to unfunded loan commitments and letters of credit.

With a deteriorating economy, we expect credit migration will continue throughout 2009 as credit quality improvements will lag any economic turnaround.

The allowance as a percent of nonperforming loans was 236% and as a percent of total loans was 2.23% at December 31, 2008. These percentages excluding the impact of the National City acquisition were 95% and 1.77%, respectively. We provide a reconciliation of these percentages excluding the National City impact to the GAAP-basis percentages in the Statistical Information (Unaudited) section in Item 8 of this Report. The comparable percentages at December 31, 2007 were 183% and 1.21%. We expect to continue to increase our allowance as a percent of total loans as the market and our credit quality migration dictates.

Charge-Offs And Recoveries

Year ended December 31 Dollars in millions	Charge-offs	Recoveries	Net Charge-offs	Percent of Average Loans
2008				
Commercial	**$ 301**	**$ 53**	**$ 248**	**.80%**
Commercial real estate	**165**	**10**	**155**	**1.65**
Equipment lease financing	**3**	**1**	**2**	**.08**
Consumer	**143**	**15**	**128**	**.62**
Residential real estate	**6**		**6**	**.07**
Total	**$ 618**	**$ 79**	**$ 539**	**.74**
2007				
Commercial	$ 156	$ 30	$ 126	.49%
Commercial real estate	16	1	15	.20
Consumer	73	14	59	.33
Total	$ 245	$ 45	$ 200	.32

We establish reserves to provide coverage for probable losses not considered in the specific, pool and consumer reserve methodologies, such as, but not limited to, the following:

- industry concentrations and conditions,
- credit quality trends,
- recent loss experience in particular sectors of the portfolio,
- ability and depth of lending management,
- changes in risk selection and underwriting standards, and
- timing of available information.

The amount of reserves for these qualitative factors is assigned to loan categories and to business segments primarily based on the relative specific and pool allocation amounts. The amount of reserve allocated for qualitative factors represented 1.76% of the total allowance and .04% of total loans at December 31, 2008.

CREDIT DEFAULT SWAPS

From a credit risk management perspective, we buy and sell credit loss protection via the use of credit derivatives. When we buy loss protection by purchasing a credit default swap ("CDS"), we pay a fee to the seller, or CDS counterparty, in return for the right to receive a payment if a specified credit event occurs for a particular obligor or reference entity. We purchase CDSs to mitigate the risk of economic loss on a portion of our loan exposures.

We also sell loss protection to mitigate the net premium cost and the impact of fair value accounting on the CDS in cases where we buy protection to hedge the loan portfolio and for trading purposes. These activities represent additional risk positions rather than hedges of risk.

We approve counterparty credit lines for all of our trading activities, including CDSs. Counterparty credit lines are approved based on a review of credit quality in accordance with our traditional credit quality standards and credit policies. The credit risk of our counterparties is monitored in the normal course of business. In addition, all counterparty credit lines are subject to collateral thresholds and exposures above these thresholds are secured.

Credit default swaps are included in the Free-Standing Derivatives table in the Financial Derivatives section of this Risk Management discussion. Net gains from credit default swaps for proprietary trading positions, reflected in other noninterest income in our Consolidated Income Statement, totaled $45 million for 2008 and $38 million for 2007.

Operational Risk Management

Operational risk is defined as the risk of financial loss or other damage to us resulting from inadequate or failed internal processes or systems, human factors, or from external events. Operational risk may occur in any of our business activities and manifests itself in various ways, including but not limited to the following:

- Errors related to transaction processing and systems,
- Breaches of the system of internal controls and compliance requirements, and
- Business interruptions and execution of unauthorized transactions and fraud by employees or third parties.

Operational losses may arise from legal actions due to operating deficiencies or noncompliance with contracts, laws or regulations.

To monitor and control operational risk, we maintain a comprehensive framework including policies and a system of internal controls that is designed to manage risk and to provide management with timely and accurate information about the operations of PNC. Management at each business unit is primarily responsible for its operational risk management program, given that operational risk management is integral to direct business management and most easily effected at the business unit level. Corporate Operational Risk Management oversees day-to-day operational risk management activities.

Technology Risk

The technology risk management program is a significant component of the operational risk framework. We have an integrated security and technology risk management framework designed to help ensure a secure, sound, and compliant infrastructure for information management. The technology risk management process is aligned with the strategic direction of the businesses and is integrated into the technology management culture, structure and practices. The application of this framework across the enterprise helps to support comprehensive and reliable internal controls.

Our business resiliency program manages the organization's capabilities to provide services in the case of an event that results in material disruption of business activities. Prioritization of investments in people, processes, technology and facilities is based on different types of events, business risk and criticality. Comprehensive testing validates our resiliency capabilities on an ongoing basis, and an integrated governance model is designed to help assure transparent management reporting.

Insurance

As a component of our risk management practices, we purchase insurance designed to protect us against accidental loss or losses which, in the aggregate, may significantly affect personnel, property, financial objectives, or our ability to continue to meet our responsibilities to our various stakeholder groups.

PNC, through subsidiary companies, Alpine Indemnity Limited and Advent Guaranty Corporation, provides insurance coverage for its general liability, automobile liability, management liability, fidelity, employment practices liability, special crime, workers' compensation, property and terrorism programs. PNC's risks associated with its participation as an insurer for these programs are mitigated through policy limits and annual aggregate limits. Risks in excess of Alpine and Advent policy limits and annual aggregates are mitigated through the purchase of direct coverage provided by various insurers up to limits established by PNC's Corporate Insurance Committee.

Liquidity Risk Management

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

Our largest source of liquidity on a consolidated basis is the deposit base that comes from our retail and corporate and institutional banking activities. Other borrowed funds come from a diverse mix of short and long-term funding sources. Liquid assets and unused borrowing capacity from a number of sources are also available to maintain our liquidity position.

Liquid assets consist of short-term investments (federal funds sold, resale agreements, trading securities, interest-earning deposits with banks, and other short-term investments) and securities available for sale. At December 31, 2008, our liquid assets totaled $59.6 billion, with $22.5 billion pledged as collateral for borrowings, trust, and other commitments.

Bank Level Liquidity

PNC Bank, N.A. and National City Bank can borrow from the Federal Reserve Bank of Cleveland's ("Federal Reserve Bank") discount window to meet short-term liquidity requirements. These borrowings are secured by securities and

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commercial loans. PNC Bank, N.A. is also a member of the Federal Home Loan Bank ("FHLB")-Pittsburgh and as such has access to advances from FHLB-Pittsburgh secured generally by residential mortgage and other mortgage-related loans. At December 31, 2008, we maintained significant unused borrowing capacity from the Federal Reserve Bank discount window and FHLB-Pittsburgh under current collateral requirements. In addition, National City Bank is a member of FHLB – Cincinnati.

Information regarding amounts pledged, for the ability to borrow if necessary, and borrowings related to the Federal Reserve Bank, FHLB – Pittsburgh and FHLB – Cincinnati are as follows:

In billions	**Dec. 31, 2008**	Dec. 31, 2007
Pledged to Federal Reserve Bank		
Loans	**$ 32.9**	$ 1.6
Securities	**$ 11.0**	$ 18.8
Combined collateral value	**$ 35.4**	$ 18.2
Pledged to FHLB-Pittsburgh		
Loans	**$ 27.1**	$ 33.5
Securities	**$ 5.3**	$ 4.3
Combined collateral value	**$ 16.7**	$ 23.5
Pledged to FHLB-Cincinnati		
Loans	**$ 22.3**	
Securities	**$ 1.1**	
Combined collateral value	**$ 6.5**	
Outstanding borrowings		
Federal Reserve Bank	**$ 2.0**	
FHLB – Pittsburgh	**$ 8.8**	$ 6.8
FHLB – Cincinnati	**$ 6.5**	
Total	**$ 17.3**	$ 6.8
Unused borrowing capacity		
Federal Reserve Bank	**$ 33.4**	$ 18.2
FHLB– Pittsburgh	**$ 7.9**	16.7
FHLB – Cincinnati	**—**	—
Total	**$ 41.3**	$ 34.9

Total FHLB borrowings were $18.1 billion at December 31, 2008 compared with $7.1 billion at December 31, 2007. We increased total FHLB borrowings during 2008 which provided us with additional liquidity at relatively attractive rates.

We can also obtain funding through traditional forms of borrowing, including federal funds purchased, repurchase agreements, and short and long-term debt issuances. PNC Bank, N.A. has the ability to offer up to $20 billion in senior and subordinated unsecured debt obligations with maturities of more than nine months. Through December 31, 2008, PNC Bank, N.A. had issued $6.9 billion of debt under this program.

PNC Bank, N.A. also has the ability to offer up to $3.0 billion of its commercial paper. As of December 31, 2008, $327 million of commercial paper was outstanding under this program.

As of December 31, 2008, there were $3.1 billion of PNC Bank, N.A. and $4.8 billion of National City Bank short- and long-term debt issuances, including commercial paper, with maturities of less than one year.

Parent Company Liquidity

Our parent company's routine funding needs consist primarily of dividends to PNC shareholders, share repurchases, debt service, the funding of non-bank affiliates, and acquisitions.

See the Funding and Capital Sources section of the Consolidated Balance Sheet Review section of this Report regarding certain restrictions on dividends and common share repurchases related to PNC's participation in the US Treasury's TARP Capital Purchase Program.

Parent company liquidity guidelines are designed to help ensure that sufficient liquidity is available to meet these requirements over the succeeding 12-month period. In managing parent company liquidity we consider funding sources, such as expected dividends to be received from our subsidiaries and potential debt issuance, and discretionary funding uses, the most significant of which is the external dividend to be paid on PNC's stock. On March 1, 2009, the Board decided to reduce PNC's quarterly common stock dividend from $0.66 to $0.10 per share. This action will reduce the cash requirement for annual external dividends by approximately $1.0 billion.

The principal source of parent company cash flow is the dividends it receives from its subsidiary banks, which may be impacted by the following:

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

Also, there are statutory and regulatory limitations on the ability of national banks to pay dividends or make other capital distributions or to extend credit to the parent company or its non-bank subsidiaries. See Note 23 Regulatory Matters in the Notes to Consolidated Financial Statements in Item 8 of this Report for a further discussion of these limitations. Dividends may also be impacted by the bank's capital needs and by contractual restrictions. We provide additional information on certain contractual restrictions under the "Perpetual Trust Securities," "PNC Capital Trust E Trust Preferred Securities," and "Acquired Entity Trust Preferred Securities" sections of the Off-Balance Sheet Arrangements And Variable Interest Entities section of this Financial Review. The amount available for dividend payments to the parent company by PNC Bank, N.A. without prior regulatory approval was approximately $351 million at December 31, 2008. National City Bank had no statutory dividend capacity as of December 31, 2008.

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In addition to dividends from PNC Bank, N.A., other sources of parent company liquidity include cash and short-term investments, as well as dividends and loan repayments from other subsidiaries and dividends or distributions from equity investments. As of December 31, 2008, the parent company had approximately $4.2 billion in funds available from its cash and short-term investments.

We can also generate liquidity for the parent company and PNC's non-bank subsidiaries through the issuance of securities in public or private markets.

In December 2008, PNC Funding Corp issued the following securities totaling $2.9 billion under the FDIC's Temporary Liquidity Guarantee Program-Debt Guarantee Program:

- $2 billion of fixed rate senior notes due June 2012. These notes pay interest semiannually at a fixed rate of 2.3%.
- $500 million of fixed rate senior notes due June 2011. These notes pay interest semiannually at a fixed rate of 1.875%.
- $400 million of floating rate senior notes due June 2011. Interest will be reset quarterly to 3-month LIBOR plus 28 basis points and interest will be paid quarterly.

Each of these series of senior notes is guaranteed by the parent company and by the FDIC and is backed by the full faith and credit of the United States through June 30, 2012.

See the Executive Summary section of this Financial Review and Note 19 Shareholders' Equity in the Notes To Consolidated Financial Statements in Item 8 of this Report for information regarding PNC's December 31, 2008 issuance of $7.6 billion of preferred stock and related common stock warrant to the US Treasury under the TARP Capital Purchase Program.

PNC Funding Corp has the ability to offer up to $3.0 billion of commercial paper to provide the parent company with additional liquidity. As of December 31, 2008, $99 million of commercial paper was outstanding under this program.

We have effective shelf registration statements which enable us to issue additional debt and equity securities, including certain hybrid capital instruments. As of December 31, 2008, there were $1.4 billion of parent company contractual obligations, including commercial paper, with maturities of less than one year.

We also provide tables showing contractual obligations and various other commitments representing required and potential cash outflows as of December 31, 2008 under the heading "Commitments" below.

Commitments

The following tables set forth contractual obligations and various other commitments representing required and potential cash outflows as of December 31, 2008.

Contractual Obligations

		Payment Due By Period			
December 31, 2008 - in millions	Total	Less than one year	One to three years	Four to five years	After five years
Remaining contractual maturities of time deposits	$ 75,919	$ 44,877	$ 17,758	$ 9,011	$ 4,273
Federal Home Loan Bank borrowings	18,126	5,058	7,887	4,694	487
Other borrowed funds	34,114	13,533	6,730	4,129	9,722
Minimum annual rentals on noncancellable leases	2,615	329	579	459	1,248
Nonqualified pension and postretirement benefits	567	62	124	117	264
Purchase obligations (a)	1,145	398	472	215	60
Total contractual cash obligations	$132,486	$ 64,257	$ 33,550	$ 18,625	$ 16,054

(a) Includes purchase obligations for goods and services covered by noncancellable contracts and contracts including cancellation fees.

Other Commitments (a)

		Amount Of Commitment Expiration By Period			
December 31, 2008 - in millions	Total Amounts Committed	Less than one year	One to three years	Four to five years	After five years
Other unfunded loan commitments	$ 62,665	$ 27,260	$ 22,317	$ 12,358	$ 730
Home equity lines of credit	23,195	14,342	8,853		
Consumer credit card lines	19,028	17,549	1,479		
Standby letters of credit (b)	10,317	3,855	3,916	2,352	194
Other commitments (c)	1,408	595	390	302	121
Total commitments	$ 116,613	$ 63,601	$ 36,955	$ 15,012	$ 1,045

(a) Other commitments are funding commitments that could potentially require performance in the event of demands by third parties or contingent events. Loan commitments are reported net of participations, assignments and syndications.

(b) Includes $5.1 billion of standby letters of credit that support remarketing programs for customers' variable rate demand notes.

(c) Includes unfunded commitments related to private equity investments of $540 million and other investments of $178 million which are not on our Consolidated Balance Sheet. Also includes commitments related to tax credit investments of $690 million which are included in other liabilities on the Consolidated Balance Sheet.

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MARKET RISK MANAGEMENT OVERVIEW

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

- Traditional banking activities of taking deposits and extending loans,
- Private equity and other investments and activities whose economic values are directly impacted by market factors, and
- Trading in fixed income products, equities, derivatives, and foreign exchange, as a result of customer activities, underwriting, and proprietary trading.

We have established enterprise-wide policies and methodologies to identify, measure, monitor, and report market risk. Market Risk Management provides independent oversight by monitoring compliance with these limits and guidelines, and reporting significant risks in the business to the Risk Committee of the Board.

MARKET RISK MANAGEMENT – INTEREST RATE RISK

Interest rate risk results primarily from our traditional banking activities of gathering deposits and extending loans. Many factors, including economic and financial conditions, movements in interest rates, and consumer preferences, affect the difference between the interest that we earn on assets and the interest that we pay on liabilities and the level of our noninterest-bearing funding sources. Due to the repricing term mismatches and embedded options inherent in certain of these products, changes in market interest rates not only affect expected near-term earnings, but also the economic values of these assets and liabilities.

Asset and Liability Management centrally manages interest rate risk within limits and guidelines set forth in our risk management policies approved by the Asset and Liability Committee and the Risk Committee of the Board.

Sensitivity results and market interest rate benchmarks for the fourth quarters of 2008 and 2007 follow:

Interest Sensitivity Analysis

	Fourth Quarter 2008	Fourth Quarter 2007
Net Interest Income Sensitivity Simulation		
Effect on net interest income in first year from gradual interest rate change over following 12 months of:		
100 basis point increase	**(0.7)%**	(2.8)%
100 basis point decrease	**(0.5)%**	2.9%
Effect on net interest income in second year from gradual interest rate change over the preceding 12 months of:		
100 basis point increase	**1.9%**	(6.4)%
100 basis point decrease	**(3.1)%**	4.4%
Duration of Equity Model		
Base case duration of equity (in years):	**NM(a)**	2.1
Key Period-End Interest Rates		
One month LIBOR	**.44%**	4.60%
Three-year swap	**1.76%**	3.91%

(a) NM = not meaningful. Given the inherent limitations in certain of these measurement tools and techniques, results become less meaningful as interest rates approach zero.

In addition to measuring the effect on net interest income assuming parallel changes in current interest rates, we routinely simulate the effects of a number of nonparallel interest rate environments. The following Net Interest Income Sensitivity To Alternative Rate Scenarios table reflects the percentage change in net interest income over the next two 12-month periods assuming (i) the PNC Economist's most likely rate forecast, (ii) implied market forward rates, and (iii) a Two-Ten Inversion (a 200 basis point inversion between two-year and ten-year rates superimposed on current base rates) scenario.

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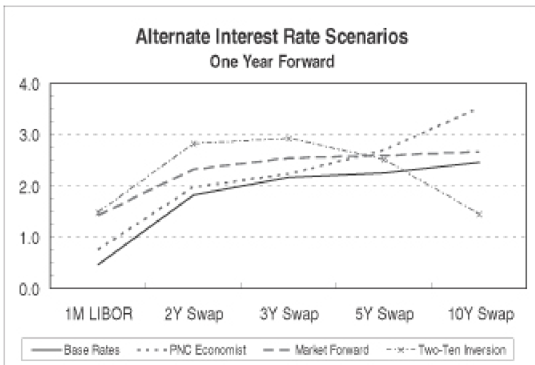
Net Interest Income Sensitivity To Alternative Rate Scenarios (Fourth Quarter 2008)

	PNC Economist	Market Forward	Two-Ten Inversion
First year sensitivity	**0.5%**	**(0.2)%**	**2.3%**
Second year sensitivity	**4.9%**	**2.4%**	**2.3%**

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

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

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



The results of the fourth quarter 2008 interest sensitivity analyses reflect our current best estimates of the impact of integrating National City's balance sheet, including the preliminary effects of purchase accounting, balance sheet repositioning, and deposit pricing strategies. Going forward as these estimates and strategies are finalized or revised, the results of our analyses may change. The fourth quarter 2008 analyses also reflect the impact of the rapid decline in market interest rates that occurred during that quarter, in which period-end one-month LIBOR and three-year swap rates declined 349 basis points and 197 basis points, respectively.

The fourth quarter 2008 interest sensitivity analyses indicate that our Consolidated Balance Sheet is positioned to benefit from an increase in interest rates. We believe that we have the deposit funding base and balance sheet flexibility to adjust, where appropriate and permissible, to changing interest rates and market conditions.

MARKET RISK MANAGEMENT – TRADING RISK

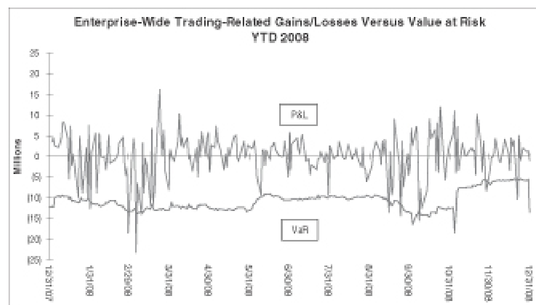
Our trading activities include customer-driven trading in fixed income securities, equities, derivatives, and foreign exchange contracts. They also include the underwriting of fixed income and equity securities and proprietary trading.

We use value-at-risk ("VaR") as the primary means to measure and monitor market risk in trading activities. The Risk Committee of the Board establishes an enterprise-wide VaR limit on our trading activities.

During 2008, our VaR ranged between $5.4 million and $18.4 million, averaging $10.8 million. During 2007, our VaR ranged between $6.1 million and $12.8 million, averaging $8.5 million. The increase in VaR compared with 2007 reflected ongoing market volatility.

To help ensure the integrity of the models used to calculate VaR for each portfolio and enterprise-wide, we use a process known as backtesting. The backtesting process consists of comparing actual observations of trading-related gains or losses against the VaR levels that were calculated at the close of the prior day. Under typical market conditions, we would expect an average of two to three instances a year in which actual losses exceeded the prior day VaR measure at the enterprise-wide level. As a result of increased volatility in certain markets, there were 10 such instances during 2008 compared with two such instances in 2007.

The following graph shows a comparison of enterprise-wide trading-related gains and losses against prior day VaR for the period.



Total trading revenue for the past three years was as follows:

Year end December 31 – in millions	2008	2007	2006
Net interest income (expense)	**$ 72**	$ 7	$ (6)
Noninterest income	**(55)**	104	183
Total trading revenue	**$ 17**	$111	$177
Securities underwriting and trading (a)	**$(17)**	$ 41	$ 38
Foreign exchange	**73**	58	55
Financial derivatives	**(39)**	12	84
Total trading revenue	**$ 17**	$111	$177

(a) Includes changes in fair value for certain loans accounted for at fair value.

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The decline in total trading revenue for 2008 primarily related to losses sustained in our proprietary trading activities. These decreases reflected the negative impact of significant widening of market credit spreads in extremely illiquid markets. We took the following steps during 2008 to reduce our proprietary trading positions:

- Sold Hilliard Lyons on March 31, 2008, including their proprietary trading positions;
- Significantly reduced the PNC Capital Markets municipal bond arbitrage book during the first half of 2008, closing it completely by August 2008;
- Reduced significantly proprietary risk taking within the customer-focused equity derivatives book during 2008;
- Reduced convertible arbitrage book positions during 2008 from close to $225 million face value of bonds to close to $100 million;
- Terminated all derivative positions hedging municipal bond exposure in tender option bond trusts, terminated the trusts, and transferred the remaining long municipal bond position (approximately $300 million face value) to the available for sale portfolio. This transfer occurred in the fourth quarter of 2008;
- Sold down approximately 80% of the positions in the non-agency mortgage-backed securities and commercial mortgage-backed securities proprietary trading books during 2008. The remaining positions (market value of approximately $300 million) were transferred to the available for sale portfolio after terminating swap hedges. This transfer occurred in the fourth quarter of 2008; and
- Significantly reduced all other proprietary trading positions including interest rate swaps, futures, swap options and credit default swaps.

Trading securities at December 31, 2008 totaled $1.7 billion, including $1 billion from National City, compared with $3.6 billion at December 31, 2007 and reflected our risk management actions outlined above.

Average trading assets and liabilities for the past three years consisted of the following:

Year ended - in millions	**2008**	2007	2006
Assets			
Securities (a)	**$2,387**	$2,708	$1,712
Resale agreements (b)	**1,794**	1,133	623
Financial derivatives (c)	**2,389**	1,378	1,148
Loans at fair value (c)	**83**	166	128
Total assets	**$6,653**	$5,385	$3,611
Liabilities			
Securities sold short (d)	**$1,294**	$1,657	$ 965
Repurchase agreements and other borrowings (e)	**756**	520	833
Financial derivatives (f)	**2,423**	1,384	1,103
Borrowings at fair value (f)	**22**	39	31
Total liabilities	**$4,495**	$3,600	$2,932

(a) Included in Interest-earning assets-Other on the Average Consolidated Balance Sheet And Net Interest Analysis.
(b) Included in Federal funds sold and resale agreements.
(c) Included in Noninterest-earning assets-Other.
(d) Included in Other borrowed funds.
(e) Included in Repurchase agreements and Other borrowed funds.
(f) Included in Accrued expenses and other liabilities.

MARKET RISK MANAGEMENT – EQUITY AND OTHER INVESTMENT RISK

Equity investment risk is the risk of potential losses associated with investing in both private and public equity markets. In addition to extending credit, taking deposits, and underwriting and trading financial instruments, we make and manage direct investments in a variety of transactions, including management buyouts, recapitalizations, and later-stage growth financings in a variety of industries. We also have investments in affiliated and non-affiliated funds that make similar investments in private equity and in debt and equity-oriented hedge funds. The economic and/or book value of these investments and other assets such as loan servicing rights are directly affected by changes in market factors.

The primary risk measurement for equity and other investments is economic capital. Economic capital is a common measure of risk for credit, market and operational risk. It is an estimate of the worst-case value depreciation over one year within a 99.9% confidence level. Given the illiquid nature of many of these types of investments, it can be a challenge to determine their fair values. Market Risk Management and Finance provide independent oversight of the valuation process.

Various PNC business units manage our private equity and other investment activities. Our businesses are responsible for making investment decisions within the approved policy limits and associated guidelines.

BlackRock

PNC owns approximately 43 million shares of BlackRock common stock, accounted for under the equity method. Our total investment in BlackRock was $4.2 billion at December 31, 2008 compared with $4.1 billion at December 31, 2007. The market value of our investment in BlackRock was $5.8 billion at December 31, 2008. The primary risk measurement, similar to other equity investments, is economic capital.

The discussion of BlackRock within the Business Segments Review section of this Item 7 includes information about changes in our ownership structure of BlackRock in 2009.

Tax Credit Investments

Included in our equity investments are limited partnerships that sponsor tax credit investments. These investments, consisting of partnerships as well as equity investments held by consolidated partnerships, totaled $2.3 billion at December 31, 2008. Investments accounted for under the equity method totaled $1.7 billion while investments accounted for under the cost method totaled $648 million at December 31, 2008. These investments totaled $1.0 billion at December 31, 2007, all of which were accounted for under the equity method.

Visa

At December 31, 2008, our remaining investment in Visa Class B common shares totaled approximately 23.2 million shares, including 19.7 million shares acquired in connection with our National City acquisition. The Visa B shares owned by National City were recorded by PNC at fair value (including a liquidity discount) as part of our acquisition. The PNC-owned Visa B shares are recorded at zero book value. Considering the expected reduction in the IPO conversion ratio due to settled litigation reported by Visa, these shares would convert to approximately 14.6 million of the publicly traded Visa Class A common shares. Based on the December 31, 2008 closing price of $52.45 for the Visa shares, our remaining investment had an unrecognized pretax value of approximately $312 million at that date. The Visa Class B common shares we own generally will not be transferable until they can be converted into shares of the publicly traded class of stock, which cannot happen until the later of three years after the IPO or settlement of all of the specified litigation. As stated above, it is expected that Visa will continue to adjust the conversion ratio of Visa Class B to Class A shares in connection with settlements in excess of any amounts then in escrow for that purpose and will also reduce the conversion ratio to the extent that it adds any funds to the escrow in the future. Note 25 Commitments and Guarantees in our Notes To Consolidated Financial Statements included in Item 8 of this Report has further information on our Visa indemnification obligation.

Private Equity

The private equity portfolio is comprised of equity and mezzanine investments that vary by industry, stage and type of investment. Private equity investments are reported at fair value. Changes in the values of private equity investments are reflected in our results of operations. Due to the nature of the investments, the valuations incorporate assumptions as to future performance, financial condition, liquidity, availability of capital, and market conditions, among other factors, to determine the estimated fair value of the investments. Market conditions and actual performance of the investments could differ from these assumptions. Accordingly, lower valuations may occur that could adversely impact earnings in future periods. Also, the valuations may not represent amounts that will ultimately be realized from these investments. See Note 1 Accounting Policies in Item 8 for additional information.

At December 31, 2008, private equity investments carried at estimated fair value totaled $1.2 billion compared with $561 million at December 31, 2007. As of December 31, 2008, $620 million was invested directly in a variety of companies and $566 million was invested indirectly through various private equity funds. Included in direct investments are investment activities of two private equity funds that are consolidated for financial reporting purposes. The minority and noncontrolling interests of these funds totaled $142 million as of December 31, 2008. Our unfunded commitments related to private equity totaled $540 million at December 31, 2008 compared with $270 million at December 31, 2007.

Other Investments

We also make investments in affiliated and non-affiliated funds with both traditional and alternative investment strategies. The economic values could be driven by either the fixed-income market or the equity markets, or both. At December 31, 2008, other investments totaled $853 million compared with $384 million at December 31, 2007. We recognized losses related to these investments of $156 million during 2008 including $76 million in the fourth quarter. Given the nature of these investments and if current market conditions affecting their valuation were to continue or worsen, we could incur future losses.

Our unfunded commitments related to other investments totaled $178 million at December 31, 2008 compared with $79 million at December 31, 2007.

IMPACT OF INFLATION

Our assets and liabilities are primarily monetary in nature. Accordingly, future changes in prices do not affect the obligations to pay or receive fixed and determinable amounts of money. During periods of inflation, monetary assets lose value in terms of purchasing power and monetary liabilities have corresponding purchasing power gains. The concept of purchasing power, however, is not an adequate indicator of the effect of inflation on banks because it does not take into account changes in interest rates, which are an important determinant of our earnings.

FINANCIAL DERIVATIVES

We use a variety of financial derivatives as part of the overall asset and liability risk management process to help manage interest rate, market and credit risk inherent in our business activities. Substantially all such instruments are used to manage risk related to changes in interest rates. Interest rate and total return swaps, interest rate caps and floors and futures contracts are the primary instruments we use for interest rate risk management.

Financial derivatives involve, to varying degrees, interest rate, market and credit risk. For interest rate swaps and total return swaps, options and futures contracts, only periodic cash payments and, with respect to options, premiums are exchanged. Therefore, cash requirements and exposure to credit risk are significantly less than the notional amount on these instruments. Further information on our financial derivatives is presented in Note 1 Accounting Policies and Note 17 Financial Derivatives in the Notes To Consolidated Financial Statements in Item 8 of this Report.

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Not all elements of interest rate, market and credit risk are addressed through the use of financial or other derivatives, and such instruments may be ineffective for their intended purposes due to unanticipated market characteristics, among other reasons.

The following tables provide the notional or contractual amounts and estimated net fair value of financial derivatives used for risk management and designated as accounting hedges as well as free-standing derivatives at December 31, 2008 and 2007. Weighted-average interest rates presented are based on contractual terms, if fixed, or the implied forward yield curve at each respective date, if floating.

Financial Derivatives – 2008

December 31, 2008 - dollars in millions	Notional/ Contractual Amount	Estimated Net Fair Value	Weighted Average Maturity	Weighted-Average Interest Rates Paid	Weighted-Average Interest Rates Received
Accounting Hedges					
Interest rate risk management					
Asset rate conversion					
Interest rate swaps (a)					
Receive fixed	**$ 5,618**	**$ 527**	**3 yrs.**	**2.18%**	**4.76%**
Liability rate conversion					
Interest rate swaps (a)					
Receive fixed	**9,888**	**888**	**3 yrs. 7 mos.**	**2.27%**	**4.73%**
Total interest rate risk management	**15,506**	**1,415**			
Total accounting hedges (b)	**$ 15,506**	**$ 1,415**			
Free-Standing Derivatives					
Customer-related					
Interest rate					
Swaps (c)	**$ 97,337**	**$ (161)**	**4 yrs. 9 mos.**	**3.08%**	**3.07%**
Caps/floors					
Sold (c)	**3,878**	**(12)**	**4 yrs. 4 mos.**	**NM**	**NM**
Purchased	**2,410**	**8**	**2 yrs. 10 mos.**	**NM**	**NM**
Futures	**8,878**		**1 yr. 1 mo.**	**NM**	**NM**
Foreign exchange (c)	**8,877**	**(3)**	**5 mos.**	**NM**	**NM**
Equity	**984**	**(4)**	**1 yr.**	**NM**	**NM**
Swaptions	**3,058**	**160**	**13 yrs. 2 mos.**	**NM**	**NM**
Other	**335**	**12**	**3 yrs. 3 mos.**	**NM**	**NM**
Total customer-related	**125,757**	**—**			
Residential mortgage servicing rights	**52,980**	**109**	**5 yrs. 10 mos.**	**NM**	**NM**
Other risk management and proprietary					
Interest rate					
Swaps (d)	**24,481**	**667**	**3 yrs.**	**3.93%**	**2.70%**
Caps/floors					
Sold	**514**		**1 yr. 4 mos.**	**NM**	**NM**
Purchased	**280**	**1**	**4 yrs. 7 mos.**	**NM**	**NM**
Futures	**8,359**		**8 mos.**	**NM**	**NM**
Foreign exchange	**95**		**4 mos.**	**NM**	**NM**
Credit derivatives	**2,937**	**205**	**13 yrs. 8 mos.**	**NM**	**NM**
Risk participation agreements	**3,290**		**3 yrs. 1 mo.**	**NM**	**NM**
Commitments related to mortgage-related assets (c)	**18,853**	**(12)**	**1 mo.**	**NM**	**NM**
Options					
Swaptions	**276**	**17**	**10 yrs. 11 mos.**	**NM**	**NM**
Other (e)	**438**	**44**	**NM**	**NM**	**NM**
Total other risk management and proprietary	**59,523**	**922**			
Total free-standing derivatives	**$238,260**	**$ 1,031**			

(a) The floating rate portion of interest rate contracts is based on money-market indices. As a percent of notional amount, 55% were based on 1-month LIBOR and 45% on 3-month LIBOR.
(b) Fair value amount includes net accrued interest receivable of $147 million.
(c) The increases in the negative fair values from December 31, 2007 to December 31, 2008 for interest rate contracts, foreign exchange and commitments related to mortgage-related assets were due to the changes in fair values of the existing contracts along with new contracts entered into during 2008.
(d) Due to the adoption of SFAS 159 as of January 1, 2008, we discontinued hedge accounting for our commercial mortgage banking pay-fixed interest rate swaps; therefore, the fair value of these are now reported in this category.
(e) Relates to PNC's obligation to help fund certain BlackRock LTIP programs. Additional information regarding the BlackRock/MLIM transaction and our BlackRock LTIP shares obligation is included in Note 2 Acquisitions and Divestitures included in the Notes to Consolidated Financial Statements in Item 8 of this Report.
NM Not meaningful

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Financial Derivatives – 2007

December 31, 2007- dollars in millions	Notional/ Contractual Amount	Estimated Net Fair Value	Weighted Average Maturity	Weighted-Average Interest Rates Paid	Weighted-Average Interest Rates Received
Accounting Hedges					
Interest rate risk management					
Asset rate conversion					
Interest rate swaps (a)					
Receive fixed	$ 7,856	$ 325	4 yrs. 2 mos.	4.28%	5.34%
Liability rate conversion					
Interest rate swaps (a)					
Receive fixed	9,440	269	4 yrs. 10 mos.	4.12%	5.09%
Total interest rate risk management	17,296	594			
Commercial mortgage banking risk management					
Pay fixed interest rate swaps (a)	1,128	(79)	8 yrs. 8 mos.	5.45%	4.52%
Total accounting hedges (b)	$ 18,424	$ 515			
Free-Standing Derivatives					
Customer-related					
Interest rate					
Swaps	$ 61,768	$ (39)	5 yrs. 4 mos.	4.46%	4.49%
Caps/floors					
Sold	2,837	(5)	6 yrs. 5 mos.	NM	NM
Purchased	2,356	7	3 yrs. 7 mos.	NM	NM
Futures	5,564		8 mos.	NM	NM
Foreign exchange	7,028	8	7 mos.	NM	NM
Equity	1,824	(69)	1 yr. 5 mos.	NM	NM
Swaptions	3,490	40	13 yrs. 10 mos.	NM	NM
Other	200		10 yrs. 6 mos.	NM	NM
Total customer-related	85,067	(58)			
Other risk management and proprietary					
Interest rate					
Swaps	41,247	6	4 yrs. 5 mos.	4.44%	4.47%
Caps/floors					
Sold	6,250	(82)	2 yrs. 1 mo.	NM	NM
Purchased	7,760	117	1 yr. 11 mos.	NM	NM
Futures	43,107		1 yr. 7 mos.	NM	NM
Foreign exchange	8,713	5	6 yrs. 8 mos.	NM	NM
Credit derivatives	5,823	42	12 yrs. 1 mo.	NM	NM
Risk participation agreements	1,183		4 yrs. 6 mos.	NM	NM
Commitments related to mortgage-related assets	3,190	10	4 mos.	NM	NM
Options					
Futures	39,158	(2)	8 mos.	NM	NM
Swaptions	21,800	49	8 yrs. 1 mo.	NM	NM
Other (c)	442	(201)	NM	NM	NM
Total other risk management and proprietary	178,673	(56)			
Total free-standing derivatives	$ 263,740	$ (114)			

(a) The floating rate portion of interest rate contracts is based on money-market indices. As a percent of a notional amount, 52% were based on 1-month LIBOR, 43% on 3-month LIBOR and 5% on Prime Rate.
(b) Fair value amounts include net accrued interest receivable of $130 million.
(c) See (e) on page 70.
NM Not meaningful

2007 VERSUS 2006

CONSOLIDATED INCOME STATEMENT REVIEW

Summary Results
Consolidated net income for 2007 was $1.467 billion or $4.35 per diluted share and for 2006 was $2.595 billion or $8.73 per diluted share.

Net income for 2006 included the after-tax impact of the following items:
- The third quarter gain on the BlackRock/MLIM transaction of $1.3 billion, or $4.36 per diluted share;
- The third quarter securities portfolio rebalancing loss of $127 million, or $.43 per diluted share;
- BlackRock/MLIM transaction integration costs of $47 million, or $.16 per diluted share, and
- The third quarter mortgage loan portfolio repositioning loss of $31 million, or $.10 per diluted share.

The aggregate impact of these items increased 2006 net income by $1.1 billion, or $3.67 per diluted share.

Net Interest Income
Net interest income was $2.915 billion for 2007 and $2.245 billion for 2006, an increase of $670 million, or 30%. This increase was consistent with the $20.3 billion, or 26%, increase in average interest-earning assets during 2007 compared with 2006. The net interest margin was 3.00% in 2007 and 2.92% for 2006, an increase of 8 basis points.

Provision For Credit Losses
The provision for credit losses totaled $315 million for 2007 and $124 million for 2006. Of the total 2007 provision, $188 million was recorded in the fourth quarter, including approximately $45 million related to our Yardville acquisition. The higher provision in 2007 was also impacted by an increase in our real estate portfolio, including residential real estate development exposure, and growth in total credit exposure. Total residential real estate development outstandings were approximately $2.1 billion at December 31, 2007.

Noninterest Income
<u>Summary</u>
Noninterest income was $3.790 billion for 2007 and $6.327 billion for 2006. Noninterest income for 2007 included the impact of an $83 million gain recognized in connection with our transfer of BlackRock shares to satisfy a portion of PNC's LTIP obligation and a $210 million net loss representing the mark-to-market adjustment on our LTIP obligation.

Noninterest income for 2006 included the impact of the following items:
- The gain on the BlackRock/MLIM transaction, which totaled $2.078 billion,
- The effects of our third quarter 2006 balance sheet repositioning activities that resulted in charges totaling $244 million, and
- PNC consolidated BlackRock in its results for the first nine months of 2006 but accounted for BlackRock on the equity method for the fourth quarter of 2006 and all of 2007. Had our BlackRock investment been on the equity method for all of 2006, BlackRock's noninterest income reported by us would have been lower by $943 million for that year.

Apart from the impact of these items, noninterest income increased $367 million, or 10%, in 2007 compared with 2006 largely as a result of the Mercantile acquisition and growth in several fee income categories.

<u>Additional analysis</u>
Fund servicing fees declined $58 million in 2007, to $835 million, compared with $893 million in the prior year. Amounts for 2006 included $117 million of distribution fee revenue at Global Investment Servicing. Effective January 1, 2007, we refined our accounting and reporting of Global Investment Servicing's distribution fee revenue and related expense amounts and present these amounts net on a prospective basis. Prior to 2007, the distribution amounts were shown on a gross basis within fund servicing fees and within other noninterest expense and offset each other entirely with no impact on earnings.

Apart from the impact of the distribution fee revenue included in the 2006 amounts, fund servicing fees increased $59 million in 2007 compared with the prior year. Higher revenue from offshore operations, transfer agency, managed accounts and alternative investments contributed to the increase in 2007, reflecting net new business and growth from existing clients.

Asset management fees totaled $784 million for 2007 and $1.420 billion for 2006. Our equity income from BlackRock has been included in asset management fees beginning with the fourth quarter of 2006. Asset management fees were higher in 2006 as the first nine months of 2006 reflected the impact of BlackRock's revenue on a consolidated basis.

Assets managed at December 31, 2007 totaled $74 billion compared with $54 billion at December 31, 2006. This increase resulted primarily from the Mercantile acquisition.

Consumer services fees increased $81 million, or 13%, to $692 million in 2007 compared with 2006. The increase reflected the impact of Mercantile, higher brokerage fees, higher debit card revenues resulting from higher transaction volumes, and fees from the credit card business that began in the latter part of 2006.

Corporate services revenue was $713 million for 2007, an increase of $87 million, or 14%, over 2006. Higher revenue from commercial mortgage servicing including the impact of the ARCS acquisition, treasury management, third party consumer loan servicing activities and the Mercantile acquisition contributed to the increase in 2007 over the prior year.

Service charges on deposits increased $35 million, or 11%, to $348 million for 2007 compared with 2006. The increase was primarily due to the impact of Mercantile.

Net securities losses totaled $5 million in 2007 and $207 million in 2006. We took actions during the third quarter of 2006 that resulted in the sale of approximately $6 billion of investment securities at an aggregate pretax loss of $196 million during that quarter.

Other noninterest income decreased $170 million, to $423 million, in 2007 compared with 2006. Net losses of $127 million in 2007 representing the net of the mark-to-market adjustment on our LTIP obligation and gain recognized in connection with our transfer of shares to satisfy a portion of our LTIP obligation, compared with a net loss of $12 million on our LTIP shares obligation in 2006, where such obligation was applicable in the fourth quarter. Noninterest revenue from trading activities totaled $104 million in 2007 compared with $183 million in 2006. While customer trading income increased in comparison, total trading revenue declined in 2007 largely due to the lower economic hedging gains associated with commercial mortgage loan activity and economic hedging losses associated with structured resale agreements. Other noninterest income for 2006 included a $48 million loss incurred in the third quarter in connection with the rebalancing of our residential mortgage portfolio.

Noninterest income for 2006 also included the $2.078 billion gain on the BlackRock/MLIM transaction, whereas there was no similar transaction in 2007.

Noninterest Expense
Total noninterest expense was $4.296 billion for 2007, a decrease of $147 million compared with $4.443 billion for 2006.

Noninterest expense for 2007 included the following:
- Acquisition integration costs of $102 million, and
- A charge of $82 million for an indemnification obligation related to certain Visa litigation.

Noninterest expense for 2006 included the following:
- The first nine months of 2006 included $765 million of expenses related to BlackRock, which was still consolidated during that time, and
- BlackRock/MLIM transaction integration costs totaling $91 million.

Apart from the impact of these items, noninterest expense increased $525 million, or 15%, in 2007 compared with 2006. These increases were largely a result of the acquisition of Mercantile. Investments in growth initiatives were mitigated by disciplined expense management.

EFFECTIVE TAX RATE
Our effective tax rate was 29.9% for 2007 and 34% for 2006. The lower effective tax rate in 2007 compared with the prior year reflected the impact of the following matters:
- An increase in income taxes related to the gain from, and a $57 million cumulative adjustment to increase deferred income taxes in connection with, the BlackRock/MLIM transaction in 2006, and
- Lower pretax income for the fourth quarter of 2007 had the impact of reducing the effective tax rate for the full year.

CONSOLIDATED BALANCE SHEET REVIEW
Loans
Loans increased $18.2 billion, or 36%, as of December 31, 2007 compared with December 31, 2006. Our Mercantile acquisition added $12.4 billion of loans including $4.9 billion of commercial, $4.8 billion of commercial real estate, $1.6 billion of consumer and $1.1 billion of residential mortgage loans. Our Yardville acquisition added $1.9 billion of loans.

Securities
Total securities at December 31, 2007 were $30.2 billion compared with $23.2 billion at December 31, 2006. Securities represented 22% of total assets at December 31, 2007 and 23% of total assets at December 31, 2006. Our acquisition of Mercantile included approximately $2 billion of securities classified as available for sale. The increase in total securities compared with December 31, 2006 was primarily due to higher balances in residential mortgage-backed, commercial mortgage-backed and asset-backed securities.

At December 31, 2007, the investment securities balance included a net unrealized loss of $265 million, which represented the difference between fair value and amortized cost. The comparable amount at December 31, 2006 was a net unrealized loss of $142 million. The expected weighted-average life of investment securities (excluding corporate stocks and other) was 3 years and 6 months at December 31, 2007 and 3 years and 8 months at December 31, 2006.

Loans Held For Sale
Loans held for sale totaled $3.9 billion at December 31, 2007 compared with $2.4 billion at December 31, 2006.

Loans held for sale included commercial mortgage loans intended for securitization totaling $2.1 billion at December 31, 2007 and $.9 billion at December 31, 2006. The balance at December 31, 2007 increased as market conditions were not conducive to completing securitization transactions during the fourth quarter of 2007.

Loans held for sale also included education loans held for sale of $1.5 billion at December 31, 2007 and $1.3 billion at December 31, 2006. Gains on sales of education loans totaled $24 million in 2007 and $33 million for 2006. These gains are reflected in the other noninterest income line item in our Consolidated Income Statement and in the results of the Retail Banking business segment.

Asset Quality
Total nonperforming assets at December 31, 2007 increased $311 million, to $495 million, compared with December 31, 2006. Nonperforming loans, the largest component of nonperforming assets, increased $294 million, to $454 million, at December 31, 2007 compared with December 31, 2006. Of this increase in nonperforming loans, $192 million occurred during the fourth quarter of 2007. The increase was primarily due to higher nonaccrual commercial real estate loans primarily related to residential real estate development exposure. At December 31, 2007, our largest nonperforming asset was approximately $20 million and our average nonperforming loan associated with commercial lending was approximately $0.5 million.

The ratio of nonperforming assets to total assets rose to .36% at December 31, 2007 compared with .18% at December 31, 2006. The allowance for loan and lease losses was $830 million and represented 1.21% of total loans and 183% of nonperforming loans at December 31, 2007. The comparable amounts were $560 million, 1.12% and 350%, respectively, at December 31, 2006.

Goodwill and Other Intangible Assets
The sum of goodwill and other intangible assets increased $5.5 billion at December 31, 2007 compared with the prior year end, to $9.6 billion. We added $4.7 billion of goodwill and other intangible assets in connection with the Mercantile acquisition. In addition, our acquisitions of ARCS, Yardville and Albridge collectively added $.9 billion of goodwill and other intangible assets during 2007.

Funding Sources
Total funding sources were $113.6 billion at December 31, 2007 and $81.3 billion at December 31, 2006. Funding sources increased $32.3 billion in the comparison as total deposits increased $16.4 billion and total borrowed funds increased $15.9 billion. Our acquisition of Mercantile added $12.5 billion of deposits and $2.1 billion of borrowed funds. The Yardville acquisition resulted in $2.0 billion of deposits.

During the first quarter of 2007 we issued borrowings to fund the $2.1 billion cash portion of the Mercantile acquisition. The remaining increase in borrowed funds was the result of growth in loans and securities and the need to fund other net changes in our balance sheet. During the second half of 2007 we substantially increased Federal Home Loan Bank borrowings, which provided us with additional liquidity at relatively attractive rates.

Shareholders' Equity
Total shareholders' equity increased $4.1 billion, to $14.9 billion, at December 31, 2007 compared with December 31, 2006. In addition to the net impact of earnings and dividends in 2007, this increase reflected a $2.5 billion reduction in treasury stock and a $1.0 billion increase in capital surplus, largely due to the issuance of PNC common shares for the Mercantile and Yardville acquisitions.

Regulatory capital ratios at December 31, 2007 were 6.2% for leverage, 6.8% for Tier 1 risk-based and 10.3% for total risk-based capital. At December 31, 2006, the regulatory capital ratios were 9.3% for leverage, 10.4% for Tier 1 risk-based and 13.5% for total risk-based capital.

Glossary of Terms

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

Adjusted average total assets - Primarily comprised of total average quarterly (or annual) assets plus (less) unrealized losses (gains) on investment securities, less goodwill and certain other intangible assets (net of eligible deferred taxes).

Annualized - Adjusted to reflect a full year of activity.

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

Basis point - One hundredth of a percentage point.

Charge-off - Process of removing a loan or portion of a loan from our balance sheet because it is considered uncollectible. We also record a charge-off when a loan is transferred to held for sale by reducing the carrying amount by the allowance for loan losses associated with such loan or, if the market value is less than its carrying amount, by the amount of that difference.

Common shareholders' equity to total assets- Common shareholders' equity divided by total assets. Common shareholders' equity equals total shareholders' equity less the liquidation value of preferred stock.

Credit derivatives - Contractual agreements, primarily credit default swaps, that provide protection against a credit event of one or more referenced credits. The nature of a credit event is established by the protection buyer and protection seller at the inception of a transaction, and such events include bankruptcy, insolvency and failure to meet payment obligations when due. The buyer of the credit derivative pays a periodic fee in return for a payment by the protection seller upon the occurrence, if any, of a credit event.

Credit spread - The difference in yield between debt issues of similar maturity. The excess of yield attributable to credit spread is often used as a measure of relative creditworthiness, with a reduction in the credit spread reflecting an improvement in the borrower's perceived creditworthiness.

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

Derivatives - Financial contracts whose value is derived from publicly traded securities, interest rates, currency exchange rates or market indices. Derivatives cover a wide assortment of financial contracts, including forward contracts, futures, options and swaps.

Distressed loan portfolio - Includes residential real estate development loans, cross border leases, subprime residential mortgage loans, brokered home equity loans and certain other residential real estate loans. These loans require special servicing and management oversight given current market conditions. The majority of these loans are from acquisitions, primarily National City.

Duration of equity - An estimate of the rate sensitivity of our economic value of equity. A negative duration of equity is associated with asset sensitivity (*i.e.,* positioned for rising interest rates), while a positive value implies liability sensitivity (*i.e.,* positioned for declining interest rates). For example, if the duration of equity is +1.5 years, the economic value of equity declines by 1.5% for each 100 basis point increase in interest rates.

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

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

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

Efficiency - Noninterest expense divided by the sum of net interest income (GAAP basis) and noninterest income.

Fair value - The price that would be received to sell an asset or the price that would be paid to transfer a liability on the measurement date using the principal or most advantageous market for the asset or liability in an orderly transaction between willing market participants.

Foreign exchange contracts - Contracts that provide for the future receipt and delivery of foreign currency at previously agreed-upon terms.

Funds transfer pricing - A management accounting methodology designed to recognize the net interest income effects of sources and uses of funds provided by the assets and liabilities of a business segment. We assign these balances LIBOR-based funding rates at origination that represent the interest cost for us to raise/invest funds with similar maturity and repricing structures.

Futures and forward contracts - Contracts in which the buyer agrees to purchase and the seller agrees to deliver a specific financial instrument at a predetermined price or yield. May be settled either in cash or by delivery of the underlying financial instrument.

GAAP - Accounting principles generally accepted in the United States of America.

Impaired loans - Acquired loans determined to be credit impaired under AICPA Statement of Position 03-3, *Accounting for Certain Loans or Debt Securities Acquired in a Transfer*. Loans are determined to be impaired if there is evidence of credit deterioration since origination and for which it is probable that all contractually required payments will not be collected.

Interest rate floors and caps - Interest rate protection instruments that involve payment from the protection seller to the protection buyer of an interest differential, which represents the difference between a short-term rate (e.g., three-month LIBOR) and an agreed-upon rate (the strike rate) applied to a notional principal amount.

Interest rate swap contracts - Contracts that are entered into primarily as an asset/liability management strategy to reduce interest rate risk. Interest rate swap contracts are exchanges of interest rate payments, such as fixed-rate payments for floating-rate payments, based on notional principal amounts.

Intrinsic value - The amount by which the fair value of an underlying stock exceeds the exercise price of an option on that stock.

Investment securities - Collectively, securities available for sale and securities held to maturity.

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

LIBOR - Acronym for London InterBank Offered Rate. LIBOR is the average interest rate charged when banks in the London wholesale money market (or interbank market) borrow unsecured funds from each other. LIBOR rates are used as a benchmark for interest rates on a global basis.

Net interest income from loans and deposits - A management accounting assessment, using funds transfer pricing methodology, of the net interest contribution from loans and deposits.

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

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

Noninterest income to total revenue - Noninterest income divided by the sum of net interest income (GAAP basis) and noninterest income.

Nonperforming assets - Nonperforming assets include nonaccrual loans, troubled debt restructured loans, foreclosed assets and other assets. We do not accrue interest income on assets classified as nonperforming.

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

Notional amount - A number of currency units, shares, or other units specified in a derivatives contract.

Operating leverage - The period to period dollar or percentage change in total revenue (GAAP basis) less the dollar or percentage change in noninterest expense. A positive variance indicates that revenue growth exceeded expense growth (*i.e.,* positive operating leverage) while a negative variance implies expense growth exceeded revenue growth (*i.e.,* negative operating leverage).

Options - Contracts that grant the purchaser, for a premium payment, the right, but not the obligation, to either purchase or sell the associated financial instrument at a set price during a specified period or at a specified date in the future.

Other-than-temporary impairment - Impairment occurs when the fair value of a security is less than its cost. The impairment is considered other-than-temporary when it is probable that the holder will be unable to collect all amounts due according to contractual terms of a debt security at acquisition. A few factors that are considered to determine whether a decline in fair value is other than temporary may include a) the length of the time and the extent to which the market value has been less than cost; b) the financial condition and near-term prospects of the issuer, including any specific events which may influence the operations of the issuer such as changes in technology that may impair the earnings potential of the investment or the discontinuance of a segment of the business that may affect the future earnings potential; or c) the intent and ability of the holder to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in market value.

Securities determined to be other-than-temporary-impaired are written down to fair value with the loss recognized in income during the period in which the assessment is made. The fair value would take into account credit and liquidity risk.

Recovery - Cash proceeds received on a loan that we had previously charged off. We credit the amount received to the allowance for loan and lease losses.

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

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

Return on average common shareholders' equity- Annualized net income less preferred stock dividends divided by average common shareholders' equity.

Return on average tangible common shareholders' equity- Annualized net income less preferred stock dividends divided by average common shareholders' equity less goodwill and other intangible assets (net of deferred taxes for both taxable and nontaxable combinations), and excluding mortgage servicing rights.

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

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

Servicing rights - An intangible asset or liability created by an obligation to service assets for others. Typical servicing rights include the right to receive a fee for collecting and forwarding payments on loans and related taxes and insurance premiums held in escrow.

Swaptions - Contracts that grant the purchaser, for a premium payment, the right, but not the obligation, to enter into an interest rate swap agreement during a specified period or at a specified date in the future.

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Tangible common equity ratio - Period-end common shareholders' equity less goodwill and other intangible assets (net of deferred taxes), and excluding mortgage servicing rights, divided by period-end assets less goodwill and other intangible assets (net of deferred taxes), and excluding mortgage servicing rights.

Taxable-equivalent interest - The interest income earned on certain assets is completely or partially exempt from federal income tax. As such, these tax-exempt instruments typically yield lower returns than taxable investments. To provide more meaningful comparisons of yields and margins for all interest-earning assets, we use interest income on a taxable-equivalent basis in calculating average yields and net interest margins by increasing the interest income earned on tax-exempt assets to make it fully equivalent to interest income earned on other taxable investments. This adjustment is not permitted under GAAP on the Consolidated Income Statement.

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

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

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

Total return swap - A non-traditional swap where one party agrees to pay the other the "total return" of a defined underlying asset (*e.g.,* a loan), usually in return for receiving a stream of LIBOR-based cash flows. The total returns of the asset, including interest and any default shortfall, are passed through to the counterparty. The counterparty is therefore assuming the credit and economic risk of the underlying asset.

Total risk-based capital - Tier 1 risk-based capital plus qualifying subordinated debt and trust preferred securities, other minority interest not qualified as Tier 1, eligible gains on available for sale equity securities and the allowance for loan and lease losses, subject to certain limitations.

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

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

Value-at-risk ("VaR") - A statistically-based measure of risk which describes the amount of potential loss which may be incurred due to severe and adverse market movements. The measure is of the maximum loss which should not be exceeded on 99 out of 100 days.

Watchlist - A list of criticized loans, credit exposure or other assets compiled for internal monitoring purposes. We define criticized exposure for this purpose as exposure with an
internal risk rating of other assets especially mentioned, substandard, doubtful or loss.

Yield curve - A graph showing the relationship between the yields on financial instruments or market indices of the same credit quality with different maturities. For example, a "normal" or "positive" yield curve exists when long-term bonds have higher yields than short-term bonds. A "flat" yield curve exists when yields are the same for short-term and long-term bonds. A "steep" yield curve exists when yields on long-term bonds are significantly higher than on short-term bonds. An "inverted" or "negative" yield curve exists when short-term bonds have higher yields than long-term bonds.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

We make statements in this Report, and we may from time to time make other statements, regarding our outlook or expectations for earnings, revenues, expenses, capital levels, liquidity levels, asset quality and/or other matters regarding or affecting PNC that are forward-looking statements within the meaning of the Private Securities Litigation Reform Act. Forward-looking statements are typically identified by words such as "believe," "expect," "anticipate," "intend," "outlook," "estimate," "forecast," "will," " project" and other similar words and expressions.

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

Our forward-looking statements are subject to the following principal risks and uncertainties. We provide greater detail regarding some of these factors elsewhere in this Report, including in the Risk Factors and Risk Management sections. Our forward-looking statements may also be subject to other risks and uncertainties, including those discussed elsewhere in this Report or in our other filings with the SEC.

- Our businesses and financial results are affected by business and economic conditions, both generally and specifically in the principal markets in which we operate. In particular, our businesses and financial results may be impacted by:
  - Changes in interest rates and valuations in the debt, equity and other financial markets.
  - Disruptions in the liquidity and other functioning of financial markets, including such disruptions in the markets for real estate and other assets commonly securing financial products.
  - Actions by the Federal Reserve and other government agencies, including those that impact money supply and market interest rates.
  - Changes in our customers', suppliers' and other counterparties' performance in general and their creditworthiness in particular.
  - Changes in customer preferences and behavior, whether as a result of changing business and economic conditions or other factors.
- A continuation of recent turbulence in significant portions of the US and global financial markets, particularly if it worsens, could impact our performance, both directly by affecting our revenues and the value of our assets and liabilities and indirectly by affecting our counterparties and the economy generally.
- Our business and financial performance could be impacted as the financial industry restructures in the current environment, both by changes in the creditworthiness and performance of our counterparties and by changes in the competitive landscape.
- Given current economic and financial market conditions, our forward-looking financial statements are subject to the risk that these conditions will be substantially different than we are currently expecting. These statements are based on our current expectations that interest rates will remain low through 2009 with continued wide market credit spreads, and our view that national economic trends currently point to a continuation of severe recessionary conditions in 2009 followed by a subdued recovery.
- Legal and regulatory developments could have an impact on our ability to operate our businesses or our financial condition or results of operations or our competitive position or reputation. Reputational impacts, in turn, could affect matters such as business generation and retention, our ability to attract and retain management, liquidity, and funding. These legal and regulatory developments could include:
  - Changes resulting from the Emergency Economic Stabilization Act of 2008, the American Recovery and Reinvestment Act of 2009, and other developments in response to the current economic and financial industry environment, including current and future conditions or restrictions imposed as a result of our participation in the TARP Capital Purchase Program.
  - Legislative and regulatory reforms generally, including changes to laws and regulations involving tax, pension, bankruptcy, consumer protection, and other aspects of the financial institution industry.
  - Increased litigation risk from recent regulatory and other governmental developments.
  - Unfavorable resolution of legal proceedings or regulatory and other governmental inquiries.
  - The results of the regulatory examination and supervision process, including our failure to satisfy the requirements of agreements with governmental agencies.
  - Changes in accounting policies and principles.
- Our issuance of securities to the US Department of the Treasury may limit our ability to return capital to our shareholders and is dilutive to our common shares. If we are unable previously to redeem the shares, the dividend rate increases substantially after five years.
- Our business and operating results are affected by our ability to identify and effectively manage risks inherent in our businesses, including, where appropriate, through the effective use of third-party insurance, derivatives, and capital management techniques.
- The adequacy of our intellectual property protection, and the extent of any costs associated with obtaining rights in intellectual property claimed by others, can impact our business and operating results.
- Our ability to anticipate and respond to technological changes can have an impact on our ability to respond to customer needs and to meet competitive demands.
- Our ability to implement our business initiatives and strategies could affect our financial performance over the next several years.
- Competition can have an impact on customer acquisition, growth and retention, as well as on our credit spreads and product pricing, which can affect market share, deposits and revenues.
- Our business and operating results can also be affected by widespread natural disasters, terrorist activities or international hostilities, either as a result of the impact on the economy and capital and other financial markets generally or on us or on our customers, suppliers or other counterparties specifically.
- Also, risks and uncertainties that could affect the results anticipated in forward-looking statements or from historical performance relating to our equity interest in BlackRock, Inc. are discussed in more detail in BlackRock's filings with the SEC, including in the Risk Factors sections of BlackRock's reports. BlackRock's SEC filings are accessible on the SEC's website and on or through BlackRock's website at www.blackrock.com.

This material is referenced for informational purposes only and should not be deemed to constitute a part of this report.

In addition, our recent acquisition of National City Corporation ("National City") presents us with a number of risks and uncertainties related both to the acquisition transaction itself and to the integration of the acquired businesses into PNC. These risks and uncertainties include the following:

- The transaction may be substantially more expensive to complete (including the required divestitures and the integration of National City's businesses) and the anticipated benefits, including anticipated cost savings and strategic gains, may be significantly harder or take longer to achieve than expected or may not be achieved in their entirety as a result of unexpected factors or events.
- Our ability to achieve anticipated results from this transaction is dependent on the state going forward of the economic and financial markets, which have been under significant stress recently. Specifically, we may incur more credit losses from National City's loan portfolio than expected. Other issues related to achieving anticipated financial results include the possibility that deposit attrition or attrition in key client, partner and other relationships may be greater than expected.
- Litigation and governmental investigations currently pending against National City, as well as others that may be filed or commenced relating to National City's business and activities before the acquisition could adversely impact our financial results.
- Our ability to achieve anticipated results is also dependent on our ability to bring National City's systems, operating models, and controls into conformity with ours and to do so on our planned time schedule. The integration of National City's business and operations into PNC, which will include conversion of National City's different systems and procedures, may take longer than anticipated or be more costly than anticipated or have unanticipated adverse results relating to National City's or PNC's existing businesses. PNC's ability to integrate National City successfully may be adversely affected by the fact that this transaction will result in PNC entering several markets where PNC did not previously have any meaningful retail presence.

In addition to the National City transaction, we grow our business from time to time by acquiring other financial services companies. Acquisitions in general present us with risks, in addition to those presented by the nature of the business acquired, similar to some or all of those described above relating to the National City acquisition.

ITEM 7A – QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

This information is set forth in the Risk Management section of Item 7 of this Report.

ITEM 8 – FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Included below is the report of our current independent registered public accounting firm. The report of our previous independent registered public accounting firm is included under Item 15 of this Report.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of The PNC Financial Services Group, Inc.

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, shareholders' equity, and cash flows present fairly, in all material respects, the financial position of The PNC Financial Services Group, Inc. and its subsidiaries (the "Company") at December 31, 2008 and 2007, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2008, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As described in Management's Report on Internal Control over Financial Reporting, management has excluded National City Corporation from its assessment of internal control over financial reporting as of December 31, 2008 because it was acquired by the Company in a purchase business combination on December 31, 2008. We have also excluded National City Corporation from our audit of internal control over financial reporting. National City Corporation's total assets represented $136 billion of the related consolidated financial statement amount as of December 31, 2008.

/s/ PricewaterhouseCoopers LLP

Pittsburgh, Pennsylvania

March 2, 2009

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CONSOLIDATED INCOME STATEMENT

THE PNC FINANCIAL SERVICES GROUP, INC.

In millions, except per share data	Year ended December 31 2008	2007	2006
Interest Income			
Loans	**$4,138**	$4,232	$3,203
Investment securities	**1,746**	1,429	1,049
Other	**429**	505	360
Total interest income	**6,313**	6,166	4,612
Interest Expense			
Deposits	**1,485**	2,053	1,590
Borrowed funds	**1,005**	1,198	777
Total interest expense	**2,490**	3,251	2,367
Net interest income	**3,823**	2,915	2,245
Noninterest Income			
Fund servicing	**904**	835	893
Asset management	**686**	784	1,420
Consumer services	**623**	692	611
Corporate services	**704**	713	626
Service charges on deposits	**372**	348	313
Net securities losses	**(206)**	(5)	(207)
Gain on BlackRock/MLIM transaction			2,078
Other	**284**	423	593
Total noninterest income	**3,367**	3,790	6,327
Total revenue	**7,190**	6,705	8,572
Provision for credit losses	**1,517**	315	124
Noninterest Expense			
Personnel	**2,154**	2,140	2,432
Occupancy	**368**	350	310
Equipment	**359**	311	303
Marketing	**125**	115	104
Other	**1,424**	1,380	1,294
Total noninterest expense	**4,430**	4,296	4,443
Income before minority interest and income taxes	**1,243**	2,094	4,005
Minority interest in income of BlackRock			47
Income taxes	**361**	627	1,363
Net income	**$ 882**	$1,467	$2,595
Earnings Per Common Share			
Basic	**$ 2.50**	$ 4.43	$ 8.89
Diluted	**$ 2.46**	$ 4.35	$ 8.73
Average Common Shares Outstanding			
Basic	**344**	331	292
Diluted	**347**	335	297

See accompanying Notes To Consolidated Financial Statements.

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CONSOLIDATED BALANCE SHEET

THE PNC FINANCIAL SERVICES GROUP, INC.

In millions, except par value	December 31 2008	2007
Assets		
Cash and due from banks	**$ 4,471**	$ 3,567
Federal funds sold and resale agreements (includes $1,072 measured at fair value at December 31, 2008) (a)	**1,856**	2,729
Trading securities	**1,725**	3,556
Interest-earning deposits with banks	**14,859**	346
Other short-term investments	**1,025**	227
Loans held for sale (includes $1,400 measured at fair value at December 31, 2008) (a)	**4,366**	3,927
Investment securities	**43,473**	30,225
Loans	**175,489**	68,319
Allowance for loan and lease losses	**(3,917)**	(830)
Net loans	**171,572**	67,489
Goodwill	**8,868**	8,405
Other intangible assets	**2,820**	1,146
Equity investments	**8,554**	6,045
Other	**27,492**	11,258
Total assets	**$291,081**	$138,920
Liabilities		
Deposits		
Noninterest-bearing	**$ 37,148**	$ 19,440
Interest-bearing	**155,717**	63,256
Total deposits	**192,865**	82,696
Borrowed funds		
Federal funds purchased and repurchase agreements	**5,153**	9,774
Federal Home Loan Bank borrowings	**18,126**	7,065
Bank notes and senior debt	**13,664**	6,821
Subordinated debt	**11,208**	4,506
Other	**4,089**	2,765
Total borrowed funds	**52,240**	30,931
Allowance for unfunded loan commitments and letters of credit	**344**	134
Accrued expenses	**3,949**	4,330
Other	**14,035**	4,321
Total liabilities	**263,433**	122,412
Minority and noncontrolling interests in consolidated entities	**2,226**	1,654
Shareholders' Equity		
Preferred stock (b)		
Common stock – $5 par value		
Authorized 800 shares, issued 452 and 353 shares	**2,261**	1,764
Capital surplus – preferred stock	**7,918**	
Capital surplus – common stock and other	**8,328**	2,618
Retained earnings	**11,461**	11,497
Accumulated other comprehensive loss	**(3,949)**	(147)
Common stock held in treasury at cost: 9 and 12 shares	**(597)**	(878)
Total shareholders' equity	**25,422**	14,854
Total liabilities, minority and noncontrolling interests, and shareholders' equity	**$291,081**	$138,920

(a) Amounts represent items for which the Corporation has elected the fair value option under SFAS 159.
(b) Par value less than $.5 million at each date.
See accompanying Notes To Consolidated Financial Statements.

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CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

THE PNC FINANCIAL SERVICES GROUP, INC.

In millions	Shares Outstanding Common Stock	Common Stock	Capital Surplus - Preferred Stock	Capital Surplus - Common Stock and Other	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total
Balance at January 1, 2006 (a)	293	$ 1,764		$ 1,299	$ 9,023	$ (267)	$ (3,256)	$ 8,563
Net income					2,595			2,595
Net unrealized securities losses						149		149
Net unrealized losses on cash flow hedge derivatives						13		13
Additional minimum pension liability under SFAS 87						(1)		(1)
Other						3		3
Comprehensive income								2,759
Cash dividends declared								
Common					(632)			(632)
Preferred					(1)			(1)
BlackRock/MLIM transaction (b)				262				262
Treasury stock activity (c)				(12)			(121)	(133)
Tax benefit of stock option plans				29				29
Stock options granted				31				31
Effect of BlackRock equity transactions				27				27
Restricted stock/unit and incentive/performance unit share transactions				15				15
Net effect of adopting SFAS 158						(132)		(132)
Balance at December 31, 2006 (a)	293	$ 1,764		$ 1,651	$ 10,985	$ (235)	$ (3,377)	$10,788
Net income					1,467			1,467
Net unrealized securities losses						(76)		(76)
Net unrealized gains on cash flow hedge derivatives						188		188
Pension, other postretirement and postemployment benefit plan adjustments						(29)		(29)
Other						5		5
Comprehensive income								1,555
Cash dividends declared – common					(806)			(806)
Net effect of adopting FSP FAS 13-2					(149)			(149)
Treasury stock issued for acquisitions	56			872			3,147	4,019
Treasury stock activity – all other	(8)			(17)			(648)	(665)
Tax benefit of stock option plans				18				18
Stock options granted				28				28
Effect of BlackRock equity transactions				53				53
Restricted stock/unit and incentive/performance unit share transactions				13				13
Balance at December 31, 2007 (a)	341	$ 1,764		$ 2,618	$ 11,497	$ (147)	$ (878)	$14,854
Net effect of adopting EITF 06-4					(12)			(12)
Net effect of adopting SFAS 157 and SFAS 159					17			17
Balance at January 1, 2008	341	$ 1,764		$ 2,618	$ 11,502	$ (147)	$ (878)	$14,859
Net income					**882**			**882**
Other comprehensive income (loss), net of tax								
Net unrealized securities losses						**(3,459)**		**(3,459)**
Net unrealized gains on cash flow hedge derivatives						**199**		**199**
Pension, other postretirement and postemployment benefit plan adjustments						**(490)**		**(490)**
Other						**(52)**		**(52)**
Comprehensive income (loss)								**(2,920)**
Cash dividends declared								
Common					**(902)**			**(902)**
Preferred					**(21)**			**(21)**
Common stock activity – acquisition	**99**	**497**		**5,419**				**5,916**
Treasury stock activity	**3**			**(110)**			**281**	**171**
Preferred stock issuance – Series K			**493**					**493**
Preferred stock issuance – Series L			**150**					**150**
Preferred stock issuance – Series N (d)			**7,275**					**7,275**
TARP Warrant (d)				**304**				**304**
Tax benefit of stock option plans				**17**				**17**
Stock options granted				**22**				**22**
Effect of BlackRock equity transactions				**43**				**43**
Restricted stock/unit and incentive/performance unit share transactions				**15**				**15**
Balance at December 31, 2008 (a)	**443**	**$ 2,261**	**$ 7,918**	**$ 8,328**	**$ 11,461**	**$ (3,949)**	**$ (597)**	**$25,422**

(a) The par value of our preferred stock outstanding was less than $.5 million at each date and, therefore, is excluded from this presentation.
(b) Represents the portion of our gain on the BlackRock/MLIM transaction that was credited to capital surplus.
(c) Our net treasury stock activity in 2006 was less than .1 million shares issued.
(d) Issued to the US Department of Treasury on December 31, 2008 under the TARP Capital Purchase Program.

See accompanying Notes To Consolidated Financial Statements.

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CONSOLIDATED STATEMENT OF CASH FLOWS

THE PNC FINANCIAL SERVICES GROUP, INC.

In millions	Year ended December 31 2008	2007	2006
Operating Activities			
Net income	**$ 882**	$ 1,467	$ 2,595
Adjustments to reconcile net income to net cash provided by operating activities			
Provision for credit losses	**1,517**	315	124
Depreciation, amortization and accretion	**325**	332	345
Deferred income taxes (benefit)	**(261)**	78	752
Net securities losses	**206**	5	207
Loan related valuation adjustments	**253**	24	45
Gain on BlackRock/MLIM transaction			(2,078)
Net losses (gains) related to BlackRock LTIP shares adjustment	**(246)**	127	12
Undistributed earnings of BlackRock	**(129)**	(207)	(39)
Visa redemption gain	**(95)**		
Reversal of legal contingency reserve established in connection with an acquisition due to a settlement	**(61)**		
Excess tax benefits from share-based payment arrangements	**(13)**	(15)	(29)
Net change in			
Trading securities and other short-term investments	**1,459**	(552)	156
Loans held for sale	**50**	(1,465)	435
Other assets	**(1,974)**	37	173
Accrued expenses and other liabilities	**5,140**	(498)	83
Other	**361**	(64)	(622)
Net cash provided (used) by operating activities	**7,414**	(416)	2,159
Investing Activities			
Repayment of investment securities	**4,246**	4,374	3,667
Sales			
Investment securities	**10,283**	6,056	11,102
Visa shares	**95**		
Loans	**76**	329	1,110
Purchases			
Investment securities	**(19,482)**	(15,884)	(15,707)
Loans	**(249)**	(2,747)	(3,072)
Net change in			
Federal funds sold and resale agreements	**1,301**	(1,147)	(1,413)
Loans	**(4,595)**	(2,160)	(278)
Net cash received from divestitures	**377**	59	
Net cash received from (paid for) acquisitions	**2,384**	(2,602)	(58)
Purchases of corporate and bank-owned life insurance	**(350)**	(117)	(425)
Interest-earning deposits with Federal Reserve	**(6,234)**		
Other	**(838)**	(800)	(288)
Net cash used by investing activities	**(12,986)**	(14,639)	(5,362)
Financing Activities			
Net change in			
Noninterest-bearing deposits	**1,719**	230	968
Interest-bearing deposits	**2,065**	1,769	4,940
Federal funds purchased and repurchase agreements	**(8,081)**	4,057	(1,058)
Federal Home Loan Bank short-term borrowings	**(2,000)**	2,000	
Other short-term borrowed funds	**840**	514	239
Sales/issuances			
Federal Home Loan Bank long-term borrowings	**5,050**	4,750	
Bank notes and senior debt	**3,626**	4,523	1,964
Subordinated debt	**759**	943	
Other long-term borrowed funds	**96**	250	279
Perpetual trust securities	**369**	490	489
Preferred stock – TARP	**7,275**		
Preferred stock – Other	**492**		
TARP Warrant	**304**		
Treasury stock	**375**	253	343
Repayments/maturities			
Federal Home Loan Bank long-term borrowings	**(1,158)**	(232)	(1,124)
Bank notes and senior debt	**(3,815)**	(1,590)	(2,200)
Subordinated debt	**(140)**	(887)	(471)
Other long-term borrowed funds	**(156)**	(217)	(26)
Excess tax benefits from share-based payment arrangements	**13**	15	29
Acquisition of treasury stock	**(234)**	(963)	(531)
Cash dividends paid	**(923)**	(806)	(633)
Net cash provided by financing activities	**6,476**	15,099	3,208
Net Increase In Cash And Due From Banks	**904**	44	5
Cash and due from banks at beginning of period	**3,567**	3,523	3,518
Cash and due from banks at end of period	**$ 4,471**	$ 3,567	$ 3,523
Cash Paid For			
Interest	**$ 2,145**	$ 2,973	$ 2,376
Income taxes	**706**	659	471
Non-cash Items			
Issuance of common stock for acquisitions	**5,916**	4,019	
Issuance of preferred stock for National City acquisition	**150**		
Net increase in investment in BlackRock	**126**	180	3,179
Transfer from (to) loans held for sale to (from) loans, net	**1,763**	(288)	(2,280)
Transfer from trading securities to investment securities	**599**		
Impact of FSP FAS 13-2, "Accounting for a Change or Projected Change in the Timing of Cash Flows Relating to Income Taxes Generated by a Leveraged Lease Transaction"	**15**	252	

See accompanying Notes To Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

THE PNC FINANCIAL SERVICES GROUP, INC.

BUSINESS

PNC is one of the largest diversified financial services companies in the United States and is headquartered in Pittsburgh, Pennsylvania.

As described in Note 2 Acquisitions and Divestitures, on December 31, 2008, PNC acquired National City Corporation ("National City"), which increased our assets to a total of $291 billion and expanded our total consolidated deposits to $193 billion.

Prior to the acquisition, PNC had businesses engaged in retail banking, corporate and institutional banking, asset management, and global investment servicing, providing many of its products and services nationally and others in PNC's primary geographic markets located in Pennsylvania, New Jersey, Washington DC, Maryland, Virginia, Ohio, Kentucky and Delaware. PNC also provided certain investment servicing internationally.

National City's primary businesses prior to its acquisition by PNC included commercial and retail banking, mortgage financing and servicing, consumer finance and asset management, operating through an extensive network in Ohio, Florida, Illinois, Indiana, Kentucky, Michigan, Missouri, Pennsylvania and Wisconsin. National City also conducted selected consumer lending businesses and other financial services on a nationwide basis.

PNC is now in the process of integrating the business and operations of National City with those of PNC.

NOTE 1 ACCOUNTING POLICIES

BASIS OF FINANCIAL STATEMENT PRESENTATION

Our consolidated financial statements include the accounts of the parent company and its subsidiaries, most of which are wholly owned, and certain partnership interests and variable interest entities.

On December 31, 2008, we acquired National City. Our Consolidated Balance Sheet as of December 31, 2008 and other consolidated information presented as of that date in the Consolidated Financial Statements includes the impact of National City. See Note 2 Acquisition and Divestitures for additional information.

We prepared these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America ("generally accepted accounting principles" or "GAAP"). We have eliminated intercompany accounts and transactions. We have also reclassified certain prior year amounts to conform with the 2008 presentation. These reclassifications did not have a material impact on our consolidated financial condition or results of operations.

Subsequent to the issuance of our 2006 Annual Report on Form 10-K, we determined that the Consolidated Statement of Cash Flows for the year ended December 31, 2006 should be restated. The cash flows related to the 2006 issuance of perpetual trust securities totaling $489 million had previously been classified within the "Operating Activities" section of the Consolidated Statement of Cash Flows. We concluded that such cash flows should have been classified within the "Financing Activities" section of the Consolidated Statement of Cash Flows and, accordingly, restated these amounts in Amendment No. 1 thereto on Form 10-K/A dated February 4, 2008. The Consolidated Statement of Cash Flows included in these Consolidated Financial Statements reflects this restatement.

USE OF ESTIMATES

We prepare the consolidated financial statements using financial information available at the time, which requires us to make estimates and assumptions that affect the amounts reported. Our most significant estimates pertain to our allowance for loan and lease losses, impaired loans, fair value measurements and revenue recognition. Actual results may differ from the estimates and the differences may be material to the consolidated financial statements.

BUSINESS COMBINATIONS

We record the net assets of companies that we acquire at their estimated fair value at the date of acquisition and we include the results of operations of the acquired companies in our consolidated income statement from the date of acquisition. We recognize as goodwill the excess of the acquisition price over the estimated fair value of the net assets acquired. The excess of the estimated fair value of net assets acquired over the acquisition price is allocated on a pro rata basis to reduce the fair value of intangibles and non-current assets acquired.

SUBSIDIARY STOCK TRANSACTIONS

We recognize as income, when appropriate, any gain from the sale or issuance by subsidiaries of their stock to third parties. The gain is the difference between our basis in the stock and the increase in the book value per share of the subsidiaries' equity and is recorded in noninterest income in the Consolidated Income Statement. We provide applicable taxes on the gain.

SPECIAL PURPOSES ENTITIES

Special purpose entities ("SPEs") are defined as legal entities structured for a particular purpose. We use special purpose entities in various legal forms to conduct normal business activities. We review the structure and activities of special purpose entities for possible consolidation under the guidance contained in Financial Accounting Standards Board ("FASB") Interpretation No. 46 (Revised 2003), "Consolidation of Variable Interest Entities" ("FIN 46R") and Accounting Research Bulletin No. 51, "Consolidated Financial Statements," as appropriate.

A variable interest entity ("VIE") is a corporation, partnership, limited liability company, or any other legal structure used to conduct activities or hold assets that either:

- Does not have equity investors with voting rights that can directly or indirectly make decisions about the entity's activities through those voting rights or similar rights, or
- Has equity investors that do not provide sufficient equity for the entity to finance its activities without additional subordinated financial support.

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

Based on the guidance contained in FIN 46R, we consolidate a VIE if we are considered to be its primary beneficiary. The primary beneficiary will absorb the majority of the expected losses from the VIE's activities, is entitled to receive a majority of the entity's residual returns, or both. Upon consolidation of a VIE, we recognize all of the VIE's assets, liabilities and noncontrolling interests on our Consolidated Balance Sheet. See Note 3 Variable Interest Entities for information about VIEs that we do not consolidate but in which we hold a significant variable interest.

REVENUE RECOGNITION

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

- Lending,
- Securities portfolio,
- Asset management and fund servicing,
- Customer deposits,
- Loan servicing,
- Brokerage services, and
- Securities and derivatives trading activities, including foreign exchange.

We also earn revenue from selling loans and securities, and we recognize income or loss from certain private equity activities.

We earn fees and commissions from:

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

Revenue earned on interest-earning assets including net unearned income and the accretion of purchased loans is recognized based on the constant effective yield of the financial instrument.

Asset management fees are generally based on a percentage of the fair value of the assets under management and performance fees are generally based on a percentage of the returns on such assets. Certain performance fees are earned upon attaining specified investment return thresholds and are recorded as earned. The caption asset management also includes our share of the earnings of BlackRock under the equity method of accounting.

Fund servicing fees are primarily based on a percentage of the fair value of the fund assets and the number of shareholder accounts we service.

Service charges on deposit accounts are recognized when earned. Brokerage fees and gains and losses on the sale of securities and certain derivatives are recognized on a trade-date basis.

We record private equity income or loss based on changes in the valuation of the underlying investments or when we dispose of our interest. Dividend income from private equity investments is generally recognized when received and interest income from subordinated private equity debt investments is recorded on an accrual basis.

We recognize revenue from residential and commercial mortgage and other consumer loan servicing; securities and derivatives and foreign exchange trading; and securities underwriting activities as they are earned based on contractual terms, as transactions occur or as services are provided. We recognize any gains from the sale of loans upon cash settlement of the transaction.

When appropriate, revenue is reported net of associated expenses in accordance with GAAP.

CASH AND CASH EQUIVALENTS

Cash and due from banks are considered "cash and cash equivalents" for financial reporting purposes.

INVESTMENTS

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

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

Debt Securities

Debt securities are recorded on a trade-date basis. We classify debt securities as held to maturity and carry them at amortized cost if we have the positive intent and ability to hold the securities to maturity. Debt securities that we purchase for short-term appreciation or other trading purposes are carried at fair value and classified as trading securities and other short-term investments on our Consolidated Balance Sheet. Realized and unrealized gains and losses on trading securities are included in other noninterest income.

Income earned from trading securities totaled $116 million in 2008, $116 million in 2007, and $62 million in 2006 and is included in Other interest income in the Consolidated Income Statement.

Debt securities not classified as held to maturity or trading are designated as securities available for sale and carried at fair value with unrealized gains and losses, net of income taxes, reflected in accumulated other comprehensive income (loss).

We review all debt securities that are in an unrealized loss position for other-than-temporary impairment. We evaluate outstanding available-for-sale and held-to maturity securities for other-than-temporary impairment on at least a quarterly basis. An investment security is deemed impaired if the fair value of the investment is less than its amortized cost. Amortized cost includes adjustments (if any) made to the cost basis of an investment for accretion, amortization, previous other-than-temporary impairments and hedging. After an investment security is determined to be impaired, we evaluate whether the decline in value is other than temporary. When evaluating whether the impairment is other-than-temporary, we take into consideration whether or not we expect to receive all of the contractual cash flows from the investment based on factors that include, but are not limited to: the creditworthiness of the issuer and, in the case of non-agency mortgage-backed securities, the historical and projected performance of the underlying collateral; the length of time and extent that fair value has been less than amortized cost; and our ability and intent to hold the investment for a sufficient amount of time to recover the unrealized losses. In addition, we may also evaluate the business and financial outlook of the issuer, as well as broader industry and sector performance indicators. Declines in the fair value of available for sale debt securities that are deemed other than temporary are recognized on our Consolidated Income Statement in net securities gains / (losses) in the period in which the determination is made. Such impairment charges include the impact of declines in both credit quality and liquidity.

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

In very limited situations, due to market conditions, management may elect to transfer certain debt securities from the securities available for sale to the held-to-maturity classification. In such cases, any unrealized gain or loss at the date of transfer included in accumulated other comprehensive income is amortized over the remaining life of the security as a yield adjustment. This amortization effectively offsets or mitigates the effect on interest income of the amortization of the premium or discount on the security on the date of transfer.

Equity Securities and Partnership Interests

We account for equity securities and equity investments other than BlackRock and private equity investments under one of the following methods:

- Marketable equity securities are recorded on a trade-date basis and are accounted for based on the securities' quoted market prices from a national securities exchange. Dividend income on these securities is recognized in net interest income. Those purchased with the intention of recognizing short-term profits are classified as trading and included in trading securities and other short-term investments on our Consolidated Balance Sheet. Both realized and unrealized gains and losses on trading securities are included in noninterest income. Marketable equity securities not classified as trading are designated as securities available for sale with unrealized gains and losses, net of income taxes, reflected in accumulated other comprehensive income (loss). Any unrealized losses that we have determined to be other than temporary on securities classified as available for sale are recognized in current period earnings.
- For investments in limited partnerships, limited liability companies and other investments that are not required to be consolidated, we use either the cost method or the equity method of accounting. We use the cost method for investments in which we are not considered to have influence over the operations of the investee and when cost appropriately reflects our economic interest in the underlying investment. Under the cost method, there is no change to the cost basis unless there is an other than temporary decline in value. If the decline is determined to be other than temporary, we write down the cost basis of the investment to a new cost basis that represents realizable value. The amount of the write-down is accounted for as a loss included in other noninterest income. Distributions received from income of investee on cost method investments are included in interest income or noninterest income depending on the type of investment. We use the equity method for all other general and limited partner ownership interests and limited liability company investments. Under the equity method, we record our equity ownership share of net income or loss of the investee in noninterest income. Investments described above are included in the caption Equity investments on the Consolidated Balance Sheet.

Private Equity Investments
We report private equity investments, which include direct investments in companies, affiliated partnership interests and indirect investments in private equity funds, at estimated fair value. These estimates are based on available information and may not necessarily represent amounts that we will ultimately realize through distribution, sale or liquidation of the investments. Fair value of publicly traded direct investments are determined using quoted market prices and are subject to various discount factors for sales restrictions, when appropriate. The valuation procedures applied to direct investments in private companies include techniques such as multiples of adjusted earnings of the entity, independent appraisals, anticipated financing and sale transactions with third parties, or the pricing used to value the entity in a recent financing transaction. We value affiliated partnership interests based on the underlying investments of the partnership using procedures consistent with those applied to direct investments. Indirect investments in private equity funds are valued based on the financial statements that we receive from their managers. Due to the time lag in our receipt of the financial information and based on a review of investments and valuation techniques applied, adjustments to the manager provided value are made when available recent portfolio company information or market information indicates a significant change in value from that provided by the manager of the fund. We include all private equity investments on the Consolidated Balance Sheet in the caption Equity investments. Changes in the fair value of private equity investments are recognized in noninterest income.

We consolidate private equity investments when we are the general partner in a limited partnership and have determined that we have control of the partnership. The portion we do not own is reflected in the caption Minority and noncontrolling interests in consolidated entities on the Consolidated Balance Sheet.

Investment in BlackRock, Inc.
We deconsolidated the assets and liabilities of BlackRock, Inc. ("BlackRock") from our Consolidated Balance Sheet effective September 29, 2006 and now account for our investment in BlackRock under the equity method of accounting. The investment in BlackRock is reflected on our Consolidated Balance Sheet in the caption Equity investments, while our equity in earnings of BlackRock is reported on our Consolidated Income Statement in the caption Asset management.

We mark to market our obligation to transfer BlackRock shares related to certain BlackRock long-term incentive plan ("LTIP") programs. This obligation is classified as a free standing derivative as disclosed in Note 17 Financial Derivatives. As we transfer the shares for payouts under such LTIP programs, we recognize a gain or loss on those shares. The impact of those transactions is shown on a net basis on our Consolidated Income Statement in Other noninterest income. Our obligation to transfer BlackRock shares related to the LTIP programs and the resulting accounting are described in more detail in Note 2 Acquisitions and Divestitures.

LOANS AND LEASES
Loans are classified as held for investment when management has both the intent and ability to hold the loan for the foreseeable future, or until maturity or payoff. In conjunction with the acquisition of National City, management designated all acquired loans and leases as either held for investment or held for sale based on its current intent and view of the foreseeable future. Management's intent and view of the foreseeable future may change based on changes in business strategies, the economic environment and market conditions.

Except as described below, loans held for investment are stated at the principal amounts outstanding, net of unearned income, unamortized deferred fees and costs on originated loans, and premiums or discounts on loans purchased. Interest on performing loans is accrued based on the principal amount outstanding and recorded in interest income as earned using the constant effective yield method. Loan origination fees, direct loan origination costs, and loan premiums and discounts are deferred and accreted or amortized into net interest income, over periods not exceeding the contractual life of the loan.

Certain loans are accounted for at fair value in accordance with Statement of Financial Accounting Standards No. ("SFAS") 155, "Accounting for Certain Hybrid Financial Instruments – an amendment of FASB Statements No. 133 and 140," with changes in the fair value reported in other noninterest income. The fair value of these loans was $43 million, or less than .5% of the total loan portfolio, at December 31, 2008.

In addition to originating loans, we also acquire loans through portfolio purchases or acquisitions of other financial services companies. For certain acquired loans that have experienced a deterioration of credit quality at the time of acquisition, we follow the guidance contained in AICPA Statement of Position 03-3, "Accounting for Certain Loans or Debt Securities Acquired in a Transfer" ("SOP 03-3"). Under SOP 03-3, acquired loans are to be recorded at fair value absent the carry over of any existing valuation allowances. Evidence of credit quality deterioration as of the purchase date may include information and statistics such as bankruptcy events, FICO scores, past due status, current borrower credit scores, and current loan-to-value (LTV). We review the loans acquired for evidence of credit quality deterioration at the date of acquisition and determine if it is probable that we will be unable to collect all amounts due, including both principal and interest, according to the loan's contractual terms. When both conditions exist, we estimate the amount and timing of undiscounted expected cash flows for each loan either individually or on a pool basis. We estimate the cash flows expected to be collected at acquisition using internal and third party models that incorporate management's best estimate of current key assumptions, such as default rates, loss severity and payment speeds. Collateral values are also incorporated into cash flow estimates. Late fees, which are contractual but not expected to be collected, are excluded from expected future cash flows. The accretable yield is calculated based upon the difference between the undiscounted expected future cash flows of the loans and the fair value of the loan as determined under the provisions of SFAS 157, Fair Value Measurement. This amount is accreted into income over the life of the loan on a level yield basis. Subsequent increases in expected cash flows are recognized prospectively through an adjustment of the loan's or pool's yield over its remaining life. Subsequent decreases in expected cash flows that are attributable, at least in part, to credit quality are recognized as impairments through a change to the provision for credit losses resulting in an increase in the allowance for loan and lease losses.

The nonaccretable yield represents the difference between the expected undiscounted cash flows of the loans and the total contractual cash flows (including the principal and interest) at acquisition and throughout the remaining lives of the loans.

We also provide financing for various types of equipment, aircraft, energy and power systems, and rolling stock and automobiles through a variety of lease arrangements. Direct financing leases are carried at the aggregate of lease payments plus estimated residual value of the leased property, less unearned income. Leveraged leases, a form of financing lease, are carried net of nonrecourse debt. We recognize income over the term of the lease using the interest method. Lease residual values are reviewed for other than temporary impairment on a quarterly basis. Gains or losses on the sale of leased assets are included in other noninterest income while valuation adjustments on lease residuals are included in other noninterest expense.

When loans are redesignated from held for investment to held for sale, specific reserves and allocated pooled reserves included in the allowance for loan and lease losses are charged-off to reduce the basis of the loans to lower of cost or market value.

LOAN SALES, LOAN SECURITIZATIONS AND RETAINED INTERESTS

We recognize the sale of loans or other financial assets when the transferred assets are legally isolated from our creditors and the appropriate accounting criteria are met. We also sell mortgage and other loans through secondary market securitizations. Securitization of financial assets represents a source of funding. In a securitization, financial assets are transferred into trusts or to special-purpose entities (SPEs) in transactions which are effective in legally isolating the assets from PNC. Pools of credit card, automobile, and mortgage loans have been securitized. Where the transferor is a depository institution, legal isolation is accomplished through compliance with specific rules and regulations of the relevant regulatory authorities. Where the transferor is not a depository institution, legal isolation is accomplished through utilization of a two-step securitization structure.

SFAS 140 "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities" requires a true sale analysis of the treatment of the transfer under state law as if the transferring equity was a debtor under the bankruptcy code. A true sale legal analysis includes several legally relevant factors, such as the nature and level of recourse to the transferor, and the amount and nature of retained interests in the loans sold. The analytical conclusion as to a true sale is never absolute and unconditional, but contains qualifications based on the inherent equitable powers of a bankruptcy court, as well as the unsettled state of the common law. Once the legal isolation test has been met under SFAS 140, other factors concerning the nature and extent of the transferor's control over the transferred assets are taken into account in order to determine whether derecognition of assets is warranted, including whether the SPE has complied with rules concerning qualifying special-purpose entities.

In a securitization, the trusts or SPE issues beneficial interests in the form of senior and subordinated asset-backed securities backed or collateralized by the assets sold to the trust. The senior classes of the asset-backed securities typically receive investment grade credit ratings at the time of issuance. These ratings are generally achieved through the creation of lower-rated subordinated classes of asset-backed securities, as well as subordinated interests. In certain cases, we may retain a portion or all of the securities issued, interest-only strips, one or more subordinated tranches, servicing rights and, in some cases, cash reserve accounts.

For credit card securitizations, PNC's continued involvement in the securitized assets includes maintaining an undivided, pro rata interest in all credit card assets that are in the trust, referred to as seller's interest. The seller's interest ranks equally with the investors' interests in the trust. As the amount of the assets in the securitized pool fluctuates due to customer payments, purchases, cash advances, and credit losses, the carrying amount of the seller's interest will vary. However, PNC is required to maintain its seller's interest at a minimum level of 5% of the initial invested amount in each series to ensure sufficient assets are available for allocation to the investors' interests.

In accordance with SFAS 140, securitized loans are removed from the balance sheet and a net gain or loss is recognized in noninterest income at the time of initial sale, and each subsequent sale for revolving securitization structures. Gains or losses recognized on the sale of the loans depend on the allocation of carrying value between the loans sold and the retained interests, based on their relative fair market values at the date of sale. We generally estimate the fair value of the retained interests based on the present value of future expected cash flows using assumptions as to discount rates, interest rates, prepayment speeds, credit losses and servicing costs, if applicable.

Our loan sales and securitizations are generally structured without recourse to us and with no restrictions on the retained interests with the exception of loan sales to certain US government chartered entities.

When we are obligated for loss-sharing or recourse in a sale, our policy is to record such liabilities at fair value upon closing of the transaction based on the guidance contained in FIN 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others," or as a contingent liability recognized at inception of the guarantee under SFAS 5, "Accounting for Contingencies."

We originate, sell and service mortgage loans under the Federal National Mortgage Association ("FNMA") Delegated Underwriting and Servicing ("DUS") program. Under the provisions of the DUS program, we participate in a loss-sharing arrangement with FNMA. We participate in a similar program with the Federal Home Loan Mortgage Corporation ("FHLMC"). Refer to Note 25 Commitments and Guarantees for more information about our obligations related to sales of loans under these programs.

In securitization transactions, we classify securities retained as debt securities available for sale or other assets, depending on the form of the retained interest. Retained interests that are subject to prepayment risk are reviewed on a quarterly basis for impairment. If the fair value of the retained interests is below its carrying amount and the decline is determined to be other than temporary, then the decline is reflected as a charge in other noninterest income.

LOANS HELD FOR SALE

We designate loans and related unfunded loan commitments as held for sale when we have a positive intent to sell them. We transfer loans to the loans held for sale category at the lower of cost or fair market value. At the time of transfer, write-downs on the loans and related unfunded loan commitments are recorded as charge-offs or as a reduction in the liability for unfunded commitments. We establish a new cost basis upon transfer except for certain residential and commercial mortgages held for sale discussed below. Any subsequent lower of cost or market adjustment is determined on an individual loan and unfunded loan commitment basis and is recognized as a valuation allowance with any charges included in other noninterest income. Gains or losses on the sale of these loans and/or related unfunded loan commitments are included in other noninterest income when realized.

Effective January 1, 2008, we adopted SFAS 159, "The Fair Value Option for Financial Assets and Financial Liabilities – Including an amendment of FASB Statement No. 115", and elected to fair value certain commercial mortgage loans held for sale. Under SFAS 159, changes in the fair value of these loans are measured and recorded in other noninterest income each period. See Note 8 Fair Value for additional information. Also, we elected fair value for residential real estate loans held for sale or securitization acquired from National City.

Interest income with respect to loans held for sale classified as performing is accrued based on the principal amount outstanding at a constant effective yield.

In certain circumstances, loans designated as held for sale may be transferred to the loan portfolio based on a change in strategy. We transfer these loans to the portfolio at the lower of cost or fair market value; however, any loans designated under SFAS 159 will remain at fair value.

NONPERFORMING ASSETS

Nonperforming assets include:

- Nonaccrual loans,
- Troubled debt restructurings, and
- Foreclosed assets.

Measurement of delinquency and past due status are based on the contractual terms of each loan.

A loan acquired and accounted for under SOP 03-3 is reported as an accruing loan and a performing asset as long as the remaining future expected undiscounted cash flows exceed the carrying value of the loan.

We generally classify commercial loans as nonaccrual when we determine that the collection of interest or principal is doubtful or when a default of interest or principal has existed for 90 days or more and the loans are not well-secured or in the process of collection. When the accrual of interest is discontinued, any accrued but uncollected interest previously included in net interest income is reversed. We charge off small business commercial loans less than $1 million at 120 days after transfer to nonaccrual status. We charge off other nonaccrual loans based on the facts and circumstances of the individual loans.

Subprime mortgage loans for first liens with a loan to value ratio of greater than 90% and second liens are classified as nonaccrual at 90 days past due.

Most consumer loans and lines of credit, not secured by residential real estate, are charged off after 120 to 180 days past due. Generally, they are not placed on non-accrual status.

Home equity installment loans and lines of credit, as well as residential mortgage loans, that are well secured by residential real estate are classified as nonaccrual at 180 days past due or if a partial write-down has occurred, consistent with regulatory guidance. These loans are considered well secured if the fair market value of the property, less 15% to cover potential foreclosure expenses, is greater than or equal to the recorded investment in the loan including any superior liens. A fair market value assessment of the property is initiated when the loan becomes 90 to 120 days past due.

Home equity installment loans and lines of credit and residential real estate loans that are not well secured, but are in the process of collection, are charged-off at 180 days past due. This is consistent with the charge-off policy for home equity lines of credit. These loans are recorded at the lower of cost or market value, less liquidation costs, and the unsecured portion of these loans is charged off in accordance with regulatory guidelines. The remaining portion of the loan is placed on nonaccrual status.

Additionally, residential mortgage loans serviced by others under master servicing arrangements and primary-serviced residential loans not in process of foreclosure are also classified as nonaccrual at 180 days past due or if a partial write-down has occurred.

A loan is categorized as a troubled debt restructuring ("TDR") if a significant concession is granted due to deterioration in the financial condition of the borrower. TDRs may include certain modifications of terms of loans, receipts of assets from debtors in partial or full satisfaction of loans, or a combination of both. Restructured loans classified as TDRs are accounted for in accordance with SFAS 15, "Accounting by Debtors and Creditors for Troubled Debt Restructurings", and SFAS 114, "Accounting by Creditors for Impairment of a Loan."

Nonperforming loans are generally not returned to performing status until the obligation is brought current and the borrower has performed in accordance with the contractual terms for a reasonable period of time and collection of the contractual principal and interest is no longer doubtful. Nonaccrual commercial and commercial real estate loans and troubled debt restructurings are designated as impaired loans under SFAS 114.

Foreclosed assets are comprised of any asset seized or property acquired through a foreclosure proceeding or acceptance of a deed-in-lieu of foreclosure. Other real estate owned (OREO) is comprised principally of commercial and residential real estate properties obtained in partial or total satisfaction of loan obligations. Depending on various state statutes, legal proceedings are initiated on or about the 65th day of delinquency. If no other remedies arise from the legal proceedings, the final outcome will result in the sheriff's sale of the property. When we acquire the deed, the transfer of loans to other real estate owned will be completed. Property obtained in satisfaction of a loan is recorded at the estimated fair value less anticipated selling costs. We estimate market values primarily based on appraisals, when available, or quoted market prices on liquid assets. Anticipated recoveries from private mortgage insurance and government guarantees are also considered in evaluating the potential impairment of loans at the date of transfer. When the anticipated future cash flows associated with a loan are less than its net carrying value, a charge-off is recognized against the allowance for loan losses.

Subsequently, foreclosed assets are valued at the lower of the amount recorded at acquisition date or the current market value less estimated disposition costs. Valuation adjustments on these assets and gains or losses realized from disposition of such property are reflected in noninterest expense.

Allowance for Loan and Lease Losses

We maintain the allowance for loan and lease losses at a level that we believe to be adequate to absorb estimated probable credit losses inherent in the loan portfolio as of the balance sheet date. Our determination of the adequacy of the allowance is based on periodic evaluations of the loan and lease portfolios and other relevant factors. This evaluation is inherently subjective as it requires material estimates, all of which may be susceptible to significant change, including, among others:

- Probability of default,
- Loss given default,
- Exposure at date of default,
- Amounts and timing of expected future cash flows on impaired loans,
- Value of collateral,
- Historical loss exposure, and
- Amounts for changes in economic conditions that may not be reflected in historical results.

In determining the adequacy of the allowance for loan and lease losses, we make specific allocations to impaired loans, allocations to pools of watchlist and non-watchlist loans, and allocations to consumer and residential mortgage loans. We also allocate reserves to provide coverage for probable losses inherent in the portfolio at the balance sheet date based upon current market conditions, which may not be reflected in historical loss data. While allocations are made to specific loans and pools of loans, the total reserve is available for all credit losses.

Specific allocations are made to significant individual impaired loans and are determined in accordance with SFAS 114, with impairment measured based on the present value of the loan's expected cash flows, observable market price of the loan or the fair value of collateral. We establish a pooled reserve on all other impaired loans based on their loss given default credit risk ratings.

Allocations to loan pools are developed by product and industry with estimated losses based on probability of default and loss given default credit risk ratings by using historical loss trends and our judgment concerning those trends and other relevant factors. These factors may include, among others:

- Actual versus estimated losses,
- Regional and national economic conditions, and
- Industry and portfolio concentrations.

Loss factors are based on industry and/or internal experience and may be adjusted for significant factors that, based on our judgment, impact the collectibility of the portfolio as of the balance sheet date. Consumer and residential mortgage loan allocations are made at a total portfolio level based on historical loss experience adjusted for current risk factors.

While our pool reserve methodologies strive to reflect all risk factors, there continues to be a certain element of uncertainty associated with, but not limited to, potential imprecision in the estimation process due to the inherent time lag of obtaining information. We provide additional reserves that are designed to provide coverage for losses attributable to such risks. These reserves also include factors which may not be directly measured in the determination of specific or pooled reserves. Such factors include:

- Credit quality trends,
- Recent loss experience in particular segments of the portfolio,
- Ability and depth of lending management, and
- Changes in risk selection and underwriting standards.

ALLOWANCE FOR UNFUNDED LOAN COMMITMENTS AND LETTERS OF CREDIT

We maintain the allowance for unfunded loan commitments and letters of credit at a level we believe is adequate to absorb estimated probable losses related to these unfunded credit facilities. We determine the adequacy of the allowance based on periodic evaluations of the unfunded credit facilities including an assessment of the probability of commitment usage, credit risk factors for loans outstanding to these same customers, and the terms and expiration dates of the unfunded credit facilities. The allowance for unfunded loan commitments and letters of credit is recorded as a liability on the Consolidated Balance Sheet. Net adjustments to the allowance for unfunded loan commitments and letters of credit are included in the provision for credit losses.

MORTGAGE AND OTHER SERVICING RIGHTS

We provide servicing under various loan servicing contracts for commercial, residential, home equity, automobile and credit card loans. These contracts are either purchased in the open market or retained as part of a loan securitization or loan sale. All newly acquired or originated servicing rights are initially measured at fair value. Fair value is based on the present value of the expected future cash flows, including assumptions as to:

- Interest rates for escrow and deposit balance earnings,
- Discount rates,
- Stated note rates,
- Estimated prepayment speeds, and
- Estimated servicing costs.

For subsequent measurements, we have elected to account for our commercial mortgage loan servicing rights as a class of assets and use the amortization method. This election was made based on the unique characteristics of the commercial mortgage loans underlying these servicing rights with regard to market inputs used in determining fair value and how we manage the risks inherent in the commercial mortgage servicing rights assets. Specific risk characteristics of commercial mortgages include loan type, currency or exchange rate, interest rates, expected cash flows and changes in the cost of servicing. We record these servicing assets as other intangible assets and amortize them over their estimated lives based on estimated net servicing income. On a quarterly basis, we test the assets for impairment by categorizing the pools of assets underlying the servicing rights into various stratum. If the estimated fair value of the assets is less than the carrying value, an impairment loss is recognized and a valuation reserve is established. Subsequent measurement of servicing rights for home equity lines and loans, automobile loans and credit card loans also follow the amortization method.

For subsequent measurement of servicing rights for residential real estate loans, the fair value method is used. This election was made to be consistent with our risk management strategy to hedge the fair value of these assets. We manage this risk by hedging the fair value of this asset with derivatives which are expected to increase in value when the value of the servicing right declines. The fair value of these servicing rights is estimated by using a cash flow valuation model which calculates the present value of estimated future net servicing cash flows, taking into consideration actual and expected mortgage loan prepayment rates, discount rates, servicing costs, and other economic factors which are determined based on current market conditions. Expected mortgage loan prepayment assumptions are derived from an internal proprietary model and consider empirical data drawn from the historical performance of PNC's managed portfolio and adjusted for current market conditions. On a quarterly basis, management obtains market value quotes from two independent brokers that reflect current conditions in the secondary market and any recently executed servicing transactions. Management compares its valuation to the quoted range of market values to determine if its estimated fair value is reasonable in comparison to market participant valuations. If the estimated fair value of PNC's residential servicing rights is outside the range, management re-evaluates its model inputs and assumptions to derive a fair value which falls within the range of market observed values.

Servicing fees are recognized as they are earned and are reported net of amortization expense and any impairments in the line item Corporate services on the Consolidated Income Statement.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of financial instruments and the methods and assumptions used in estimating fair value amounts and financial assets and liabilities for which fair value was elected based on the guidance in SFAS 159 are detailed in Note 8 Fair Value.

GOODWILL AND OTHER INTANGIBLE ASSETS
We test goodwill and indefinite-lived intangible assets for impairment at least annually, or when events or changes in circumstances indicate the assets might be impaired. Finite-lived intangible assets are amortized to expense using accelerated or straight-line methods over their respective estimated useful lives. We review finite-lived intangible assets for impairment when events or changes in circumstances indicate that the asset's carrying amount may not be recoverable from undiscounted future cash flows or it may exceed its fair value.

DEPRECIATION AND AMORTIZATION
For financial reporting purposes, we depreciate premises and equipment, net of salvage value, principally using the straight-line method over their estimated useful lives.

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

We purchase, as well as internally develop and customize, certain software to enhance or perform internal business functions. Software development costs incurred in the planning and post-development project stages are charged to noninterest expense. Costs associated with designing software configuration and interfaces, installation, coding programs and testing systems are capitalized and amortized using the straight-line method over periods ranging from one to seven years.

REPURCHASE AND RESALE AGREEMENTS
Generally, repurchase and resale agreements are treated as collateralized financing transactions and are carried at the amounts at which the securities will be subsequently reacquired or resold, including accrued interest, as specified in the respective agreements. Our policy is to take possession of securities purchased under agreements to resell. We monitor the market value of securities to be repurchased and resold and additional collateral may be obtained where considered appropriate to protect against credit exposure.

Effective January 1, 2008, we elected to account for structured resale agreements at fair value. The fair value for structured resale agreements is determined using a model which includes observable market data as inputs.

OTHER COMPREHENSIVE INCOME
Other comprehensive income consists, on an after-tax basis, primarily of unrealized gains or losses on investment securities classified as available for sale and derivatives designated as cash flow hedges, and changes in pension, other postretirement and postemployment benefit plan liability adjustments. Details of each component are included in Note 20 Other Comprehensive Income.

TREASURY STOCK
We record common stock purchased for treasury at cost. At the date of subsequent reissue, the treasury stock account is reduced by the cost of such stock on the first-in, first-out basis.

DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES
We use a variety of financial derivatives as part of our overall asset and liability risk management process to help manage interest rate, market and credit risk inherent in our business activities. Interest rate and total return swaps, interest rate caps and floors and futures contracts are the primary instruments we use for interest rate risk management.

Financial derivatives involve, to varying degrees, interest rate, market and credit risk. We manage these risks as part of our asset and liability management process and through credit policies and procedures. We seek to minimize counterparty credit risk by entering into transactions with only high-quality institutions, establishing credit limits, and generally requiring bilateral netting and collateral agreements.

We recognize all derivative instruments at fair value as either other assets or other liabilities on the Consolidated Balance Sheet. The accounting for changes in the fair value of a derivative instrument depends on whether it has been designated and qualifies as part of a hedging relationship. For derivatives not designated as an accounting hedge, the gain or loss is recognized in noninterest income.

For those derivative instruments that are designated and qualify as accounting hedges, we must designate the hedging instrument, based on the exposure being hedged, as a fair value hedge or a cash flow hedge. We have no derivatives that hedge the net investment in a foreign operation.

We formally document the relationship between the hedging instruments and hedged items, as well as the risk management objective and strategy, before undertaking an accounting hedge. To qualify for hedge accounting, the derivatives and related hedged items must be designated as a hedge at inception of the hedge relationship. For accounting hedge relationships, we formally assess, both at the inception of the hedge and on an ongoing basis, if the derivatives are highly effective in offsetting designated changes in the fair value or cash flows of the hedged item. If it is determined that the derivative instrument is not highly effective, hedge accounting is discontinued.

For derivatives that are designated as fair value hedges (i.e., hedging the exposure to changes in the fair value of an asset or a liability attributable to a particular risk), changes in the fair value of the hedging instrument are recognized in earnings and offset by recognizing changes in the fair value of the hedged item attributable to the hedged risk. To the extent the changes in fair value of the derivative does not offset the change in fair value of the hedged item, the difference or ineffectiveness is reflected in the income statement in the same financial statement category as the hedged item.

For derivatives designated as cash flow hedges (i.e., hedging the exposure to variability in expected future cash flows), the effective portions of the gain or loss on derivatives are reported as a component of accumulated other comprehensive income (loss) and subsequently reclassified to interest income in the same period or periods during which the hedged transaction affects earnings. The change in fair value of any ineffective portion of the hedging derivative is recognized immediately in noninterest income.

We discontinue hedge accounting when it is determined that the derivative is no longer qualifying as an effective hedge; the derivative expires or is sold, terminated or exercised; or the derivative is de-designated as a fair value or cash flow hedge or, for a cash flow hedge, it is no longer probable that the forecasted transaction will occur by the end of the originally specified time period. If we determine that the derivative no longer qualifies as a fair value or cash flow hedge and hedge accounting is discontinued, the derivative will continue to be recorded on the balance sheet at its fair value with changes in fair value included in current earnings. For a discontinued fair value hedge, the previously hedged item is no longer adjusted for changes in fair value.

When hedge accounting is discontinued because it is no longer probable that a forecasted transaction will occur, the derivative will continue to be recorded on the balance sheet at its fair value with changes in fair value included in current earnings, and the gains and losses in accumulated other comprehensive income (loss) will be recognized immediately into earnings. When we discontinue hedge accounting because the hedging instrument is sold, terminated or no longer designated, the amount reported in accumulated other comprehensive income (loss) up to the date of sale, termination or de-designation, continues to be reported in other comprehensive income or loss until the forecasted transaction affects earnings. We did not terminate any cash flow hedges in 2008, 2007 or 2006 due to a determination that a forecasted transaction was no longer probable of occurring.

We occasionally purchase or originate financial instruments that contain an embedded derivative. At the inception of the transaction, we assess if the economic characteristics of the embedded derivative are clearly and closely related to the economic characteristics of the financial instrument (host contract), whether the financial instrument that embodied both the embedded derivative and the host contract are measured at fair value with changes in fair value reported in earnings, and whether a separate instrument with the same terms as the embedded instrument would not meet the definition of a derivative. If the embedded derivative does not meet these three conditions, the embedded derivative would qualify as a derivative and be recorded apart from the host contract and carried at fair value with changes recorded in current earnings.

On January 1, 2006, we adopted SFAS 155, which, among other provisions, permits a fair value election for hybrid financial instruments requiring bifurcation on an instrument-by-instrument basis. Beginning January 1, 2006, we elected to account for certain previously bifurcated hybrid instruments and certain newly acquired hybrid instruments under this fair value election on an instrument-by-instrument basis. As such, certain previously reported embedded derivatives are reported with their host contracts at fair value in loans or other borrowed funds.

We enter into commitments to make residential real estate loans and loans whereby the interest rate on the loan is set prior to funding (interest rate lock commitments). We also enter into commitments to purchase or sell commercial mortgage loans. Loan commitments and interest rate lock commitments for loans to be classified as held for sale and commitments to buy or sell mortgage loans are accounted for as free-standing derivatives and are recorded at fair value in other assets or other liabilities on the Consolidated Balance Sheet. Any gain or loss from the change in fair value after the inception of the commitment is recognized in noninterest income.

INCOME TAXES

We account for income taxes under the asset and liability method. Deferred tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that we expect will apply at the time when we believe the differences will reverse. The realization of deferred tax assets requires an assessment to determine the realization of such assets. Realization refers to the incremental benefit achieved through the reduction in future taxes payable or refunds receivable from the deferred tax assets, assuming that the underlying deductible differences and carryforwards are the last items to enter into the determination of future taxable income. We establish a valuation allowance for tax assets when it is more likely than not that they will not be realized, based upon all available positive and negative evidence.

EARNINGS PER COMMON SHARE

We calculate basic earnings per common share by dividing net income adjusted for preferred stock dividends declared by the weighted-average number of shares of common stock outstanding.

Diluted earnings per common share are based on net income available to common stockholders. We increase the weighted-average number of shares of common stock outstanding by the assumed conversion of outstanding convertible preferred stock and debentures from the beginning of the year or date of issuance, if later, and the number of shares of common stock that would be issued assuming the exercise of stock options and warrants and the issuance of incentive shares using the treasury stock method. These adjustments to the weighted-average number of shares of common stock outstanding are made only when such adjustments will dilute earnings per common share.

STOCK-BASED COMPENSATION

In December 2004, the FASB issued SFAS 123R "Share-Based Payment," which requires compensation cost related to share-based payments to employees to be recognized in the financial statements based on their fair value. We adopted SFAS 123R effective January 1, 2006, using the modified prospective method of transition, which required the provisions of SFAS 123R be applied to new awards and awards modified, repurchased or cancelled after the effective date. It also required changes in the timing of expense recognition for awards granted to retirement-eligible employees and clarified the accounting for the tax effects of stock awards. The adoption of SFAS 123R did not have a significant impact on our consolidated financial statements.

See Note 16 Stock-Based Compensation Plans for additional information.

RECENT ACCOUNTING PRONOUNCEMENTS

We adopted the guidance in Staff Accounting Bulletin No. ("SAB") 109 on January 1, 2008. SAB 109 provides the SEC staff's view that the expected future cash flows related to servicing should be included in the fair value measurement of all written loan commitments that are accounted for at fair value through earnings. The impact of this guidance on our consolidated financial statements has not been significant.

We adopted SFAS 157, "Fair Value Measurements" on January 1, 2008. SFAS 157 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The FASB's Financial Staff Position "FSP" FAS 157-2, "Effective Date of FASB Statement No. 157", defers until January 1, 2009, the application of SFAS 157 to nonfinancial assets and nonfinancial liabilities not recognized or disclosed at least annually at fair value. This includes nonfinancial assets and nonfinancial liabilities initially measured at fair value in a business combination or other new basis event, but not measured at fair value in subsequent periods. See Note 8 Fair Value for additional information.

As noted above, we adopted SFAS 159 on January 1, 2008. SFAS 159 permits entities to choose to measure many financial instruments and certain other assets and liabilities at fair value. We elected to fair value certain commercial mortgage loans classified as held for sale and certain other financial instruments. We also elected fair value for residential real estate loans held for sale or securitization acquired from National City. See Note 8 Fair Value for additional information.

As required, we adopted the provisions of Emerging Issues Task Force Issue No. ("EITF") 06-4, "Accounting for Deferred Compensation and Postretirement Benefit Aspects of Endorsement Split-Dollar Life Insurance Arrangements," on January 1, 2008. EITF 06-4 requires the recognition of a liability and related compensation costs for endorsement split-dollar life insurance arrangements that provide a benefit to retired employees. The adoption of the guidance resulted in a reduction of retained earnings at January 1, 2008 of approximately $12 million and did not have a material effect on our future results of operations or financial position.

In February 2008, the FASB issued FSP FAS 140-3, "Accounting for Transfers of Financial Assets and Repurchase Financing Transactions." This FSP provides guidance on how the transferor and transferee should separately account for a transfer of a financial asset and a related repurchase financing if certain criteria are met. This guidance will be effective January 1, 2009 for PNC and will impact our accounting for structured repurchase agreements entered into after that date.

In March 2008, the FASB issued SFAS 161, "Disclosures about Derivative Instruments and Hedging Activities." This standard will require revisions to our derivative disclosures to provide greater transparency as to the use of derivative instruments and hedging activities. This guidance will be effective for interim and annual financial statements beginning with the first quarter 2009 Form 10-Q.

In April 2008, the FASB issued FSP FAS 142-3, "Determination of the Useful Life of Intangible Assets." This FSP provides guidance as to factors considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under SFAS 142, "Goodwill and Other Intangible Assets." This guidance will be effective January 1, 2009 for PNC. The adoption is not expected to have a material effect on our results of operations or financial position.

In May 2008, the FASB issued SFAS 162, "The Hierarchy of Generally Accepted Accounting Principles." This standard formalizes minor changes in prioritizing accounting principles used in the preparation of financial statements that are presented in conformity with GAAP.

In May 2008, the FASB issued SFAS 163, "Accounting for Financial Guarantee Insurance Contracts – an Interpretation of FASB Statement No. 60." This standard changes the current practice of accounting for financial guarantee insurance contracts by insurance companies including the recognition and measurement of premium revenue, claim liabilities and enhances related disclosure requirements. This guidance will be effective for interim and annual financial statements beginning in 2009. The adoption of this guidance is not expected to have a material effect on our results of operations or financial position.

In May 2008, the FASB issued FSP APB 14-1, "Accounting for Convertible Debt Instruments That May Be Settled in Cash Upon Conversion (Including Partial Cash Settlement)." This

FSP clarifies that certain convertible debt instruments should be separately accounted for as liability and equity components. This guidance will be effective beginning with our first quarter 2009 Form 10-Q. We do not expect the adoption of this guidance to have a material effect on our results of operations or financial position.

In June 2008, the FASB issued FSP EITF 03-6-1, “Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities.” This FSP clarifies that unvested share-based payment awards that contain nonforfeitable rights to dividends or dividend equivalents are considered participating securities and should be included in the calculation of basic earnings per share using the two-class method prescribed by SFAS 128, “Earnings Per Share.” This guidance will be effective for disclosure beginning with our first quarter 2009 Form 10-Q with retrospective application required. We do not expect the adoption of this guidance to have a material effect on our earnings per share disclosures.

In September 2008, the FASB issued FSP FAS 133-1 and FIN 45-4, “Disclosures about Credit Derivatives and Certain Guarantees: An Amendment of FASB Statement No. 133 and FASB Interpretation No. 45; and Clarification of the Effective Date of FASB Statement No. 161.” This FSP amends FASB Statement No. 133, “Accounting for Derivative Instruments and Hedging Activities,” to require disclosures by sellers of credit derivatives, including credit derivatives embedded in a hybrid instrument. This FSP also amends FASB Interpretation No. 45, “Guarantor’s Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others,” to require additional disclosure about the payment/performance risk of a guarantee. This guidance was effective December 31, 2008 for PNC. See Note 25 Commitments and Guarantees for additional information.

In September 2008, the FASB issued an Exposure Draft, “Proposed Statement, Amendments to FASB Interpretation No. 46(R).” This proposed Statement would amend FIN 46R and require ongoing assessments to determine: 1) whether an entity is a variable interest entity and, 2) whether an enterprise is the primary beneficiary of a variable interest entity. The primary beneficiary determination generally would be based on a qualitative analysis based on who has power over the activities of the entity and the rights to receive benefits or absorb losses. Enhanced disclosures would also be required. This proposed guidance would be effective for PNC beginning January 1, 2010. The guidance as proposed could require us to consolidate certain VIEs or securitization trusts if we are deemed the primary beneficiary.

In September 2008, the FASB issued an Exposure Draft, “Proposed Statement, Accounting for Transfers of Financial Assets – an amendment of FASB Statement No. 140.” This proposed Statement, a revision of a 2005 FASB Exposure Draft, would remove (1) the concept of a qualifying SPE from FASB Statement No. 140, “Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities,” and (2) the exceptions from applying FIN 46R to qualifying SPEs. This proposed Statement would also revise and clarify the derecognition requirements for transfers of financial assets, establish conditions for transfer of a portion of a financial asset, and requiring the initial measurement of beneficial interests that are received as proceeds in connection with transfers of financial assets at fair value. This proposed guidance would be effective for PNC beginning January 1, 2010.

In October 2008, the FASB issued FSP FAS 157-3, “Determining the Fair Value of a Financial Asset When the Market for That Asset Is Not Active.” This FSP clarifies the application of FASB Statement No. 157, “Fair Value Measurements,” in a market that is not active and provides an example to illustrate key considerations in determining the fair value of a financial asset when the market for that financial asset is not active. This guidance was considered in determining the fair value of financial assets beginning September 30, 2008.

In December 2008, the FASB issued FSP FAS 140-4 and FIN 46(R)-8, “Disclosures by Public Entities (Enterprises) about Transfers of Financial Assets and Interests in Variable Interest Entities.” This FSP amends FASB Statement No. 140, “Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities,” and will require additional disclosures about transfers of financial assets. It also amends FASB Interpretation No. 46 (revised December 2003), “Consolidation of Variable Interest Entities,” and requires additional disclosures about involvement with variable interest entities. This guidance was effective December 31, 2008 for PNC. See Note 3 Variable Interest Entities for additional information.

In December 2008, the FASB issued FSP FAS 132(R)-1, “Employers’ Disclosures about Postretirement Benefit Plan Assets.” This FSP amends FASB Statement No. 132 (revised 2003), “Employers’ Disclosures about Pensions and Other Postretirement Benefits,” to provide guidance on an employer’s disclosures about plan assets of a defined benefit pension or other postretirement plan. This guidance will be effective December 31, 2009 for PNC.

In January 2009, the FASB issued FSP EITF 99-20-1, “Amendments to the Impairment Guidance of EITF Issue No. 99-20.” This FSP amends the impairment guidance in EITF Issue No. 99-20, “Recognition of Interest income and Impairment on Purchased Beneficial Interests and Beneficial Interest That Continue to Be Held by a Transferor in Securitized Financial Assets.” The FSP also retains and emphasizes the objective of an other-than-temporary impairment assessment and the related disclosure requirements in FASB Statement No. 115, “Accounting for Certain Investments in Debt and Equity Securities,” and other related guidance. This guidance was effective December 31, 2008 for PNC. The adoption of this guidance did not have a material effect on our results of operations or financial position.

In January 2009, the FASB issued proposed FSP FAS 107-b and APB 28-a, "Interim Disclosures about Fair Value of Financial Instruments". This FSP would amend FASB Statement No. 107, "Disclosures about Fair Value of Financial Instruments, to require disclosures about fair value of financial instruments in interim financial statements as well as in annual financial statements. This FSP also would amend APB Opinion No. 28, "Interim Financial Reporting", to require those disclosures in all interim financial statements. As proposed, the disclosures would be effective for the quarter ended March 31, 2009.

In December 2007, the FASB issued SFAS 141(R), "Business Combinations." This statement will require all businesses acquired to be measured at the fair value of the consideration paid as opposed to the cost-based provisions of SFAS 141. It will require an entity to recognize the assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree at the acquisition date, measured at their fair values as of that date. SFAS 141(R) requires the value of consideration paid including any future contingent consideration to be measured at fair value at the closing date of the transaction. Also, restructuring costs and acquisition costs are to be expensed rather than included in the cost of the acquisition. This guidance is effective for all acquisitions with closing dates after January 1, 2009.

In December 2007, the FASB issued SFAS 160, "Accounting and Reporting of Noncontrolling Interests in Consolidated Financial Statements, an amendment of ARB No. 51." This statement amends ARB No. 51 to establish accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. It clarifies that a noncontrolling interest should be reported as equity in the consolidated financial statements. This statement requires expanded disclosures that identify and distinguish between the interests of the parent's owners and the interests of the noncontrolling owners of an entity. This guidance is effective January 1, 2009. We do not expect the adoption to have a material impact on our consolidated financial statements.

In May 2007, the FASB issued FSP FIN 48-1, "Definition of Settlement in FASB Interpretation ("FIN") No. 48." This FSP amended FIN 48, "Accounting for Uncertainty in Income Taxes," to provide guidance as to the determination of whether a tax position is deemed effectively settled for purposes of recognizing previously unrecognized tax benefits under FIN 48. This guidance was adopted effective January 1, 2007 in connection with our adoption of FIN 48. See Note 21 Income Taxes for additional information.

During 2006, the FASB issued the following:

- SFAS 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans – an amendment of FASB Statements No. 87, 88, 106, and 132(R)." This statement affects the accounting and reporting for our qualified pension plan, our nonqualified retirement plans, our postretirement welfare benefit plans and our post employment benefit plan. SFAS 158 required recognition on the balance sheet of the over- or underfunded position of these plans as the difference between the fair value of plan assets and the related benefit obligations previously recognized on the balance sheet. The difference, net of tax, was recorded as part of accumulated other comprehensive income or loss ("AOCI") within the shareholders' equity section of the balance sheet. This guidance also required the recognition of any unrecognized actuarial gains and losses and unrecognized prior service costs to AOCI, net of tax. SFAS 158 was effective for PNC as of December 31, 2006, with no restatement for prior year-end reporting periods permitted. The impact of adoption of SFAS 158 at December 31, 2006 was a reduction of AOCI of $132 million after tax.
- FIN 48 "Accounting for Uncertainty in Income Taxes – an Interpretation of FASB Statement No. 109," clarifies the accounting for uncertainty in income taxes recognized in the financial statements and sets forth recognition, derecognition and measurement criteria for tax positions taken or expected to be taken in a tax filing. For PNC, this guidance was effective for all tax positions taken or expected to be taken beginning on January 1, 2007. See Note 19 Income Taxes for additional information.
- FSP FAS 13-2, "Accounting for a Change or Projected Change in the Timing of Cash Flows Relating to Income Taxes Generated by a Leveraged Lease Transaction," requires a recalculation of the timing of income recognition for a leveraged lease under SFAS 13, "Accounting for Leases," when a change in the timing of income tax deductions directly related to the leveraged lease transaction occurs or is projected to occur. Any tax positions taken regarding the leveraged lease transaction must be recognized and measured in accordance with FIN 48 described above. This guidance was effective for PNC beginning January 1, 2007 with the cumulative effect of applying the provisions of this FSP being recognized through an adjustment to opening retained earnings. Any immediate or future reductions in earnings from the change in accounting would be recovered in subsequent years. Our adoption of the guidance in FSP FAS 13-2 resulted in an after-tax charge to beginning retained earnings at January 1, 2007 of approximately $149 million.

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NOTE 2 ACQUISITIONS AND DIVESTITURES

2008

NATIONAL CITY CORPORATION

On December 31, 2008, we acquired National City for approximately $6.1 billion. The total consideration included approximately $5.6 billion of common stock, representing approximately 95 million shares, $150 million of preferred stock and cash of $379 million paid to warrant holders by National City. The transaction requires no future contingent consideration payments.

National City, based in Cleveland, Ohio, was one of the nation's largest financial services companies. At December 31, 2008, prior to our acquisition, National City had total assets of approximately $153 billion and total deposits of approximately $101 billion. National City operates through an extensive network in Ohio, Florida, Illinois, Indiana, Kentucky, Michigan, Missouri, Pennsylvania and Wisconsin and also conducts selected consumer lending businesses and other financial services on a nationwide basis. Its primary businesses include commercial and retail banking, mortgage financing and servicing, consumer finance and asset management. The primary reasons for the merger with National City were to enhance shareholder value, to improve PNC's competitive position in the financial services industry and to further expand PNC's existing branch network in states where it currently operates as well as expanding into new markets.

This acquisition was accounted for under the purchase method of accounting. The purchase price was allocated to the National City assets acquired and liabilities assumed using their estimated fair values as of the acquisition date, December 31, 2008. Since the acquisition occurred at year end, no results of operations of National City are included in the Consolidated Income Statement. The summary computation of the purchase price and the allocation of the purchase price to the net assets of National City are presented below. The allocation of the purchase price may be modified through 2009 as more information, such as appraisals, contracts, reviews of legal documentation, and selected key borrower data, is obtained about the fair value of assets acquired and liabilities assumed and may result in goodwill. We also have not yet finalized our plans to exit National City facilities or identified employee terminations. Completion of these plans will likely result in additional liabilities in future periods.

(In millions, except per share data)

Net assets acquired		
National City stockholders' equity	$13,432	
Cash paid to certain warrant holders by National City	379	
National City goodwill and other intangibles	(3,275)	
Gross net assets acquired		$10,536
Preliminary adjustments to reflect fair value of net assets acquired		
Principal balance of loans (a)	(9,831)	
Allowance for loan losses on impaired loans	2,632	
Other adjustments to loans	433	
Deferred taxes	2,720	
Other assets	331	
Other intangibles, including servicing rights	1,084	
Deposits (a)	(1,930)	
Borrowed funds (a)	2,395	
Accrued expenses and other liabilities	(900)	(3,066)
Adjusted net assets acquired		7,470
Purchase price		
National City common shares outstanding	2,420	
Exchange ratio per share	0.0392	
PNC common stock equivalent	94.86	
Less: Fractional shares	0.06	
PNC common stock issued	94.80	
Average PNC share price over days surrounding announcement (b)	$ 59.09	
Purchase price for National City common shares outstanding		$ 5,601
National City preferred stock converted to PNC preferred stock		150
Value of National City options converted to PNC options		2
Cash paid to certain warrant holders by National City		379
Cash in lieu of fractional shares		1
Total purchase price		6,133
Excess of fair value of adjusted net assets acquired over purchase price (c)		$ 1,337

(a) Amounts include premium, discount and other fair value adjustments.

(b) The value of PNC common stock was determined by averaging its closing price for five trading days, including the announcement date of October 24, 2008.

(c) The fair value of the net assets of National City exceeded the purchase price. In accordance with SFAS 141 "Business Combinations", the fair value allocated to premises, equipment and leasehold improvements and other intangibles reduced these balances by $891 million and $446 million, respectively.

Condensed Statement of National City Net Assets Acquired

The following condensed statement of net assets reflects the preliminary value assigned to National City net assets as of the December 31, 2008 acquisition date. The values are net of the reallocation of the excess value of net assets acquired over the purchase price ($1.337 billion), and the cash paid by National City to its warrant holders ($379 million).

(In millions)	
Assets	
Cash and due from banks	$ 2,144
Federal funds sold and resale agreements	7,335
Trading assets, interest-earning deposits with banks, and other short-term investments	9,249
Loans held for sale	2,185
Investment securities	13,327
Net loans	97,435
Other intangible assets	1,797
Equity investments	2,060
Other assets	12,651
Total assets	$148,183
Liabilities	
Deposits	$103,639
Federal funds purchased and repurchase agreements	3,501
Other borrowed funds	21,919
Other liabilities	13,370
Total liabilities	142,429
Net assets acquired	$ 5,754

Purchase accounting adjustments include discounts and premiums on interest-earning assets and liabilities as follows:

- Discounts on loans of $6.1 billion will be accreted to net interest income using the constant effective yield method over the weighted average life of the loans, estimated to be between two and three years. The weighted average lives could vary depending on prepayments, revised estimated cash flows and other related factors. Of the $6.1 billion of discounts, $3.7 billion relates to loans accounted for under SOP 03-3 and $2.4 billion relates to performing loans. A total of $3.7 billion of the fair value mark on impaired loans is not accretable.
- Premiums on interest-earning time deposits of $2.1 billion will be amortized over the weighted average life of the deposits of approximately one year using the constant effective yield method.
- Discounts on borrowed funds of $1.8 billion will be accreted over the weighted average life of the borrowings of approximately seven years using the constant effective yield method.

Other intangible assets acquired consisted of the following (in millions):

Intangible Asset	Fair Value	Weighted Life	Amortization Method
Residential mortgage servicing rights	$1,003	(a)	(a)
Core deposit (b)	351	12 yrs	Accelerated
Commercial mortgage servicing rights	210	13 yrs	Accelerated
Wealth management customer relationships (b)	203	12 yrs	Straight line
National City brand (b)	15	21 mos	Straight line
Consumer loan servicing rights	15	2 yrs	Accelerated
Total	$1,797		

(a) Intangible asset carried at fair value.
(b) Fair value adjusted for the allocation of the excess of fair value of net assets acquired over the purchase price.

See Note 9 Goodwill and Other Intangible Assets for additional information.

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The following table presents the unaudited pro forma combined results of operations of PNC and National City as if the acquisition had been completed as of the beginning of 2008 or 2007. The unaudited pro forma results of operations are presented solely for information purposes and are not intended to represent or be indicative of the consolidated results of operations that PNC would have reported had this transaction been completed as of the dates and for the periods presented, nor are they necessarily indicative of future results.

Unaudited Pro Forma Combined Results

(In millions, except per share data)	2008	2007
Total revenue	$15,397	$16,709
Net income (loss)	(3,742)	3,695
Per share data		
Earnings (loss) – basic	$ (9.58)	$ 7.66
Earnings (loss) – diluted	(9.60)	7.55
Average common shares outstanding – basic	439	426
Average common shares outstanding – diluted	439	431

The unaudited pro forma combined results of operations include the effect of the net amortization/accretion of purchase accounting fair value adjustments based on asset and liability valuations as of the acquisition date. They also reflect the receipt of $7.6 billion from the sale of preferred securities and issuance of a warrant to purchase 16.9 million shares of PNC common stock under the TARP Capital Purchase Program (See Note 19 Shareholders' Equity for additional information). During 2008, National City recorded $2.4 billion of nonrecurring charges for goodwill impairments which are included in these pro forma results. These adjustments have been consistently applied to each period presented in the table above.

STERLING FINANCIAL CORPORATION

On April 4, 2008, we acquired Lancaster, Pennsylvania-based Sterling Financial Corporation ("Sterling"). Sterling shareholders received an aggregate of approximately 4.6 million shares of PNC common stock and $224 million of cash.

J.J.B. HILLIARD, W.L. LYONS, LLC

On March 31, 2008, we sold J.J.B. Hilliard, W.L. Lyons, LLC ("Hilliard Lyons"), a Louisville, Kentucky-based wholly-owned subsidiary of PNC and a full-service brokerage and financial services provider, to Houchens Industries, Inc. We recognized an after-tax gain of $23 million in the first quarter of 2008 in connection with this divestiture.

2007

ALBRIDGE SOLUTIONS INC.

On December 7, 2007, we acquired Albridge Solutions Inc. ("Albridge"), a Lawrenceville, New Jersey-based provider of portfolio accounting and enterprise wealth management services. Albridge extends PNC Global Investment Servicing's capabilities into the delivery of knowledge-based information services through its relationships with financial institutions and financial advisors.

COATES ANALYTICS, LP

Also on December 7, 2007, we acquired Coates Analytics, LP ("Coates Analytics"), a Chadds Ford, Pennsylvania-based provider of web-based analytic tools that help asset managers identify wholesaler territories and financial advisor targets, promote products in the marketplace and strengthen competitive intelligence. Coates Analytics complements PNC Global Investment Servicing's business strategy.

YARDVILLE NATIONAL BANCORP

On October 26, 2007 we acquired Hamilton, New Jersey-based Yardville National Bancorp ("Yardville"). Yardville shareholders received an aggregate of approximately 3.4 million shares of PNC common stock and $156 million in cash. Total consideration paid was approximately $399 million in stock and cash.

ARCS COMMERCIAL MORTGAGE CO., L.P.

On July 2, 2007, we acquired ARCS Commercial Mortgage Co., L.P. ("ARCS"), a Calabasas Hills, California-based lender with 10 origination offices in the United States. ARCS has been a leading originator and servicer of agency multifamily loans for the past decade.

MERCANTILE BANKSHARES CORPORATION

Effective March 2, 2007, we acquired Mercantile Bankshares Corporation ("Mercantile"). Mercantile shareholders received an aggregate of approximately 53 million shares of PNC common stock and $2.1 billion in cash. Total consideration paid was approximately $5.9 billion in stock and cash.

2006

BLACKROCK/MLIM TRANSACTION

On September 29, 2006, Merrill Lynch contributed its investment management business ("MLIM") to BlackRock in exchange for 65 million shares of newly issued BlackRock common and preferred stock. BlackRock accounted for the MLIM transaction under the purchase method of accounting. Immediately following the closing, PNC continued to own 44 million shares of BlackRock common stock representing an ownership interest of 34% of the combined company (as compared with 69% immediately prior to the closing).

We also recorded a liability at September 30, 2006 for deferred taxes of $.9 billion, related to the excess of the book value over the tax basis of our investment in BlackRock, and a liability of $.6 billion related to our obligation to provide shares of BlackRock common stock to help fund certain BlackRock long-term incentive plan ("LTIP") programs.

Beginning with fourth quarter 2006, we recognize gain or loss each quarter-end on our remaining liability to provide shares of BlackRock common stock to help fund certain BlackRock LTIP programs as that liability is marked to market based on changes in BlackRock's common stock price. We recognized a pretax gain of $82 million in the first quarter of 2007 from the transfer of BlackRock shares for certain payouts under one of these programs. Additional BlackRock shares were distributed to LTIP participants in the first quarter of 2008, resulting in a $3 million pretax gain.

The overall balance sheet impact of the BlackRock/MLIM transaction was an increase to our shareholders' equity of $1.6 billion. The increase to equity was comprised of an after-tax gain of $1.3 billion, net of the expense associated with the LTIP liability and the deferred taxes, and an after-tax increase to capital surplus of $.3 billion. The recognition of the gain is consistent with our existing accounting policy for the sale or issuance by subsidiaries of their stock to third parties. The gain represents the difference between our basis in BlackRock stock prior to the BlackRock/MLIM transaction and the new book value per share and resulting increase in value of our investment realized from the transaction. The direct increase to capital surplus rather than inclusion in the gain resulted from the accounting treatment required due to existing BlackRock repurchase commitments or programs.

For the nine months ended September 30, 2006, our Consolidated Income Statement included our former 69% – 71% ownership interest in BlackRock's net income through the closing date. However, beginning September 30, 2006, our Consolidated Balance Sheet no longer reflected the consolidation of BlackRock's balance sheet but recognized our ownership interest in BlackRock as an investment accounted for under the equity method. Since that date, our share of BlackRock's net income is reported within asset management noninterest income in PNC's Consolidated Income Statement.

NOTE 3 VARIABLE INTEREST ENTITIES

We are involved with various entities in the normal course of business that were deemed to be VIEs. We consolidated certain VIEs as of December 31, 2008 and 2007 for which we were determined to be the primary beneficiary.

Consolidated VIEs – PNC Is Primary Beneficiary

In millions	Aggregate Assets	Aggregate Liabilities
Partnership interests in low income housing projects (a)		
December 31, 2008	**$ 1,499**	**$ 1,455**
December 31, 2007	$ 1,108	$ 1,108
Credit Risk Transfer Transaction (b)		
December 31, 2008	**$ 1,070**	**$ 1,070**

(a) Amounts for December 31, 2008 include National City, which PNC acquired on that date.
(b) National City-related transaction.

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

Non-Consolidated VIEs – Significant Variable Interests

In millions	Aggregate Assets	Aggregate Liabilities	PNC Risk of Loss
December 31, 2008			
Market Street	**$ 4,916**	**$ 5,010**	**$ 6,965(a)**
Collateralized debt obligations	**20**		**2**
Partnership interests in tax credit investments (b) (c) (d)	**1,095**	**652**	**920**
Total (c)	**$ 6,031**	**$ 5,662**	**$ 7,887**
December 31, 2007			
Market Street	$ 5,304	$ 5,330	$ 9,019(a)
Collateralized debt obligations	255	177	6
Partnership interests in low income housing projects	298	184	155
Total	$ 5,857	$ 5,691	$ 9,180

(a) PNC's risk of loss consists of off-balance sheet liquidity commitments to Market Street of $6.4 billion and other credit enhancements of $.6 billion at December 31, 2008. The comparable amounts were $8.8 billion and $.2 billion at December 31, 2007.
(b) Amounts reported primarily represent low income housing projects.
(c) Amounts include the impact of National City.
(d) Aggregate assets and aggregate liabilities at December 31, 2008 represent approximate balances due to limited availability of financial information associated with the acquired National City partnerships that we did not sponsor.

MARKET STREET

Market Street Funding LLC ("Market Street") is a multi-seller asset-backed commercial paper conduit that is owned by an independent third party. Market Street's activities primarily involve purchasing assets or making loans secured by interests in pools of receivables from US corporations that desire access to the commercial paper market. Market Street funds the purchases of assets or loans by issuing commercial paper which has been rated A1/P1 by Standard & Poor's and Moody's, respectively, and is supported by pool-specific credit enhancements, liquidity facilities and program-level credit enhancement. Generally, Market Street mitigates its potential interest rate risk by entering into agreements with its borrowers that reflect interest rates based upon its weighted average commercial paper cost of funds. During 2007 and 2008, Market Street met all of its funding needs through the issuance of commercial paper.

PNC Bank, N.A. provides certain administrative services, the program-level credit enhancement and 99% of liquidity facilities to Market Street in exchange for fees negotiated based on market rates. PNC recognized program administrator fees and commitment fees related to PNC's portion of the liquidity facilities of $21 million and $4 million, respectively, for the year ended December 31, 2008. The comparable amounts were $13 million and $4 million for the year ended December 31, 2007.

The commercial paper obligations at December 31, 2008 and December 31, 2007 were effectively collateralized by Market Street's assets. While PNC may be obligated to fund under the $6.4 billion of liquidity facilities for events such as commercial paper market disruptions, borrower bankruptcies, collateral deficiencies or covenant violations, our credit risk under the liquidity facilities is secondary to the risk of first loss provided by the borrower or another third party in the form of deal-specific credit enhancement, such as by the over collateralization of the assets. Deal-specific credit enhancement that supports the commercial paper issued by Market Street is generally structured to cover a multiple of expected losses for the pool of assets and is sized to generally meet rating agency standards for comparably structured transactions. In addition, PNC would be required to fund $1.0 billion of the liquidity facilities if the underlying assets are in default. See Note 25 Commitments and Guarantees for additional information.

PNC provides program-level credit enhancement to cover net losses in the amount of 10% of commitments, excluding explicitly rated AAA/Aaa facilities. PNC provides 100% of the enhancement in the form of a cash collateral account funded by a loan facility. This facility expires in March 2013. Until November 25, 2008, PNC provided only 25% of the enhancement in the form of a cash collateral account funded by a loan facility and provided a liquidity facility for the remaining 75% of program-level enhancement.

Market Street has entered into a Subordinated Note Purchase Agreement ("Note") with an unrelated third party. The Note provides first loss coverage whereby the investor absorbs losses up to the amount of the Note, which was $6.6 million as of December 31, 2008. Proceeds from the issuance of the Note are held by Market Street in a first loss reserve account that will be used to reimburse any losses incurred by Market Street, PNC Bank, N.A. or other providers under the liquidity facilities and the credit enhancement arrangements.

We evaluated the design of Market Street, its capital structure, the Note and relationships among the variable interest holders under the provisions of FIN 46R. Based on this analysis, we are not the primary beneficiary as defined by FIN 46R and therefore the assets and liabilities of Market Street are not reflected in our Consolidated Balance Sheet.

PNC considers changes to the variable interest holders (such as new expected loss note investors and changes to program-level credit enhancement providers), changes to the terms of expected loss notes, and new types of risks related to Market Street as reconsideration events. PNC reviews the activities of Market Street on at least a quarterly basis to determine if a reconsideration event has occurred.

LOW INCOME HOUSING PROJECTS

We make certain equity investments in various limited partnerships that sponsor affordable housing projects utilizing the Low Income Housing Tax Credit ("LIHTC") pursuant to Sections 42 and 47 of the Internal Revenue Code. The purpose of these investments is to achieve a satisfactory return on capital, to facilitate the sale of additional affordable housing product offerings and to assist us in achieving goals associated with the Community Reinvestment Act. The primary activities of the limited partnerships include the identification, development and operation of multi-family housing that is leased to qualifying residential tenants. Generally, these types of investments are funded through a combination of debt and equity. We typically invest in these partnerships as a limited partner.

Also, we are a national syndicator of affordable housing equity (together with the investments described above, the "LIHTC investments"). In these syndication transactions, we create funds in which our subsidiaries are the general partner and sell limited partnership interests to third parties, and in some cases may also purchase a limited partnership interest in the fund and/or provide mezzanine financing to the fund. The purpose of this business is to generate income from the syndication of these funds and to generate servicing fees by managing the funds. General partner activities include selecting, evaluating, structuring, negotiating, and closing the fund investments in operating limited partnerships, as well as oversight of the ongoing operations of the fund portfolio.

We evaluate our interests and third party interests in the limited partnerships in determining whether we are the primary beneficiary. The primary beneficiary determination is based on which party absorbs a majority of the variability. The primary sources of variability in LIHTC investments are the tax credits, tax benefits of losses on the investments and development and operating cash flows. We have consolidated LIHTC investments in which we absorb a majority of the variability and thus are considered the primary beneficiary. The assets are primarily included in Equity Investments and Other Assets on our Consolidated Balance Sheet with the liabilities primarily classified in Other Liabilities and Minority Interest. Neither creditors nor equity investors in the LIHTC investments have any recourse to our general credit. The consolidated aggregate assets and liabilities of these LIHTC investments are provided in the Consolidated VIEs – PNC Is Primary Beneficiary table and reflected in the "Other" business segment.

We also have LIHTC investments in which we are not the primary beneficiary, but are considered to have a significant variable interest based on our interests in the partnership. These investments are disclosed in the Non-Consolidated VIEs – Significant Variable Interests table. The table also reflects our maximum exposure to loss. Our maximum exposure to loss is equal to our legally binding equity commitments adjusted for recorded impairment and partnership results. We use the equity and cost methods to account for our investment in these entities with the investments reflected in Equity Investments on our

Consolidated Balance Sheet. In addition, we increase our recognized investments and recognize a liability for all legally binding unfunded equity commitments. These liabilities are reflected in Other Liabilities on our Consolidated Balance Sheet.

CREDIT RISK TRANSFER TRANSACTION

National City Bank ("NCB") sponsored a special purpose entity ("SPE") trust and concurrently entered into a credit risk transfer agreement with an independent third-party to mitigate credit losses on a pool of nonconforming mortgage loans originated by its former First Franklin business unit. The SPE was formed with a small contribution from NCB and was structured as a bankruptcy-remote entity so that its creditors have no recourse to NCB. In exchange for a perfected security interest in the cash flows of the nonconforming mortgage loans, the SPE issued to NCB asset-backed securities in the form of senior, mezzanine, and subordinated equity notes. NCB has incurred credit losses equal to the subordinated equity notes. NCB currently holds the right to put the mezzanine notes to the independent third-party at par. As of December 31, 2008, the value of the mezzanine notes was $169 million. NCB holds the senior notes and will be responsible for credit losses in excess of this amount.

National City Bank (“NCB”) sponsored a special purpose entity (“SPE”) trust and concurrently entered into a credit risk transfer agreement with an independent third party to mitigate credit losses on a pool of nonconforming mortgage loans originated by its former First Franklin business unit. The SPE was formed with a small contribution from NCB and was structured as a bankruptcy-remote entity so that its creditors have no recourse to NCB. In exchange for a perfected security interest in the cash flows of the nonconforming mortgage loans, the SPE issued to NCB asset-backed securities in the form of senior, mezzanine, and subordinated equity notes. NCB has incurred credit losses equal to the subordinated equity notes. NCB currently holds the right to put the mezzanine notes to the independent third-party at par. As of December 31, 2008, the value of the mezzanine notes was $169 million. NCB holds the senior notes and will be responsible for credit losses in excess of this amount.

The SPE was deemed to be a VIE as its equity was not sufficient to finance its activities. NCB was determined to be the primary beneficiary of the SPE as it would absorb the majority of the expected losses of the SPE through its holding of all of the asset-backed securities. Accordingly, this SPE was consolidated and all of the entity’s assets, liabilities, and equity are intercompany balances and are eliminated in consolidation. Nonconforming mortgage loans, including foreclosed properties, pledged as collateral to the SPE remain on the balance sheet and totaled $719 million at December 31, 2008 reflecting the impact of fair value adjustments recorded by PNC in conjunction with the acquisition.

PERPETUAL TRUST SECURITIES

We issue certain hybrid capital vehicles that qualify as capital for regulatory purposes.

In February 2008, PNC Preferred Funding LLC (the “LLC”), one of our indirect subsidiaries, sold $375 million of 8.700% Fixed-to-Floating Rate Non-Cumulative Exchangeable Perpetual Trust Securities of PNC Preferred Funding Trust III (“Trust III”) to third parties in a private placement. In connection with the private placement, Trust III acquired $375 million of Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Securities of the LLC (the “LLC Preferred Securities”). The sale was similar to the March 2007 private placement by the LLC of $500 million of 6.113% Fixed-to-Floating Rate Non-Cumulative Exchangeable Trust Securities (the “Trust II Securities”) of PNC Preferred Funding Trust II (“Trust II”) in which Trust II acquired $500 million of LLC Preferred Securities and to the December 2006 private placement by PNC REIT Corp. of $500 million of 6.517% Fixed-to-Floating Rate Non-Cumulative Exchangeable Perpetual Trust Securities (the “Trust I Securities”) of PNC Preferred Funding Trust I (“Trust I”) in which Trust I acquired $500 million of LLC Preferred Securities. PNC REIT Corp. owns 100% of LLC’s common voting securities. As a result, LLC is an indirect subsidiary of PNC and is consolidated on our Consolidated Balance Sheet. Trust I, II and III’s investment in LLC Preferred Securities is characterized as a minority interest on our Consolidated Balance Sheet since we are not the primary beneficiary of Trust I, Trust II and Trust III. This minority interest totaled approximately $1.3 billion at December 31, 2008.

PNC has contractually committed to Trust II and Trust III that if full dividends are not paid in a dividend period on the Trust II Securities or the Trust III Securities, as applicable, or the LLC Preferred Securities held by Trust II or Trust III, as applicable, 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.

PNC Bank, N.A. has contractually committed to Trust I that if full dividends are not paid in a dividend period on the Trust I Securities, LLC Preferred Securities or any other parity equity securities issued by the LLC, neither PNC Bank, N.A. nor its subsidiaries will 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 to holders of the LLC Preferred Securities and any parity equity securities issued by the LLC) except: (i) in the case of dividends payable to subsidiaries of PNC Bank, N.A., to PNC Bank, N.A. or another wholly-owned subsidiary of PNC Bank, N.A. or (ii) in the case of dividends payable to persons that are not subsidiaries of PNC Bank, N.A., to such persons only if, (A) in the case of a cash dividend, PNC has first irrevocably committed to contribute amounts at least equal to such cash dividend or (B) in the case of in-kind dividends payable by

PNC REIT Corp., PNC has committed to purchase such in-kind dividend from the applicable PNC REIT Corp. holders in exchange for a cash payment representing the market value of such in-kind dividend, and PNC has committed to contribute such in-kind dividend to PNC Bank, N.A.

NOTE 4 LOANS, COMMITMENTS TO EXTEND CREDIT AND CONCENTRATIONS OF CREDIT RISK

Loans outstanding were as follows:

December 31 - in millions	2008 (a)	2007
Commercial	**$ 67,319**	$28,539
Commercial real estate	**25,736**	8,903
Consumer	**52,489**	18,393
Residential real estate	**21,583**	9,557
Equipment lease financing	**6,461**	2,514
Other	**1,901**	413
Total loans	**$175,489**	$68,319

(a) Amounts at December 31, 2008 include $99.7 billion of loans related to National City.

Loans are presented net of unearned income, net deferred loan fees, unamortized discounts and premiums, and purchase discounts and premiums totaling $4.1 billion and $990 million at December 31, 2008 and 2007, respectively.

Concentrations of credit risk exist when changes in economic, industry or geographic factors similarly affect groups of counterparties whose aggregate exposure is material in relation to our total credit exposure. Loans outstanding and related unfunded commitments are concentrated in our primary geographic markets. At December 31, 2008, no specific industry concentration exceeded 7% of total commercial loans outstanding.

In the normal course of business, we originate or purchase loan products whose contractual features, when concentrated, may increase our exposure as a holder and servicer of those loan products. Possible product terms and features that may create a concentration of credit risk would include loan products whose terms permit negative amortization, a high loan-to-value ratio, features that may expose the borrower to future increases in repayments above increases in market interest rates, below-market interest rates and interest-only loans, among others.

We originate interest-only loans to commercial borrowers. These products are standard in the financial services industry and the features of these products are considered during the underwriting process to mitigate the increased risk of this product feature that may result in borrowers not being able to make interest and principal payments when due. We do not believe that these product features create a concentration of credit risk.

We also originate home equity loans and lines of credit that result in a credit concentration of high loan-to-value ratio loan products at the time of origination. In addition, these loans are concentrated in our primary geographic markets as discussed above. At December 31, 2008, $6.8 billion of the $38.3 billion of home equity loans (included in “Consumer” in the table above) had a loan-to-value ratio greater than 90%. These loans are collateralized primarily by 1-4 family residential properties. Included in the residential real estate category in the table above, at December 31, 2008, $5.6 billion of the $18.8 billion of residential mortgage loans were interest-only loans.

We realized a net loss on sales of commercial mortgages of $6 million in 2008, and net gains of $39 million in 2007 and $55 million in 2006. Loans held for sale are reported separately on the Consolidated Balance Sheet and are not included in the table above. Gains on sales of education loans totaled $24 million in 2007 and $33 million in 2006. In February 2008, we transferred education loans from held for sale to the loan portfolio and did not recognize any gains on sales of education loans during 2008. Interest income from total loans held for sale was $166 million for 2008, $184 million for 2007, and $157 million for 2006 and is included in Other interest income in our Consolidated Income Statement.

Net Unfunded Credit Commitments

December 31 - in millions	2008 (a)	2007
Commercial and commercial real estate	**$ 59,982**	$42,021
Home equity lines of credit	**23,195**	8,680
Consumer credit card lines	**19,028**	969
Other	**2,683**	1,677
Total	**$104,888**	$53,347

(a) Amounts at December 31, 2008 include $53.9 billion of net unfunded credit commitments related to National City.

Commitments to extend credit represent arrangements to lend funds subject to specified contractual conditions. At December 31, 2008, commercial commitments are reported net of $8.6 billion of participations, assignments and syndications, primarily to financial services companies. The comparable amount at December 31, 2007 was $8.9 billion. Commitments generally have fixed expiration dates, may require payment of a fee, and contain termination clauses in the event the customer’s credit quality deteriorates. Based on our historical experience, most commitments expire unfunded, and therefore cash requirements are substantially less than the total commitment. Consumer home equity lines of credit accounted for 55% of consumer unfunded credit commitments.

Unfunded credit commitments related to Market Street totaled $6.4 billion at December 31, 2008 and $8.8 billion at December 31, 2007 and are included in the preceding table primarily within the “Commercial” and “Consumer” categories.

At December 31, 2008, we pledged $32.9 billion of loans to the Federal Reserve Bank (“FRB”) and $50.0 billion of loans to the Federal Home Loan Bank (“FHLB”) as collateral for the contingent ability to borrow, if necessary.

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NOTE 5 ASSET QUALITY

The following table sets forth nonperforming assets and related information:

December 31 - dollars in millions	2008 (a)	2007
Nonaccrual loans		
Commercial	**$ 576**	$193
Commercial real estate	**766**	212
Equipment lease financing	**97**	3
TOTAL COMMERCIAL LENDING	**1,439**	408
Consumer		
Home equity	**66**	16
Other	**4**	1
Total consumer	**70**	17
Residential real estate		
Residential mortgage	**139**	26
Residential construction	**14**	1
Total residential real estate	**153**	27
TOTAL CONSUMER LENDING	**223**	44
Total nonaccrual loans	**1,662**	452
Restructured loans		2
Total nonperforming loans	**1,662**	454
Foreclosed and other assets		
Commercial lending	**34**	23
Consumer	**11**	8
Residential real estate	**458**	10
Total foreclosed and other assets	**503**	41
Total nonperforming assets (b) (c)	**$2,165**	$495
Nonperforming loans to total loans	**.95%**	.66%
Nonperforming assets to total loans and foreclosed assets	**1.23**	.72
Nonperforming assets to total assets	**.74**	.36
Interest on nonperforming loans		
Computed on original terms	**$ 115**	$ 51
Recognized prior to nonperforming status	**60**	32
Past due loans		
Accruing loans past due 90 days or more	**$3,259**	$136
As a percentage of total loans	**1.86%**	.20%

(a) Amounts at December 31, 2008 include $722 million of nonperforming assets related to National City. Nonperforming assets of National City are comprised of $250 million of nonperforming loans, including $154 million related to commercial lending and $96 million related to consumer lending, and $472 million of foreclosed and other assets. Nonperforming assets added with the National City acquisition excluded those loans that PNC impaired in accordance with SOP 03-3. See Note 6 Certain Loans Acquired in a Transfer for additional information regarding SOP 03-3 loans.

(b) Excludes equity management assets carried at estimated fair value of $42 million at December 31, 2008 and $4 million at December 31, 2007.

(c) Excludes loans held for sale carried at lower of cost or market value of $78 million at December 31, 2008 and $25 million at December 31, 2007, including troubled debt restructured assets of $5 million at December 31, 2008.

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Net interest income less the provision for credit losses was $2.306 billion for 2008 compared with $2.600 billion for 2007 and $2.121 billion for 2006.

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

In millions	2008	2007	2006
January 1	**$ 830**	$ 560	$ 596
Charge-offs	**(618)**	(245)	(180)
Recoveries	**79**	45	40
Net charge-offs	**(539)**	(200)	(140)
Provision for credit losses (a)	**1,517**	315	124
Acquired allowance – National City	**2,224**		
Acquired allowance – other (b)	**20**	152	
Net change in allowance for unfunded loan commitments and letters of credit	**(135)**	3	(20)
December 31	**$3,917**	$ 830	$ 560

(a) Amount for 2008 includes conforming provision adjustments of $504 million related to National City and $23 million related to Sterling. Amount for 2007 includes a conforming provision adjustment of $45 million related to Yardville.
(b) Sterling in 2008. Amount for 2007 includes $137 million related to Mercantile and $15 million related to Yardville.

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

In millions	2008	2007	2006
Allowance at January 1	**$134**	$120	$100
Acquired allowance – National City	**74**		
Acquired allowance – other (a)	**1**	17	
Net change in allowance for unfunded loan commitments and letters of credit	**135**	(3)	20
December 31	**$344**	$134	$120

(a) Sterling in 2008 and Mercantile in 2007.

Impaired loans, as defined under SFAS 114, exclude leases and smaller homogenous type loans as well as National City impaired loans accounted for pursuant to SOP 03-3. We did not recognize any interest income on loans while they were impaired in 2008, 2007 or 2006. The following table provides further detail on impaired loans and the associated allowance for loan losses:

SFAS 114 SUMMARY OF IMPAIRED LOANS (a)

At December 31 In millions	2008	2007
Impaired loans with an associated reserve	**$1,249**	$371
Impaired loans without an associated reserve	**93**	36
Total impaired loans	**$1,342**	$407
Specific allowance for credit losses	**$ 405**	$124
Average impaired loan balance	**$ 674**	$200

(a) Excludes residential, leasing and construction loans.

NOTE 6 ACCOUNTING FOR CERTAIN LOANS ACQUIRED IN A TRANSFER

Loans acquired with evidence of credit quality deterioration since origination and for which it is probable at purchase that PNC will be unable to collect all contractually required payments are accounted for under SOP 03-3. Evidence of credit quality deterioration as of the purchase date includes statistics such as past due status, current borrower FICO credit scores, geographic concentration and current loan-to-value (LTV), some of which are not immediately available as of the purchase date. We will continue to evaluate this information and other credit related information as it becomes available. SOP 03-3 addresses accounting for differences between contractual cash flows and cash flows expected to be collected from our initial investment in loans if those differences are attributable, at least in part, to credit quality. SOP 03-3 requires acquired impaired loans to be recorded at fair value and prohibits "carrying over" or the creation of valuation allowances in the initial accounting for loans acquired in a transfer that are within the scope of this SOP. A total of $2.6 billion of National City allowance for loan losses was not carried over in purchase accounting. Excluded from the scope were leases, revolving credit arrangements and certain loans held for sale.

The fair values for loans within the scope of SOP 03-3 are determined by discounting both principal and interest cash flows expected to be collected using an observable discount rate for similar instruments with adjustments that management believes a market participant would consider in determining fair value. We estimate the cash flows expected to be collected at acquisition using internal and third party models that incorporate management's best estimate of current key assumptions, such as default rates, loss severity and payment speeds.

As of December 31, 2008, acquired loans within the scope of SOP 03-3 had a carrying value of $11.9 billion and an unpaid principal balance of $19.3 billion as detailed below:

	December 31, 2008	
In millions	Carrying Value	Outstanding Balance
Commercial	$ 493	$ 1,180
Commercial real estate	1,340	2,831
Consumer	3,924	5,785
Residential real estate	6,154	9,482
Other	10	14
Total	$ 11,921	$ 19,292

Acquired Loan Information

In millions	December 31, 2008
Contractually required payments including interest	$ 23,845
Less: Nonaccretable difference	8,256
Cash flows expected to be collected	15,589
Less: Accretable yield	3,668
Fair value of loans acquired	$ 11,921

Under SOP 03-3, the excess of cash flows expected at acquisition over the estimated fair value is referred to as the accretable yield and is recognized in interest income over the remaining life of the loan using the constant effective yield method. The difference between contractually required payments at acquisition and the cash flows expected to be collected at acquisition is referred to as the nonaccretable difference. Changes in the expected cash flows from the date of acquisition will either impact the accretable yield or result in a charge to the provision for credit losses in the period in which the changes become probable. Subsequent decreases to the expected cash flows will generally result in a charge to the provision for credit losses resulting in an increase to the allowance for loan and lease losses, and a reclassification from accretable yield to nonaccretable difference. Subsequent increases in cash flows will result in a recovery of any previously recorded allowance for loan and lease losses, to the extent applicable, and a reclassification from nonaccretable difference to accretable yield. There was no allowance for loan and lease losses related to loans acquired within the scope of SOP 03-3 as of December 31, 2008. Disposals of loans, which may include sales of loans, receipt of payments in full by the borrower, foreclosure, or troubled debt restructurings result in removal of the loan from the SOP 03-3 portfolio at its carrying amount.

There were no changes in the accretable yield of loans during 2008 as the majority of SOP 03-3 loans were acquired in connection with the National City acquisition as of December 31, 2008.

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NOTE 7 INVESTMENT SECURITIES

In millions	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
December 31, 2008				
SECURITIES AVAILABLE FOR SALE (a)				
Debt securities				
US Treasury and government agencies	**$ 738**	**$ 1**		**$ 739**
Residential mortgage-backed				
Agency	**22,744**	**371**	**$ (9)**	**23,106**
Nonagency	**13,205**		**(4,374)**	**8,831**
Commercial mortgage-backed	**4,305**		**(859)**	**3,446**
Asset-backed	**2,069**	**4**	**(446)**	**1,627**
State and municipal	**1,326**	**13**	**(76)**	**1,263**
Other debt	**563**	**11**	**(15)**	**559**
Total debt securities	**44,950**	**400**	**(5,779)**	**39,571**
Corporate stocks and other	**575**		**(4)**	**571**
Total securities available for sale	**$45,525**	**$400**	**$(5,783)**	**$40,142**
SECURITIES HELD TO MATURITY (b)				
Debt securities				
Commercial mortgage-backed	**$ 1,945**	**$ 10**	**$ (59)**	**$ 1,896**
Asset-backed	**1,376**	**7**	**(25)**	**1,358**
Other debt	**10**			**10**
Total debt securities	**3,331**	**17**	**(84)**	**3,264**
Total securities held to maturity	**$ 3,331**	**17**	**(84)**	**$ 3,264**
December 31, 2007				
SECURITIES AVAILABLE FOR SALE				
Debt securities				
U.S. Treasury and government agencies	$ 151	$ 4		$ 155
Residential mortgage-backed				
Agency	9,218	112	$ (16)	9,314
Nonagency	11,929	6	(297)	11,638
Commercial mortgage-backed	5,227	53	(16)	5,264
Asset-backed	2,878	4	(112)	2,770
State and municipal	340	1	(5)	336
Other debt	85		(1)	84
Total debt securities	29,828	180	(447)	29,561
Corporate stocks and other	662	2		664
Total securities available for sale	$30,490	$182	$ (447)	$30,225
December 31, 2006				
SECURITIES AVAILABLE FOR SALE				
Debt securities				
US Treasury and government agencies	$ 611		$ (3)	$ 608
Residential mortgage-backed				
Agency	4,351	$ 13	(33)	4,331
Nonagency	12,974	26	(123)	12,877
Commercial mortgage-backed	3,231	13	(25)	3,219
Asset-backed	1,615	3	(9)	1,609
State and municipal	140	1	(2)	139
Other debt	90		(3)	87
Total debt securities	23,012	56	(198)	22,870
Corporate stocks and other	321	1	(1)	321
Total securities available for sale	$23,333	$ 57	$ (199)	$23,191

(a) During the fourth quarter of 2008, we transferred $.6 billion of trading securities to the available for sale portfolio.

(b) During the fourth quarter of 2008, we transferred $3.2 billion of securities available for sale to the securities held to maturity portfolio. At December 31, 2008, the balance of the after-tax unrealized loss related to the securities transferred was $342 million.

The fair value of investment securities is impacted by interest rates, credit spreads, market volatility and illiquidity. Net unrealized gains and losses in the securities available for sale portfolio are included in shareholders' equity as accumulated other comprehensive income or loss, net of tax.

The following table presents unrealized loss and fair value of investment securities at December 31, 2008 and December 31, 2007 for which an other-than-temporary impairment has not been recognized. These securities are segregated between investments that have been in a continuous unrealized loss position for less than twelve months and twelve months or more.

	Unrealized loss position less than 12 months		Unrealized loss position 12 months or more		Total	
In millions	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value
December 31, 2008						
Securities available for sale						
Debt securities						
Residential mortgage-backed	**$ (1,775)**	**$3,619**	**($ 2,608)**	**$3,871**	**($ 4,383)**	**$ 7,490**
Commercial mortgage-backed	**(482)**	**2,207**	**(377)**	**1,184**	**(859)**	**3,391**
Asset-backed	**(102)**	**523**	**(344)**	**887**	**(446)**	**1,410**
State and municipal	**(56)**	**370**	**(20)**	**26**	**(76)**	**396**
Other debt	**(11)**	**185**	**(4)**	**8**	**(15)**	**193**
Total	**$ (2,426)**	**$6,904**	**$ (3,353)**	**$5,976**	**$ (5,779)**	**$12,880**
December 31, 2007						
Securities available for sale						
Debt securities						
Residential mortgage-backed	$ (157)	$6,994	$ (156)	$5,065	$ (313)	$12,059
Commercial mortgage-backed	(3)	365	(13)	769	(16)	1,134
Asset-backed	(87)	1,519	(25)	655	(112)	2,174
State and municipal	(4)	79	(1)	82	(5)	161
Other debt	(1)	40		3	(1)	43
Total	$ (252)	$8,997	$ (195)	$6,574	$ (447)	$15,571

During 2008, unprecedented market volatility and relative illiquidity in certain asset sectors had an adverse impact on the valuation of certain of our investment securities. This occurred even as market interest rates (i.e., interest rate swap rates) declined at December 31, 2008 compared with December 31, 2007. At December 31, 2008, we consider the gross unrealized loss of $5.8 billion to be temporary as we had the positive ability and intent for the foreseeable future to hold these securities until recovery of fair value.

Other-than-temporary impairment charges are reflected in net securities gains (losses) on our Consolidated Income Statement. These charges include the impact of declines in both credit quality and liquidity.

Impairments

During 2008, we recorded other-than-temporary impairment charges totaling $312 million.

- We recorded charges totaling $151 million related to eight residential mortgage-backed securities. The fair value of these eight securities was approximately $184 million as of December 31, 2008.
- We recorded charges totaling $87 million related to two securities collateralized by first-lien residential mortgage loans and five securities collateralized by second-lien residential mortgage loans. The fair value of these seven securities was $82 million as of December 31, 2008.
- We recorded charges totaling $74 million related to our investment in preferred stock of FHLMC and FNMA. The fair value of these securities was approximately $2 million as of December 31, 2008.

Information relating to securities gains and losses is set forth in the following table.

Securities Gains and Losses

Year ended December 31 In millions	Proceeds	Gross Gains	Gross Losses (a)	Net Gains (Losses)	Tax Expense (Benefit)
2008	**$10,283**	**$114**	**$ 320**	**$ (206)**	**$ (72)**
2007	6,056	20	25	(5)	(2)
2006	11,102	2	209	(207)	(72)

(a) Includes other-than-temporary impairment charges of $312 million for 2008.

The fair value of securities pledged to secure public and trust deposits and repurchase agreements and for other purposes was $22.5 billion at December 31, 2008 and $24.2 billion at December 31, 2007. The pledged securities include positions held in our portfolio of investment securities, trading securities, and securities accepted as collateral from others that we are permitted by contract or custom to sell or repledge.

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The fair value of securities accepted as collateral that we are permitted by contract or custom to sell or repledge was $1.6 billion at December 31, 2008 and $2.3 billion at December 31, 2007 and is a component of federal funds sold and resale agreements on our Consolidated Balance Sheet. Of the permitted amount, $461 million was repledged to others at December 31, 2008 and $1.5 billion was repledged to others at December 31, 2007.

The following table presents, by remaining contractual maturity, the amortized cost, fair value and weighted-average yield of debt securities at December 31, 2008.

Contractual Maturity Of Debt Securities

December 31, 2008 Dollars in millions	1 Year or Less	After 1 Year through 5 Years	After 5 Years through 10 Years	After 10 Years	Total
SECURITIES AVAILABLE FOR SALE					
US Treasury and government agencies	$ 83	$ 84	$ 552	$ 19	**$ 738**
Residential mortgage-backed	758	9,890	1,397	23,904	**35,949**
Commercial mortgage-backed		37	52	4,217	**4,306**
Asset-backed	22	92	488	1,467	**2,069**
State and municipal	100	226	186	813	**1,325**
Other debt	7	464	59	33	**563**
Total debt securities available for sale	$ 970	$ 10,793	$ 2,734	$30,453	**$44,950**
Fair value	$ 971	$ 10,789	$ 2,702	$25,109	**$39,571**
Weighted-average yield, GAAP basis	6.09%	5.02%	6.06%	5.53%	**5.45%**
SECURITIES HELD TO MATURITY					
Commercial mortgage-backed		$ 130	$ 66	$ 1,749	**$ 1,945**
Asset-backed	$ 43	789	395	149	**1,376**
Other debt			1	9	**10**
Total debt securities held to maturity	$ 43	$ 919	$ 462	$ 1,907	**$ 3,331**
Fair value	$ 42	$ 907	$ 455	$ 1,860	**$ 3,264**
Weighted-average yield, GAAP basis	5.35%	5.00%	4.27%	5.20%	**5.02%**

Based on current interest rates and expected prepayment speeds, the total weighted-average expected maturity of mortgage-backed securities was 2 years and 9 months, of commercial mortgage-backed securities was 4 years and 5 months and of asset-backed securities was 4 years and 11 months at December 31, 2008. Weighted-average yields are based on historical cost with effective yields weighted for the contractual maturity of each security. At December 31, 2008, there were no securities of a single issuer, other than Fannie Mae and Freddie Mac, which exceeded 10% of total shareholders' equity.

NOTE 8 FAIR VALUE

Fair Value Measurement

SFAS 157 defines fair value as the price that would be received to sell an asset or the price paid to transfer a liability on the measurement date. The standard focuses on the exit price in the principal or most advantageous market for the asset or liability in an orderly transaction between willing market participants.

SFAS 157 establishes a fair value reporting hierarchy to maximize the use of observable inputs when measuring fair value and defines the three levels of inputs as noted below. The financial instruments in Level 3 are typically less liquid.

Level 1

Quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities may include debt securities, equity securities and listed derivative contracts that are traded in an active exchange market and certain US Government and agency-backed securities that are actively traded in over-the-counter markets.

Level 2

Observable inputs other than Level 1 such as: quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated to observable market data for substantially the full term of the asset or liability. Level 2 assets and liabilities may include debt securities, equity securities and listed derivative contracts with quoted prices that are traded in markets that are not active, and certain debt and equity securities and over-the-counter derivative contracts whose fair value is determined using a pricing model without significant unobservable inputs. This category generally includes certain mortgage-backed debt securities, private-issuer securities, other asset-backed securities, corporate debt securities and derivative contracts.

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Level 3
Unobservable inputs that are supported by minimal or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities may include financial instruments whose value is determined using pricing models with internally developed assumptions, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. This category generally includes certain commercial mortgage loans held for sale, private equity investments, certain available for sale securities, certain trading securities and certain financial derivative contracts. Nonrecurring items, primarily certain nonaccrual and other loans held for sale and commercial mortgage servicing rights, are also included in this category.

Assets and liabilities measured at fair value on a recurring basis, including instruments for which PNC has elected the fair value option, are summarized below. As prescribed by SFAS 157, the assets and liabilities of National City acquired in a purchase business combination on December 31, 2008 were excluded from the table below and related SFAS 157 and SFAS 159 disclosures.

Fair Value Measurements – Summary

	December 31, 2008			
In millions	Level 1	Level 2	Level 3	Total Fair Value
Assets				
Securities available for sale	$ 347	$21,633	$4,837	$26,817
Financial derivatives (a)	16	5,582	125	5,723
Trading securities (b)	89	529	73	691
Commercial mortgage loans held for sale (c)			1,400	1,400
Customer resale agreements (d)		1,072		1,072
Equity investments			571	571
Other assets		144	6	150
Total assets	$ 452	$28,960	$7,012	$36,424
Liabilities				
Financial derivatives (e)	$ 2	$ 4,387	$ 22	$ 4,411
Trading securities sold short (f)	182	207		389
Other liabilities		9		9
Total liabilities	$ 184	$ 4,603	$ 22	$ 4,809

(a) Included in other assets on the Consolidated Balance Sheet.
(b) Included in trading securities on the Consolidated Balance Sheet. Fair value includes net unrealized losses of $27.5 million.
(c) Included in loans held for sale on the Consolidated Balance Sheet. PNC has elected the fair value option under SFAS 159 for certain commercial mortgage loans held for sale.
(d) Included in federal funds sold and resale agreements on the Consolidated Balance Sheet. PNC has elected the fair value option under SFAS 159 for this item.
(e) Included in other liabilities on the Consolidated Balance Sheet.
(f) Included in other borrowed funds on the Consolidated Balance Sheet.

The table below presents a reconciliation for January 1, 2008 to December 31, 2008 of assets and liabilities measured at fair value on a recurring basis using Level 3 inputs.

Level 3 Instruments Only In millions	Securities available for sale (c)	Financial derivatives (c)	Trading securities (c)	Commercial mortgage loans held for sale (d)	Equity investments (c)	Other assets (c)	Total Assets	Financial derivatives (c)	Total Liabilities
December 31, 2007	$ 285	$ 130		$ 2,018	$ 568	$ 4	$3,005	$ 326	$ 326
Impact of SFAS 157 and SFAS 159 adoption		2		2			4		
Balance, January 1, 2008	285	132		2,020	568	4	3,009	326	326
Total realized/unrealized gains or losses (a):									
Included in earnings (b)		(9)	$ (4)	(251)	(30)	(2)	(296)	(297)	(297)
Included in other comprehensive income	(164)						(164)		
Purchases, issuances, and settlements, net	515		18	(369)	33	4	201	(8)	(8)
Transfers into Level 3, net	4,201	2	59				4,262	1	1
December 31, 2008	$ 4,837	$ 125	$ 73	$ 1,400	$ 571	$ 6	$7,012	$ 22	$ 22
(a) Losses for assets are bracketed which losses for liabilities are not.									
(b) Attributable to unrealized gains or losses related to assets or liabilities held at December 31, 2008:		$ 16	$ 1	$ (213)	$ (50)		$ (246)	$ (37)	$ (37)

(c) Carried at fair value prior to our adoption of SFAS 157.
(d) We elected the fair value option under SFAS 159 for this item.

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The after-tax adjustment to beginning retained earnings from the adoption of SFAS 157 and SFAS 159 related to Level 3 fair value measurements was approximately $1 million each.

Net gains (realized and unrealized) relating to Level 3 assets and liabilities were $1 million for 2008. This amount included net unrealized losses of $209 million. These amounts were included in other noninterest income in the Consolidated Income Statement.

During 2008, securities transferred into Level 3 from Level 2 exceeded securities transferred out by $4.3 billion. These primarily related to private issuer asset-backed securities, auction rate securities, residential mortgage-backed securities and corporate bonds and occurred due to reduced volume of recently executed transactions and the lack of corroborating market price quotations for these instruments. Other Level 3 assets include commercial mortgage loans held for sale, private equity investments and other assets.

Nonrecurring Fair Value Changes

We may be required to measure certain other financial assets at fair value on a nonrecurring basis. These adjustments to fair value usually result from the application of lower-of-cost-or-market accounting or write-downs of individual assets due to impairment. The amounts below for nonaccrual loans and loans held for sale represent the carrying value of loans for which adjustments are primarily based on the appraised value of collateral or the present value of expected future cash flows, which often results in significant management assumptions and input with respect to the determination of fair value. The fair value determination of the equity investment resulting in an impairment loss included below was based on observable market data for other comparable entities as adjusted for internal assumptions and unobservable inputs. The amounts below for commercial mortgage servicing rights reflect an impairment of certain strata of these assets. The fair value of commercial mortgage servicing rights is estimated by using an internal valuation model. The model calculates the present value of estimated future net servicing cash flows considering estimates on servicing revenue and costs, discount rates and prepayment speeds. Annually, this model is subject to an internal review process to validate controls and model results.

Fair Value Measurements – Nonrecurring

In millions	December 31, 2008 Total Fair Value (a)	Total losses for year ended December 31, 2008
Assets		
Nonaccrual loans	$ 250	$ (99)
Loans held for sale	101	(2)
Equity investment	75	(73)
Commercial mortgage servicing rights	560	(35)
Total assets	$ 986	$ (209)

(a) All Level 3.

Fair Value Option

Commercial Mortgage Loans Held For Sale

Effective January 1, 2008, we elected to account for commercial mortgage loans classified as held for sale and intended for securitization at fair value under the provisions of SFAS 159. Based on the significance of unobservable inputs, we classify this portfolio as Level 3. As such, a synthetic securitization methodology was used historically to value the loans and the related unfunded commitments on an aggregate basis based upon current commercial mortgage-backed securities (CMBS) market structures and conditions. The election of the fair value option aligns the accounting for the commercial mortgages with the related hedges. It also eliminates the requirements of hedge accounting under SFAS 133. Due to the inactivity in the CMBS securitization market in 2008, we determined the fair value of commercial mortgage loans held for sale by using a whole loan valuation methodology. Based on the significance of unobservable inputs, we classified this portfolio as Level 3. Valuation assumptions included observable inputs based on whole loan sales, both observed in the market and actual sales from our portfolio and new loan origination spreads during the quarter. Adjustments were made to the assumptions to account for uncertainties, including market conditions, and liquidity. Credit risk was included as part of our valuation process for these loans by considering expected rates of return for market participants for similar loans in the marketplace.

PNC has not elected the fair value option for the remainder of our loans held for sale portfolio as the amounts are not significant and hedge accounting is not used for these loans.

At December 31, 2008, commercial mortgage loans held for sale for which the fair value option had been elected had an aggregate fair value of $1.4 billion and an aggregate outstanding principal balance of $1.6 billion.

Interest income on these loans is recorded as earned and reported in the Consolidated Income Statement in the caption Interest Income – Other. Net losses resulting from changes in fair value of these loans of $251 million for 2008 were recorded in other noninterest income. The impact on earnings of offsetting hedges is not reflected in these amounts. Changes in fair value due to instrument-specific credit risk for 2008 were not material. The changes in fair value of these loans were partially offset by changes in the fair value of the related financial derivatives that economically hedged these loans.

Customer Resale Agreements and Bank Notes

Effective January 1, 2008, we elected to account for structured resale agreements and structured bank notes at fair value, which are economically hedged using free-standing financial derivatives.

The fair value for structured resale agreements and structured bank notes is determined using a model which includes observable market data as inputs such as interest rates.

Readily observable market inputs to this model can be validated to external sources, including yield curves, implied volatility or other market related data. Changes in fair value due to instrument-specific credit risk for 2008 were not material. At December 31, 2008, structured resale agreements with an aggregate fair value of $1.1 billion were included in federal funds sold and resale agreements on our Consolidated Balance Sheet. The aggregate outstanding principal balance was $980 million. Interest income on structured resale agreements is reported in the Consolidated Income Statement in the caption Interest Income – Other.

The following table summarizes the financial instruments for which we elected the fair value option effective January 1, 2008 and the related cumulative-effect adjustment to retained earnings.

Fair Value Option – Adoption

In millions	December 31, 2007	Retained Earnings Net Gain (Loss)	January 1, 2008
Assets			
Customer resale agreements (a)	$ 738	$ 23	$ 761
Commercial mortgage loans held for sale	2,018	2	2,020
Liabilities			
Bank notes	11		11
Cumulative–effect adjustment, before taxes		25	
Tax impact		(9)	
Cumulative-effect adjustment, after taxes		$ 16	

(a) Includes structured resale agreements that are economically hedged with derivatives.

The following table summarizes the changes in fair value included in other noninterest income in the Consolidated Income Statement for items for which we elected the fair value option.

Fair Value Option – Changes in Fair Value

In millions	Total gains (losses) For the year ended December 31, 2008
Assets	
Customer resale agreements (a)	$ 69
Commercial mortgage loans held for sale (a)	(251)

(a) The impact on earnings of offsetting hedges is not reflected in these amounts.

The following table provides fair values and aggregate unpaid principal balances of items for which we elected the fair value option.

Fair Value Option – Fair Value and Principal Balances

In millions	Fair Value December 31, 2008	Aggregate Unpaid Principal Balance December 31, 2008	Difference
Customer resale agreements	$ 1,072	$ 980	$ 92
Commercial mortgage loans held for sale			
Performing loans	1,376	1,572	(196)
Nonaccrual loans	24	27	(3)
Total	1,400	1,599	(199)

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FAIR VALUE OF FINANCIAL INSTRUMENTS (SFAS 107)

	2008 (a)		2007	
December 31 – in millions	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Assets				
Cash and short-term assets	**$ 23,171**	**$ 23,171**	$ 7,456	$ 7,456
Trading securities	**1,725**	**1,725**	3,556	3,556
Investment securities	**43,473**	**43,406**	30,225	30,225
Loans held for sale	**4,366**	**4,366**	3,927	3,966
Net loans (excludes leases)	**165,112**	**162,159**	64,976	65,808
Other assets	**4,282**	**4,282**	1,328	1,328
Mortgage and other loan servicing rights	**1,890**	**1,899**	701	780
Financial derivatives				
Fair value hedges	**889**	**889**	283	283
Cash flow hedges	**527**	**527**	325	325
Free-standing derivatives	**7,088**	**7,088**	2,163	2,163
Liabilities				
Demand, savings and money market deposits	**116,946**	**116,946**	56,294	56,294
Time deposits	**75,919**	**76,205**	26,402	26,416
Borrowed funds	**52,872**	**53,063**	31,254	31,608
Financial derivatives				
Fair value hedges	**1**	**1**	93	93
Cash flow hedges				
Free-standing derivatives	**6,057**	**6,057**	2,298	2,298
Unfunded loan commitments and letters of credit	**338**	**338**	129	129

(a) Amounts include National City.

The aggregate fair values in the table above do not represent the underlying market value of PNC as the table excludes the following:

- real and personal property,
- lease financing,
- loan customer relationships,
- deposit customer intangibles,
- retail branch networks,
- fee-based businesses, such as asset management and brokerage, and
- trademarks and brand names.

Refer to Fair Value Measurement section of this Note 8 for a definition of fair value.

We used the following methods and assumptions to estimate fair value amounts for financial instruments.

GENERAL

For short-term financial instruments realizable in three months or less, the carrying amount reported in our Consolidated Balance Sheet approximates fair value. Unless otherwise stated, the rates used in discounted cash flow analyses are based on market yield curves.

CASH AND SHORT-TERM ASSETS

The carrying amounts reported in the consolidated balance sheet for cash and short-term investments approximate fair values primarily due to their short-term nature. For purposes of this disclosure only, short-term assets include the following:

- due from banks,
- interest-earning deposits with banks,
- federal funds sold and resale agreements,
- cash collateral,
- customers' acceptance liability, and
- accrued interest receivable.

SECURITIES

Securities include both the investment securities and trading portfolios. We use prices sourced from pricing services, dealer quotes or recent trades to determine the fair value of securities. Approximately 75% of our positions are valued using pricing services provided by the Lehman Index and IDC. Lehman Index prices are set with reference to market activity for highly liquid assets such as agency mortgage-backed securities, and matrix priced for other assets, such as CMBS and asset-backed securities. IDC primarily uses matrix pricing for the instruments we value using this service, such as agency adjustable rate mortgage securities, agency CMOs and municipal bonds. Dealer quotes received are typically non-binding and corroborated with other dealers' quotes, by reviewing valuations of comparable instruments, or by comparison to internal valuations. The majority of our securities are classified as Level 2 in the fair value hierarchy. In circumstances where market prices are limited or unavailable, valuations may require significant management judgments or adjustments to determine fair value. In these cases, the securities are classified as Level 3.

NET LOANS AND LOANS HELD FOR SALE

Fair values are estimated based on the discounted value of expected net cash flows incorporating assumptions about prepayment rates, credit losses, servicing fees and costs. For revolving home equity loans, this fair value does not include any amount for new loans or the related fees that will be generated from the existing customer relationships. In the case of nonaccrual loans, scheduled cash flows exclude interest payments. Refer to the Fair Value Option section of this Note 8 regarding the fair value of commercial mortgage loans held for sale. Residential mortgage loans are valued based on quoted market prices, where available, prices for other traded mortgage loans with similar characteristics, and purchase commitments and bid information received from market participants. These loans are regularly traded in active markets and observable pricing information is available from market participants. The prices are adjusted as necessary to include the embedded servicing value in the loans and to take into consideration the specific characteristics of certain loans that are priced based on the pricing of similar loans. These adjustments represent unobservable inputs to the valuation but are not considered significant to the fair value of the loans. Loans are presented net of the allowance for loan and lease losses.

OTHER ASSETS

Other assets as shown in the accompanying table include the following:

- noncertificated interest-only strips,
- FHLB and FRB stock,
- equity investments carried at cost and fair value, and
- private equity investments carried at fair value.

Investments accounted for under the equity method, including our investment in BlackRock, are not included in the accompanying table.

The carrying amounts of private equity investments are recorded at fair value. The valuation procedures applied to direct investments include techniques such as multiples of adjusted earnings of the entity, independent appraisals, anticipated financing and sales transactions with third parties, or the pricing used to value the entity in a recent financing transaction. We value indirect investments in private equity funds based on the financial statements that we receive from their managers. Due to the time lag in our receipt of the financial information and based on a review of investments and valuation techniques applied, adjustments to the manager provided value are made when available recent investment portfolio company or market information indicates a significant change in value from that provided by the general partner.

Fair value of the noncertificated interest-only strips is estimated based on the discounted value of expected net cash flows. The aggregate carrying value of our equity investments carried at cost and FHLB and FRB stock was $3.1 billion at December 31, 2008 and $766 million as of December 31, 2007, both of which approximate fair value at each date.

MORTGAGE AND OTHER LOAN SERVICING ASSETS

Fair value is based on the present value of the estimated future cash flows, incorporating assumptions as to prepayment speeds, discount rates, escrow balances, interest rates, cost to service and other factors. We have numerous controls in place intended to ensure that our fair values are appropriate. An independent model review group reviews our valuation models and validates them for their intended use.

For commercial mortgage loan servicing assets, key valuation assumptions at December 31, 2008 and December 31, 2007 included prepayment rates ranging from 4% – 16% and 10% – 16%, respectively, and discount rates ranging from 8% – 10% for both periods, which resulted in an estimated fair value of $873 million and $773 million, respectively.

For residential mortgage servicing assets, key assumptions at December 31, 2008 were a weighted average constant prepayment rate of 33%, weighted average life of 2.3 years and a discount rate, calculated as the spread over forward interest rate swap rates of 6.37%, resulting in a fair value of $1.0 billion.

DEPOSITS

The carrying amounts of noninterest-bearing demand and interest-bearing money market and savings deposits approximate fair values. For time deposits, which include foreign deposits, fair values are estimated based on the discounted value of expected net cash flows assuming current interest rates.

BORROWED FUNDS

The carrying amounts of federal funds purchased, commercial paper, repurchase agreements, proprietary trading short positions, cash collateral, other short-term borrowings, acceptances outstanding and accrued interest payable are considered to be their fair value because of their short-term nature. For all other borrowed funds, fair values are estimated based on dealer quotes.

UNFUNDED LOAN COMMITMENTS AND LETTERS OF CREDIT

The fair value of unfunded loan commitments and letters of credit is our estimate of the cost to terminate them. For purposes of this disclosure, this fair value is the sum of the deferred fees currently recorded by us on these facilities and the liability established on these facilities related to their creditworthiness.

FINANCIAL DERIVATIVES

For exchange-traded contracts, fair value is based on quoted market prices. For nonexchange-traded contracts, fair value is based on dealer quotes, pricing models or quoted prices for instruments with similar characteristics.

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NOTE 9 GOODWILL AND OTHER INTANGIBLE ASSETS

A summary of the changes in goodwill by business segment during 2008 follows:

Goodwill

In millions	Dec. 31 2007	Additions/ Adjustments	**Dec. 31 2008**
Retail Banking	$5,628	$ 354	**$5,982**
Corporate & Institutional Banking	1,491	118	**1,609**
Global Investment Servicing	1,229	4	**1,233**
BlackRock	57	(13)	**44**
Total	$8,405	$ 463	**$8,868**

Assets and liabilities of acquired entities are recorded at estimated fair value as of the acquisition date and are subject to refinement as information relative to the fair values at that date becomes available. Revisions would likely result in subsequent adjustments to goodwill. The goodwill and other intangible assets related to Sterling are reported in the Retail Banking and Corporate & Institutional Banking business segments.

At December 31, 2008, no goodwill was recognized in connection with the National City acquisition as the fair value of net assets acquired exceeded the purchase price. The allocation of the purchase price may be modified through 2009 as more information, such as appraisals, contracts, reviews of legal documentation, and selected key borrower data, is obtained about the fair value of assets acquired and liabilities assumed and may result in goodwill.

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

Other Intangible Assets

December 31 - in millions	**2008 (a)**	2007
Customer-related and other intangibles		
Gross carrying amount	**$1,291**	$ 708
Accumulated amortization	**(361)**	(263)
Net carrying amount	**$ 930**	$ 445
Mortgage and other loan servicing rights		
Gross carrying amount	**$2,286**	$1,001
Impairment charge	**(35)**	
Accumulated amortization	**(361)**	(300)
Net carrying amount	**$1,890**	$ 701
Total	**$2,820**	$1,146

(a) Amounts at December 31, 2008 include National City.

Our acquisition of National City resulted in the addition of $569 million of core deposit and other relationship intangibles at December 31, 2008. Core deposits include noninterest and interest-bearing demand accounts, savings and money market accounts. In addition, mortgage servicing rights increased $1.2 billion primarily related to the National City acquisition. The intangibles were valued utilizing a discounted cash flows model.

While certain of our other intangible assets have finite lives and are amortized primarily on a straight-line basis, commercial mortgage and other loan servicing rights and certain core deposit intangibles are amortized on an accelerated basis. Residential mortgage servicing rights are carried at fair value and not amortized.

For customer-related intangibles, the estimated remaining useful lives range from less than one year to 14 years, with a weighted-average remaining useful life of approximately 10 years. Our commercial mortgage and other loan servicing rights are amortized primarily over a period of 2 to 13 years in proportion to the estimated net servicing cash flows from the related loans.

We recognize as an other intangible asset the right to service mortgage loans for others. Commercial mortgage servicing rights are purchased in the open market and originated when loans are sold with servicing retained. Commercial mortgage servicing rights are initially recorded at fair value. These rights are subsequently measured using the amortization method. Accordingly, the commercial mortgage servicing rights are amortized in proportion to and over the period of estimated net servicing income.

Residential mortgage servicing rights of $1 billion were recognized in connection with the acquisition of National City. We have elected to subsequently measure residential mortgage servicing rights at fair value consistent with how we manage the risk of these assets.

Amortizable commercial mortgage servicing rights are periodically evaluated for impairment. For purposes of impairment, the commercial mortgage servicing rights are stratified based on asset type, which characterizes the predominant risk of the underlying financial asset. If the carrying amount of any individual stratum exceeds its fair value, a valuation reserve is established with a corresponding charge to Corporate Services on our Consolidated Income Statement.

The fair value of commercial and residential mortgage servicing rights is estimated by using an internal valuation model. The model calculates the present value of estimated future net servicing cash flows considering estimates on servicing revenue and costs, discount rates and prepayment speeds.

Changes in the commercial mortgage servicing rights were as follows:

Commercial Mortgage Servicing Rights

In millions	2008	2007
Balance at January 1	**$694**	$471
Additions (a)	**300**	310
Amortization expense	**(95)**	(87)
Balance at December 31	**899**	694
Impairment charge	**(35)**	
Net carrying amount at December 31	**$864**	$694

(a) Includes $210 million in 2008 as part of the National City acquisition.

Servicing revenue from both commercial and residential mortgage servicing assets and liabilities generated contractually specified servicing fees, net interest income from servicing portfolio deposit balances, and ancillary fees totaling $171 million in 2008, $192 million in 2007 and $139 million in 2006. We also generate servicing revenue from fee-based activities provided to others.

Amortization expense on intangible assets for 2008, 2007 and 2006 was $228 million, $173 million and $99 million, respectively. The 2008 amortization expense includes a $35 million impairment charge for certain mortgage servicing rights due to the effect of lower interest rates. Amortization expense on existing intangible assets for 2009 through 2013 is estimated to be as follows:

- 2009: $297 million,
- 2010: $232 million,
- 2011: $227 million,
- 2012: $206 million, and
- 2013: $180 million.

The changes in the carrying amount of goodwill and net other intangible assets during 2008 follows:

Changes in Goodwill and Other Intangibles

In millions	Goodwill	Customer-Related	Servicing Rights
Balance at December 31, 2007	$ 8,405	$ 445	$ 701
Additions/adjustments:			
National City acquisition		569	1,228
Sterling acquisition	593	21	4
Hilliard Lyons divestiture	(140)		
Harris Williams contingent consideration	44		
Other acquisitions	(21)		(3)
Mortgage and other loan servicing rights			90
BlackRock	(13)		
Other		(7)	
Impairment charge			(35)
Amortization		(98)	(95)
Balance at December 31, 2008	**$ 8,868**	**$ 930**	**$ 1,890**

Our investment in BlackRock changes when BlackRock repurchases its shares in the open market or issues shares for an acquisition or pursuant to its employee compensation plans. We adjust goodwill when BlackRock repurchases its shares at an amount greater (or less) than book value per share and this results in an increase (or decrease) in our percentage ownership interest.

We conduct a goodwill impairment test on our reporting units at least annually or more frequently if any adverse triggering events occur. Based on the results of our analysis, there were no impairment charges related to goodwill recognized in 2008, 2007 or 2006. The fair value of our reporting units is determined by using discounted cash flow and market comparability methodologies.

NOTE 10 SECURITIZATION ACTIVITY

We contributed commercial mortgage loans to securitizations with servicing retained of $.4 billion in 2008 and $2.2 billion in 2007 for cash in loan sales transactions. All loan amounts are derecognized from our Consolidated Balance Sheet at the time of transfer. Mortgage servicing rights continue to be held by us as transferor.

These transactions resulted in a pretax net loss including valuation adjustments of $22 million in 2008 and a pretax net gain including valuation adjustments of $20 million in 2007. We continue to perform servicing and recognized servicing assets of $3 million in 2008 and $14 million in 2007 at the time of sale.

In securitizations, loans are typically transferred to a qualifying special purpose entity ("QSPE") that is demonstrably distinct from the transferor to transfer the risks from our Consolidated Balance Sheet. A QSPE is a bankruptcy-remote trust allowed to perform only certain passive activities. In addition, these entities are self-liquidating and typically structured as Real Estate Mortgage Investment Conduits ("REMICs") for tax purposes. The QSPEs are generally financed by issuing certificates for various levels of senior and subordinated tranches. QSPEs are exempt from consolidation under the provisions of FIN 46R.

These sale and servicing transactions are structured without recourse to us. Our exposure is limited to standard representations and warranties as seller of the loans and responsibilities as servicer of the QSPE's assets. In certain circumstances as a servicer for these entities, we advance principal and interest payments to the securitization trust. We have a risk of loss if the borrower does not ultimately make the principal and interest payment. However, the advance is senior secured above the highest rated tranche in the securitization.

Also, in certain situations, we are named as special servicing asset manager. The overall objective of the special servicer is to restore the defaulted loan to performing status or to develop

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a disposition strategy that results in the highest recovery on a net present value basis, thus protecting the interests of the trust and its investors.

See Note 9 Goodwill and Other Intangible Assets for additional information regarding servicing assets.

With our acquisition of National City on December 31, 2008, we acquired residual and other interests associated with National City's credit card, automobile, mortgage, and SBA loans securitizations. In addition, we also assumed certain continuing involvement activities in these securitization transactions.

The credit card, automobile, and mortgage securitizations were transacted through QSPEs sponsored by National City. These QSPEs were financed primarily through the issuance and sale of beneficial interests to independent third parties and were not consolidated on National City's balance sheet. Consolidation of these QSPEs could be considered if circumstances or events subsequent to the securitization transaction dates would cause the entities to lose their "qualified" status. No such events have occurred. Qualitative and quantitative information about these securitizations follows.

The following summarizes the assets and liabilities of the National City-sponsored securitization QSPEs at December 31, 2008.

(In millions)	Credit Card	Automobile	Mortgage
Assets (a)	$ 2,129	$ 250	$ 319
Liabilities	1,824	250	319

(a) Represents period-end outstanding principal balances of loans transferred to the securitization QSPEs.

Credit Card Loans

At December 31, 2008, National City's credit card securitization series 2005-1, 2006-1, 2007-1, 2008-1, 2008-2, and 2008-3 were outstanding. Our continuing involvement in the securitized credit cards receivables consists primarily of servicing and a pro-rata undivided interest in all credit card receivables, or seller's interest, in the QSPE. Servicing fees earned approximate current market rates for servicing fees; therefore, no servicing asset or liability existed at December 31, 2008. We hold a clean-up call repurchase option to the extent a securitization series extends past its scheduled note principal payoff date. To the extent this occurs, the clean-up call option is triggered when the principal balance of the asset-backed notes of any series reaches 5% of the initial principal balance of the asset-back notes issued at the securitization date. Our seller's interest ranks equally with the investors' interests in the trust. As the amount of the assets in the securitized pool fluctuates due to customer payments, purchases, cash advances, and credit losses, the carrying amount of the seller's interest will vary. However, we are required to maintain seller's interest at a minimum level of 5% of the initial invested amount in each series to ensure sufficient assets are available for allocation to the investors' interests. Seller's interest, which is recognized in portfolio loans on the Consolidated Balance Sheet, was well above the minimum level at December 31, 2008.

Retained interests acquired consisted of seller's interest, an interest-only strip, and asset-backed securities issued by the credit card securitization QSPE. The initial carrying values of these retained interests were determined based upon their fair values at December 31, 2008. Seller's interest is recognized in portfolio loans on the Consolidated Balance Sheet and totaled approximately $315 million at December 31, 2008. The interest-only strips are recognized in other assets on the Consolidated Balance Sheet and totaled approximately $20 million at December 31, 2008. The asset-backed securities are recognized in investment securities on the Consolidated Balance Sheet and totaled approximately $25 million at December 31, 2008. These retained interests represent the maximum exposure to loss associated with our involvement in this securitization.

Automobile Loans

At December 31, 2008, National City's auto securitization 2005-A was outstanding. Our continuing involvement in the securitized automobile loans consists primarily of servicing and limited requirements to repurchase transferred loans for breaches of representations and warranties. As servicer, we hold a cleanup call on the serviced loans which gives us an option to repurchase the transferred loans when their outstanding principal balances reach 5% of the initial outstanding principal balance of the automobile loans securitized.

The Class A notes issued by National City's 2005-A auto securitization were purchased by a third-party commercial paper conduit. National City's subsidiary, National City Bank, along with other financial institutions, agreed to provide backup liquidity to the conduit. The conduit holds various third-party assets including beneficial interests in the cash flows of trade receivables, credit cards and other financial assets. The conduit has no interests in subprime mortgage loans. The conduit relies upon commercial paper for its funding. In the event of a disruption in the commercial paper markets, the conduit could experience a liquidity event. At such time, the conduit may require National City Bank to purchase a 49% interest in a note representing a beneficial interest in National City's securitized automobile loans. Another financial institution, affiliated with the conduit, has committed to purchase the remaining 51% interest in this same note. Upon the conduit's request, National City Bank would pay cash equal to the par value of the notes, less the corresponding portion of all defaulted loans, plus accrued interest. In return, National City Bank would be entitled to undivided interest in the cash flows of the collateral underlying the note. National City Bank receives an annual commitment fee of 7 basis points for providing this backup liquidity. As of December 31, 2008, the conduit has never experienced any difficulty in accessing the commercial paper markets. Our acquired commitment declines commensurate with the unpaid principal balance of the automobile loans securitized by National City. The commitment amount, which totaled approximately $115 million at December 31, 2008, represents our maximum exposure to the conduit. This commitment expires in December 2009 but may be renewed annually for an additional 12 months by mutual agreement of the parties.

Retained interests acquired consisted of an interest-only strip and asset-backed securities issued by the automobile securitization QSPE. The interest-only strip and asset-backed securities are recognized in other assets and investment securities, respectively, on the Consolidated Balance Sheet and their initial carrying value was determined based upon their fair value at the date of acquisition. At December 31, 2008, the fair value of the interest-only strip and retained asset-backed securities totaled approximately $9 million and $15 million, respectively. These retained interests represent the maximum exposure to loss associated with our involvement in this securitization.

Jumbo Mortgages

At December 31, 2008, National City's jumbo mortgage securitization series 2008-1 was outstanding. Our continuing involvement in the securitized mortgage loans consists primarily of servicing and limited requirements to repurchase transferred loans for breaches of representations and warranties. As servicer, we hold a cleanup call repurchase option when the outstanding principal balances of the transferred loans reach 5% of the initial outstanding principal balance of the mortgage loans securitized.

SBA Loans

We have no continuing involvement in the SBA loans securitized by National City. The SBA loans were sold servicing released and National City was not the sponsor of the securitization's special purpose entity.

Retained interests acquired consisted solely of interest-only strips. These retained interests are recognized in other assets on the Consolidated Balance Sheet, totaled approximately $3 million at December 31, 2008, and represent the maximum exposure to loss associated with our involvement in this securitization. The initial carrying value of these retained interests was determined based upon their fair value at the date of acquisition.

The following is a summary of owned and securitized loans, which are managed on a combined basis.

	December 31, 2008	
In Millions	Principal Balance	Loans Past Due 30 Days or More
Loans managed		
Credit card	$ 3,731	$ 177
Automobile	289	13
Jumbo mortgages	866	78
SBA	118	8
Total loans managed	$ 5,004	$ 276
Less: Loans securitized		
Credit card	$ 1,824	$ 73
Automobile	250	9
Jumbo mortgages	319	5
SBA	118	8
Total loans securitized	$ 2,511	$ 95
Less: Loans held for securitization		
Jumbo mortgages	$ 9	$ 4
Loans held in portfolio	$ 2,484	$ 177

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The tables below present the weighted-average assumptions used to measure the fair values of our acquired retained interests and servicing assets as of December 31, 2008. Fair value was determined by discounting the future cash flows of these assets. The sensitivity of these fair values to immediate 10% and 20% adverse changes in key assumptions is also shown. These sensitivities are hypothetical. Changes in fair value based on a 10% variation in assumptions generally cannot be extrapolated because the relationship of the change in the assumption to the change in fair value may not be linear. Also, the effect of a variation in a particular assumption on the fair value of the retained interests is calculated without changing any other assumption; in reality, changes in one factor may result in changes in another (for example, increases in market interest rates may result in lower prepayments and increased credit losses), which might magnify or counteract the sensitivities.

Credit Card Loans

December 31, 2008 Dollars in millions	Fair Value	Weighted-Average Life (in months)	Variable Annual Coupon Rate To Investors	Monthly Principal Repayment Rate	Expected Annual Credit Losses	Annual Discount Rate	Yield
Interest-only strip (a)	$19.6	3.3	1.19%	17.54%	5.18%	15.00%	12.55%
Decline in fair value:							
10% adverse change			$ .1	$ 1.4	$ 2.3		$ 5.4
20% adverse change			$ .3	$ 2.6	$ 4.7		$ 10.8

(a) Series 2005-1, 2006-1, 2007-1, 2008-1, 2008-2, and 2008-3.

Automobile Loans

December 31, 2008 Dollars in millions	Fair Value	Weighted-Average Life (in months)	Monthly Prepayment Speed (% ABS) (a)	Expected Cumulative Credit Losses	Annual Discount Rate	Weighted-Average Coupon
Interest-only strip (b)	$9.2	1.7	1.26%	1.49%	12.00%	7.06%
Decline in fair value:						
10% adverse change				$ .2	$ .5	$ .5
20% adverse change				$ .4	$ .1	$ 1.0
Servicing asset (b)	$ .6	2.6	1.26%	1.49%	10.00%	7.06%
Decline in fair value:						
10% adverse change						
20% adverse change			$ .1			

(a) Absolute prepayment speed.
(b) Series 2005-A.

NOTE 11 PREMISES, EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Premises, equipment and leasehold improvements, stated at cost less accumulated depreciation and amortization, were as follows:

December 31 - in millions	2008 (a)	2007
Land	**$ 577**	$ 250
Buildings	**1,215**	1,053
Equipment	**2,773**	2,029
Leasehold improvements	**531**	433
Total	**5,096**	3,765
Accumulated depreciation and amortization	**(1,867)**	(1,764)
Net book value	**$ 3,229**	$ 2,001

(a) Amounts at December 31, 2008 included $1.2 billion related to National City.

Depreciation expense on premises, equipment and leasehold improvements totaled $225 million in 2008, $178 million in 2007 and $180 million in 2006. Amortization expense, primarily for capitalized internally developed software, was $44 million in 2008, $40 million in 2007 and $44 million in 2006.

We lease certain facilities and equipment under agreements expiring at various dates through the year 2067. We account for these as operating leases. Rental expense on such leases amounted to $202 million in 2008, $207 million in 2007 and $193 million in 2006.

Required minimum annual rentals that we owe on noncancelable leases having initial or remaining terms in excess of one year totaled $2.6 billion at December 31, 2008 and $1.2 billion at December 31, 2007. Minimum annual rentals for the years 2009 through 2014 and thereafter are as follows:

- 2009: $329 million,
- 2010: $309 million,
- 2011: $270 million,
- 2012: $242 million,
- 2013: $217 million, and
- 2014 and thereafter: $1.2 billion.

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NOTE 12 DEPOSITS

The aggregate amount of time deposits with a denomination of $100,000 or more was $26.8 billion at December 31, 2008 and $14.8 billion at December 31, 2007.

Total time deposits of $75.9 billion at December 31, 2008 have contractual maturities for the years 2009 through 2014 and thereafter as follows:

- 2009: $44.9 billion,
- 2010: $12.8 billion,
- 2011: $4.9 billion,
- 2012: $7.7 billion,
- 2013: $1.3 billion, and
- 2014 and thereafter: $4.3 billion.

NOTE 13 BORROWED FUNDS

Bank notes at December 31, 2008 totaling $1.0 billion have interest rates ranging from 2.75% to 5.70% with approximately $500 million maturing in 2009. Senior and subordinated notes consisted of the following:

December 31, 2008 Dollars in millions	Outstanding	Stated Rate	Maturity
Senior	**$ 12,622**	**.23 – 5.50%**	**2009 – 2047**
Subordinated			
Junior	**2,898**	**2.77 – 10.18%**	**2028 – 2068**
All other	**8,310**	**2.35 – 9.65%**	**2009 – 2019**
Total subordinated	**11,208**		
Total senior and subordinated	**$ 23,830**		

Included in outstandings for the senior and subordinated notes in the table above are basis adjustment increases of $81 million and $551 million, respectively, related to fair value accounting hedges as of December 31, 2008.

In December 2008, we issued the following senior notes totaling $2.9 billion under the FDIC's Temporary Liquidity Guarantee Program-Debt Guarantee Program:

- $2 billion of fixed rate senior notes due June 2012. These notes pay interest semiannually at a fixed rate of 2.3%.
- $500 million of fixed rate senior notes due June 2011. These notes pay interest semiannually at a fixed rate of 1.875%.
- $400 million of floating rate senior notes due June 2011. Interest will be reset quarterly to 3-month LIBOR plus 28 basis points and interest will be paid quarterly.

Each of these series of senior notes is guaranteed by the FDIC and is backed by the full faith and credit of the United States of America through June 30, 2012.

Total borrowed funds of $52.2 billion at December 31, 2008 have scheduled or anticipated repayments for the years 2009 through 2014 and thereafter as follows:

- 2009: $18.6 billion,
- 2010: $9.4 billion,
- 2011: $5.2 billion,
- 2012: $4.8 billion,
- 2013: $4.0 billion, and
- 2014 and thereafter: $10.2 billion.

Included in borrowed funds are FHLB borrowings of $18.1 billion at December 31, 2008, $9.0 billion of which are collateralized by a blanket lien on residential mortgage and other real estate-related loans and mortgage-backed and treasury securities and $224 million are collateralized by pledged mortgage-backed and treasury securities. The remaining $8.9 billion, assumed in the National City acquisition, are collateralized by a blanket lien on residential mortgage and home equity loans and mortgage-backed securities. FHLB advances of $5.1 billion have scheduled maturities of less than one year. The remainder of the FHLB borrowings have balances that will mature from 2010 – 2030, with interest rates ranging from 0% – 7.33%.

As part of the National City acquisition, PNC assumed liability for the conversion of $1.4 billion of convertible senior notes. Interest on these notes is payable semiannually at a fixed rate of 4.0%. The maturity date of these notes is February 1, 2011. PNC may not redeem these notes prior to their maturity date. Holders may convert the notes, at their option, prior to November 15, 2010 under certain circumstances, including (i) if the trading price of the notes is less than a defined threshold measured against the market value of PNC common stock, (ii) any time after March 31, 2008, if the market price of PNC common stock exceeds 130% of the conversion price of the notes in effect on the last trading day of the immediately preceding calendar quarter, or (iii) upon the occurrence of certain specific events. After November 15, 2010, the holders may convert their notes at any time through the third scheduled trading date preceding the maturity date. The initial conversion rate equals 2.0725 shares per $1,000 face value of notes. The conversion rate will be subject to adjustment for stock splits, stock dividends, cash dividends in excess of certain thresholds, stock repurchases where the price exceeds market values, and certain other events. Upon conversion, PNC will pay cash equal to the principal balance of the notes and may issue shares of its common stock for any conversion value, determined over a 40 day observation period, that exceeds the principal balance of the notes being converted. The maximum number of net common shares that PNC may be required to issue is 3.6 million shares, subject to potential adjustment in the case of certain events, make-whole fundamental changes, or early termination.

The holders of the convertible senior notes may elect: i) in the case of a make-whole fundamental change, to convert the notes prior to the effective time of such change, in which case the conversion rate will be increased as provided by a formula set forth in the indenture supplement governing the convertible senior notes; or ii) upon the effective time of any fundamental change, to require PNC to repurchase the convertible senior notes at their principal amount plus accrued but unpaid interest. Generally, a fundamental change includes an acquisition of more than 50% of PNC's common stock, certain mergers, consolidations or other business combinations, if PNC's continuing directors are less than the majority of the Board of Directors, a liquidation or dissolution, or PNC's common stock is not listed on any US national securities exchange. These rights may discourage a business combination or other transaction that is otherwise favored by certain shareholders.

The $2.9 billion of junior subordinated debt included in the above table represents the only debt redeemable prior to maturity. The call price and related premiums are discussed in Note 14 Capital Securities of Subsidiary Trusts.

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NOTE 14 CAPITAL SECURITIES OF SUBSIDIARY TRUSTS

At December 31, 2008, capital securities totaling $3.5 billion represented non-voting preferred beneficial interests in the assets of the following (Trusts acquired with National City follow in a separate table):

Trust	Date Formed	Description of Capital Securities	Redeemable
PNC Capital Trust C	June 1998	$200 million due June 1, 2028, bearing interest at a floating rate per annum equal to 3-month LIBOR plus 57 basis points. The rate in effect at December 31, 2008 was 2.773%.	On or after June 1, 2008 at par.
PNC Capital Trust D	December 2003	$300 million of 6.125% capital securities due December 15, 2033.	On or after December 18, 2008 at par.
PNC Capital Trust E	February 2008	$450 million of 7.75% capital securities due March 15, 2068.	On or after March 15, 2013 at par. *
James Monroe Statutory Trust II	July 2003	$4 million due July 31, 2033, bearing an interest rate equal to 3-month LIBOR plus 310 basis points. The rate in effect at December 31, 2008 was 4.559%.	On or after July 31, 2008 at par.
James Monroe Statutory Trust III	September 2005	$8 million due December 15, 2035 at a fixed rate of 6.253%. The fixed rate remains in effect until September 15, 2010 at which time the securities pay a floating rate of LIBOR plus 155 basis points.	On or after December 15, 2010.
Yardville Capital Trust II	June 2000	$15 million of 9.5% capital securities due June 22, 2030.	On or after June 23, 2010 at par plus a premium of up to 4.75%.
Yardville Capital Trust III	March 2001	$6 million of 10.18% capital securities due June 2031.	On or after June 8, 2011 at par plus a premium of up to 5.09%.
Yardville Capital Trust IV	February 2003	$15 million due March 1, 2033, bearing an interest rate equal to 3-month LIBOR plus 340 basis points. The rate in effect at December 31, 2008 was 5.581%.	On or after March 1, 2008 at par.
Yardville Capital Trust V	September 2003	$10 million due October 8, 2033, bearing an interest rate equal to 3-month LIBOR plus 300 basis points. The rate in effect at December 31, 2008 was 7.819%.	On or after October 8, 2008 at par.
Yardville Capital Trust VI	June 2004	$15 million due July 23, 2034, bearing an interest rate equal to 3-month LIBOR plus 270 basis points. The rate in effect at December 31, 2008 was 6.534%.	On or after July 23, 2009 at par.
Sterling Financial Statutory Trust II	June 2003	$35 million due June 26, 2033 at a fixed rate of 5.55%. The fixed rate remained in effect until June 26, 2008 at which time the securities began paying a floating rate of 3-month LIBOR plus 310 basis points. The rate in effect at December 31, 2008 was 4.566%.	On or after June 26, 2008 at par.
Sterling Financial Statutory Trust III	December 2004	$15 million due December 15, 2034 at a fixed rate of 6%. The fixed rate remains in effect until December 15, 2009 at which time the securities pay a floating rate of 3-month LIBOR plus 189 basis points.	On or after December 15, 2009 at par.
Sterling Financial Statutory Trust IV	February 2005	$15 million due March 15, 2035 at a fixed rate of 6.19%. The fixed rate remains in effect until March 15, 2010 at which time the securities pay a floating rate of 3-month LIBOR plus 187 basis points.	On or after March 15, 2010 at par.
Sterling Financial Statutory Trust V	March 2007	$20 million due March 15, 2037 at a fixed rate of 7%. The fixed rate remained in effect until June 15, 2007 at which time the securities began paying a floating rate of 3-month LIBOR plus 165 basis points. The rate in effect at December 31, 2008 was 3.646%.	March 15, 2012 at par.

* We may only redeem or repurchase the trust preferred securities of, and the junior subordinated notes payable to, PNC Capital Trust E prior to and including March 15, 2038 subject to having received proceeds of the issuance of certain qualified securities and subject to the other terms and conditions set forth in the applicable replacement capital covenant. As of December 31, 2008, the beneficiaries of this limitation are the holders of our $300 million of 6.125% Junior Subordinated Notes issued in December 2003.

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Effective December 31, 2008, the following Trusts were added as part of the National City acquisition.

Trust	Date Formed	Description of Capital Securities	Redeemable
National City Preferred Capital Trust I	January 2008	$500 million due December 10, 2043 at a fixed rate of 12.00%. The fixed rate remains in effect until December 10, 2012 at which time the interest rate resets to 3-month LIBOR plus 861 basis points.	On or after December 10, 2016 at par. **
National City Capital Trust II	November 2006	$750 million due November 15, 2066 at a fixed rate of 6.625%. The fixed rate remains in effect until November 15, 2036 at which time the securities pay a floating rate of one-month LIBOR plus 229 basis points.	On or after November 15, 2011 at par. ***
National City Capital Trust III	May 2007	$500 million due May 25, 2067 at a fixed rate of 6.625%. The fixed rate remains in effect until May 25, 2047 at which time the securities pay a floating rate of one-month LIBOR plus 212.63 basis points.	On or after May 25, 2012 at par. ***
National City Capital Trust IV	August 2007	$518 million due August 30, 2067 at a fixed rate of 8.00%. The fixed rate remains in effect until September 15, 2047 at which time the securities pay a floating rate of one-month LIBOR plus 348.7 basis points.	On or after August 30, 2012 at par. ***
MAF Bancorp Capital Trust I	April 2005	$30 million due June 15, 2035 bearing an interest rate of 3-month LIBOR plus 175 basis points. The rate in effect at December 31, 2008 was 3.746%.	On or after June 15, 2010 at par.
MAF Bancorp Capital Trust II	August 2005	$35 million due September 15, 2035 bearing an interest rate of 3-month LIBOR plus 140 basis points. The rate in effect at December 31, 2008 was 3.396%.	On or after September 15, 2010 at par.
Fidelity Capital Trust II	December 2003	$22 million due January 23, 2034 bearing an interest rate of 3-month LIBOR plus 285 basis points. The rate in effect at December 31, 2008 was 6.315%.	On or after January 23, 2009 at par.
Fidelity Capital Trust III	October 2004	$30 million due November 23, 2034 bearing an interest rate of 3-month LIBOR plus 197 basis points. The rate in effect at December 31, 2008 was 4.123%.	On or after November 23, 2009 at par.

** We may only redeem or repurchase the trust preferred securities of, and the junior subordinated notes payable to, National City Preferred Capital Trust I prior to December 10, 2016, subject to having received proceeds from the issuance of certain qualified securities and subject to the other terms and conditions set forth in the applicable replacement capital covenant. As of December 31, 2008, the beneficiaries of this limitation are the holders of our $700 million of 6.875% subordinated notes due 2019. The Trust holds $500 million of 8.729% junior subordinated notes and 3.271% Stock Purchase Contracts issued by PNC.

*** We may only redeem or repurchase the trust preferred securities of, and our junior subordinated notes payable to, National City Capital Trust II, III and IV more than 10 years in advance of their legal maturity dates, subject to having received proceeds from the issuance of certain qualified securities and subject to the other terms and conditions set forth in the applicable replacement capital covenant. As of December 31, 2008, the beneficiaries of this limitation are the holders of our $700 million of 6.875% subordinated notes due 2019.

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All of these Trusts are wholly owned finance subsidiaries of PNC. In the event of certain changes or amendments to regulatory requirements or federal tax rules, the capital securities are redeemable in whole. The financial statements of the Trusts are not included in PNC's consolidated financial statements in accordance with GAAP.

At December 31, 2008, PNC's junior subordinated debt of $2.9 billion, net of National City–related purchase accounting adjustments, represented debentures purchased and held as assets by the Trusts.

The obligations of the respective parent of each Trust, when taken collectively, are the equivalent of a full and unconditional guarantee of the obligations of such Trust under the terms of the Capital Securities. Such guarantee is subordinate in right of payment in the same manner as other junior subordinated debt. There are certain restrictions on PNC's overall ability to obtain funds from its subsidiaries. For additional disclosure on these funding restrictions, including an explanation of dividend and intercompany loan limitations, see Note 23 Regulatory Matters.

PNC is subject to restrictions on dividends and other provisions similar to or in some ways more restrictive than those potentially imposed under the Exchange Agreements with Trust II and Trust III, as described in Note 3 Variable Interest Entities. PNC is also subject to dividend restrictions as a result of our issuance of preferred stock to the US Treasury under the TARP Capital Purchase Program as described in Note 19 Shareholders' Equity.

NOTE 15 EMPLOYEE BENEFIT PLANS

PENSION AND POSTRETIREMENT PLANS

We have a noncontributory, qualified defined benefit pension plan covering eligible employees. The plan derives benefits from cash balance formulas based on compensation levels, age and length of service. Pension contributions are based on an actuarially determined amount necessary to fund total benefits payable to plan participants. National City had a qualified pension plan covering substantially all employees hired prior to April 1, 2006. Pension benefits are derived from a cash balance formula, whereby credits based on salary, age, and years of service are allocated to employee accounts. The National City plan was merged with our qualified pension plan on December 31, 2008. As of the plan merger date, no changes to either plan design or benefits occurred.

We also maintain nonqualified supplemental retirement plans for certain employees. On December 31, 2008, the participants of National City's supplemental executive retirement plans became 100% vested due to the change in control. We also provide certain health care and life insurance benefits for qualifying retired employees ("postretirement benefits") through various plans. The nonqualified pension and postretirement benefit plans are unfunded. The Company reserves the right to terminate or make plan changes at any time.

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We use a measurement date of December 31 for plan assets and benefit obligations. A reconciliation of the changes in the projected benefit obligation for qualified pension, nonqualified pension and postretirement benefit plans as well as the change in plan assets for the qualified pension plan follows:

December 31 (Measurement Date) – in millions	Qualified Pension 2008	Qualified Pension 2007	Nonqualified Pension 2008	Nonqualified Pension 2007	Postretirement Benefits 2008	Postretirement Benefits 2007
Accumulated benefit obligation at end of year	**$3,493**	$1,436	**$ 253**	$ 109		
Projected benefit obligation at beginning of year	**$1,507**	$1,245	**$ 113**	$ 76	**$ 243**	$ 235
National City acquisition	**2,109**		**145**		**105**	
Other acquisitions (a)		247	**5**	34	**3**	18
Service cost	**44**	42	**2**	2	**3**	3
Interest cost	**86**	82	**6**	6	**15**	14
Amendments	**(17)**					(5)
Actuarial losses (gains) and changes in assumptions	**(18)**	(11)	**2**	4	**(17)**	(2)
EITF 06-4 adoption					**29**	
Participant contributions					**9**	8
Federal Medicare subsidy on benefits paid					**2**	2
Benefits paid	**(94)**	(98)	**(10)**	(9)	**(33)**	(30)
Projected benefit obligation at end of year	**$3,617**	$1,507	**$ 263**	$ 113	**$ 359**	$ 243
Fair value of plan assets at beginning of year	**$2,019**	$1,746				
National City acquisition	**2,032**					
Other acquisitions (a)		242				
Actual return on plan assets	**(665)**	129				
Employer contribution			**$ 10**	$ 9	**$ 22**	$ 20
Participant contributions					**9**	8
Federal Medicare subsidy on benefits paid					**2**	2
Benefits paid	**(94)**	(98)	**(10)**	(9)	**(33)**	(30)
Fair value of plan assets at end of year	**$3,292**	$2,019				
Funded status	**$ (325)**	$ 512	**$(263)**	$(113)	**$(359)**	$(243)
Net amount recognized on the balance sheet	**$ (325)**	$ 512	**$(263)**	$(113)	**$(359)**	$(243)
Amounts recognized in accumulated other comprehensive income consist of:						
Prior service cost (credit)	**(12)**	2			**(22)**	(29)
Net actuarial loss	**1,004**	198	**30**	30	**14**	31
Amount recognized in AOCI	**$ 992**	$ 200	**$ 30**	$ 30	**$ (8)**	$ 2

(a) Sterling in 2008; Mercantile and Yardville in 2007.

The fair value of the qualified pension plan assets is less than both the accumulated benefit obligation and the projected benefit obligation. The nonqualified pension plan, which contains several individual plans that are accounted for together, is unfunded. Contributions from us and, in the case of postretirement benefit plans, participant contributions cover all benefits paid under the nonqualified pension plan and postretirement benefit plans. The postretirement plan provides benefits to certain retirees that are at least actuarially equivalent to those provided by Medicare Part D and accordingly, we receive a federal subsidy as shown in the table.

PNC Pension Plan Assets

Assets related to our qualified pension plan (the "Plan") are held in trust (the "Trust"). The trustee is PNC Bank, N.A. The Trust is exempt from tax pursuant to section 501(a) of the Internal Revenue Code (the "Code"). The Plan is qualified under section 401(a) of the Code. Plan assets consist primarily of listed domestic and international equity securities and US government, agency, and corporate debt securities and real estate investments. Plan assets do not include common stock, preferred stock or debt of PNC.

The Pension Plan Administrative Committee (the "Committee") adopted the current Pension Plan Investment Policy Statement, including the updated target allocations and allowable ranges shown below, on August 13, 2008.

The long-term investment strategy for pension plan assets is to:

- Meet present and future benefit obligations to all participants and beneficiaries,
- Cover reasonable expenses incurred to provide such benefits, including expense incurred in the administration of the Trust and the Plan,
- Provide sufficient liquidity to meet benefit and expense payment requirements on a timely basis, and
- Provide a total return that, over the long term, maximizes the ratio of trust assets to liabilities by maximizing investment return, at an appropriate level of risk.

The Plan's specific investment objective is to meet or exceed the investment policy benchmark over the long term. The investment policy benchmark compares actual performance to a weighted market index, and measures the contribution of active investment management and policy implementation. This investment objective is expected to be achieved over the long term (one or more market cycles) and is measured over rolling five-year periods. Total return calculations are time-weighted and are net of investment-related fees and expenses.

The asset strategy allocations for the Trust at the end of 2008 and 2007, and the target allocation range, by asset category, are as follows:

	Target Allocation Range	Percentage of Plan Assets by Strategy at December 31	
PNC Pension Plan		**2008**	2007
Asset Category			
Equity securities	49-69%	**58%**	62%
Fixed income securities	32-39%	**39%**	34%
Real estate	4-6%	**3%**	4%
Other	0-5%	**—**	—
Total		**100%**	100%

The asset category represents the allocation of Plan assets in accordance with the investment objective of each of the Plan's investment managers. Certain domestic equity investment managers utilize derivatives and fixed income securities as described in their Investment Management Agreements to achieve their investment objective under the Investment Policy Statement. Other investment managers may invest in eligible securities outside of their assigned asset category to meet their investment objectives. The actual percentage of the fair value of total plan assets held as of December 31, 2008 for equity securities, fixed income securities, real estate and all other assets are 32%, 55%, 0%, and 13%, respectively.

We believe that, over the long term, asset allocation is the single greatest determinant of risk. Asset allocation will deviate from the target percentages due to market movement, cash flows, and investment manager performance. Material deviations from the asset allocation targets can alter the expected return and risk of the Trust. On the other hand, frequent rebalancing to the asset allocation targets may result in significant transaction costs, which can impair the Trust's ability to meet its investment objective. Accordingly, the Trust portfolio is periodically rebalanced to maintain asset allocation within the target ranges described above.

In addition to being diversified across asset classes, the Trust is diversified within each asset class. Secondary diversification provides a reasonable basis for the expectation that no single security or class of securities will have a disproportionate impact on the total risk and return of the Trust.

The Committee selects investment managers for the Trust based on the contributions that their respective investment styles and processes are expected to make to the investment performance of the overall portfolio. The managers' Investment Objectives and Guidelines, which are a part of each manager's Investment Management Agreement, document performance expectations and each manager's role in the portfolio. The Committee uses the Investment Objectives and Guidelines to establish, guide, control and measure the strategy and performance for each manager.

The purpose of investment manager guidelines is to:

- Establish the investment objective and performance standards for each manager,
- Provide the manager with the capability to evaluate the risks of all financial instruments or other assets in which the manager's account is invested, and
- Prevent the manager from exposing its account to excessive levels of risk, undesired or inappropriate risk, or disproportionate concentration of risk.

The guidelines also indicate which investments and strategies the manager is permitted to use to achieve its performance objectives, and which investments and strategies it is prohibited from using.

Where public market investment strategies may include the use of derivatives and/or currency management, language is incorporated in the managers' guidelines to define allowable and prohibited transactions and/or strategies. Derivatives are typically employed by investment managers to modify risk/return characteristics of their portfolio(s), implement asset allocation changes in a cost-effective manner, or reduce transaction costs. Under the managers' investment guidelines, derivatives may not be used solely for speculation or leverage. Derivatives are used only in circumstances where they offer the most efficient economic means of improving the risk/reward profile of the portfolio.

BlackRock, Global Investment Servicing and our Retail Banking business segments receive compensation for providing investment management, trustee and custodial services for the majority of the Trust portfolio. Compensation for such services is paid by PNC. Non-affiliate service providers for the Trust are compensated from plan assets.

National City Pension Plan Assets

Assets related to the pension plan investments of the former National City qualified pension plan are held in trust. The trustee is National City Bank. The Trust is exempt from tax pursuant to section 501(a) of the Code. The plan is qualified under section 401(a) of the Code. Plan assets consist primarily of listed domestic and international equity securities and US government, agency, and corporate debt securities and real estate investments. Plan assets do include common stock of PNC as discussed below.

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The asset allocation for National City's defined benefit pension plan as of the measurement date, by asset category is as follows:

National City Pension Plan	Percentage of Plan Assets December 31 2008
Asset Category	
Equity securities	**42%**
Fixed income securities	**9%**
Cash and cash equivalents	**49%**
Total	**100%**

The investment objective for the National City qualified pension plan is to maximize total return with tolerance for slightly above average risk. Asset allocation strongly favors equities, with a target allocation of approximately 80% equity securities, 15% fixed income securities, and 5% cash. Due to volatility in the market, the target allocation is not always desirable as asset allocations will fluctuate. A core equity position of large cap stocks will be maintained. However, more aggressive or volatile sectors will be meaningfully represented in the asset mix in pursuit of higher returns. Higher volatility investment strategies such as credit risk, structured finance, and international bonds will be appropriate strategies in conjunction with the core position. As of December 31, 2008, the plan had a temporary large cash and cash equivalents balance due to a contribution of $850 million made by National City to the plan on December 30, 2008 which had not yet been fully invested.

Equity securities included $9 million of National City common stock at December 31, 2008, representing 5,048,833 shares at a closing price of $1.81. In conjunction with PNC's acquisition of National City, these shares were exchanged into 197,914 shares of PNC common stock.

The following table provides information regarding our estimated future cash flows related to our various plans, including the impact of the National City plans:

ESTIMATED CASH FLOWS

In millions	Qualified Pension	Nonqualified Pension	Postretirement Benefits: Gross PNC Benefit Payments	Postretirement Benefits: Reduction in PNC Benefit Payments Due to Medicare Part D Subsidy
Estimated 2009 employer contributions	—	$ 29	$ 35	$ 2
Estimated future benefit payments				
2009	$ 247	$ 29	$ 35	$ 2
2010	253	30	36	2
2011	262	28	34	2
2012	267	28	34	2
2013	277	25	34	2
2014 – 2018	1,499	109	164	9

The qualified pension plan contributions are deposited into the Trust, and the qualified pension plan benefit payments are paid from the Trust. For the other plans, total contributions and the benefit payments are the same and represent expected benefit amounts, which are paid from general assets. Postretirement benefits are net of participant contributions.

The components of net periodic benefit cost/ (income) and other amounts recognized in other comprehensive income were as follows. This table excludes the impact of the National City plans which we acquired on December 31, 2008.

	Qualified Pension Plan			Nonqualified Pension Plan			Postretirement Benefits		
Year ended December 31 – in millions	**2008**	2007	2006	**2008**	2007	2006	**2008**	2007	2006
Net periodic cost consists of:									
Service cost	**$ 44**	$ 42	$ 34	**$ 2**	$ 2	$ 1	**$ 3**	$ 3	$ 2
Interest cost	**86**	82	68	**6**	6	4	**15**	14	13
Expected return on plan assets	**(160)**	(156)	(129)						
Amortization of prior service cost	**(2)**		(1)				**(7)**	(7)	(6)
Amortization of actuarial losses		2	16	**2**	2	3			1
Net periodic cost	**$ (32)**	$ (30)	$ (12)	**$ 10**	$ 10	$ 8	**$ 11**	$ 10	$ 10
Other changes in plan assets and benefit obligations recognized in other comprehensive income:									
Current year prior service cost/(credit)	**$ (17)**							$ (5)	
Amortization of prior service (cost)/credit	**2**						**$ 7**	7	
Current year actuarial loss/(gain)	**807**	$ 16		**$ 2**	$ 4		**(17)**	(2)	
Amortization of actuarial (loss)/gain		(2)		**(2)**	(2)				
Total recognized in OCI	**792**	14			2		**(10)**		
Total recognized in net periodic cost and OCI	**$ 760**	$ (16)		**$ 10**	$ 12		**$ 1**	$ 10	

The weighted-average assumptions used (as of the beginning of each year) to determine net periodic costs shown above were as follows:

Year ended December 31	Net Periodic Cost Determination 2008	2007	2006
Discount rate			
Qualified pension	**5.95%**	5.70%	5.50%
Nonqualified pension	**5.75**	5.60	5.40
Postretirement benefits	**5.95**	5.80	5.60
Rate of compensation increase (average)	**4.00**	4.00	4.00
Assumed health care cost trend rate			
Initial trend	**9.50**	10.00	10.00
Ultimate trend	**5.00**	5.00	5.00
Year ultimate reached	**2014**	2012	2011
Expected long-term return on plan assets	**8.25**	8.25	8.25

The weighted-average assumptions used (as of the end of each year) to determine year-end obligations for pension and postretirement benefits were as follows:

	At December 31 2008	2007
Discount rate		
Qualified pension	**6.05%**	5.95%
Nonqualified pension	**5.90**	5.75
Postretirement benefits	**5.95**	5.95
Rate of compensation increase (average)	**4.00**	4.00
Assumed health care cost trend rate		
Initial trend	**9.00**	9.50
Ultimate trend	**5.00**	5.00
Year ultimate reached	**2014**	2014

The discount rate assumptions were determined independently for each plan reflecting the duration of each plan's obligations. Specifically, a yield curve was produced for a universe containing the majority of US-issued Aa grade corporate bonds, all of which were non-callable (or callable with make-whole provisions). Excluded from this yield curve were the 10% of the bonds with the highest yields and the 10% with the lowest yields. For each plan, the discount rate was determined as the level equivalent rate that would produce the same present value obligation as that using spot rates aligned with the projected benefit payments.

The expected return on plan assets is a long-term assumption established by considering historical and anticipated returns of the asset classes invested in by the pension plan and the allocation strategy currently in place among those classes. We review this assumption at each measurement date and adjust it if warranted.

The health care cost trend rate assumptions shown in the preceding tables relate only to the postretirement benefit plans. A one-percentage-point change in assumed health care cost trend rates would have the following effects:

Year ended December 31, 2008 In millions	Increase	Decrease
Effect on total service and interest cost	**$ 1**	**—**
Effect on year-end benefit obligation	**9**	**$ (8)**

Under SFAS 158, unamortized actuarial gains and losses and prior service costs and credits are recognized in AOCI each December 31, while amortization of these amounts through net periodic benefit cost occurs in accordance with SFAS 87 and SFAS 106. The estimated amounts that will be amortized in 2009 are as follows:

Year ended December 31 In millions	2009 Estimate Qualified Pension	Nonqualified Pension	Postretirement Benefits
Prior service cost (credit)	$ (2)	—	$ (5)
Net actuarial loss	80	—	—
Total	$ 78	—	$ (5)

Defined Contribution Plans

We have a contributory, qualified defined contribution plan that covers substantially all employees except those covered by other plans as identified below. Under this plan, employee contributions up to 6% of eligible compensation as defined by the plan are matched 100%, subject to Code limitations. The plan is a 401(k) plan and includes an employee stock ownership ("ESOP") feature. Employee contributions are invested in a number of investment options available under the plan, including a PNC common stock fund and several BlackRock mutual funds, at the direction of the employee. All shares of PNC common stock held by the plan are part of the ESOP. Employee contributions to the plan for 2008, 2007 and 2006 were matched primarily by shares of PNC common stock held in treasury, except in the case of those participants who have exercised their diversification election rights to have their matching portion in other investments available within the plan. Employee benefits expense related to this plan was $57 million in 2008, $52 million in 2007 and $52 million in 2006. We measured employee benefits expense as the fair value of the shares and cash contributed to the plan by PNC.

We have a separate qualified defined contribution plan that covers substantially all US-based Global Investment Servicing employees not covered by our plan. The plan is a 401(k) plan and includes an ESOP feature. Under this plan, employee contributions of up to 6% of eligible compensation as defined by the plan may be matched annually based on Global Investment Servicing performance levels. Participants must be employed as of December 31 of each year to receive this annual contribution. The performance-based employer matching contribution will be made primarily in shares of PNC common stock held in treasury, except in the case of those participants who have exercised their diversification election rights to have their matching portion in other investments available within the plan. Mandatory employer contributions to this plan are made in cash and include employer basic and transitional contributions. Employee-directed contributions are invested in a number of investment options available under the plan, including a PNC common stock fund and several BlackRock mutual funds, at the direction of the employee. Employee benefits expense for this plan was $11 million in 2008, $10 million in 2007 and $9 million in 2006. We measured employee benefits expense as the fair value of the shares and cash contributed to the plan.

We also maintain a nonqualified supplemental savings plan for certain employees.

We also maintain a defined contribution plan for National City legacy employees. Substantially all National City legacy employees are eligible to contribute a portion of their pretax compensation to the plan. PNC may make contributions to the plan for employees with one or more years of service in the form of company common stock in varying amounts depending on participant contribution levels. PNC reserves the right to terminate or make plan changes at any time.

NOTE 16 STOCK-BASED COMPENSATION PLANS

We have long-term incentive award plans (“Incentive Plans”) that provide for the granting of incentive stock options, nonqualified stock options, stock appreciation rights, incentive shares/performance units, restricted stock, restricted share units, other share-based awards and dollar-denominated awards to executives and, other than incentive stock options, to non-employee directors. Certain Incentive Plan awards may be paid in stock, cash or a combination of stock and cash. We grant a substantial portion of our stock-based compensation awards during the first quarter of the year. As of December 31, 2008, no stock appreciation rights were outstanding.

NONQUALIFIED STOCK OPTIONS

Options are granted at exercise prices not less than the market value of common stock on the grant date. Generally, options granted since 1999 become exercisable in installments after the grant date. Options granted prior to 1999 are mainly exercisable 12 months after the grant date. No option may be exercisable after 10 years from its grant date. Payment of the option exercise price may be in cash or shares of common stock at market value on the exercise date. The exercise price may be paid in previously owned shares.

Generally, options granted under the Incentive Plans vest ratably over a three-year period as long as the grantee remains an employee or, in certain cases, retires from PNC. For all options granted prior to the adoption of SFAS 123R, we recognized compensation expense over the three-year vesting period. If an employee retired prior to the end of the three-year vesting period, we accelerated the expensing of all unrecognized compensation costs at the retirement date. As required under SFAS 123R, we recognize compensation expense for options granted to retirement-eligible employees after January 1, 2006 during the first twelve months subsequent to the grant, in accordance with the service period provisions of the options.

During the third quarter of 2008, we granted approximately one million options to certain senior executives. While these options generally contain the same terms and conditions as previous option grants, cliff vesting will occur on or after the third anniversary from the grant date if the market price of PNC stock exceeds the grant date price by 20% or more over a specified time period. These options were approved by the Personnel and Compensation Committee of the Board of Directors. The grant date fair value was $6.59 per option.

OPTIONS ISSUED FOR STERLING ACQUISITION

On April 4, 2008, in connection with the closing of the Sterling acquisition, we issued 325,489 PNC stock options upon conversion of all outstanding and unexercised Sterling options at that date. Of the total options issued, 159,676 were issued as nonqualified stock options, and the remaining 165,813 were issued as incentive stock options. These PNC options carry generally the same terms and conditions as the original Sterling options. Per the merger agreement, all outstanding options were deemed fully vested at the acquisition date. Accordingly, no ongoing stock option expense will be recognized for these options. The purchase price consideration for the Sterling acquisition included approximately $3.3 million related to these options.

OPTIONS ISSUED FOR NATIONAL CITY ACQUISITION

On December 31, 2008, in connection with the closing of the National City acquisition, we issued approximately 1.7 million PNC stock options upon conversion of all outstanding and unexercised National City options at that date. Of the total options issued, approximately 1.4 million were issued as nonqualified stock options, and the remaining 0.3 million were issued as incentive stock options. These PNC options carry generally the same terms and conditions as the original National City options. Per the merger agreement, all outstanding options were deemed fully vested at the acquisition date. Accordingly, no ongoing stock option expense will be recognized for these options. The purchase price consideration for the National City acquisition included approximately $2.0 million related to these options.

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A summary of stock option activity follows:

Year ended December 31, 2008 In thousands, except weighted-average data	Shares	Weighted-average exercise price	Weighted-average remaining contractual life	Aggregate intrinsic value
Outstanding, January 1	14,326	$ 62.15		
Granted	3,308	60.35		
Sterling acquisition	325	63.94		
Exercised	(3,175)	55.11		
Cancelled	(247)	57.97		
Prior to National City acquisition	14,537	63.39		
National City acquisition	1,744	636.31		
Outstanding, December 31	**16,281**	**$124.75**	**5.6 years**	**$ 4,909**
Vested and expected to vest, December 31 (a)	**15,971**	**$125.90**	**5.6 years**	**$ 4,909**
Exercisable, December 31	**11,373**	**$151.03**	**4.3 years**	**$ 4,909**

(a) Adjusted for estimated forfeitures on unvested options.

The weighted-average grant-date fair value of options granted in 2008, 2007 and 2006 was $7.27, $11.37 and $10.75 per option, respectively. To determine stock-based compensation expense under SFAS 123R, the grant-date fair value is applied to the options granted with a reduction made for estimated forfeitures.

At December 31, 2007 and 2006, options for 10,496,000 and 10,743,000 shares of common stock, respectively, were exercisable at a weighted-average price of $59.95 and $58.38, respectively. The total intrinsic value of options exercised during 2008, 2007 and 2006 was $59 million, $52 million and $111 million, respectively.

Cash received from option exercises under all Incentive Plans for 2008, 2007 and 2006 was approximately $167 million, $111 million and $233 million, respectively. The actual tax benefit realized for tax deduction purposes from option exercises under all Incentive Plans for 2008, 2007 and 2006 was approximately $58 million, $39 million and $82 million, respectively.

There were no options granted in excess of market value in 2008, 2007 or 2006. Shares of common stock available during the next year for the granting of options and other awards under the Incentive Plans were 36,307,172 at December 31, 2008. Total shares of PNC common stock authorized for future issuance under equity compensation plans totaled 37,842,957 shares at December 31, 2008, which includes shares available for issuance under the Incentive Plans, the Employee Stock Purchase Plan as described below, and a director plan.

During 2008, we issued approximately 3.1 million shares from treasury stock in connection with stock option exercise activity. As with past exercise activity, we intend to utilize treasury stock for future stock option exercises.

As permitted under SFAS 123R, we recognized compensation expense for stock options on a straight-line basis over the pro rata vesting period. Total compensation expense recognized related to PNC stock options in 2008 was $22 million compared with $29 million in 2007 and $31 million in 2006.

Awards granted to non-employee directors in 2008 and 2007 include 25,381 and 20,944 deferred stock units, respectively, awarded under the Outside Directors Deferred Stock Unit Plan. A deferred stock unit is a phantom share of our common stock, which requires liability accounting treatment under SFAS 123R until such awards are paid to the participants as cash. As there are no vesting or service requirements on these awards, total compensation expense is recognized in full on all awarded units on the date of grant.

OPTION PRICING ASSUMPTIONS

For purposes of computing stock option expense, we estimated the fair value of stock options primarily by using the Black-Scholes option-pricing model. Option pricing models require the use of numerous assumptions, many of which are very subjective.

We used the following assumptions in the option pricing models to determine 2008, 2007 and 2006 stock option expense:

- The risk-free interest rate is based on the US Treasury yield curve,
- The dividend yield represents average yields over the previous three-year period,
- Volatility is measured using the fluctuation in month-end closing stock prices over a period which corresponds with the average expected option life, but in no case less than a five-year period, and
- The expected life assumption represents the period of time that options granted are expected to be outstanding and is based on a weighted average of historical option activity.

Weighted-average for the year ended December 31	**2008**	2007	2006
Risk-free interest rate	**3.1%**	4.8%	4.5%
Dividend yield	**3.3**	3.4	3.7
Volatility	**18.5**	18.8	20.5
Expected life	**5.7 yrs.**	4.3 yrs.	5.1 yrs.

INCENTIVE/PERFORMANCE UNIT SHARE AWARDS AND RESTRICTED STOCK/UNIT AWARDS

The fair value of nonvested incentive/performance unit share awards and restricted stock/unit awards is initially determined based on prices not less than the market value of our common stock price on the date of grant. Incentive/performance unit share awards are subsequently valued subject to the achievement of one or more financial and other performance goals over a three-year period. The Personnel and Compensation Committee of the Board of Directors approves

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the final award payout with respect to incentive/performance unit share awards. Restricted stock/unit awards have various vesting periods ranging from 12 months to 60 months. There are no financial or performance goals associated with any of our restricted stock/unit awards.

The weighted-average grant-date fair value of incentive/performance unit share awards and restricted stock/unit awards granted in 2008, 2007 and 2006 was $59.25, $73.83 and $67.36 per share, respectively. We recognize compensation expense for such awards ratably over the corresponding vesting and/or performance periods for each type of program. Total compensation expense recognized related to incentive/performance unit share awards and restricted stock/unit awards during 2008 was approximately $51 million compared with $42 million in 2007 and $45 million in 2006.

A summary of nonvested incentive/performance unit shares and restricted stock/unit share activity follows:

Shares in thousands	Nonvested Incentive/ Performance Unit Shares	Weighted-Average Grant Date Fair Value	Nonvested Restricted Stock/ Unit Shares	Weighted-Average Grant Date Fair Value
Dec. 31, 2007	316	$ 66.28	1,869	$ 60.20
Granted	**176**	**53.27**	**548**	**55.20**
Vested			**(652)**	**50.92**
Forfeited			**(30)**	**62.75**
Dec. 31, 2008	**492**	**$ 61.63**	**1,735**	**$ 62.07**

In the chart above, the weighted-average grant-date fair value of incentive/performance unit share awards and restricted stock/unit awards is measured by reducing the grant date price by the present value of dividends expected to be paid on the underlying shares and for estimated forfeitures on restricted stock/unit awards.

At December 31, 2008, there was $39 million of unrecognized deferred compensation expense related to nonvested share-based compensation arrangements granted under the Incentive Plans. This cost is expected to be recognized as expense over a period of no longer than five years. The total fair value of incentive/performance unit share and restricted stock /unit awards vested during 2008, 2007 and 2006 was approximately $41 million, $79 million and $63 million, respectively.

LIABILITY AWARDS

In 2008, 2007 and 2006 we granted a performance unit incentive award each year to a senior executive. The grant is share-denominated with an initial specified target number of 47,000 share units for 2008, 26,400 share units for 2007 and 30,000 share units for 2006. The potential award is dependent on the achievement of certain performance criteria over a three-year period ending December 31, 2008 for the 2006 grant, December 31, 2009 for the 2007 grant, and December 31, 2010 for the 2008 grant. Final awarded performance units will be paid only in cash.

Additionally, beginning in 2008, we granted other cash-payable restricted share units to certain executives. The grants were made primarily as part of an annual bonus incentive deferral plan. While there are time-based, service-related vesting criteria, there are no market or performance criteria associated with these awards. Compensation expense recognized related to these awards was recorded in prior periods as part of annual cash bonus criteria. As of December 31, 2008, there were 91,449 of these cash-payable restricted share units outstanding.

A summary of all nonvested, cash-payable restricted share unit activity follows:

In thousands	Nonvested Cash-Payable Restricted Unit Shares	Aggregate Intrinsic Value
Outstanding, January 1, 2008	57	
Granted	145	
Outstanding, December 31, 2008 (a)	**202**	**$ 9,878**

(a) There were no share units vested and received or forfeited during 2008.

Total compensation expense recognized related to liability awards, including market valuation adjustments recorded during 2008 on these awards, resulted in a net reduction to expense of approximately $1.1 million. The corresponding amounts for 2007 and 2006 were approximately $1 million of net expense recognized in each year.

EMPLOYEE STOCK PURCHASE PLAN

As of December 31, 2008, our ESPP has approximately 1.2 million shares available for issuance. Full-time employees with six months and part-time employees with 12 months of continuous employment with us are eligible to participate in the ESPP at the commencement of the next six-month offering period. Eligible participants may purchase our common stock at 95% of the fair market value on the last day of each six-month offering period. No charge to earnings is recorded with respect to the ESPP.

Shares issued pursuant to the ESPP were as follows:

Year ended December 31	Shares	Price Per Share
2008	**133,563**	**$ 54.25 and $46.55**
2007	111,812	68.00 and 62.37
2006	105,041	66.66 and 70.34

BLACKROCK LTIP PROGRAMS

BlackRock adopted the 2002 LTIP program to help attract and retain qualified professionals. At that time, PNC agreed to transfer up to four million of the shares of BlackRock common stock then held by us to help fund the 2002 LTIP and future programs approved by BlackRock's board of directors, subject to certain conditions and limitations. Prior to 2006, BlackRock granted awards of approximately $233 million under the 2002 LTIP program, of which approximately $208 million were paid on January 30, 2007. The award payments were funded by 17% in cash from BlackRock and approximately one million shares of BlackRock common stock transferred by PNC and distributed to LTIP participants. As permitted under the award agreements, employees elected to put 95% of the stock portion of the awards back to BlackRock. These shares were retained by BlackRock as treasury stock. We recognized a pretax gain of $82 million in the first quarter of 2007 from the transfer of BlackRock shares. The gain was included in other noninterest income and reflected the excess of market value over book value of the one million shares transferred in January 2007. Additional BlackRock shares were distributed to LTIP participants during the first quarter of 2008, resulting in a $3 million pretax gain in other noninterest income.

BlackRock granted awards in 2007 under an additional LTIP program, all of which are subject to achieving earnings performance goals prior to the vesting date of September 29, 2011. Of the shares of BlackRock common stock that we have agreed to transfer to fund their LTIP programs, approximately 1.6 million shares have been committed to fund the awards vesting in 2011 and the amount remaining would then be available for future awards.

Noninterest income for 2008 included a $243 million pretax gain related to our commitment to fund additional BlackRock LTIP programs. This gain represented the mark-to-market adjustment related to our remaining BlackRock LTIP common shares obligation as of December 31, 2008 and resulted from the decrease in the market value of BlackRock common shares for 2008. Noninterest income for 2007 and 2006 included pretax charges totaling $209 million and $12 million, respectively, related to an increase in the market value of BlackRock common shares for these periods.

Additionally, we reported noninterest expense of $33 million in 2006 related to the BlackRock LTIP awards.

NOTE 17 FINANCIAL DERIVATIVES

We use a variety of derivative financial instruments to help manage interest rate, market and credit risk and reduce the effects that changes in interest rates may have on net income, fair value of assets and liabilities, and cash flows. These instruments include interest rate swaps, interest rate caps and floors, futures contracts, and total return swaps.

Fair Value Hedging Strategies

We enter into interest rate swaps, caps, floors and futures derivative contracts to hedge bank notes, Federal Home Loan Bank borrowings, senior debt and subordinated debt for changes in fair value primarily due to changes in interest rates.

Adjustments related to the ineffective portion of fair value hedging instruments are recorded in interest expense or noninterest income depending on the hedged item.

Cash Flow Hedging Strategies

We enter into interest rate swap contracts to modify the interest rate characteristics of designated commercial loans from variable to fixed in order to reduce the impact of changes in future cash flows due to interest rate changes. We hedged our exposure to the variability of future cash flows for all forecasted transactions for a maximum of 10 years for hedges converting floating-rate commercial loans to fixed. The fair value of these derivatives is reported in other assets or other liabilities and offset in accumulated other comprehensive income (loss) for the effective portion of the derivatives. We subsequently reclassify any unrealized gains or losses related to these swap contracts from accumulated other comprehensive income (loss) into interest income in the same period or periods during which the hedged forecasted transaction affects earnings. Ineffectiveness of the strategies, if any, is recognized immediately in earnings.

During the next twelve months, we expect to reclassify to earnings $230 million of pretax net gains, or $149 million after-tax, on cash flow hedge derivatives currently reported in accumulated other comprehensive loss. This amount could differ from amounts actually recognized due to changes in interest rates and the addition of other hedges subsequent to December 31, 2008. These net gains are anticipated to result from net cash flows on receive fixed interest rate swaps that would impact interest income recognized on the related floating rate commercial loans.

As of December 31, 2008 we have determined that there were no hedging positions where it was probable that certain forecasted transactions may not occur within the originally designated time period.

The ineffective portion of the change in value of our fair value and cash flow hedge derivatives resulted in a net gain of $8 million for 2008, a net loss of $1 million for 2007, and a net loss of $4 million in 2006.

Free-Standing Derivatives

To accommodate customer needs, we also enter into financial derivative transactions primarily consisting of interest rate swaps, interest rate caps and floors, futures, swaptions, and foreign exchange and equity contracts. We primarily manage our market risk exposure from customer positions through transactions with third-party dealers. The credit risk associated with derivatives executed with customers is essentially the same as that involved in extending loans and is subject to normal credit policies. We may obtain collateral based on our assessment of the customer. For derivatives not designated as an accounting hedge, the gain or loss is recognized in noninterest income.

Also included in free-standing derivatives are transactions that we enter into for risk management and proprietary purposes that are not designated as accounting hedges, primarily interest rate, basis and total rate of return swaps, interest rate caps, floors and futures contracts, credit default swaps, option and foreign exchange contracts and certain interest rate-locked loan origination commitments as well as commitments to buy or sell mortgage loans.

Basis swaps are agreements involving the exchange of payments, based on notional amounts, of two floating rate financial instruments denominated in the same currency, one tied to one reference rate and the other tied to a second reference rate (e.g., swapping payments tied to one-month LIBOR for payments tied to three-month LIBOR). We use these contracts to mitigate the impact on earnings of exposure to a certain referenced interest rate.

We purchase credit default swaps ("CDS") to mitigate the risk of economic loss on a portion of our loan exposure. We also sell loss protection to mitigate the net premium cost and the impact of mark-to-market accounting on the CDS in cases where we buy protection to hedge the loan portfolio and to take proprietary trading positions. The fair values of these derivatives typically are based on the change in value, due to changing credit spreads.

Interest rate lock commitments for, as well as commitments to buy or sell, mortgage loans that we intend to sell are considered free-standing derivatives. Our interest rate exposure on certain commercial and residential mortgage interest rate lock commitments as well as commercial and residential mortgage loans held for sale is economically hedged with total rate of return swaps, pay-fixed interest rate swaps, credit derivatives and forward sales agreements. These contracts mitigate the impact on earnings of exposure to a certain referenced rate. The fair value of loan commitments is based on the estimated fair value of the underlying loan and the probability that the loan will fund within the terms of the commitment. The fair value of the loan commitment also takes into account the fair value of the embedded servicing right pursuant to SAB 109.

Free-standing derivatives also include positions we take based on market expectations or to benefit from price differentials between financial instruments and the market based on stated risk management objectives.

Derivatives Used to Hedge MSRs

The derivative portfolio also includes derivative financial instruments not included in SFAS 133 hedging strategies. The majority of these derivatives are used to manage interest rate and prepayment risk related to residential mortgage servicing rights (MSRs), residential and commercial real estate loans held for sale, and interest rate lock commitments, all of which are carried at fair value consistent with the accounting for the derivatives.

Derivative Counterparty Credit Risk

By purchasing and writing derivative contracts we are exposed to credit risk if the counterparties fail to perform. We seek to minimize credit risk through credit approvals, limits, monitoring procedures and collateral requirements. We generally enter into transactions with counterparties that carry high quality credit ratings. Nonperformance risk including credit risk is included in the determination of the estimated net fair value.

We enter into risk participation agreements to share some of the credit exposure with other counterparties related to interest rate derivative contracts or to take on credit exposure to generate revenue. We will make/receive payments under these guarantees if a customer defaults on its obligation to perform under certain credit agreements. Risk participation agreements entered into prior to July 1, 2003 were considered financial guarantees and therefore are not included in derivatives. Agreements entered into subsequent to June 30, 2003 are included in the derivatives table that follows. We determine that we meet our objective of reducing credit risk associated with certain counterparties to derivative contracts when the participation agreements share in their proportional credit losses of those counterparties.

We generally have established agreements with our major derivative dealer counterparties that provide for exchanges of marketable securities or cash to collateralize either party's positions. At December 31, 2008, we held cash, which is included in other borrowed funds on our Consolidated Balance Sheet, US government securities and mortgage-backed securities with a total fair value of $1.4 billion. We pledged cash, which is included in short-term investments on our Consolidated Balance Sheet, and US government securities of $1.2 billion under these agreements.

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The total notional or contractual amounts, estimated net fair value and credit risk for derivatives were as follows:

In millions	December 31, 2008 Notional/ Contractual amount	December 31, 2008 Estimated net fair value	December 31, 2008 Credit risk (b)	December 31, 2007 Notional/ Contractual amount	December 31, 2007 Estimated net fair value	December 31, 2007 Credit risk (b)
Accounting Hedges						
Fair value hedges	**$ 9,888**	**$ 888**	**$ 889**	$ 10,568	$ 190	$ 283
Cash flow hedges	**5,618**	**527**	**527**	7,856	325	325
Total	**$ 15,506**	**$ 1,415**	**$1,416**	$ 18,424	$ 515	$ 608
Free-Standing Derivatives						
Interest rate contracts	**$146,137**	**$ 503**	**$4,828**	$170,889	$ 4	$1,224
Equity contracts	**984**	**(4)**	**72**	1,824	(69)	144
Foreign exchange contracts	**8,972**	**(3)**	**320**	15,741	13	153
Credit derivatives	**2,937**	**205**	**287**	5,823	42	96
Options	**3,334**	**177**	**315**	64,448	87	496
Risk participation agreements	**3,290**		**3**	1,183		
Residential mortgage servicing rights	**52,980**	**109**	**1,136**			
Commitments related to mortgage-related assets	**18,853**	**(12)**	**69**	3,190	10	15
Other (a)	**773**	**56**	**58**	642	(201)	
Total	**$238,260**	**$ 1,031**	**$7,088**	$263,740	$ (114)	$2,128

(a) Relates to PNC's obligation to help fund certain BlackRock LTIP programs and to certain customer-related derivatives.
(b) Credit risk amounts reflect the replacement cost for contracts in a gain position in the event of nonperformance by all counterparties.

Note 18 Earnings Per Share

The following table sets forth basic and diluted earnings per common share calculations:

Year ended December 31 - in millions, except share and per share data	2008	2007	2006
Calculation of Basic Earnings Per Common Share			
Net income	**$ 882**	$ 1,467	$ 2,595
Less: Preferred dividends declared	**21**		1
Net income applicable to basic earnings per common share	**$ 861**	$ 1,467	$ 2,594
Basic weighted-average common shares outstanding (in thousands)	**343,980**	331,300	291,758
Basic earnings per common share	**$ 2.50**	$ 4.43	$ 8.89
Calculation of Diluted Earnings Per Common Share (a) (b)			
Net income	**$ 882**	$ 1,467	$ 2,595
Less: BlackRock adjustment for common stock equivalents	**7**	8	6
Non-convertible preferred dividends declared	**21**		
Net income applicable to diluted earnings per common share	**$ 854**	$ 1,459	$ 2,589
Basic weighted-average common shares outstanding (in thousands)	**343,980**	331,300	291,758
Weighted-average common shares to be issued using average market price and assuming:			
Conversion of preferred stock Series A and B	**63**	65	70
Conversion of preferred stock Series C and D	**501**	542	584
Conversion of debentures	**9**	2	2
Exercise of stock options	**988**	1,774	2,178
Incentive/performance unit share and restricted stock/unit awards	**1,525**	1,474	1,930
Diluted weighted-average common shares outstanding (in thousands)	**347,066**	335,157	296,522
Diluted earnings per common share	**$ 2.46**	$ 4.35	$ 8.73
(a) Excludes stock options considered to be anti-dilutive (in thousands)	**8,815**	4,135	4,230
(b) Excludes warrants considered to be anti-dilutive (in thousands)	**19,410**		

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NOTE 19 SHAREHOLDERS' EQUITY

Preferred Stock

Information related to preferred stock is as follows:

December 31 Shares in thousands	Liquidation value per share	Preferred Shares 2008	2007
Authorized			
$1 par value		**16,960**	16,985
Issued and outstanding			
Series A	$ 40	**6**	7
Series B	40	**1**	1
Series C	20	**119**	128
Series D	20	**171**	186
Series K	10,000	**50**	
Series L	100,000	**2**	
Series N	100,000	**76**	
Total issued and outstanding		**425**	322

On December 31, 2008, we issued $7.6 billion of Fixed Rate Cumulative Perpetual Preferred Stock, Series N, to the US Treasury under the US Treasury's Troubled Asset Relief Program ("TARP") Capital Purchase Program, together with a warrant to purchase shares of common stock of PNC described below. Series N dividends are payable on the 15th of February, May, August and November beginning February 15, 2009. Dividends will be paid at a rate of 5.00% through February 15, 2014 and 9.00% thereafter. This preferred stock is redeemable at par plus accrued and unpaid dividends subject to the approval of our primary banking regulators.

Under the TARP Capital Purchase Program, there are restrictions on common and preferred dividends and common share repurchases associated with the preferred stock issued to the US Treasury. As is typical with cumulative preferred stock, dividend payments for this preferred stock must be current before dividends can be paid on junior shares, including our common stock, or junior shares can be repurchased or redeemed. Also, the US Treasury's consent is required for any increase in common dividends per share above the most recent level prior to October 14, 2008 until the third anniversary of the preferred stock issuance as long as the US Treasury continues to hold any of the preferred stock. Further, during that same period, the US Treasury's consent is required, unless the preferred stock is no longer held by the US Treasury, for any share repurchases with limited exceptions, most significantly purchases of common shares in connection with any benefit plan in the ordinary course of business consistent with past practice.

As part of the National City transaction, we issued 9.875% Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series L in exchange for National City's Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series F. Dividends are payable if and when declared each 1st of February, May, August and November. Dividends will be paid at a rate of 9.875% prior to February 1, 2013 and at a rate of three-month LIBOR plus 633 basis points beginning February 1, 2013. The Series L is redeemable at PNC's option, subject to a replacement capital covenant for the first ten years after issuance and subject to Federal Reserve approval, if then applicable, on or after February 1, 2013 at a redemption price per share equal to the liquidation preference plus any declared but unpaid dividends.

Also as part of the National City transaction, we established the PNC Non-Cumulative Perpetual Preferred Stock, Series M, which mirrors in all material respects the former National City Non-Cumulative Perpetual Preferred Stock, Series E. PNC has designated 5,751preferred shares, liquidation value $100,000 per share, for this series. No shares have yet been issued; however, National City issued stock purchase contracts for 5,001 shares of its Series E Preferred Stock (now replaced by the PNC Series M as part of the National City transaction) to the National City Preferred Capital Trust I in connection with the issuance by that Trust of $500 million of 12.000% Fixed-to-Floating Rate Normal Automatic Preferred Enhanced Capital Securities (the "Normal APEX Securities") in January 2008 by the Trust. It is expected that the Trust will purchase 5,001 of the Series M preferred shares pursuant to these stock purchase contracts on December 10, 2012 or on an earlier date and possibly as late as December 10, 2013. The Trust has pledged the $500,100,000 principal amount of National City 8.729% Junior Subordinated Notes due 2043 held by the Trust and their proceeds to secure this purchase obligation.

If Series M shares are issued prior to December 10, 2012, any dividends on such shares will be calculated at a rate per annum equal to 12.000% until December 10, 2012, and thereafter, at a rate per annum that will be reset quarterly and will equal three-month LIBOR for the related dividend period plus 8.610%. Dividends will be payable if and when declared by the Board at the dividend rate so indicated applied to the liquidation preference per share of the Series M Preferred Stock. The Series M is redeemable at PNC's option, subject to a replacement capital covenant for the first ten years after issuance and subject to Federal Reserve approval, if then applicable, on or after December 10, 2012 at a redemption price per share equal to the liquidation preference plus any declared but unpaid dividends.

As a result of the National City transaction, we assumed National City's obligations under replacement capital covenants with respect to (i) the Normal APEX Securities and our Series M shares and (ii) National City's 6,000,000 of Depositary Shares (each representing 1/4000th of an interest in a share of our 9.875% Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series L), whereby we agreed not to cause the redemption or repurchase of the Normal APEX or Depositary Shares, as applicable, or the underlying Preferred Stock and/or junior subordinated notes, as applicable, unless such repurchases or redemptions are made from the proceeds of the issuance of certain qualified securities and pursuant to the other terms and conditions set forth in the replacement capital covenant with respect to the Normal APEX (the "APEX RCC") or the replacement capital covenant with respect to the Depositary Shares (the "Depositary Shares RCC"), as applicable.

As of December 31, 2008, each of the APEX RCC and the Depositary Shares RCC are for the benefit of holders of our $700 million of 6.875% Subordinated Notes Due 2019.

In May 2008, we issued $500 million of Depositary Shares, each representing a fractional interest in a share of PNC Fixed-to-Floating Non-Cumulative Perpetual Preferred Stock, Series K. Dividends are payable if and when declared beginning November 21, 2008 and then each May 21 and November 21 until May 21, 2013. After that date, dividends will be payable each 21st of August, November, February and May. Dividends will be paid at a rate of 8.25% prior to May 21, 2013 and at a rate of three-month LIBOR plus 422 basis points beginning May 21, 2013.

Series A through D are cumulative and, except for Series B, are redeemable at our option. Annual dividends on Series A, B and D preferred stock total $1.80 per share and on Series C preferred stock total $1.60 per share. Holders of Series A through D preferred stock are entitled to a number of votes equal to the number of full shares of common stock into which such preferred stock is convertible. Series A through D preferred stock have the following conversion privileges: (i) one share of Series A or Series B is convertible into eight shares of PNC common stock; and (ii) 2.4 shares of Series C or Series D are convertible into four shares of PNC common stock.

TARP Warrant

A warrant issued to the US Treasury in connection with the preferred stock described above enables the US Treasury to purchase up to approximately 16.9 million shares of PNC common stock at an exercise price of $67.33 per share. However, if PNC receives aggregate gross proceeds of at least $7.6 billion from one or more qualified equity offerings on or before December 31, 2009, the number of shares of PNC common stock underlying the warrant then held by the US Treasury will be reduced by 50% of the number of shares originally underlying the warrant.

The warrant is immediately exercisable in full or in part, provided that the US Treasury may not transfer or exercise a portion of the warrant representing in the aggregate more than 50% of the shares underlying the warrant prior to the earlier of (i) December 31, 2009 and (ii) the date on which PNC has received aggregate gross proceeds of not less than 100% of the $7.6 billion preferred stock issue price from one or more qualified equity offerings. The warrant expires on December 31, 2018.

The TARP warrant was valued at $304 million at December 31, 2008 and is included in Capital surplus-common stock and other on our Consolidated Balance Sheet.

National City Warrants

As part of the National City transaction, warrants issued by National City converted into warrants to purchase PNC common stock. The holder has the option to exercise 28,022 warrants, on a daily basis, commencing June 15, 2011 and ending on July 15, 2011, and 28,023 warrants, on a daily basis, commencing July 18, 2011 and ending on October 20, 2011. The strike price of these warrants is $750 per share. Upon exercise, PNC will deliver common shares with a market value equal to the number of warrants exercised multiplied by the excess of the market price of PNC common stock over the strike price. The maximum number of shares that could be required to be issued is approximately 5.0 million, subject to adjustment in the case of certain events, make-whole fundamental changes or early termination. PNC has reserved 5.0 million shares for issuance pursuant to the warrants and 3.6 million shares for issuance pursuant to the related convertible senior notes.

Other Shareholders' Equity Matters

We have a dividend reinvestment and stock purchase plan. Holders of preferred stock and PNC common stock may participate in the plan, which provides that additional shares of common stock may be purchased at market value with reinvested dividends and voluntary cash payments. Common shares issued pursuant to this plan were: 716,819 shares in 2008, 571,271 shares in 2007 and 535,394 shares in 2006.

At December 31, 2008, we had reserved approximately 94.7 million common shares to be issued in connection with certain stock plans and the conversion of certain debt and equity securities.

Effective October 4, 2007, our Board of Directors terminated the 2005 stock repurchase program and approved a new stock repurchase program to purchase up to 25 million shares of PNC common stock on the open market or in privately negotiated transactions. The 2007 program will remain in effect until fully utilized or until modified, superseded or terminated. We did not repurchase any shares during 2008 under the 2007 program. During 2007, we purchased 11 million common shares at a total cost of approximately $800 million under the 2005 and 2007 programs.

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NOTE 20 OTHER COMPREHENSIVE INCOME

Details of other comprehensive income (loss) are as follows (in millions):

	Pretax	Tax	After-tax
Net unrealized securities gains (losses)			
Balance at January 1, 2006			$ (240)
2006 activity			
Increase in net unrealized gain for securities held at year-end	$ 129	$ (46)	83
Less: net losses realized in net income (a)	(101)	35	(66)
Net unrealized securities gains	230	(81)	149
Balance at December 31, 2006			(91)
2007 activity			
Increase in net unrealized losses for securities held at year-end	(134)	52	(82)
Less: net losses realized in net income (a)	(9)	3	(6)
Net unrealized securities losses	(125)	49	(76)
Balance at December 31, 2007			(167)
2008 activity			
Increase in net unrealized losses for securities held at year-end	**(5,423)**	**1,992**	**(3,431)**
Less: net gains realized in net income (a)	**44**	**(16)**	**28**
Net unrealized securities losses	**(5,467)**	**2,008**	**(3,459)**
Balance at December 31, 2008			**$(3,626)**

(a) Pretax amounts represent net unrealized gains (losses) as of the prior year-end date that were realized in the subsequent year when the related securities were sold. These amounts differ from net securities losses included in the Consolidated Income Statement primarily because they do not include gains or losses realized on securities that were purchased and then sold during the same year.

	Pretax	Tax	After-tax
Net unrealized gains (losses) on cash flow hedge derivatives			
Balance at January 1, 2006			$ (26)
2006 activity			
Increase in net unrealized gains on cash flow hedge derivatives	$ 13	$ (5)	8
Less: net gains realized in net income	(7)	2	(5)
Net unrealized gains on cash flow hedge derivatives	20	(7)	13
Balance at December 31, 2006			(13)
2007 activity			
Increase in net unrealized gains on cash flow hedge derivatives	283	(104)	179
Less: net gains realized in net income	(14)	5	(9)
Net unrealized gains on cash flow hedge derivatives	297	(109)	188
Balance at December 31, 2007			175
2008 activity			
Increase in net unrealized gains on cash flow hedge derivatives	**344**	**(127)**	**217**
Less: net gains realized in net income	**29**	**(11)**	**18**
Net unrealized gains on cash flow hedge derivatives	**315**	**(116)**	**199**
Balance at December 31, 2008			**$374**

	Pretax	Tax	After-tax
Pension, other postretirement and postemployment benefit plan adjustments			
Balance at January 1, 2006			$ (15)
2006 Activity			
SFAS 87 adjustment	$ (2)	$ 1	(1)
SFAS 158 adjustment, net	(203)	71	(132)
Total 2006 activity	(205)	72	(133)
Balance at December 31, 2006			(148)
2007 Activity	(49)	20	(29)
Balance at December 31, 2007			(177)
2008 Activity	**(775)**	**285**	**(490)**
Balance at December 31, 2008			**$(667)**
Other (b)			
Balance at January 1, 2006			$ 14
2006 Activity	$ 6	$ (3)	3
Balance at December 31, 2006			17
2007 Activity	24	(19)	5
Balance at December 31, 2007			22
2008 Activity			
Foreign currency translation adj.	**(129)**	**46**	**(83)**
BlackRock deferred tax adj.		**31**	**31**
Total 2008 activity	**(129)**	**77**	**(52)**
Balance at December 31, 2008			**$ (30)**

(b) Consists of foreign currency translation adjustments, deferred tax adjustments on BlackRock's other comprehensive income (2008 and 2007), and interest-only strip valuation adjustments (2007 and 2006).

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

December 31 – in millions	2008	2007
Net unrealized securities gains (losses)	**$(3,626)**	$(167)
Net unrealized gains on cash flow hedge derivatives	**374**	175
Pension, other postretirement and post employment benefit plan adjustments	**(667)**	(177)
Other	**(30)**	22
Accumulated other comprehensive (loss)	**$(3,949)**	$(147)

NOTE 21 INCOME TAXES

The components of income taxes are as follows:

Year ended December 31 In millions	2008	2007	2006
Current			
Federal	**$ 553**	$491	$ 565
State	**69**	58	46
Total current	**622**	549	611
Deferred			
Federal	**(235)**	61	752
State	**(26)**	17	
Total deferred	**(261)**	78	752
Total	**$ 361**	$627	$1,363

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Significant components of deferred tax assets and liabilities are as follows:

December 31 - in millions	2008	2007
Deferred tax assets		
Allowance for loan and lease losses	**$1,564**	$ 370
Net unrealized securities losses	**2,121**	90
Compensation and benefits	**813**	322
Unrealized losses on loans	**1,825**	
Other	**1,918**	370
Total deferred tax assets	**8,241**	1,152
Deferred tax liabilities		
Leasing	**1,292**	1,011
Goodwill and Intangibles	**636**	255
Mortgage servicing rights	**332**	
BlackRock basis difference	**1,265**	1,234
Other	**968**	184
Total deferred tax liabilities	**4,493**	2,684
Net deferred asset (liability)	**$3,748**	$(1,532)

A reconciliation between the statutory and effective tax rates follows:

Year ended December 31	2008	2007	2006
Statutory tax rate	**35.0%**	35.0%	35.0%
Increases (decreases) resulting from			
State taxes	**2.4**	2.3	.8
Tax-exempt interest	**(1.7)**	(.8)	(.3)
Life insurance	**(2.3)**	(1.7)	(.6)
Dividend received deduction	**(3.1)**	(1.6)	(.2)
Tax credits	**(4.2)**	(2.9)	(.9)
Tax gain on sale of Hilliard Lyons	**4.1**		
Other	**(1.1)**	(.4)	.2
Effective tax rate	**29.1%**	29.9%	34.0%

At December 31, 2008 we had available $124 million of federal and $1.7 billion of state income tax net operating loss carryforward originating from acquired companies and $33 million in other state net operating loss carryforwards. A $23 million valuation allowance is recorded against the deferred tax asset associated with the $1.7 billion of state income tax net operating losses. The net operating loss carryforwards will expire from 2009 through 2028.

At December 31, 2008 we had available $119 million of federal and $4 million of state tax credit carryforwards originating from acquired companies. The tax credit carryforwards will expire from 2026 through 2028.

No deferred US income taxes have been provided on certain undistributed earnings of non-US subsidiaries, which amounted to $59 million at December 31, 2008. As of December 31, 2008, these earnings are considered to be reinvested for an indefinite period of time. It is not practicable to determine the deferred tax liability on these earnings.

Retained earnings at December 31, 2008 included $117 million in allocations for bad debt deductions of former thrift subsidiaries for which no income tax has been provided. Under current law, if certain subsidiaries use these bad debt reserves for purposes other than to absorb bad debt losses, they will be subject to Federal income tax at the current corporate tax rate.

As of December 31, 2008 and 2007, we had a liability for uncertain tax positions, excluding interest and penalties of $257 million and $57 million, respectively. A reconciliation of the beginning and ending balance of unrecognized tax benefits is as follows:

Changes in Unrecognized Tax Benefits (in millions):	2008	2007
Balance of gross unrecognized tax benefits at January 1	**$ 57**	$ 49
Increases:		
Positions taken during a prior period	**203(a)**	52(b)
Positions taken during the current period		1
Decreases:		
Positions taken during a prior period	**(3)**	(2)
Settlements with taxing authorities		(39)
Reductions resulting from lapse of statute of limitations		(4)
Balance of gross unrecognized tax benefits at December 31	**$257**	$ 57

(a) Includes $202 million acquired from National City.
(b) Includes $42 million acquired from Mercantile.

December 31, 2008 - in millions	
Unrecognized tax benefits related to:	
Acquired companies within measurement period:	
Temporary differences	**$ 39**
Permanent differences	**163**
Other:	
Temporary differences	**12**
Permanent differences	**43**
Total	**$257**

Under SFAS 141(R) which became effective January 1, 2009, any changes after the measurement period (a maximum of twelve months from date of acquisition) to unrecognized tax benefits of acquired companies associated with permanent differences would result in an adjustment to income tax expense. If all the unrecognized tax benefits were recognized after the measurement period, $133 million would affect the effective tax rate. Certain changes within the measurement period would result in a purchase accounting adjustment associated with the particular acquisition.

Any changes in the amounts of unrecognized tax benefits related to temporary differences would result in a reclassification to deferred tax liability; any changes in the amounts of unrecognized tax benefits related to other permanent differences (per above table) would result in an adjustment to income tax expense and therefore our effective tax rate. The unrecognized tax benefits related to other permanent items above that if recognized would affect the effective tax rate is $30 million. This is less than the total amount of unrecognized tax benefit related to permanent differences because a portion of those unrecognized benefits relate to state tax matters.

It is reasonably possible that the liability for uncertain tax positions could increase or decrease in the next twelve months due to completion of tax authorities' exams or the expiration of statutes of limitations. Management estimates that the liability for uncertain tax positions could decrease by $5 million within the next twelve months.

The consolidated federal income tax returns of The PNC Financial Services Group, Inc. and subsidiaries through 2003 have been audited by the Internal Revenue Service and we have resolved all disputed matters through the IRS appeals division. The Internal Revenue Service is currently examining the 2004 through 2006 consolidated federal income tax returns of The PNC Financial Services Group, Inc. and subsidiaries.

The consolidated federal income tax returns of National City Corporation and subsidiaries through 2004 have been audited by the Internal Revenue Service and we have reached agreement in principle on resolution of all disputed matters through the IRS appeals division. However, because the agreement is still subject to execution of a closing agreement we have not treated it as effectively settled. The Internal Revenue Service is currently examining the 2005 through 2007 consolidated federal income tax returns of National City Corporation and subsidiaries, and we expect the 2008 federal income tax return to begin being audited as soon as it is filed.

New York, New Jersey, Maryland and New York City are principally where we were subject to state and local income tax prior to our acquisition of National City. The state of New York is currently in the process of closing the 2002 to 2004 audit and will begin auditing the years 2005 and 2006. New York City is currently auditing 2004 and 2005. However, years 2002 and 2003 remain subject to examination by New York City pending completion of the New York state audit. Through 2006, BlackRock is included in our New York and New York City combined tax filings and constituted most of the tax liability. Years subsequent to 2004 remain subject to examination by New Jersey and years subsequent to 2005 remain subject to examination by Maryland.

National City was principally subject to state and local income tax in California, Florida, Illinois, Indiana, and Missouri. Audits currently in process for these states include: California (2003-2004), Illinois (2004-2006) and Missouri (2003-2005). We will now also be principally subject to tax in those states. In the ordinary course of business we are routinely subject to audit by the taxing authorities of these states and at any given time a number of audits will be in process.

Our policy is to classify interest and penalties associated with income taxes as income taxes. At January 1, 2008, we had accrued $91 million of interest related to tax positions, most of which related to our cross-border leasing transactions. The total accrued interest and penalties at December 31, 2008 was $164 million. While the leasing related interest decreased with a payment to the IRS, the $73 million net increase primarily resulted from our acquisition of National City.

NOTE 22 SUMMARIZED FINANCIAL INFORMATION OF BLACKROCK

As required by SEC Regulation S-X, summarized consolidated financial information of BlackRock follows (in millions).

December 31	2008	2007
Total assets	**$19,924**	$22,561
Total liabilities	**$ 7,367**	$10,387
Non-controlling interest	**491**	578
Stockholders' equity	**12,066**	11,596
Total liabilities, non-controlling interest and stockholders' equity	**$19,924**	$22,561

Year ended December 31	2008	2007
Total revenue	**$ 5,064**	$ 4,845
Total expenses	**3,471**	3,551
Operating income	**1,593**	1,294
Non-operating income (expense)	**(574)**	529
Income before income taxes and non-controlling interest	**1,019**	1,823
Income taxes	**388**	464
Non-controlling interest	**(155)**	364
Net income	**$ 786**	$ 995

NOTE 23 REGULATORY MATTERS

We are subject to the regulations of certain federal and state agencies and undergo periodic examinations by such regulatory authorities.

The access to and cost of funding new business initiatives including acquisitions, the ability to pay dividends, the level of deposit insurance costs, and the level and nature of regulatory oversight depend, in large part, on a financial institution's capital strength. The minimum US regulatory capital ratios are 4% for tier 1 risk-based, 8% for total risk-based and 4% for leverage. However, regulators may require higher capital levels when particular circumstances warrant. To qualify as "well capitalized," regulators require banks to maintain capital ratios of at least 6% for tier 1 risk-based, 10% for total risk-based and 5% for leverage. At December 31, 2008 and December 31, 2007, each of our domestic bank subsidiaries met the "well capitalized" capital ratio requirements.

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The following table sets forth regulatory capital ratios for PNC and its significant bank subsidiaries, PNC Bank, N.A. and National City Bank.

Regulatory Capital

	Amount		Ratios	
December 31 Dollars in millions	**2008**	2007	**2008**	2007
Risk-based capital				
Tier 1				
PNC	**$24,287**	$ 7,815	**9.7%**	6.8%
PNC Bank, N.A.	**8,338**	7,851	**7.1**	7.6
National City Bank (a)	**12,567**		**10.1**	
Total				
PNC	**33,116**	11,803	**13.2**	10.3
PNC Bank, N.A.	**12,104**	10,616	**10.3**	10.2
National City Bank (a)	**17,208**		**13.8**	
Leverage				
PNC	**NM**	NM	**17.5**	6.2
PNC Bank, N.A.	**NM**	NM	**6.3**	6.8
National City Bank (a)	**NM**		**8.8**	

(a)Acquired on December 31, 2008.
NM—Not meaningful.

The principal source of parent company cash flow is the dividends it receives from its subsidiary banks, which may be impacted by the following:

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

Also, there are statutory and regulatory limitations on the ability of national banks to pay dividends or make other capital distributions. The amount available for dividend payments to the parent company by PNC Bank, N.A. without prior regulatory approval was approximately $351 million at December 31, 2008. National City Bank had no statutory dividend capacity as of December 31, 2008.

Under federal law, bank subsidiaries generally may not extend credit to the parent company or its non-bank subsidiaries on terms and under circumstances that are not substantially the same as comparable extensions of credit to nonaffiliates. No extension of credit may be made to the parent company or a non-bank subsidiary which is in excess of 10% of the capital stock and surplus of such bank subsidiary or in excess of 20% of the capital and surplus of such bank subsidiary as to aggregate extensions of credit to the parent company and its non-bank subsidiaries. Such extensions of credit, with limited exceptions, must be fully collateralized by certain specified assets. In certain circumstances, federal regulatory authorities may impose more restrictive limitations.

Federal Reserve Board regulations require depository institutions to maintain cash reserves with the Federal Reserve Bank (“FRB”). At December 31, 2008, the balance outstanding at the FRB was $14 billion.

NOTE 24 LEGAL PROCEEDINGS

National City Matters

In December 2008, we completed the acquisition of National City through the merger of National City into The PNC Financial Services Group, Inc. As a result, we are now responsible for litigation pending against National City and its subsidiaries at that time. We will also be responsible for future litigation arising out of the conduct of the business of National City and its subsidiaries before the acquisition.

The lawsuits and other matters described below arise from National City’s business prior to the merger. We may be responsible for indemnifying individual defendants in these lawsuits and other matters.

See also “National City Acquisition-Related Litigation” below for information regarding litigation filed against PNC and National City relating to the merger and “Regulatory and Governmental Inquiries” for information regarding regulatory matters with respect to National City.

Visa. Beginning in June 2005, a series of antitrust lawsuits were filed against Visa®, MasterCard®, and several major financial institutions, including cases naming National City (since merged into PNC) and its subsidiary, National City Bank of Kentucky, since merged into National City Bank. The cases, which were brought as class actions on behalf of all persons or business entities who have accepted Visa® or MasterCard®, have been consolidated for pretrial proceedings in the United States District Court for the Eastern District of New York. The plaintiffs, merchants operating commercial businesses throughout the U.S. and trade associations, allege that the defendants conspired to fix the prices for general purpose card network services, resulting in the payment of inflated interchange fees, in violation of the antitrust laws. In January 2009, the plaintiffs filed amended and supplemental complaints adding, among other things, allegations that the restructuring of Visa and MasterCard, each of which included an initial public offering, violated the antitrust laws. The plaintiffs seek injunctive relief, actual and treble damages and attorneys’ fees. National City and National City Bank entered into judgment and loss sharing agreements with Visa and other financial institutions with respect to this litigation. On January 8, 2008, the district court dismissed plaintiffs’ claims for damages incurred prior to January 1, 2004. This litigation is also subject to the indemnification obligations described in Note 25 Commitments and Guarantees. PNC Bank, N.A. is not named a defendant in any of this litigation nor is it a party to the judgment or loss sharing agreements but is subject to these indemnification obligations.

Merrill Lynch. In December 2006, National City Bank completed the sale of its First Franklin nonprime mortgage origination and servicing platform to Merrill Lynch Bank & Trust Co., FSB. By letters dated April 10, 2008 and June 16, 2008, Merrill Lynch notified National City Bank of its indemnification claim pursuant to the purchase agreement.

Merrill Lynch alleges that National City Bank breached certain representations or warranties contained in the purchase agreement related to Merrill Lynch's alleged repurchases of mortgage loans originated by First Franklin prior to its sale to Merrill Lynch as well as mortgage loans as to which it faces repurchase demands. Merrill Lynch also asserts that National City Bank is responsible for indemnifying it for certain settled or pending lawsuits against First Franklin.

ERISA Cases. Commencing in January 2008, a series of substantially similar lawsuits were brought against National City, the Administrative Committee of the National City Savings and Investment Plan (the "Plan"), National City Bank (as trustee), and some of National City's officers and directors. These cases have been consolidated in the United States District Court for the Northern District of Ohio, and the plaintiffs have filed a consolidated amended complaint. The consolidated action is brought as a class action on behalf of all participants in or beneficiaries of the Plan at any time between September 5, 2006 and the present and whose Plan accounts included investments in National City common stock, as well as all participants in or beneficiaries of the Plan and whose accounts were invested in Allegiant Funds from March 25, 2002 to the present. The consolidated complaint alleges breaches of fiduciary duty under the Employee Retirement Income Security Act of 1974 ("ERISA") relating to, among other things, National City stock being offered as an investment alternative in the Plan, conflicts of interest, and monitoring and disclosure obligations. The consolidated complaint also alleges that the Administrative Committee defendants breached their fiduciary duties under ERISA, engaged in prohibited transactions by authorizing or causing the Plan to invest in Allegiant Funds, and violated ERISA duties of loyalty by virtue of National City's receipt of financial benefits in the forms of fees paid to Allegiant for managing the mutual funds. The complaint seeks equitable relief (including a declaration that defendants breached their ERISA fiduciary duties, an order compelling the defendants to make good any losses to the Plan caused by their actions, the imposition of a constructive trust on any profits earned by the defendants from their actions and restitution), unspecified money damages and attorneys' fees and costs. A motion to dismiss the amended consolidated complaint is pending.

In February 2009, a lawsuit was filed in the United States District Court for the Northern District of Ohio against National City, National City Bank, the Administrative Committee of the National City Savings and Investment Plan, Harbor Federal Savings Bank, the Harbor Employees Stock Ownership Plan Committee and certain National City and Harbor directors and officers. This lawsuit was brought as a class action on behalf of all participants in or beneficiaries of the Harbor ESOP between December 1, 2006 and the present whose account in the Harbor ESOP held National City stock (including National City units), and who continued to be employed by National City through December 31, 2007. The complaint alleges breaches of fiduciary duties under ERISA relating to, among other things, National City stock being offered as an investment alternative, an alleged lock-up of National City stock, failure to pay benefits, conflicts of interest, and monitoring and disclosure obligations. The complaint seeks equitable relief (including a declaration that the defendants breached their ERISA fiduciary duties, an injunction prohibiting further breaches, an order compelling the defendants to make good any losses to the Plan caused by their actions, the imposition of a constructive trust on any profits earned by the defendants from their actions and restitution), unspecified money damages and attorneys' fees and costs.

Derivative Cases. Commencing in January 2008, a series of shareholder derivative complaints were filed in the United States District Court for the Northern District of Ohio, the Chancery Court for the State of Delaware and the Cuyahoga County, Ohio, Court of Common Pleas against certain officers and directors of National City. Subsequently, the complaints filed in Delaware were voluntarily dismissed and the complaints filed in Ohio state court were consolidated and stayed pending resolution of the federal court cases. A consolidated complaint has been filed in the federal court, and there is a pending motion to dismiss that case. These suits make substantially similar allegations against certain officers and directors of National City for, among other things, breaches of fiduciary duty, waste of corporate assets, unjust enrichment and (in the federal court case) violations of the Securities Exchange Act of 1934, based on claims, among others, that National City issued inaccurate information to investors about the status of its business and prospects, and that the defendants caused National City to repurchase shares of its stock at artificially inflated prices. The complaints seek unspecified money damages and equitable relief (including restitution and certain corporate governance changes) against the individual defendants on behalf of National City, as well as attorneys' fees and costs.

Securities and State Law Fiduciary Cases. Several lawsuits have been filed against National City and its officers and directors alleging misrepresentations and omissions in violation of the federal securities laws in connection with statements and disclosures relating in one or more cases to, among other things, the nature, quality, performance and risks of National City's non-prime, construction and home equity portfolios, its loan loss reserves, its financial condition, and related allegedly false and misleading financial statements. Some of the lawsuits allege state common law violations. In some cases, the lawsuits were brought in an individual capacity, with the others brought as class actions. The relief sought generally includes unspecified damages, attorneys' fees and expenses, and, where indicated below, equitable relief. The following is a summary of the significant lawsuits in this category:

- In January 2008, a lawsuit was filed in the United States District Court for the Northern District of Ohio against National City and certain officers and directors of National City. As amended, this lawsuit is being brought as a class action on behalf of purchasers of National City's stock during the period April 30, 2007 to April 21, 2008 and also on behalf of everyone who acquired National City stock pursuant to a registration statement filed in connection with its acquisition of MAF Bancorp in 2007. The complaint alleges violations of federal securities laws regarding public statements and disclosures. A motion to dismiss the complaint is pending.

- In April 2008, a lawsuit was filed in the Cuyahoga County, Ohio, Court of Common Pleas against National City, certain officers and directors of National City, and its auditor, Ernst & Young, LLP. The complaint was brought as a class action on behalf of all current and former National City employees who acquired stock pursuant to and/or traceable to a December 1, 2006 registration statement filed in connection with the acquisition of Harbor Federal Savings Bank and who were participants in the Harbor Bank Employees Stock Ownership Plan and the Harbor Bank Stock Incentive Plan. The plaintiffs allege that the registration statement contained false and misleading statements and omissions in violation of the federal securities laws. Defendants removed the case to the United States District Court for the Northern District of Ohio and filed a motion to dismiss the complaint. The federal court has subsequently remanded the case back to the Ohio state court.
- In May 2008, a lawsuit was filed on behalf of an individual plaintiff in the Franklin County, Ohio, Court of Common Pleas against National City, certain directors of National City, and Corsair Co-Invest, L.P. and unnamed other investors participating in the April 2008 capital infusion into National City alleging that National City's directors breached their fiduciary duties by entering into this capital infusion transaction. In addition to monetary damages and attorneys' fees and costs, the complaint seeks a declaratory judgment that the Corsair transaction is void and/or voidable and injunctive relief rescinding the Corsair transaction. A motion to dismiss the case is pending.
- In August 2008, a lawsuit was filed in the Palm Beach County, Florida, Circuit Court against National City and certain officers and directors of National City. The lawsuit was brought as a class action on behalf of all who acquired National City stock pursuant to and/or traceable to the registration statement filed in connection with National City's acquisition of Fidelity Bankshares, Inc. The complaint alleges that the registration statement contained false and misleading statements and omissions in violation of the federal securities laws. This lawsuit was removed to federal court in Florida and then transferred to the United States District Court for the Northern District of Ohio. A motion to remand to state court is pending.
- In October 2008, a lawsuit was filed in the United States District Court for the Western District of Pennsylvania against National City. In December 2008, the complaint was amended to add as defendants Corsair Capital, LLC, Corsair NC Co-Invest, L.P. and unnamed other investors participating in the April 2008 capital infusion into National City. As amended, the lawsuit is brought as a class action on behalf of all shareholders of National City who owned shares as of October 24, 2008. The amended complaint alleges breaches of fiduciary duties in connection with the capital infusion and misstatements and omissions relating to the effect of the capital infusion, National City's ability to participate in the TARP Capital Purchase Program, and National City's capital position and financial stability in violation of the federal securities laws. This case was conditionally transferred to the United States District Court for the Northern District of Ohio. The plaintiffs have filed a motion to vacate this transfer.
- In December 2008, a lawsuit was filed in the United States District Court for the Northern District of Ohio against National City and some of its officers and directors. The plaintiff, an arbitrage fund, seeks to represent a class of all who purchased National City's 4.0% Convertible Senior Notes Due 2011 pursuant to and/or traceable to the registration statement and prospectus supplement issued in connection with the January 2008 offering of these notes and all who purchased these notes in the open market between January 23 and September 30, 2008. The complaint alleges that the registration statement and prospectus supplement contained false and misleading statements and omissions in violation of the federal securities laws.

National City Acquisition-Related Litigation
National City is a defendant in numerous lawsuits filed in and after October 2008 as class actions on behalf of National City stockholders. These lawsuits are pending in the Delaware Chancery Court (all of which were consolidated into a single lawsuit), the United States District Court for the Northern District of Ohio and the Cuyahoga County, Ohio, Court of Common Pleas. The consolidated Delaware case and most of the Ohio cases include PNC as a defendant. All of these lawsuits also name as defendants National City's directors and one of the Ohio federal lawsuits names National City officers as defendants.

The complaints in these cases allege that the National City directors breached their fiduciary duties to the stockholders of National City in connection with the proposed transaction with PNC. The lawsuits generally allege that National City directors breached their fiduciary duties by, among other things, causing National City to enter into the proposed transaction at an allegedly inadequate and unfair price, engaging in self-dealing and acting with divided loyalties, and failing to disclose material information to the stockholders. Some lawsuits allege violations of the federal securities laws. In the cases naming PNC as a defendant, PNC is alleged to have aided and abetted the other defendants' breaches of fiduciary duties. The various complaints seek, among other remedies, an accounting, imposition of a constructive trust, unspecified damages, rescission, costs of suit, and attorneys' fees.

In addition, the plaintiffs in one of the pending derivative lawsuits against the National City directors in the Cuyahoga County Court of Common Pleas and in the pending derivative lawsuit in federal court in Ohio, each referred to above, have moved to amend their complaints to add merger-related claims, including claims that National City's directors agreed to sell National City in order to extinguish their own personal liability in derivative litigation pending against them. PNC is not named as a defendant in either of these proposed amended complaints. In December 2008, the Ohio state court denied the plaintiffs' motion to lift the stay and to conduct expedited discovery in support of the proposed amended complaint.

In December 2008, the defendants entered into a memorandum of understanding with the plaintiffs regarding the settlement of the Delaware lawsuit, as well as one of the cases pending in the Cuyahoga County, Ohio, Court of Common Pleas and the merger-related claims in the derivative case pending in the Ohio state court. In connection with the settlement contemplated by the memorandum of understanding, National City made additional disclosures related to the proposed merger. Following completion of confirmatory discovery by counsel to the plaintiffs, the parties entered into a stipulation of settlement on February 2, 2009. The stipulation of settlement is subject to customary conditions, including court approval following notice to National City's stockholders. In February 2009, the Court of Chancery preliminarily approved a class of all persons who were National City common stockholders during the period from the close of business on October 23, 2008 through (and including) December 31, 2008. The Court of Chancery also preliminarily approved the settlement and has scheduled a hearing in May 2009 at which the court will consider the fairness, reasonableness, and adequacy of the settlement. If the settlement is finally approved by the court, it will resolve and release all claims in all actions that were or could have been brought challenging any aspect of the proposed merger, the merger agreement, and any disclosure made in connection therewith. In addition, in connection with the settlement, the parties contemplate that plaintiffs' counsel will file a petition in the Court of Chancery for an award of attorneys' fees and expenses to be paid by PNC.

Adelphia

Some of our subsidiaries are defendants (or have potential contractual contribution obligations to other defendants) in several pending lawsuits brought during late 2002 and 2003 arising out of the bankruptcy of Adelphia Communications Corporation and its subsidiaries.

One of the lawsuits was brought on Adelphia's behalf by the unsecured creditors' committee and equity committee in Adelphia's consolidated bankruptcy proceeding and was removed to the United States District Court for the Southern District of New York by order dated February 9, 2006. Pursuant to Adelphia's plan of reorganization, this lawsuit will be prosecuted by a contingent value vehicle, known as the Adelphia Recovery Trust. In October 2007, the Adelphia Recovery Trust filed an amended complaint in this lawsuit, adding defendants and making additional allegations.

In June 2008, the district court granted in part defendants' motion to dismiss. The court dismissed the principal bankruptcy law claims that had not previously been dismissed by the Bankruptcy Court, including claims alleging voidable preference payments, fraudulent transfers, and equitable disallowance. The effect of this ruling is to dismiss from this lawsuit all claims against most of the defendants but leave pending against PNC and other original members of Adelphia loan syndicates and then-affiliated investment banks the other claims. In December 2008, the court granted a motion made on behalf of a number of defendants to enter final judgment on the dismissed claims to permit immediate appellate review of the issues resolved by the district court in June 2008 and by the bankruptcy court prior to the filing of the amended complaint. The district court has scheduled the case for trial in February 2010.

The other lawsuits were brought by holders of debt and equity securities of Adelphia and have been consolidated for pretrial purposes in the United States District Court for the Southern District of New York.

The pending lawsuits arise out of lending and investment banking activities engaged in by PNC subsidiaries and many other financial services companies. Collectively, with respect to some or all of the defendants, the lawsuits allege federal law claims (including violations of federal securities and banking laws), violations of common law duties, aiding and abetting such violations, voidable preference payments, and fraudulent transfers, among other matters. The lawsuits seek monetary damages (including in some cases punitive or treble damages), interest, attorneys' fees and other expenses, and a return of the alleged voidable preference and fraudulent transfer payments, among other remedies.

Sterling Financial Corporation Matters

In April 2008, we completed the acquisition of Sterling through the merger of Sterling Financial Corporation into The PNC Financial Services Group, Inc. As a result, we are now responsible for litigation pending against Sterling and its subsidiaries at that time. We will also be responsible for future litigation arising out of the conduct of the business of Sterling and its subsidiaries before the acquisition.

All of the matters described below arise in connection with Sterling's commercial finance subsidiary, Equipment Finance LLC, which we refer to as EFI. We provide additional information regarding the EFI situation in our Registration Statement on Form S-4 relating to the merger.

See also "Regulatory and Governmental Inquiries" for information regarding regulatory matters with respect to Sterling and the EFI situation.

Several class action lawsuits were filed in May, June and July 2007 in the United States District Courts for the Eastern District of Pennsylvania and the Southern District of New York related to the EFI situation. In October 2007, the lawsuits filed in New York were transferred to the Pennsylvania court for coordinated pretrial proceedings. In February 2008, the plaintiffs filed a consolidated amended complaint on behalf of those who purchased Sterling common stock during the period from April 27, 2004 through May 24, 2007. This complaint names Sterling, Bank of Lancaster County, N.A. (a predecessor to a bank subsidiary of Sterling), EFI, and members of their management as defendants. The plaintiffs allege violations of the federal securities laws, including allegations that Sterling's public statements and filings fraudulently omitted information and included fraudulent misrepresentations about the improprieties at EFI as well as about their impact on Sterling's earnings and related matters. The plaintiffs assert that the price for Sterling stock was fraudulently inflated during the class period due to the alleged omissions and misrepresentations, and seek unspecified damages, interest, attorneys' fees and costs. (As a result of our acquisition of Sterling, we may be responsible for indemnifying individual defendants in connection with this lawsuit.) We have a tentative agreement to settle this lawsuit, which is subject to customary conditions, including court approval following notice to the class. The amount of this settlement would not be material to PNC.

In addition, a group of shareholders who received Sterling common shares as consideration in Sterling acquisition transactions have brought a separate lawsuit asserting claims similar to those in the consolidated amended complaint. Our motion to dismiss this complaint is pending. Other shareholders who received Sterling shares in acquisitions have also threatened to file similar lawsuits.

CBNV Mortgage Litigation

Between 2001 and 2003, on behalf of either individual plaintiffs or a class of plaintiffs, several separate actions were filed in state and federal courts against Community Bank of Northern Virginia ("CBNV") and other defendants challenging the validity of second mortgage loans the defendants made to the plaintiffs. CBNV was merged into one of Mercantile's banks prior to Mercantile's acquisition by PNC. These cases were either filed in, or removed to, the United States District Court for the Western District of Pennsylvania.

In August 2006, a proposed settlement agreement covering an action in which the plaintiffs and class members have second mortgages that were assigned to Residential Finance Corporation ("RFC") was submitted to the district court for its approval. In January 2008, the district court conditionally certified a class for settlement purposes, preliminarily approved the proposed settlement agreement, and directed that the settlement agreement be submitted to the class members for their consideration. In August 2008, the district court entered an order giving final approval to the settlement agreement. Some objecting class members have appealed that order to the Third Circuit Court of Appeals. Separately, other individuals, whose loans were not acquired by RFC, have actions pending on behalf of themselves or a class alleging claims similar to those asserted in the settled action with respect to the RFC loans. In one of these actions, the alleged class overlaps the class in the settled action. These actions remain pending in the district court.

In January 2008, the district court also issued an order sending back to state court in North Carolina the claims of two class members. These two plaintiffs then sought to represent a class of North Carolina borrowers in state court, but the federal district court in Pennsylvania enjoined class proceedings in March 2008. In April 2008, the General Court of Justice, Superior Court Division, for Wake County, North Carolina granted these two plaintiffs' motion for summary judgment on their individual claims in this case. We have appealed this order to the North Carolina Court of Appeals.

The plaintiffs in all of these lawsuits seek unquantified monetary damages, rescission of loans, interest, attorneys' fees and other expenses.

BAE Derivative Litigation

In September 2007, a derivative lawsuit was filed on behalf of BAE Systems plc by a holder of its American Depositary Receipts against current and former directors and officers of BAE, Prince Bandar bin Sultan, PNC (as successor to Riggs National Corporation and Riggs Bank, N.A.), Joseph L. Allbritton, Robert L. Allbritton, and Barbara Allbritton. The complaint alleges that BAE directors and officers breached their fiduciary duties by making or permitting to be made improper or illegal bribes, kickbacks and other payments with respect to a military contract obtained in the mid-1980s from the Saudi Arabian Ministry of Defense, and that Prince Bandar was the primary recipient or beneficiary of these payments. The complaint also alleges that Riggs, together with the Allbrittons (as former directors, officers and controlling persons of Riggs), acted as the primary intermediaries through which the payments were laundered and actively concealed, and aided and abetted the BAE defendants' breaches of fiduciary duties. In September 2008, the United States District Court for the District of Columbia granted the motions of all defendants to dismiss the plaintiff's complaint. Plaintiff has appealed to the United States Court of Appeals for the District of Columbia Circuit. As it relates to PNC, plaintiff is seeking unquantified monetary damages (including punitive damages), an accounting, interest, attorneys' fees and other expenses. As a result of our acquisition of Riggs, PNC may be responsible for indemnifying the Allbrittons in connection with this lawsuit.

Regulatory and Governmental Inquiries
As a result of the regulated nature of our business and that of a number of our subsidiaries, particularly in the banking and securities areas, we and our subsidiaries are the subject of investigations and other forms of regulatory inquiry, in some cases as part of regulatory reviews of specified activities at multiple industry participants. Among the areas in which there is currently significant regulatory interest are practices in the mutual fund and mortgage lending businesses. Several of our subsidiaries have received requests for information and other inquiries from governmental and regulatory authorities in these areas.

In June 2008, National City was notified that the Chicago Regional Office of the SEC is conducting an informal investigation of National City. The SEC has requested that National City provide the SEC with documents concerning, among other things, its loan underwriting experience, allowance for loan losses, marketing practices, dividends, bank regulatory matters and the sale of First Franklin Financial Corporation.

The SEC is conducting a non-public investigation into the EFI situation at Sterling. The United States Attorney's Office for the Eastern District of Pennsylvania is also investigating the EFI situation.

Our practice is to cooperate fully with regulatory and governmental investigations, audits and other inquiries, including those described above. Such investigations, audits and other inquiries may lead to remedies such as fines, restitution or alterations in our business practices.

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

See Note 25 Commitments and Guarantees for additional information regarding the Visa indemnification and our obligation to provide indemnification to current and former officers, directors, employees and agents of PNC and companies we have acquired, including National City.

NOTE 25 COMMITMENTS AND GUARANTEES

EQUITY FUNDING AND OTHER COMMITMENTS
Our unfunded commitments at December 31, 2008 included private equity investments of $540 million and other investments of $178 million.

STANDBY LETTERS OF CREDIT
We issue standby letters of credit and have risk participations in standby letters of credit and bankers' acceptances issued by other financial institutions, in each case to support obligations of our customers to third parties, such as remarketing programs for customers' variable rate demand notes. Net outstanding standby letters of credit totaled $10.3 billion at December 31, 2008.

If the customer fails to meet its financial or performance obligation to the third party under the terms of the contract or there is a need to support a remarketing program, then upon the request of the guaranteed party, we would be obligated to make payment to them. The standby letters of credit and risk participations in standby letters of credit and bankers' acceptances outstanding on December 31, 2008 had terms ranging from less than one year to 14 years. The aggregate maximum amount of future payments PNC could be required to make under outstanding standby letters of credit and risk participations in standby letters of credit and bankers' acceptances was $13.7 billion at December 31, 2008, of which $5.1 billion support remarketing programs.

Assets valued as of December 31, 2008 of approximately $.9 billion secured certain specifically identified standby letters of credit. Approximately $3.4 billion in recourse provisions from third parties was also available for this purpose as of December 31, 2008. In addition, a portion of the remaining standby letters of credit and letter of credit risk participations issued on behalf of specific customers is also secured by collateral or guarantees that secure the customers' other obligations to us. The carrying amount of the liability for our obligations related to standby letters of credit and risk participations in standby letters of credit and bankers' acceptances was $119 million at December 31, 2008.

STANDBY BOND PURCHASE AGREEMENTS AND OTHER LIQUIDITY FACILITIES
We enter into standby bond purchase agreements to support municipal bond obligations. At December 31, 2008, the

aggregate of our commitments under these facilities was $452 million. We also enter into certain other liquidity facilities to support individual pools of receivables acquired by commercial paper conduits including Market Street. At December 31, 2008, our total commitments under these facilities were $6.6 billion, of which $6.4 billion was related to Market Street.

INDEMNIFICATIONS

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

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

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

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

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

- Agreements relating to providing various servicing and processing functions to third parties,
- Agreements relating to the creation of trusts or other legal entities to facilitate leasing transactions, commercial and residential mortgage-backed securities transactions (loan securitizations) and certain other off-balance sheet transactions,
- Confidentiality agreements,
- Syndicated credit agreements, as a syndicate member,
- Sales of individual loans and equipment leases,
- Arrangements with brokers to facilitate the hedging of derivative and convertible arbitrage activities, and
- Litigation settlement agreements.

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

We enter into certain types of agreements, including leases, assignments of leases, and subleases, in which we agree to indemnify third parties for acts by our agents, assignees and/or sublessees, and employees. Due to the nature of these indemnification provisions, we cannot calculate our aggregate potential exposure under them.

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

We engage in certain insurance activities which require our employees to be bonded. We satisfy this bonding requirement by issuing letters of credit which were insignificant at December 31, 2008.

In the ordinary course of business, we enter into contracts with third parties under which the third parties provide services on behalf of PNC. In many of these contracts, we agree to indemnify the third party service provider under certain circumstances. The terms of the indemnity vary from contract to contract and the amount of the indemnification liability, if any, cannot be determined.

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

Pursuant to their bylaws, PNC and its subsidiaries provide indemnification to directors, officers and, in some cases, employees and agents against certain liabilities incurred as a result of their service on behalf of or at the request of PNC and its subsidiaries. PNC and its subsidiaries also advance on behalf of covered individuals costs incurred in connection with certain claims or proceedings, subject to written undertakings by each such individual to repay all amounts advanced if it is ultimately determined that the individual is not entitled to indemnification. We generally are responsible for similar indemnifications and advancement obligations that companies we acquire (including Riggs, Sterling and National

City), had to their officers, directors and sometimes employees and agents at the time of acquisition. We advanced such costs on behalf of several such individuals (including some from Riggs and Sterling) with respect to pending litigation or investigations during 2008. It is not possible for us to determine the aggregate potential exposure resulting from the obligation to provide this indemnity or to advance such costs.

In connection with the lending of securities facilitated by Global Investment Servicing as an intermediary on behalf of certain of its clients, we provide indemnification to those clients against the failure of the borrowers to return the securities. The market value of the securities lent is fully secured on a daily basis; therefore, the exposure to us is limited to temporary shortfalls in the collateral as a result of short-term fluctuations in trading prices of the loaned securities. At December 31, 2008, the total maximum potential exposure as a result of these indemnity obligations was $7.9 billion, although the collateral at the time exceeded that amount.

VISA INDEMNIFICATION
Our payment services business issues and acquires credit and debit card transactions through Visa U.S.A. Inc. card association or its affiliates (“Visa”).

In October 2007 Visa completed a restructuring and issued shares of Visa Inc. common stock to its financial institution members (“Visa Reorganization”) in contemplation of its initial public offering (“IPO”). As part of the Visa Reorganization, we received our proportionate share of a class of Visa Inc. common stock allocated to the US members. Prior to the IPO, the US members were obligated to indemnify Visa for judgments and settlements related to specified litigation. In accordance with GAAP, during the fourth quarter of 2007 we recorded a liability and pretax operating expense of $82 million representing our estimate of the fair value of our indemnification obligation for potential losses arising from this litigation.

Visa’s IPO occurred in March 2008. Visa redeemed 2.2 million of our investment in Visa Class B common shares for cash out of the proceeds of the IPO. Accordingly, we recognized a pretax gain of $95 million during the first quarter of 2008 in other noninterest income in connection with this redemption. In addition, Visa set aside $3 billion of the IPO proceeds in an escrow account for the benefit of the US member financial institutions to fund the expenses of the litigation as well as the members’ proportionate share of any judgments or settlements that may arise out of the litigation. Therefore, we reduced our indemnification liability proportionately based upon the escrowed amount via a credit to noninterest expense of $43 million pretax during the first quarter of 2008.

In October 2008, Visa reached a settlement with Discover Financial Services related to another of the specified litigation. As a result, we recorded an incremental indemnification liability of $13 million.

Based on the cumulative impact of this settlement and previous settlements, Visa determined that additional escrow funds were necessary and set aside an additional $1.1 billion in cash for the remaining specified litigation cases in the fourth quarter 2008. In connection with Visa’s cash allocation to the escrow fund, Visa reduced the Visa B common share to Visa A common share conversion ratio from approximately 71% to 63%. We determined that these actions effectively settled a proportionate share of our estimated indemnification liability for the remaining specified litigation. As a result, we reduced our indemnification liability by $16 million with a corresponding credit to noninterest expense.

As a result of the acquisition of National City, we became party to judgment and loss sharing agreements with Visa and certain other banks. The judgment and loss sharing agreements were designed to apportion financial responsibilities arising from any potential adverse judgment or negotiated settlements related to the specified litigation. The acquisition of National City resulted in the recognition of an additional indemnification liability of $224 million. As a result of the indemnification provision in Section 2.05j of the Visa By-Laws and/or the indemnification provided through the judgment and loss sharing agreements, PNC’s Visa indemnification liability at December 31, 2008 totaled $260 million.

RECOURSE AGREEMENTS
We are authorized to originate, underwrite, close to fund and service commercial mortgage loans and then sell them to FNMA under FNMA’s DUS program. We have similar arrangements with FHLMC.

Under these programs, we generally assume up to one-third of the risk of loss on unpaid principal balances through a loss share arrangement. At December 31, 2008, the potential exposure to loss was $5.7 billion. Accordingly, we maintain a reserve for such potential losses which approximates the fair value of this exposure. At December 31, 2008, the unpaid principal balance outstanding of loans sold as a participant in these programs was $18.6 billion. The fair value of the loss share arrangement in the form of reserves for losses under these programs, totaled $79 million as of December 31, 2008 and is included in other liabilities on our Consolidated Balance Sheet. If payment is required under these programs, we would not have a contractual interest in the collateral underlying the mortgage loans on which losses occurred, although the value of the collateral is taken into account in determining our share of such losses. The serviced loans are not included on our Consolidated Balance Sheet.

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National City sold residential mortgage loans and home equity lines of credit (collectively, loans) in the normal course of business. These agreements usually require certain representations concerning credit information, loan documentation, collateral, and insurability. On a regular basis, investors may request PNC to indemnify them against losses on certain loans or to repurchase loans which the investors believe do not comply with applicable representations. Upon completion of its own investigation as to the validity of the claim, PNC will repurchase or provide indemnification on such loans. Indemnification requests are generally received within two years subsequent to the date of sale.

Management maintains a liability for estimated losses on loans expected to be repurchased, or on which indemnification is expected to be provided, and regularly evaluates the adequacy of this recourse liability based on trends in repurchase and indemnification requests, actual loss experience, known and inherent risks in the loans, and current economic conditions. At December 31, 2008 the liability for estimated losses on repurchase and indemnification claims was $406 million.

OTHER GUARANTEES

We write caps and floors for customers, risk management and proprietary trading purposes. At December 31, 2008, the fair value of the written caps and floors liability on our Consolidated Balance Sheet was $12 million. Our ultimate obligation under written options is based on future market conditions and is only quantifiable at settlement. We manage our market risk exposure from customer positions through transactions with third-party dealers.

CREDIT DEFAULT SWAPS

December 31, 2008 Dollars in millions	Notional amount	Estimated net fair value	Weighted-Average Remaining Maturity In Years
Credit Default Swaps – Guarantees			
Single name	$ 278	$ (38)	3.84
Index traded	677	(42)	4.84
Total (a)	$ 955	$ (80)	4.54
Credit Default Swaps – Beneficiaries			
Single name	$ 974	$ 84	3.82
Index traded	1,008	201	31.82
Total (b)	$1,982	$ 285	18.06
Total (c)	$2,937	$ 205	13.67

(a) Includes $883 million of investment grade credit default swaps with a rating of Baa3 or above and $72 million of subinvestment grade based on published rating agency information.
(b) Includes $1.7 billion of investment grade credit default swaps with a rating of Baa3 or above and $263 million of subinvestment grade based on published rating agency information.
(c) The referenced/underlying assets for these credit default swaps is approximately 70% corporate debt, 27% commercial mortgage backed securities and 3% related to loans.

We enter into credit default swaps under which we buy loss protection from or sell loss protection to a counterparty for the occurrence of a credit event of a reference entity. The fair value of the contracts sold on our Consolidated Balance Sheet was a net liability of $80 million at December 31, 2008. The maximum amount we would be required to pay under the credit default swaps in which we sold protection, assuming all reference obligations experience a credit event at a total loss, without recoveries, was $955 million at December 31, 2008.

We have also entered into various contingent performance guarantees through credit risk participation arrangements with terms ranging from less than one year to 23 years. As of December 31, 2008 the notional amount of risk participations agreements was $1.9 billion with a weighted-average remaining maturity of 3 years. The fair value of these agreements on our Consolidated Balance Sheet was a net liability of $3 million. Based on the Corporation’s internal risk rating process, 98% of the notional amount of the risk participations agreements outstanding had underlying swap counterparties with internal credit ratings of pass, indicating the expected risk of loss is currently low, while 2% had underlying swap counterparties with internal risk ratings below pass, indicating a higher degree of risk of default. We will be required to make payments under these guarantees if a customer defaults on its obligation to perform under certain credit agreements with third parties. Assuming all underlying swap counterparties defaulted, the maximum potential exposure from these agreements as of December 31, 2008 would be $128 million based on the fair value of the underlying swaps.

CONTINGENT PAYMENTS IN CONNECTION WITH CERTAIN ACQUISITIONS

A number of the acquisition agreements to which we are a party and under which we have purchased various types of assets, including the purchase of entire businesses, partial interests in companies, or other types of assets, require us to make additional payments in future years if certain predetermined goals are achieved or not achieved within a specific time period. Due to the nature of the contract provisions, we cannot quantify our total exposure that may result from these agreements.

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NOTE 26 PARENT COMPANY

Summarized financial information of the parent company is as follows:

Income Statement

Year ended December 31 - in millions	2008	2007	2006
OPERATING REVENUE			
Dividends from:			
Bank subsidiaries and bank holding company	**$1,012**	$1,078	$ 710
Non-bank subsidiaries	**168**	74	69
Interest income	**4**	15	16
Noninterest income	**18**	23	9
Total operating revenue	**1,202**	1,190	804
OPERATING EXPENSE			
Interest expense	**152**	160	93
Other expense	**46**	84	46
Total operating expense	**198**	244	139
Income before income taxes and equity in undistributed net income of subsidiaries	**1,004**	946	665
Income tax benefits	**(50)**	(78)	(60)
Income before equity in undistributed net income of subsidiaries	**1,054**	1,024	725
Equity in undistributed net income of subsidiaries:			
Bank subsidiaries and bank holding company	**(125)**	229	1,653
Non-bank subsidiaries	**(47)**	214	217
Net income	**$ 882**	$1,467	$2,595

Balance Sheet

December 31 - in millions	2008 (a)	2007
ASSETS		
Cash and due from banks	**$ 15**	$ 20
Short-term investments	**140**	58
Investment securities	**164**	
Loans (b)	**2,275**	
Investments in:		
Bank subsidiaries and bank holding company	**27,960**	15,776
Non-bank subsidiaries	**2,378**	2,214
Other assets	**1,821**	614
Total assets	**$34,753**	$18,682
LIABILITIES		
Subordinated debt	**$ 4,122**	$ 968
Senior debt	**2,707**	
Other borrowed funds	**2**	
Nonbank affiliate borrowings	**945**	2,478
Accrued expenses and other liabilities	**1,554**	382
Total liabilities	**9,330**	3,828
Minority and noncontrolling interests in consolidated entities	**1**	
SHAREHOLDERS' EQUITY	**25,422**	14,854
Total liabilities, minority and noncontrolling interests, and shareholders' equity	**$34,753**	$18,682

(a) Includes the impact of National City.
(b) Balance represents National City loans with subsidiaries.

Commercial paper and all other debt issued by PNC Funding Corp, a wholly owned finance subsidiary, is fully and unconditionally guaranteed by the parent company. In addition, in connection with certain affiliates' commercial and residential mortgage servicing operations, the parent company has committed to maintain such affiliates' net worth above minimum requirements.

The parent company received net income tax refunds of $92 million in 2008, $65 million in 2007 and $35 million in 2006. Such refunds represent the parent company's portion of consolidated income taxes. The parent company paid interest of $147 million in 2008, $146 million in 2007 and $113 million in 2006.

Statement Of Cash Flows

Year ended December 31 - in millions	2008	2007	2006
OPERATING ACTIVITIES			
Net income	**$ 882**	$ 1,467	$ 2,595
Adjustments to reconcile net income to net cash provided (used) by operating activities:			
Equity in undistributed net (earnings) of subsidiaries	**172**	(443)	(1,870)
Other	**156**	61	103
Net cash provided by operating activities	**1,210**	1,085	828
INVESTING ACTIVITIES			
Net capital returned from (contributed to) subsidiaries	**(8,298)**	(165)	300
Investment securities:			
Sales and maturities		1,090	3,440
Purchases		(800)	(3,437)
Net cash received from (paid for) acquisitions	**1,431**	(2,231)	
Other	**(104)**	(26)	(311)
Net cash used in investing activities	**(6,971)**	(2,132)	(8)
FINANCING ACTIVITIES			
Borrowings from non-bank subsidiary	**2,100**	3,910	210
Repayments on borrowings from non-bank subsidiary	**(3,633)**	(1,432)	(210)
Other short-term borrowed funds		103	
Acquisition of treasury stock	**(234)**	(963)	(531)
Cash dividends paid to shareholders	**(923)**	(806)	(633)
TARP warrant	**304**		
Treasury stock	**375**	253	343
Preferred stock-TARP	**7,275**		
Preferred stock-other	**492**		
Net cash provided by (used in) financing activities	**5,756**	1,065	(821)
Increase (decrease) in cash and due from banks	**(5)**	18	(1)
Cash and due from banks at beginning of year	**20**	2	3
Cash and due from banks at end of year	**$ 15**	$ 20	$ 2

NOTE 27 SEGMENT REPORTING

We have four major businesses engaged in providing banking, asset management and global investment servicing products and services:

- Retail Banking,
- Corporate & Institutional Banking,
- BlackRock, and
- Global Investment Servicing

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

The business segment results in this Note 27 do not include the impact of National City, which we acquired on December 31, 2008.

Assets receive a funding charge and liabilities and capital receive a funding credit based on a transfer pricing methodology that incorporates product maturities, duration and other factors. Capital is intended to cover unexpected losses and is assigned to the banking and servicing businesses using our risk-based economic capital model. We have assigned to Retail Banking capital equal to 6% of funds to reflect the capital required for well-capitalized domestic banks and to approximate market comparables for this business. The capital assigned for Global Investment Servicing reflects its legal entity shareholder's equity.

BlackRock business segment results for the first nine months of 2006 reflected our majority ownership in BlackRock during that period. Subsequent to the September 29, 2006 BlackRock/MLIM transaction closing, which had the effect of reducing our ownership interest at that time to approximately 34%, our investment in BlackRock has been accounted for under the equity method but continues to be a separate reportable business segment of PNC. The fair value of our investment in BlackRock at December 31, 2008 was approximately $5.8 billion. Our BlackRock business segment information for the first nine months of 2006 included in this Note 27 was not restated.

We have allocated the allowances for loan and lease losses and unfunded loan commitments and letters of credit based on our assessment of risk inherent in the business segment loan portfolios. Our allocation of the costs incurred by operations and other shared support areas not directly aligned with the businesses is primarily based on the use of services.

Total business segment financial results differ from total consolidated results. The impact of these differences is reflected in the "Intercompany Eliminations" and "Other" categories in the business segment tables. "Intercompany Eliminations" reflects activities conducted among our businesses that are eliminated in the consolidated results. "Other" includes residual activities that do not meet the criteria for disclosure as a separate reportable business, such as gains or losses related to BlackRock transactions including LTIP share distributions and obligations, earnings and gains or losses related to Hilliard Lyons for 2008, integration costs, asset and liability management activities including net securities gains or losses and certain trading activities, equity management activities, minority interest in income of BlackRock for the first nine months of 2006, differences between business segment performance reporting and financial statement reporting (GAAP), and most corporate overhead.

Assets, revenue and earnings attributable to foreign activities were not material in the periods presented for comparative purposes.

See Note 28 Subsequent Event regarding changes to our business segments beginning in the first quarter of 2009.

BUSINESS SEGMENT PRODUCTS AND SERVICES

Retail Banking provides deposit, lending, brokerage, trust, investment management, and cash management services to consumer and small business customers within our primary geographic markets. Our customers are serviced through our branch network, the call center and the internet. The branch network is located primarily in Pennsylvania, New Jersey, Washington, DC, Maryland, Virginia, Delaware, Ohio, Kentucky, Indiana, Illinois, Michigan, Missouri, Florida, and Wisconsin.

Retail Banking also serves as investment manager and trustee for employee benefit plans and charitable and endowment assets and provides nondiscretionary defined contribution plan services. These services are provided to individuals and corporations primarily within our primary geographic markets.

Corporate & Institutional Banking provides lending, treasury management, and capital markets-related products and services to mid-sized corporations, government entities, and selectively to large corporations. Lending products include secured and unsecured loans, letters of credit and equipment leases. Treasury management services include cash and investment management, receivables management, disbursement services, funds transfer services, information reporting, and global trade services. Capital markets-related products and services include foreign exchange, derivatives, loan syndications, mergers and acquisitions advisory and related services to middle-market companies, securities underwriting, and securities sales and trading. Corporate & Institutional Banking also provides commercial loan servicing, and real estate advisory and technology solutions for the commercial real estate finance industry. Corporate & Institutional Banking provides products and services generally within PNC's primary geographic markets, with certain products and services offered nationally.

BlackRock is one of the largest publicly traded investment management firms in the United States. BlackRock manages assets on behalf of institutional and individual investors worldwide through a variety of fixed income, cash management, equity and balanced and alternative investment separate accounts and funds. In addition, BlackRock provides risk management, investment system outsourcing and financial advisory services globally to institutional investors. At December 31, 2008, PNC's ownership interest in BlackRock was approximately 33%.

Global Investment Servicing is a leading provider of processing, technology and business intelligence services to asset managers, broker-dealers, and financial advisors worldwide. Securities services include custody, securities lending, and accounting and administration for funds registered under the Investment Company Act of 1940 and alternative investments. Investor services include transfer agency, subaccounting, and distribution. Financial advisor services include managed accounts and information management. This business segment services shareholder accounts both domestically and internationally. International locations include Ireland, Poland and Luxembourg.

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Results Of Businesses

Year ended December 31 In millions	Retail Banking	Corporate & Institutional Banking	BlackRock	Global Investment Servicing	Other	Intercompany Eliminations	Consolidated
2008							
INCOME STATEMENT							
Net interest income (expense)	**$ 1,982**	**$ 1,024**		**$ (31)**	**$ 848**		**$ 3,823**
Noninterest income	**1,616**	**494**	**$ 261**	**947**	**103**	**$ (54)**	**3,367**
Total revenue	**3,598**	**1,518**	**261**	**916**	**951**	**(54)**	**7,190**
Provision for credit losses	**612**	**366**			**539**		**1,517**
Depreciation and amortization	**133**	**24**		**73**	**137**		**367**
Other noninterest expense	**2,151**	**858**		**662**	**441**	**(49)**	**4,063**
Earnings (loss) before income taxes	**702**	**270**	**261**	**181**	**(166)**	**(5)**	**1,243**
Income taxes (benefit)	**273**	**45**	**54**	**63**	**(73)**	**(1)**	**361**
Earnings (loss)	**$ 429**	**$ 225**	**$ 207**	**$ 118**	**$ (93)**	**$ (4)**	**$ 882**
Inter-segment revenue	**$ 17**	**$ 14**	**$ 15**	**$ 22**	**$ (9)**	**$ (59)**	
Average Assets (a)	**$46,578**	**$ 36,994**	**$ 4,240**	**$ 5,278**	**$53,604**	**$ (4,674)**	**$ 142,020**
2007							
INCOME STATEMENT							
Net interest income (expense)	$ 2,059	$ 805		$ (32)	$ 83		$ 2,915
Noninterest income	1,736	720	$ 334	863	175	$ (38)	3,790
Total revenue	3,795	1,525	334	831	258	(38)	6,705
Provision for credit losses	138	125			52		315
Depreciation and amortization	124	22		60	97		303
Other noninterest expense	2,115	796		577	544	(39)	3,993
Earnings (loss) before income taxes	1,418	582	334	194	(435)	1	2,094
Income taxes (benefit)	525	150	84	66	(198)		627
Earnings (loss)	$ 893	$ 432	$ 250	$ 128	$ (237)	$ 1	$ 1,467
Inter-segment revenue	$ 23	$ 9	$ 16	$ 17	$ (27)	$ (38)	
Average Assets (a)	$42,424	$ 29,052	$ 4,259	$ 2,476	$48,885	$ (3,678)	$ 123,418
2006							
INCOME STATEMENT							
Net interest income (expense)	$ 1,673	$ 711	$ 20	$ (38)	$ (121)		$ 2,245
Noninterest income	1,447	752	1,135	917	2,137	$ (61)	6,327
Total revenue	3,120	1,463	1,155	879	2,016	(61)	8,572
Provision for credit losses	81	42			1		124
Depreciation and amortization	67	23	29	57	99		275
Other noninterest expense	1,760	726	828	646	266	(58)	4,168
Earnings (loss) before minority interests in BlackRock and income taxes	1,212	672	298	176	1,650	(3)	4,005
Minority interests in BlackRock					47		47
Income taxes (benefit)	447	209	104	52	552	(1)	1,363
Earnings (loss)	$ 765	$ 463	$ 194	$ 124	$ 1,051	$ (2)	$ 2,595
Inter-segment revenue	$ 13	$ 9	$ 28	$ 12	$ (1)	$ (61)	
Average Assets (a)	$29,248	$ 26,548	$ 3,937	$ 2,204	$35,611	$ (2,536)	$ 95,012

(a) Period-end balances for BlackRock and Global Investment Servicing.

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NOTE 28 SUBSEQUENT EVENT

Beginning in the first quarter of 2009, PNC will have three new reportable business segments. These new business segments reflect the impact of our December 31, 2008 acquisition of National City and are as follows:

- **Residential Mortgage Banking –** The Residential Mortgage Banking business segment directly originates first lien residential mortgage loans on a nationwide basis with a significant presence within the retail banking footprint and also originates loans through a joint venture partner. Mortgage loans represent loans collateralized by one-to-four-family residential real estate and are made to borrowers in good credit standing. These loans are typically underwritten to third party standards and sold to primary mortgage market aggregators (Fannie Mae, Freddie Mac, Ginnie Mae, Federal Home Loan Banks and third-party investors) with servicing retained. The mortgage servicing operation performs all functions related to servicing first mortgage loans for various investors. Loans originated through the joint venture are serviced by our joint venture partner.
- **PNC Asset Management Group** – The PNC Asset Management Group business segment includes institutional asset and personal wealth management. Institutional asset management provides investment management, custody, retirement planning services, and other corporate trust services to institutional clients. The clients served include privately held corporations, charitable endowments and foundations, as well as unions, residing primarily in PNC's geographic footprint and generally complementing its corporate banking relationships. Personal wealth management products and services include private banking services and tailored credit solutions, customized investment management services, financial planning, as well as trust management and administration for affluent individuals and families. This segment includes the wealth management business acquired with National City and the legacy wealth management business currently included in Retail Banking.
- **Distressed Assets Portfolio** – The Distressed Assets Portfolio business segment includes residential real estate development loans, cross-border leases, subprime residential mortgage loans, brokered home equity loans and certain other residential real estate loans. These loans require special servicing and management oversight given current market conditions. The majority of these loans are from acquisitions, primarily National City.

In addition to these new segments, we will continue to report our four current business segments: Retail Banking, Corporate & Institutional Banking, BlackRock and Global Investment Servicing.

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STATISTICAL INFORMATION (UNAUDITED)

THE PNC FINANCIAL SERVICES GROUP, INC.

Selected Quarterly Financial Data

Dollars in millions, except per share data	2008 Fourth	2008 Third	2008 Second	2008 First	2007 Fourth	2007 Third	2007 Second	2007 First
Summary of Operations								
Interest income	**$1,543**	**$1,574**	**$1,577**	**$1,619**	$1,670	$1,627	$1,554	$1,315
Interest expense	**551**	**574**	**600**	**765**	877	866	816	692
Net interest income	**992**	**1,000**	**977**	**854**	793	761	738	623
Noninterest income (a)	**684**	**654**	**1,062**	**967**	834	990	975	991
Total revenue	**1,676**	**1,654**	**2,039**	**1,821**	1,627	1,751	1,713	1,614
Provision for credit losses (b)	**990**	**190**	**186**	**151**	188	65	54	8
Noninterest expense	**1,131**	**1,142**	**1,115**	**1,042**	1,213	1,099	1,040	944
Income (loss) before income taxes	**(445)**	**322**	**738**	**628**	226	587	619	662
Income taxes (benefit)	**(197)**	**74**	**233**	**251**	48	180	196	203
Net income (loss)	**$ (248)**	**$ 248**	**$ 505**	**$ 377**	$ 178	$ 407	$ 423	$ 459
Per Common Share Data								
Book value	**$39.44**	**$39.44**	**$42.17**	**$42.26**	$43.60	$43.12	$42.36	$42.63
Basic earnings (c)	**(.77)**	**.72**	**1.47**	**1.11**	.53	1.21	1.24	1.49
Diluted earnings (c)	**(.77)**	**.71**	**1.45**	**1.09**	.52	1.19	1.22	1.46

(a) Noninterest income included equity management gains /(losses) and net securities gains/(losses) in each quarter as follows (in millions):

	2008 Fourth	2008 Third	2008 Second	2008 First	2007 Fourth	2007 Third	2007 Second	2007 First
Equity management gains/(losses)	**$ (16)**	**$ (24)**	**$ (7)**	**$ 23**	$ 21	$ 47	$ 2	$ 32
Net securities gains/(losses)	**(172)**	**(74)**	**(1)**	**41**	(1)	(2)	1	(3)

(b) The fourth quarter 2008 provision for credit losses included a $504 million conforming provision for credit losses related to our acquisition of National City.

(c) The sum of quarterly amounts for 2008 and 2007 does not equal the respective year's amount because the quarterly calculations are based on a changing number of average shares.

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Analysis Of Year-To-Year Changes In Net Interest Income

Taxable-equivalent basis - in millions	2008/2007 Increase/(Decrease) in Income/ Expense Due to Changes in: Volume	Rate	Total	2007/2006 Increase/(Decrease) in Income/ Expense Due to Changes in: Volume	Rate	Total
Interest-Earning Assets						
Investment securities						
Securities available for sale						
Residential mortgage-backed	**$ 157**	**$ 4**	**$ 161**	$ 228	$ 73	$ 301
Commercial mortgage-backed	**89**	**(4)**	**85**	93	19	112
Asset-backed	**37**		**37**	55	(3)	52
U.S. Treasury and government agencies	**(14)**	**4**	**(10)**	(91)	2	(89)
State and municipal	**25**		**25**	4	(1)	3
Other debt	**9**	**(1)**	**8**	(4)	2	(2)
Corporate stocks and other	**1**	**(7)**	**(6)**	7	(3)	4
Total securities available for sale	**308**	**(8)**	**300**	276	105	381
Securities held to maturity	**23**		**23**			
Total investment securities	**331**	**(8)**	**323**	276	105	381
Loans						
Commercial	**358**	**(373)**	**(15)**	386	22	408
Commercial real estate	**117**	**(178)**	**(61)**	348	23	371
Equipment lease financing		**5**	**5**	(9)	(38)	(47)
Consumer	**171**	**(203)**	**(32)**	103	55	158
Residential mortgage	**27**	**(3)**	**24**	97	40	137
Other	**(8)**	**(5)**	**(13)**	5		5
Total loans	**644**	**(736)**	**(92)**	871	161	1,032
Loans held for sale	**(29)**	**11**	**(18)**	17	10	27
Federal funds sold and resale agreements	**13**	**(46)**	**(33)**	49	(3)	46
Other	**9**	**(33)**	**(24)**	53	17	70
Total interest-earning assets	**$ 966**	**$ (810)**	**$ 156**	$1,271	$285	$1,556
Interest-Bearing Liabilities						
Interest-bearing deposits						
Money market	**$ 116**	**$ (377)**	**$(261)**	$ 141	$ 23	$ 164
Demand	**8**	**(43)**	**(35)**	12	3	15
Savings		**(4)**	**(4)**	3	(1)	2
Retail certificates of deposit	**(2)**	**(177)**	**(179)**	120	74	194
Other time	**88**	**(49)**	**39**	39	5	44
Time deposits in foreign offices	**18**	**(146)**	**(128)**	49	(5)	44
Total interest-bearing deposits	**226**	**(794)**	**(568)**	349	114	463
Borrowed funds						
Federal funds purchased and repurchase agreements	**(34)**	**(204)**	**(238)**	137	(1)	136
Federal Home Loan Bank borrowings	**256**	**(44)**	**212**	77	7	84
Bank notes and senior debt	**(12)**	**(128)**	**(140)**	169	9	178
Subordinated debt	**40**	**(72)**	**(32)**	(10)	(8)	(18)
Other	**50**	**(45)**	**5**	33	8	41
Total borrowed funds	**351**	**(544)**	**(193)**	416	5	421
Total interest-bearing liabilities	**534**	**(1,295)**	**(761)**	714	170	884
Change in net interest income	**$ 530**	**$ 387**	**$ 917**	$ 608	$ 64	$ 672

Changes attributable to rate/volume are prorated into rate and volume components.

Average Consolidated Balance Sheet And Net Interest Analysis

Taxable-equivalent basis Dollars in millions	2008 Average Balances	 Interest Income/ Expense	 Average Yields/ Rates	2007 Average Balances	 Interest Income/ Expense	 Average Yields/ Rates	2006 Average Balances	 Interest Income/ Expense	 Average Yields/ Rates
Assets									
Interest-earning assets									
Investment securities									
Securities available for sale									
Residential mortgage-backed	**$ 22,058**	**$ 1,202**	**5.45%**	$ 19,163	$ 1,041	5.43%	$ 14,881	$ 740	4.97%
Commercial mortgage-backed	**5,666**	**307**	**5.42**	4,025	222	5.52	2,305	110	4.77
Asset-backed	**3,126**	**159**	**5.09**	2,394	122	5.10	1,312	70	5.34
U.S. Treasury and government agencies	**50**	**3**	**6.00**	293	13	4.44	2,334	102	4.37
State and municipal	**764**	**36**	**4.71**	227	11	4.85	148	8	5.41
Other debt	**220**	**12**	**5.45**	47	4	8.51	89	6	6.74
Corporate stocks and other	**412**	**12**	**2.91**	392	18	4.59	246	14	5.69
Total securities available for sale	**32,296**	**1,731**	**5.36**	26,541	1,431	5.39	21,315	1,050	4.93
Securities held to maturity	**402**	**23**	**5.72**						
Total investment securities	**32,698**	**1,754**	**5.36**	26,541	1,431	5.39	21,315	1,050	4.93
Loans									
Commercial	**30,962**	**1,844**	**5.96**	25,509	1,859	7.29	20,201	1,451	7.18
Commercial real estate	**9,368**	**542**	**5.79**	7,671	603	7.86	3,212	232	7.22
Equipment lease financing	**2,566**	**81**	**3.16**	2,559	76	2.97	2,777	123	4.43
Consumer	**20,526**	**1,135**	**5.53**	17,718	1,167	6.59	16,125	1,009	6.26
Residential mortgage	**9,017**	**536**	**5.94**	8,564	512	5.98	6,888	375	5.44
Other	**305**	**18**	**5.90**	432	31	7.18	363	26	7.16
Total loans	**72,744**	**4,156**	**5.71**	62,453	4,248	6.80	49,566	3,216	6.49
Loans held for sale	**2,502**	**166**	**6.63**	2,955	184	6.23	2,683	157	5.85
Federal funds sold and resale agreements	**2,472**	**71**	**2.87**	2,152	104	4.83	1,143	58	5.07
Other	**4,068**	**202**	**4.97**	3,909	226	5.78	2,985	156	5.23
Total interest-earning assets/interest income	**114,484**	**6,349**	**5.55**	98,010	6,193	6.32	77,692	4,637	5.97
Noninterest-earning assets									
Allowance for loan and lease losses	**(962)**			(690)			(591)		
Cash and due from banks	**2,705**			3,018			3,121		
Other	**25,793**			23,080			14,790		
Total assets	**$142,020**			$123,418			$ 95,012		
Liabilities, Minority and Noncontrolling Interests, and Shareholders' Equity									
Interest-bearing liabilities									
Interest-bearing deposits									
Money market	**$ 27,625**	**566**	**2.05**	$ 23,840	827	3.47	$ 19,745	663	3.36
Demand	**9,947**	**68**	**.68**	9,259	103	1.11	8,187	88	1.07
Savings	**2,714**	**8**	**.29**	2,687	12	.45	2,081	10	.48
Retail certificates of deposit	**16,642**	**597**	**3.59**	16,690	776	4.65	13,999	582	4.16
Other time	**4,424**	**149**	**3.37**	2,119	110	5.19	1,364	66	4.84
Time deposits in foreign offices	**5,006**	**97**	**1.94**	4,623	225	4.87	3,613	181	5.01
Total interest-bearing deposits	**66,358**	**1,485**	**2.24**	59,218	2,053	3.47	48,989	1,590	3.25
Borrowed funds									
Federal funds purchased and repurchase agreements	**7,228**	**156**	**2.16**	7,983	394	4.94	5,286	258	4.88
Federal Home Loan Bank borrowings	**9,303**	**321**	**3.45**	2,168	109	5.03	623	25	4.01
Bank notes and senior debt	**6,064**	**197**	**3.25**	6,282	337	5.36	3,128	159	5.08
Subordinated debt	**4,990**	**219**	**4.39**	4,247	251	5.91	4,417	269	6.09
Other	**3,737**	**112**	**3.00**	2,344	107	4.56	1,589	66	4.15
Total borrowed funds	**31,322**	**1,005**	**3.21**	23,024	1,198	5.20	15,043	777	5.17
Total interest-bearing liabilities/interest expense	**97,680**	**2,490**	**2.55**	82,242	3,251	3.95	64,032	2,367	3.70
Noninterest-bearing liabilities, minority and noncontrolling interests, and shareholders' equity									
Demand and other noninterest-bearing deposits	**18,155**			17,587			14,320		
Allowance for unfunded loan commitments and letters of credit	**134**			125			106		
Accrued expenses and other liabilities	**10,033**			8,195			6,672		
Minority and noncontrolling interests in consolidated entities	**1,981**			1,335			600		
Shareholders' equity	**14,037**			13,934			9,282		
Total liabilities, minority and noncontrolling interests, and shareholders' equity	**$142,020**			$123,418			$ 95,012		
Interest rate spread			**3.00**			2.37			2.27
Impact of noninterest-bearing sources			**.37**			.63			.65
Net interest income/margin		**$ 3,859**	**3.37%**		$ 2,942	3.00%		$ 2,270	2.92%

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

Loan fees for the years ended December 31, 2008, 2007 and 2006 were $55 million, $39 million and $35 million, respectively. Interest income includes the effects of taxable-equivalent adjustments using a marginal federal income tax rate of 35% to increase tax-exempt interest income to a taxable-equivalent basis. The taxable-equivalent adjustments to interest income for the years ended December 31, 2008, 2007 and 2006 were $36 million, $27 million and $25 million, respectively.

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LOANS OUTSTANDING

December 31 - in millions	2008 (a)	2007	2006	2005	2004
Commercial	**$ 67,319**	$28,539	$20,508	$19,258	$17,438
Commercial real estate	**25,736**	8,903	3,527	3,157	1,980
Equipment lease financing	**6,461**	2,514	2,789	2,792	3,197
TOTAL COMMERCIAL LENDING	**99,516**	39,956	26,824	25,207	22,615
Consumer	**52,489**	18,393	16,569	16,246	15,604
Residential real estate	**21,583**	9,557	6,337	7,307	4,772
TOTAL CONSUMER LENDING	**74,072**	27,950	22,906	23,553	20,376
Other	**1,901**	413	375	341	504
Total loans	**$175,489**	$68,319	$50,105	$49,101	$43,495

(a) Includes $99.7 billion of loans related to National City.

NONPERFORMING ASSETS AND RELATED INFORMATION

December 31 - dollars in millions	2008 (a)	2007	2006	2005	2004
Nonaccrual loans					
Commercial	**$ 576**	$193	$109	$ 134	$ 89
Commercial real estate	**766**	212	12	14	14
Equipment lease financing	**97**	3	1	17	5
Consumer	**70**	17	13	10	11
Residential real estate	**153**	27	25	24	28
Total nonaccrual loans	**$1,662**	$452	$160	$ 199	$147
Troubled debt restructured loan		2			3
Total nonperforming loans	**1,662**	454	160	199	150
Foreclosed and other assets					
Lease		11	12	13	14
Residential real estate	**458**	10	10	9	10
Other	**45**	20	2	3	5
Total foreclosed and other assets	**503**	41	24	25	29
Total nonperforming assets (b) (c)	**$2,165**	$495	$184	$ 224	$179
Nonperforming loans to total loans	**.95%**	.66%	.32%	.41%	.34%
Nonperforming assets to total loans and foreclosed assets	**1.23**	.72	.37	.46	.41
Nonperforming assets to total assets	**.74**	.36	.18	.24	.22
Interest on nonperforming loans					
Computed on original terms	**$ 115**	$ 51	$ 15	$ 16	$ 11
Recognized prior to nonperforming status	**60**	32	4	5	2
Past due loans					
Accruing loans past due 90 days or more	**$3,259**	$136	$ 55	$ 53	$ 51
As a percentage of total loans	**1.86%**	.20%	.11%	.11%	.12%
Past due loans held for sale					
Accruing loans held for sale past due 90 days or more	**$ 40**	$ 8	$ 9	$ 47	$ 9
As a percentage of total loans held for sale	**.92%**	.20%	.38%	1.92%	.54%

(a) Amounts at December 31, 2008 include $722 million of nonperforming assets related to National City.

(b) Excludes loans held for sale carried at lower of cost or market value of $78 million at December 31, 2008, $25 million at December 31, 2007, $1 million at December 31, 2005, and $3 million at December 31, 2004 (includes $5 million, $1 million and $2 million of troubled debt restructured loans held for sale at December 31, 2008, December 31, 2005 and 2004, respectively).

(c) Excludes equity management assets that are carried at estimated fair value of $42 million at December 31, 2008, $4 million at December 31, 2007, $11 million (including $4 million of troubled debt restructured assets) at December 31, 2006, $25 million (including $7 million of troubled debt restructured assets) at December 31, 2005, and $32 million (including $11 million of troubled debt restructured assets) at December 31, 2004.

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SUMMARY OF LOAN LOSS EXPERIENCE

Year ended December 31 - dollars in millions	2008	2007	2006	2005	2004
Allowance for loan and lease losses – January 1	**$ 830**	$ 560	$ 596	$ 607	$ 632
Charge-offs					
Commercial	**(301)**	(156)	(108)	(52)	(113)
Commercial real estate	**(165)**	(16)	(3)	(1)	(2)
Equipment lease financing	**(3)**		(14)	(29)	(2)
Consumer	**(143)**	(73)	(52)	(45)	(46)
Residential real estate	**(6)**		(3)	(2)	(3)
Total charge-offs	**(618)**	(245)	(180)	(129)	(166)
Recoveries					
Commercial (a)	**53**	30	19	82	31
Commercial real estate	**10**	1	1	1	1
Equipment lease financing	**1**		5	1	5
Consumer	**15**	14	15	15	13
Residential real estate					1
Total recoveries	**79**	45	40	99	51
Net charge-offs (a)	**(539)**	(200)	(140)	(30)	(115)
Provision for credit losses (b)	**1,517**	315	124	21	52
Acquired allowance – National City	**2,224**				
Acquired allowance – other	**20**	152		23	22
Net change in allowance for unfunded loan commitments and letters of credit	**(135)**	3	(20)	(25)	16
Allowance for loan and lease losses – December 31	**$3,917**	$ 830	$ 560	$ 596	$ 607
Allowance as a percent of December 31:					
Loans	**2.23%**	1.21%	1.12%	1.21%	1.40%
Nonperforming loans	**236**	183	350	299	405
As a percent of average loans					
Net charge-offs (a)	**.74**	.32	.28	.06	.28
Provision for credit losses	**2.09**	.50	.25	.04	.13
Allowance for loan and lease losses	**5.38**	1.33	1.13	1.26	1.48
Allowance as a multiple of net charge-offs (a)	**7.27x**	4.15x	4.00x	19.87x	5.28x

(a) Amounts for 2005 reflect the impact of a $53 million loan recovery in that year. Excluding this recovery, net charge-offs would have been .18% of average loans and the allowance as a multiple of net charge-offs would have been 7.18x.

(b) Amount for 2008 included a $504 million conforming provision for credit losses related to National City.

The following table presents the assignment of the allowance for loan and lease losses and the categories of loans as a percentage of total loans. Changes in the allocation over time reflect the changes in loan portfolio composition, risk profile and refinements to reserve methodologies. For purposes of this presentation, a portion of the allowance for loan and lease losses has been assigned to loan categories based on the relative specific and pool allocation amounts to provide coverage for probable losses not covered in specific, pool and consumer reserve methodologies related to qualitative and measurement factors. At December 31, 2008, the portion of the reserves for these factors was $69 million.

ALLOCATION OF ALLOWANCE FOR LOAN AND LEASE LOSSES

December 31	2008		2007		2006		2005		2004	
Dollars in millions	Allowance	Loans to Total Loans	Allowance	Loans to Total Loans	Allowance	Loans to Total Loans	Allowance	Loans to Total Loans	Allowance	Loans to Total Loans
Commercial	**$ 1,621**	**38.3%**	$ 560	41.8%	$ 443	40.9%	$ 489	39.2%	$ 503	40.1%
Commercial real estate	**833**	**14.7**	153	13.0	30	7.0	32	6.4	26	4.5
Consumer	**929**	**29.9**	68	26.9	28	33.1	24	33.1	35	36.3
Residential real estate	**308**	**12.3**	9	14.0	7	12.7	7	14.9	6	11.0
Equipment lease financing	**179**	**3.7**	36	3.7	48	5.6	41	5.7	33	6.9
Other	**47**	**1.1**	4	.6	4	.7	3	.7	4	1.2
Total	**$ 3,917**	**100.0%**	$ 830	100.0%	$ 560	100.0%	$ 596	100.0%	$ 607	100.0%

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RECONCILIATIONS OF NON-GAAP RATIOS AT DECEMBER 31, 2008

Allowance for loan and lease losses to nonperforming loans

GAAP basis	236%
PNC, excluding the impact of National City	95%

In millions	
PNC consolidated allowance for loan and lease losses (GAAP)	$3,917
Less: National City acquired allowance	2,224
Less: Conforming provision for credit losses	504
Add: National City amount transferred to allowance for unfunded loan commitments and letters of credit	154
PNC allowance for loan and lease losses, excluding the impact of National City	$1,343
PNC consolidated nonperforming loans (GAAP)	$1,662
Less: National City nonperforming loans	250
PNC nonperforming loans, excluding the impact of National City	$1,412

Allowance for loan and lease losses to total loans

GAAP basis	2.23%
PNC, excluding the impact of National City	1.77%

In millions	
PNC consolidated allowance for loan and lease losses (GAAP)	$ 3,917
Less: National City acquired allowance	2,224
Less: Conforming provision for credit losses	504
Add: National City amount transferred to allowance for unfunded loan commitments and letters of credit	154
PNC allowance for loan and lease losses, excluding the impact of National City	$ 1,343
PNC consolidated total loans (GAAP)	$175,489
Less: National City total loans	99,659
PNC total loans, excluding the impact of National City	$ 75,830

PNC acquired National City on December 31, 2008. We believe that the disclosure of these ratios excluding the impact of National City provides additional meaningful information regarding the allowance for loan and lease losses at that date and the impact of National City on these ratios.

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SHORT-TERM BORROWINGS

Federal funds purchased include overnight borrowings and term federal funds, which are payable at maturity.

	2008		2007		2006	
Dollars in millions	Amount	Rate	Amount	Rate	Amount	Rate
Federal funds purchased						
Year-end balance	**$ 128**	**.01%**	$7,037	3.17%	$2,711	5.24%
Average during year	**4,518**	**2.15**	5,533	5.13	3,081	5.10
Maximum month-end balance during year	**7,343**		8,798		4,226	

SELECTED LOAN MATURITIES AND INTEREST SENSITIVITY

December 31, 2008 In millions	1 Year or Less	1 Through 5 Years	After 5 Years	Gross Loans
Commercial	**$22,866**	**$36,425**	**$8,028**	**$67,319**
Real estate projects	**9,134**	**7,048**	**994**	**17,176**
Total	**$32,000**	**$43,473**	**$9,022**	**$84,495**
Loans with Predetermined rate	**$ 3,408**	**$ 7,077**	**$3,315**	**$13,800**
Floating or adjustable rate	**28,592**	**36,396**	**5,707**	**70,695**
Total	**$32,000**	**$43,473**	**$9,022**	**$84,495**

At December 31, 2008, we had no pay-fixed interest rate swaps designated to commercial loans as part of fair value hedge strategies. At December 31, 2008, $5.6 billion notional amount of receive-fixed interest rate swaps were designated as part of cash flow hedging strategies that converted the floating rate (1 month LIBOR) on the underlying commercial loans to a fixed rate as part of risk management strategies.

TIME DEPOSITS OF $100,000 OR MORE

Time deposits in foreign offices totaled $4.0 billion at December 31, 2008, substantially all of which are in denominations of $100,000 or more.

The following table sets forth maturities of domestic time deposits of $100,000 or more:

December 31, 2008 – in millions	Certificates of Deposit
Three months or less	**$ 6,177**
Over three through six months	**1,904**
Over six through twelve months	**6,146**
Over twelve months	**8,629**
Total	**$ 22,856**

COMMON STOCK PRICES/DIVIDENDS DECLARED

The table below sets forth by quarter the range of high and low sale and quarter-end closing prices for our common stock and the cash dividends we declared per common share.

	High	Low	Close	Cash Dividends Declared
2008 Quarter				
First	**$71.20**	**$53.10**	**$65.57**	**$ .63**
Second	**73.00**	**55.22**	**57.10**	**.66**
Third	**87.99**	**49.01**	**74.70**	**.66**
Fourth	**80.00**	**39.09**	**49.00**	**.66**
Total				**$ 2.61**
2007 Quarter				
First	$76.41	$68.60	$71.97	$ .55
Second	76.15	70.31	71.58	.63
Third	75.99	64.00	68.10	.63
Fourth	74.56	63.54	65.65	.63
Total				$ 2.44

On March 1, 2009, the Board decided to reduce PNC's quarterly common stock dividend from $0.66 to $0.10 per share. The next dividend is expected to be declared in early April 2009.

ITEM 9 – CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

(a) Previously reported.

(b) None.

ITEM 9A – CONTROLS AND PROCEDURES

(a) MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of The PNC Financial Services Group, Inc. and subsidiaries ("PNC") is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in the Exchange Act Rule 13a-15(f).

Because of inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

We performed an evaluation under the supervision and with the participation of our management, including the Chairman and Chief Executive Officer and the Chief Financial Officer, of the effectiveness of PNC's internal control over financial reporting as of December 31, 2008. This assessment was based on criteria for effective internal control over financial reporting described in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. This assessment did not include internal control over financial reporting related to National City Corporation, because it was acquired by PNC on December 31, 2008 in a purchase business combination. The total assets of National City Corporation represented $136 billion of PNC's consolidated total assets at December 31, 2008. Based on this assessment, management concludes that PNC maintained effective internal control over financial reporting as of December 31, 2008.

PricewaterhouseCoopers LLP, the independent registered public accounting firm that audited our consolidated financial statements as of and for the year ended December 31, 2008 included in this Report, has also issued a report on the effectiveness of PNC's internal control over financial reporting as of December 31, 2008. The report of PricewaterhouseCoopers LLP is included under Item 8 of this Annual Report on Form 10-K.

(b) DISCLOSURE CONTROLS AND PROCEDURES AND CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

As of December 31, 2008, we performed an evaluation under the supervision and with the participation of our management, including the Chairman and Chief Executive Officer and the Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures and of changes in our internal control over financial reporting. This evaluation did not include an assessment of those disclosure controls and procedures that are subsumed by, and did not include an assessment of, internal control over financial reporting as it relates to National City Corporation.

Based on that evaluation, our Chairman and Chief Executive Officer and the Chief Financial Officer concluded that our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities and Exchange Act of 1934, as amended) were effective as of December 31, 2008, and that, except as described below, there has been no change in PNC's internal control over financial reporting that occurred during the fourth quarter of 2008 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

At December 31, 2008, the businesses formerly operated by National City Corporation were operating under pre-acquisition systems of internal controls over financial reporting. PNC's assessment did not include internal control over financial reporting related to these businesses, which PNC acquired on December 31, 2008. As a result of the National City Corporation acquisition on December 31, 2008, we will be evaluating changes to processes, information technology systems and other components of internal control over financial reporting as part of our integration activities.

ITEM 9B – OTHER INFORMATION

None.

PART III

ITEM 10 – DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Certain of the information regarding our directors (or nominees for director), executive officers, Audit Committee (and Audit Committee financial experts), and shareholder nomination process required by this item is included under the captions "Election of Directors – *Information Concerning Nominees*," "Transactions Involving Directors And Executive Officers – *Family Relationships*," and "Corporate Governance At PNC – *The Audit Committee*, – *Our Code of Business Conduct and Ethics*, and – *The Nominating and Governance*

Committee" and "Requirements for Director Nominations and Shareholder Proposals" in our Proxy Statement to be filed for the 2009 annual meeting of shareholders and is incorporated herein by reference. In accordance with Item 407(d) (3) of Regulation S-K, the information set forth under the caption "Item 3 – Ratification of the Audit Committee's Selection of PricewaterhouseCoopers LLP as the Independent Registered Public Accounting Firm for 2009 – *Report of the Audit Committee*" in such Proxy Statement will be deemed to be furnished in this Report and will not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act as a result of furnishing the disclosure in this manner.

Information regarding our compliance with Section 16(a) of the Securities Exchange Act of 1934 is included under the caption "Section 16(a) Beneficial Ownership Reporting Compliance" in our Proxy Statement to be filed for the 2009 annual meeting of shareholders and is incorporated herein by reference.

Additional information regarding our executive officers and our directors is included in Part I of this Report under the captions "Executive Officers of the Registrant" and "Directors of the Registrant."

Our PNC Code of Business Conduct and Ethics is available on our corporate website at www.pnc.com/corporategovernance. In addition, any future amendments to, or waivers from, a provision of the PNC Code of Business Conduct and Ethics that applies to our directors or executive officers (including the Chairman and Chief Executive Officer, the Chief Financial Officer and the Controller) will be posted at this internet address.

ITEM 11 – EXECUTIVE COMPENSATION

The information required by this item is included under the captions "Director Compensation for Fiscal 2008," "Corporate Governance at PNC – *Compensation Committee Interlocks and Insider Participation*," and "Executive Compensation – *Compensation Discussion and Analysis*, – *Compensation Committee Report*, and – *Executive Compensation Tables"* in our Proxy Statement to be filed for the 2009 annual meeting of shareholders and is incorporated herein by reference. In accordance with Item 407(e) (5) of Regulation S-K, the information set forth under the caption "Executive Compensation – *Compensation Committee Report*" in such Proxy Statement will be deemed to be furnished in this Report and will not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act as a result of furnishing the disclosure in this manner.

ITEM 12 – SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this item regarding security ownership of certain beneficial owners and management is included under the caption "Security Ownership of Directors, Executive Officers and Certain Beneficial Owners" in our Proxy Statement to be filed for the 2009 annual meeting of shareholders and is incorporated herein by reference.

Information regarding our compensation plans under which PNC equity securities are authorized for issuance as of December 31, 2008 is included in the table which follows. Additional information regarding these plans is included in Note 16 Stock-Based Compensation Plans in the Notes To Consolidated Financial Statements in Item 8 of this Report.

Equity Compensation Plan Information
At December 31, 2008

	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders			
1997 Long-Term Incentive Award Plan (Note 1)			
Stock Options	**9,538,041**	**$ 62.87**	
Incentive Performance Unit Awards (Note 2)	**173,500**	**N/A**	
Subtotal	**9,711,541**		**1,945,317**
2006 Incentive Award Plan (Note 3 and Note 4)			
Stock Options	**4,833,761**	**$ 64.29**	**34,361,855**
Incentive Performance Unit Awards (Note 2)	**285,500**	**N/A**	
1996 Executive Incentive Award Plan Incentive Awards		**N/A**	**(Note 5)**
Employee Stock Purchase Plan (Note 6)			**1,168,517**
1992 Director Share Incentive Plan		**N/A**	**367,268**
Total approved by security holders	**14,830,802**		**37,842,957**
Equity compensation plans not approved by security holders (Note 7)			
Former National City Corporation Stock Option Plans	**1,743,711**	**$ 636.31**	
Former National City Corporation Deferred Compensation Plan	**34,140**		**(Note 8)**
Former National City Corporation Restricted Stock Units	**1,646**		
Former Sterling Financial Corporation Stock Option Plan	**165,357**	**$ 66.83**	
Total not approved by security holders	**1,944,854**		
Total	**16,775,656**		**37,842,957**

N/A – not applicable

Note 1 – After shareholder approval of the 2006 Incentive Award Plan at the 2006 annual meeting of PNC's shareholders on April 25, 2006 (see Note 3 below), no further grants were permitted under the 1997 Long-Term Incentive Award Plan, other than for the exercise of reload or performance unit rights. As of December 31, 2008, the number of remaining shares reserved under this plan for that purpose was 1,945,317.

Note 2 – These incentive performance unit awards provide for the issuance of shares of common stock (up to a target number of shares) based on the degree to which corporate performance goals established by the Personnel and Compensation Committee ("Committee") have been achieved, and, if a premium level of such performance is achieved, for further payment in cash. The numbers in column (a) of this table for these awards reflect the maximum number of shares that could be issued pursuant to grants outstanding at December 31, 2008 upon achievement of the performance goals and other conditions of the grants. Grants under the 1997 Long-Term Incentive Award Plan were made in the first quarter of 2006. Grants under the 2006 Incentive Award Plan were made in the first quarter of 2007 and the first quarter of 2008.

Note 3 – The 2006 Incentive Award Plan was adopted by the Board on February 15, 2006 and approved by the PNC shareholders at the 2006 annual meeting on April 25, 2006. The plan initially authorized up to 40,000,000 shares of common stock for issuance under the plan, subject to adjustment in certain circumstances. If and to the extent that options and SARs granted under the plan, or granted under the prior plan and outstanding on the approval date of the plan, terminate, expire or are cancelled, forfeited, exchanged or surrendered after the effective date of the plan without being exercised or if any share awards, share units, dividend equivalents or other share-based awards are forfeited or terminated, or otherwise not paid in full, after the effective date of the plan, the shares subject to such grants become available again for purposes of the plan.

Note 4 – Under the 2006 Incentive Award Plan, awards or portions of awards that, by their terms, are payable only in cash do not reduce the number of shares that remain available for issuance under the plan (the number in column (c)). During 2008, a total of 371,302 cash-payable share units plus cash-payable dividend equivalents with respect to 91,449 of those share units were granted under the plan. This number includes the cash-payable portion of the 2008 incentive performance unit award grants described in Note 2 above, an incremental change in the cash-payable portion of the 2007 incentive performance unit award grants described above, a separate 2008 incentive performance unit award grant payable solely in cash, and 2008 grants of restricted share units (some of which include rights to dividend equivalents) payable solely in cash. Payments are subject to the conditions of the individual grants, including, where applicable, the achievement of any performance goals established for such grants. The comparable amount for 2007 was 189,581 cash-payable share units plus cash-payable dividend equivalents with respect to 68,288 share-payable restricted share units.

Note 5 – The 1996 Executive Incentive Award Plan is a shareholder-approved plan that enables PNC to pay annual bonuses to its senior executive officers based upon the achievement of specified levels of performance. The plan as amended and restated as of January 1, 2007 was adopted by the Board on February 14, 2007 and approved by the PNC shareholders at the 2007 annual meeting on April 24, 2007. The plan does not specify a fixed share amount for awards under the plan. Rather, it provides for maximum bonus awards for a given period (generally a year) for each individual plan participant of 0.2% of incentive income for that period. Incentive income is based on PNC's consolidated pre-tax net income as further adjusted for the impact of changes in tax law, extraordinary items, discontinued operations, acquisition and merger integration costs, and for the impact of PNC's obligation to fund certain BlackRock long-term incentive programs. Although the size of awards under the plan is dollar-denominated, payment may be made in cash, in stock, or in a combination of cash and stock.

During 2008, PNC paid a portion of annual bonuses awarded under this plan for 2007 performance in the form of restricted stock. PNC has reduced the number of shares available for issuance under its 2006 Incentive Award Plan (as reflected in the number under column (c) for that plan) for this restricted stock.

Note 6 – The Employee Stock Purchase Plan became effective in February 1997. The purchase price for shares sold under the plan represents 95% of the fair market value on the last day of each six-month offering period. The number under column (c) for the plan reflects the number of shares remaining unsold under the 1997 plan after completion of sales for the last six-month offering period pursuant to that plan ending December 31, 2008. The 1997 plan was replaced by an amended and restated plan of the same name effective for offering periods beginning on or after January 1, 2009. The 2009 plan will be presented to the PNC shareholders for approval at the 2009 annual meeting.

Note 7 – The plans in this section of the table reflect awards under pre-acquisition plans of National City Corporation and Sterling Financial Corporation, respectively. National City was merged into PNC on December 31, 2008 and Sterling was merged into PNC on April 4, 2008. Pursuant to the respective merger agreements for these acquisitions, common shares of National City or Sterling, as the case may be, issuable upon the exercise or settlement of various equity awards granted under the National City or Sterling plans were converted into corresponding awards covering PNC common stock. Additional information regarding these plans is included in Note 16 Stock-Based Compensation Plans in the Notes To Consolidated Financial Statements in Item 8 of this Report.

Note 8 – The National City Corporation 2004 Deferred Compensation Plan provided eligible employees the opportunity to defer the receipt of cash compensation which would have otherwise been received as salary, as variable pay, or as an incentive award and provided participants with nonelective deferred compensation. The plan was frozen as to new deferral elections and nonelective deferred compensation in December 2008. Deferred compensation already in the plan at that time, or contributed to the plan pursuant to previous deferral elections, is credited with gains or losses based upon investment options made available from time to time, and, as such, there is no weighted-average exercise price. The plan does not limit the number of shares that may be issued for the plan.

ITEM 13 – CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this item is included under the captions “Transactions with Related Persons, Indemnification, and Advancement of Costs” and “Corporate Governance At PNC – *Director Independence*” in our Proxy Statement to be filed for the 2009 annual meeting of shareholders and is incorporated herein by reference.

ITEM 14 – PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this item is included under the caption “Item 3 – Ratification of the Audit Committee’s Selection of PricewaterhouseCoopers LLP as the Independent Registered Public Accounting Firm for 2009” in our Proxy Statement to be filed for the 2009 annual meeting of shareholders and is incorporated herein by reference.

PART IV

ITEM 15 – EXHIBITS, FINANCIAL STATEMENT SCHEDULES

FINANCIAL STATEMENTS, FINANCIAL STATEMENT SCHEDULES

Our consolidated financial statements required in response to this Item are incorporated by reference from Item 8 of this Report.

Audited consolidated financial statements of BlackRock, Inc. (“BlackRock”) as of December 31, 2008 and 2007 and for each of the three years ended December 31, 2008, are incorporated herein by reference to Item 15 (a) (1) of BlackRock’s 2008 Annual Report on Form 10-K (Commission File Number 001-33099).

The report of our former independent registered public accounting firm follows:

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
The PNC Financial Services Group, Inc.
Pittsburgh, Pennsylvania

We have audited the accompanying consolidated statements of income, shareholders’ equity, and cash flows of The PNC Financial Services Group, Inc. and subsidiaries (the “Company”) for the year ended December 31, 2006. These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the results of operations and cash flows of The PNC Financial Services Group, Inc. and subsidiaries for the year ended December 31, 2006, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the consolidated financial statements, the Company adopted Statement of Financial Accounting Standard No. 158, *“Employers’ Accounting for Defined Benefit Pension and Other Postretirement Plans – an amendment of FASB Statements No. 87, 88, 106, and 132(R)”* as of December 31, 2006.

As discussed in Note 1 to the consolidated financial statements, the accompanying consolidated statement of cash flows for the year ended December 31, 2006 has been restated.

As a result of the transaction discussed in Note 2 to the consolidated financial statements, the Company no longer consolidates BlackRock, Inc. ("BlackRock"). Beginning September 30, 2006, the Company recognized its investment in BlackRock using the equity method of accounting.

/s/ Deloitte & Touche LLP
Pittsburgh, Pennsylvania
March 1, 2007 (February 4, 2008 as to the effects of the restatement discussed in Note 1)

EXHIBITS

Our exhibits listed on the Exhibit Index on pages E-1 through E-7 of this Form 10-K are filed with this Report or are incorporated herein by reference.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

THE PNC FINANCIAL SERVICES GROUP, INC.
(Registrant)

By: /s/ Richard J. Johnson
Richard J. Johnson
Chief Financial Officer
March 2, 2009

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of The PNC Financial Services Group, Inc. and in the capacities indicated on March 2, 2009.

Signature	Capacities
/s/ James E. Rohr James E. Rohr	Chairman, Chief Executive Officer and Director (Principal Executive Officer)
/s/ Richard J. Johnson Richard J. Johnson	Chief Financial Officer (Principal Financial Officer)
/s/ Samuel R. Patterson Samuel R. Patterson	Controller (Principal Accounting Officer)
* Richard O. Berndt; Charles E. Bunch; Paul W. Chellgren; Robert N. Clay; George A. Davidson, Jr.; Kay Coles James; Richard B. Kelson; Bruce C. Lindsay; Anthony A. Massaro; Jane G. Pepper; Donald J. Shepard; Lorene K. Steffes; Dennis F. Strigl; Stephen G. Thieke; Thomas J. Usher; George H. Walls, Jr.; and Helge H. Wehmeier	Directors

*By: /s/ George P. Long, III
George P. Long, III, Attorney-in-Fact, pursuant to Powers of Attorney filed herewith

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EXHIBIT INDEX

Exhibit No.	Description	Method of Filing +
2.1	Agreement and Plan of Merger, dated as of October 24, 2008, by and between the Corporation and National City Corporation	Incorporated herein by reference to Exhibit 2.1 of the Corporation's Current Report on Form 8-K filed October 30, 2008
3.1	Articles of Incorporation of the Corporation, as amended effective as of January 2, 2009	Filed herewith
3.2	By-Laws of the Corporation, as amended and restated effective as of February 12, 2009	Incorporated herein by reference to Exhibit 3.2 of the Corporation's Current Report on Form 8-K filed February 19, 2009
4.1	There are no instruments with respect to long-term debt of the Corporation and its subsidiaries that involve securities authorized under the instrument in an amount exceeding 10 percent of the total assets of the Corporation and its subsidiaries on a consolidated basis. The Corporation agrees to provide the SEC with a copy of instruments defining the rights of holders of long-term debt of the Corporation and its subsidiaries on request.	
4.2	Terms of $1.80 Cumulative Convertible Preferred Stock, Series A	Incorporated herein by reference to Exhibit 3.1 hereof
4.3	Terms of $1.80 Cumulative Convertible Preferred Stock, Series B	Incorporated herein by reference to Exhibit 3.1 hereof
4.4	Terms of $1.60 Cumulative Convertible Preferred Stock, Series C	Incorporated herein by reference to Exhibit 3.1 hereof
4.5	Terms of $1.80 Cumulative Convertible Preferred Stock, Series D	Incorporated herein by reference to Exhibit 3.1 hereof
4.6	Terms of 7.00% Non-Cumulative Preferred Stock, Series H	Incorporated herein by reference to Exhibit 3.1 hereof
4.7	Terms of Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series I	Incorporated herein by reference to Exhibit 3.1 hereof
4.8	Terms of Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series J	Incorporated herein by reference to Exhibit 3.1 hereof
4.9	Terms of Fixed-to-Floating Non-Cumulative Perpetual Preferred Stock, Series K	Incorporated herein by reference to Exhibit 3.1 hereof
4.10	Terms of 9.875% Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series L	Incorporated herein by reference to Exhibit 3.1 hereof
4.11	Terms of Non-Cumulative Perpetual Preferred Stock, Series M	Incorporated herein by reference to Exhibit 3.1 hereof
4.12	Terms of Fixed Rate Cumulative Perpetual Preferred Stock, Series N	Incorporated herein by reference to Exhibit 3.1 hereof
4.13	Warrant for Purchase of Shares of PNC Common Stock	Incorporated herein by reference to Exhibit 4.2 of the Corporation's Current Report on Form 8-K filed January 2, 2009
4.14	Letter Agreement dated December 31, 2008 by and between the Corporation and the United States Department of the Treasury	Incorporated herein by reference to Exhibit 10.1 of the Corporation's Current Report on Form 8-K filed January 2, 2009

4.15	First Supplemental Indenture, dated as of January 29, 2008, between National City Corporation, as Issuer, and The Bank of New York Trust Company, N.A., as Trustee, related to the issuance of 4.0% Convertible Senior Notes due 2011	Incorporated herein by reference to Exhibit 4.2 of the Current Report on Form 8-K filed by National City Corporation (Commission File No. 001-10074) on February 4, 2008
4.16	Second Supplemental Indenture, dated as of December 31, 2008, between the Corporation and The Bank of New York evidencing the succession of the Corporation to National City	Filed herewith
4.17	Deposit Agreement dated January 30, 2008 by and among National City Corporation, Wilmington Trust Company, National City Bank as Transfer Agent and Registrar, and all holders from time to time of Receipts issued pursuant thereto	Incorporated herein by reference to Exhibit 4.2 of the Form 8-A filed by National City Corporation on January 30, 2008
4.18	Letter Agreement dated as of December 31, 2008 between the Corporation and Wilmington Trust Company	Incorporated herein by reference to Exhibit 4.4 of the Corporation's Form 8-A filed December 31, 2008
4.19	Stock Purchase Contract between National City Corporation and National City Preferred Capital Trust I acting through the Bank of New York Trust Company, N.A. as Property Trustee, dated January 30, 2008	Incorporated herein by reference to Exhibit 4.7 of the Form 8-A filed by National City Corporation (Commission File No. 001-10074) on January 30, 2008
4.20	Form of PNC Bank, National Association Global Bank Note for Fixed Rate Global Senior Bank Note with Maturity of more than Nine Months from Date of Issuance	Incorporated herein by reference to Exhibit 4.9 of the Corporation's Quarterly Report on Form 10-Q for the quarter ended September 30, 2004 ("3rd Quarter 2004 Form 10-Q")
4.21	Form of PNC Bank, National Association Global Bank Note for Floating Rate Global Senior Bank Note with Maturity of more than Nine Months from Date of Issuance	Incorporated herein by reference to Exhibit 4.10 of the Corporation's 3rd Quarter 2004 Form 10-Q
4.22	Form of PNC Bank, National Association Global Bank Note for Fixed Rate Global Subordinated Bank Note with Maturity of more than Nine Months from Date of Issuance	Incorporated herein by reference to Exhibit 4.11 of the Corporation's 3rd Quarter 2004 Form 10-Q
4.23	Form of PNC Bank, National Association Global Bank Note for Floating Rate Global Subordinated Bank Note with Maturity of more than Nine Months from Date of Issuance	Incorporated herein by reference to Exhibit 4.12 of the Corporation's 3rd Quarter 2004 Form 10-Q
4.24	Exchange Agreement, dated March 29, 2007, by and among the Corporation, PNC Bank, National Association, and PNC Preferred Funding Trust II	Incorporated herein by reference to Exhibit 4.16 of the Corporation's Current Report on Form 8-K filed March 30, 2007
4.25	First Supplemental Indenture, dated as of February 13, 2008, between the Corporation and The Bank of New York.	Incorporated herein by reference to Exhibit 4.4 of the Corporation's Current Report on Form 8-K filed February 13, 2008
4.26	Exchange Agreement, dated February 14, 2008, by and among the Corporation, PNC Bank, National Association, and PNC Preferred Funding Trust III	Incorporated herein by reference to Exhibit 99.1 of the Corporation's Current Report on Form 8-K filed February 19, 2008
10.1	The Corporation's Supplemental Executive Retirement Plan, as amended and restated	Incorporated herein by reference to Exhibit 10.1 of the Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2004 ("2nd Quarter 2004 Form 10-Q")*
10.2	The Corporation's Supplemental Executive Retirement Plan, as amended and restated effective January 1, 2009	Filed herewith*
10.3	The Corporation's ERISA Excess Pension Plan, as amended and restated	Incorporated herein by reference to Exhibit 10.2 of the Corporation's 2nd Quarter 2004 Form 10-Q*

10.4	The Corporation's ERISA Excess Pension Plan, as amended and restated effective January 1, 2009	Filed herewith*
10.5	The Corporation's Key Executive Equity Program, as amended and restated	Incorporated herein by reference to Exhibit 10.3 of the Corporation's 2nd Quarter 2004 Form 10-Q*
10.6	The Corporation's Key Executive Equity Program, as amended and restated effective January 1, 2009	Filed herewith*
10.7	The Corporation's Supplemental Incentive Savings Plan, as amended and restated	Incorporated herein by reference to Exhibit 10.4 of the Corporation's 2nd Quarter 2004 Form 10-Q*
10.8	The Corporation's Supplemental Incentive Savings Plan, as amended and restated effective January 1, 2009	Incorporated herein by reference to Exhibit 4.3 to the Registration Statement on Form S-8 filed by the Corporation on January 22, 2009*
10.9	The Corporation and Affiliates Deferred Compensation Plan, as amended and restated	Incorporated herein by reference to Exhibit 10.7 of the Corporation's 2nd Quarter 2004 Form 10-Q*
10.10	The Corporation and Affiliates Deferred Compensation Plan, as amended and restated effective January 1, 2009	Incorporated herein by reference to Exhibit 4.5 to the Registration Statement on Form S-8 filed by the Corporation on January 22, 2009*
10.11	AJCA transition amendments to the Corporation's Supplemental Incentive Savings Plan and the Corporation and Affiliates Deferred Compensation Plan	Incorporated herein by reference to Exhibit 10.8 of the Corporation's Annual Report on Form 10-K for the year ended December 31, 2005 ("2005 Form 10-K")*
10.12	Further AJCA transition amendments to the Corporation and Affiliates Deferred Compensation Plan	Filed herewith*
10.13	The Corporation's 2006 Incentive Award Plan, as amended and restated	Incorporated herein by reference to Exhibit 10.53 of the Corporation's Quarterly Report on Form 10-Q for the quarter ended March 31, 2008*
10.14	The Corporation's 1997 Long-Term Incentive Award Plan, as amended and restated	Incorporated herein by reference to Exhibit 10.5 of the Corporation's 2nd Quarter 2004 Form 10-Q*
10.15	The Corporation's 1996 Executive Incentive Award Plan, as amended and restated effective as of January 1, 2007	Incorporated herein by reference to Exhibit 10.10 of the Corporation's Annual Report on Form 10-K for the year ended December 31, 2007 ("2007 Form 10-K")*
10.16	1992 Director Share Incentive Plan	Incorporated herein by reference to Exhibit 10.11 of the 2007 Form 10-K*
10.17	The Corporation's Directors Deferred Compensation Plan, as amended and restated	Incorporated herein by reference to Exhibit 10.12 of the Corporation's Quarterly Report on Form 10-Q for the quarter ended March 31, 2004 ("1st Quarter 2004 Form 10-Q")*
10.18	The Corporation's Directors Deferred Compensation Plan, effective as of January 1, 2008	Incorporated herein by reference to Exhibit 10.14 of the Corporation's 2007 Form 10-K*
10.19	The Corporation's Outside Directors Deferred Stock Unit Plan, as amended and restated	Incorporated herein by reference to Exhibit 10.13 of the Corporation's 1st Quarter 2004 Form 10-Q*
10.20	The Corporation's Outside Directors Deferred Stock Unit Plan, effective as of January 1, 2008	Incorporated herein by reference to Exhibit 10.15 of the Corporation's 2007 Form 10-K*
10.21	Amended and Restated Trust Agreement between PNC Investment Corp., as settlor, and Hershey Trust Company, as trustee	Incorporated herein by reference to Exhibit 10.35 of the Corporation's Quarterly Report on Form 10-Q for the quarter ended September 30, 2005 ("3rd Quarter 2005 Form 10-Q")*

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10.22	Trust Agreement between PNC Investment Corp., as settlor, and PNC Bank, National Association, as trustee	Incorporated herein by reference to Exhibit 10.34 of the Corporation's 3rd Quarter 2005 Form 10-Q*
10.23	The Corporation's Employee Stock Purchase Plan, as amended and restated	Incorporated herein by reference to Exhibit 10.18 of the Corporation's 2007 Form 10-K
10.24	The Corporation's Employee Stock Purchase Plan, as amended and restated as of January 1, 2009	Incorporated herein by reference to Exhibit 4.5 to the Registration Statement on Form S-8 filed by the Corporation on December 31, 2008
10.25	Forms of employee stock option, restricted stock, restricted deferral, and incentive share agreements	Incorporated herein by reference to Exhibit 10.30 of the Corporation's 3rd Quarter 2004 Form 10-Q*
10.26	2005 forms of employee stock option, restricted stock and restricted deferral agreements	Incorporated herein by reference to Exhibit 10.28 of the Corporation's Annual Report on Form 10-K for the year ended December 31, 2004 ("2004 Form 10-K")*
10.27	2006 forms of employee stock option, restricted stock and restricted deferral agreements	Incorporated herein by reference to Exhibit 10.17 of the Corporation's 2005 Form 10-K*
10.28	Forms of employee stock option and restricted stock agreements under 2006 Incentive Award Plan	Incorporated by reference to Exhibit 10.40 of the Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2006*
10.29	2006 forms of employee incentive performance unit and senior officer change in control severance agreements	Incorporated herein by reference to Exhibit 10.20 of the Corporation's Annual Report on Form 10-K for the year ended December 31, 2006 as filed on March 1, 2007 ("2006 Form 10-K")*
10.30	2007 forms of employee stock option and restricted stock agreements	Incorporated herein by reference to Exhibit 10.21 of the Corporation's 2006 Form 10-K*
10.31	2006-2007 forms of employee incentive performance units agreements	Incorporated herein by reference to Exhibit 10.51 of the Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2007 ("2nd Quarter 2007 Form 10-Q")*
10.32	2008 forms of employee stock option and restricted stock/share unit agreements	Incorporated herein by reference to Exhibit 10.26 of the Corporation's 2007 Form 10-K*
10.33	2008 forms of employee performance units agreements	Filed herewith*
10.34	Form of employee stock option agreement with varied vesting schedule or circumstances	Incorporated herein by reference to Exhibit 10.50 of the Corporation's Current Report on Form 8-K filed April 18, 2008*
10.35	Form of employee restricted stock agreement with varied vesting schedule or circumstances	Incorporated herein by reference to Exhibit 10.51 of the Corporation's Current Report on Form 8-K filed April 18, 2008*
10.36	Form of employee stock option agreement with performance vesting schedule	Incorporated herein by reference to Exhibit 10.54 of the Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2008*
10.37	Forms of director stock option and restricted stock agreements	Incorporated herein by reference to Exhibit 10.32 of the Corporation's 3rd Quarter 2004 Form 10-Q*
10.38	2005 form of director stock option agreement	Incorporated herein by reference to Exhibit 10.33 of the Corporation's Quarterly Report on Form 10-Q for the quarter ended March 31, 2005*

10.39	Form of time sharing agreements between the Corporation and certain executives	Filed herewith*
10.40	Form of Change in Control Employment Agreements	Incorporated herein by reference to Exhibit 99.1 of the Corporation's Current Report on Form 8-K filed September 12, 2008*
10.41	Form of former senior officer change in control severance agreement	Incorporated herein by reference to Exhibit 10.17 of the Corporation's Annual Report on Form 10-K for the year ended December 31, 1996*
10.42	Forms of first amendment to former senior officer change in control severance agreements	Incorporated herein by reference to Exhibit 10.9 of the Corporation's Annual Report on Form 10-K for the year ended December 31, 2000*
10.43	Forms of second amendment to former senior officer change in control severance agreements	Incorporated herein by reference to Exhibit 10.15 of the Corporation's Quarterly Report on Form 10-Q for the quarter ended September 30, 2001*
10.44	Forms of third amendment to former senior officer change in control severance agreements	Incorporated herein by reference to Exhibit 10.26 of the Corporation's 1st Quarter 2004 Form 10-Q*
10.45	Form of former other officer change in control severance agreements	Incorporated herein by reference to Exhibit 10.31 of the 3d Quarter 2004 Form 10-Q*
10.46	The National City Corporation 2004 Deferred Compensation Plan, as amended and restated effective January 1, 2005	Incorporated herein by reference to Exhibit 10.35 to National City Corporation's Quarterly Report on Form 10-Q for the quarter ended March 31, 2006
10.47	BlackRock, Inc. 2002 Long-Term Retention and Incentive Plan	Incorporated herein by reference to the Quarterly Report on Form 10-Q of BlackRock Holdco 2, Inc. (Commission File No. 001-15305) for the quarter ended September 30, 2002 ("BlackRock Holdco 2 3rd Quarter 2002 Form 10-Q")
10.48	First Amendment to the BlackRock, Inc. 2002 Long-Term Retention and Incentive Plan	Incorporated herein by reference to the Quarterly Report on Form 10-Q of BlackRock Holdco 2, Inc. (Commission File No. 001-15305) for the quarter ended March 31, 2004
10.49	Second Amendment to the BlackRock, Inc. 2002 Long-Term Retention and Incentive Plan	Incorporated herein by reference to the Annual Report on Form 10-K of BlackRock Holdco 2, Inc. (Commission File No. 001-15305) for the year ended December 31, 2004
10.50	Share Surrender Agreement, dated October 10, 2002, among BlackRock, Inc., PNC Asset Management, Inc., and the Corporation	Incorporated herein by reference to the BlackRock Holdco 2 3d Quarter 2002 Form 10-Q
10.51	First Amendment, dated as of February 15, 2006, to the Share Surrender Agreement among BlackRock, Inc., PNC Bancorp, Inc. and the Corporation	Incorporated herein by reference to the Current Report on Form 8-K of BlackRock Holdco 2, Inc. (Commission File No. 001-15305) filed February 22, 2006 ("BlackRock Holdco 2 February 22, 2006 Form 8-K")
10.52	Second Amendment to Share Surrender Agreement made and entered into as of June 11, 2007 by and between the Corporation, BlackRock, Inc., and PNC Bancorp, Inc.	Incorporated herein by reference to Exhibit 10.50 of the Corporation's Current Report on Form 8-K filed June 14, 2007

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10.53	Implementation and Stockholder Agreement, dated as of February 15, 2006, among BlackRock, Inc., New Boise, Inc. and the Corporation	Incorporated herein by reference to the BlackRock Holdco 2 February 22, 2006 Form 8-K
10.54	Exchange Agreement by and between the Corporation and BlackRock, Inc. dated as of December 26, 2008	Incorporated herein by reference to Exhibit 10.2 of the Current Report on Form 8-K of BlackRock, Inc. (Commission File No. 001-33099) filed December 29, 2008
10.55	PNC Bank, National Association US $20,000,000,000 Global Bank Note Program for the Issue of Senior and Subordinated Bank Notes with Maturities of more than Nine Months from Date of Issue Distribution Agreement dated July 30, 2004	Incorporated herein by reference to Exhibit 10.29 of the Corporation's 3rd Quarter 2004 Form 10-Q
10.56	Agreement and Plan of Merger dated as of October 24, 2008 by and between the Corporation and National City Corporation	Incorporated herein by reference to Exhibit 2.1 of the Corporation's Current Report on Form 8-K filed October 30, 2008
10.57	Warrant for Purchase of Shares of PNC Common Stock	Incorporated herein by reference to Exhibit 4.2 of the Corporation's Current Report on Form 8-K filed January 2, 2009
10.58	Letter Agreement dated December 31, 2008 by and between the Corporation and the United States Department of the Treasury	Incorporated herein by reference to Exhibit 10.1 of the Corporation's Current Report on Form 8-K filed January 2, 2009
12.1	Computation of Ratio of Earnings to Fixed Charges	Filed herewith
12.2	Computation of Ratio of Earnings to Fixed Charges and Preferred Dividends	Filed herewith
21	Schedule of Certain Subsidiaries of the Corporation	Filed herewith
23.1	Consent of PricewaterhouseCoopers LLP, the Corporation's Independent Registered Public Accounting Firm	Filed herewith
23.2	Consent of Deloitte & Touche LLP, the Corporation's former Independent Registered Public Accounting Firm	Filed herewith
23.3	Consent of Deloitte & Touche LLP, Independent Registered Public Accounting Firm of BlackRock, Inc.	Filed herewith
24	Powers of Attorney	Filed herewith
31.1	Certification of Chairman and Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
32.1	Certification of Chairman and Chief Executive Officer pursuant to 18 U.S.C. Section 1350	Filed herewith
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350	Filed herewith

99.1	Form of Order of the Securities and Exchange Commission Instituting Public Administrative Procedures Pursuant to Section 8A of the Securities Act of 1933 and 21C of the Securities Exchange Act of 1934, Making Findings and Imposing Cease-and-Desist Order	Incorporated herein by reference to Exhibit 99.3 of the Corporation's Current Report on Form 8-K dated and filed July 18, 2002

\+ Incorporated document references to filings by the Corporation are to SEC File No. 001-09718, to filings by National City Corporation are to SEC File No. 001-10074, to filings by BlackRock through its second quarter 2006 Form 10-Q are to BlackRock Holdco 2, Inc. SEC File No. 001-15305, and to filings by BlackRock, Inc. are to SEC File No. 001-33099.

* Denotes management contract or compensatory plan.

You can obtain copies of these Exhibits electronically at the SEC's website at www.sec.gov or by mail from the Public Reference Section of the SEC, at 100 F Street, N.E., Washington, D.C. 20549 at prescribed rates. The Exhibits are also available as part of this Form 10-K on or through PNC's corporate website at www.pnc.com/secfilings under "Form 10-K." Shareholders and bondholders may also obtain copies without charge by contacting Shareholder Relations at (800) 843-2206 or via e-mail at investor.relations@pnc.com.

AMENDED AND RESTATED
ARTICLES OF INCORPORATION
OF
THE PNC FINANCIAL SERVICES GROUP, INC.

FIRST. The name of the corporation is The PNC Financial Services Group, Inc.

SECOND. The address of the corporation's registered office in the Commonwealth of Pennsylvania is One PNC Plaza, 249 Fifth Avenue, Pittsburgh, Pennsylvania 15222-2707.

THIRD. The corporation is incorporated under the provisions of the Business Corporation Law, the Act approved May 5, 1933, P.L. 364, as amended. The purpose of the corporation is, and it shall have unlimited power to engage in and to do any lawful act concerning any or all lawful business for which corporations may be incorporated under such Act.

FOURTH. The term of the corporation's existence is perpetual.

FIFTH. The authority to make, amend and repeal the by-laws of the corporation is hereby vested in the Board of Directors, subject always to the power of the shareholders to change any such action.

SIXTH. The aggregate number of shares of capital stock which the corporation shall have authority to issue is 820,000,000 shares divided into two classes consisting of 20,000,000 shares of preferred stock of the par value of $1.00 each ("Preferred Stock") and 800,000,000 shares of common stock of the par value of $5.00 each ("Common Stock").

SEVENTH. The following is a statement of certain of the designations, preferences, qualifications, privileges, limitations, restrictions, and special or relative rights in respect of the Preferred Stock and the Common Stock and a statement of the authority vested in the Board of Directors to fix by resolution any designations, preferences, privileges, qualifications, limitations, restrictions and special or relative rights of any series of Preferred Stock which are not fixed hereby:

PREFERRED STOCK

1. *Issuance in series.* The shares of Preferred Stock may be issued from time to time in series. Each series shall be so designated as to distinguish the shares thereof from the shares of all other series. All shares of any particular series shall be identical except, if entitled to cumulative dividends, as to the date or dates from which dividends thereon shall be cumulative. The shares of any one series need not be identical or rank equally with the shares of any other series except as required by law or as provided hereby. The Board of Directors is expressly vested with authority to establish and designate any one or more series of Preferred Stock and to fix and determine by resolution any designations, preferences, qualifications, privileges, limitations, restrictions or special or relative rights of additional series which are not fixed hereby, including the following:

(a) The number of shares to constitute the series and the distinctive designation thereof.

(b) The dividend rate, the dates for payment of dividends, whether dividends shall be cumulative, and, if so, the date or dates from which and the extent to which dividends shall be cumulative.

(c) The amount or amounts payable upon voluntary or involuntary liquidation of the Corporation.

(d) The voting rights, if any, of the holders of shares of the series.

(e) The redemption price or prices, if any, and the terms and conditions on which shares may be redeemed.

(f) Whether the shares of the series shall be convertible into or exchangeable for shares of capital stock of the Corporation or other securities, and, if so, the conversion price or prices or the rate or rates of conversion or exchange, any adjustments thereof, and any other terms and conditions of conversion or exchange.

(g) Whether the shares of the series shall be entitled to the benefit of any retirement or sinking fund to be applied to the purchase or redemption of such shares, and, if so, the amount thereof and the terms and conditions relative to the operation thereof.

(h) The rank of the shares of the series, as in dividends and assets, in relation to the shares of any other class or series of capital stock of the Corporation.

(i) Such other preferences, qualifications, privileges, limitations, restrictions or special or relative rights of any series as are not fixed hereby and as the Board of Directors may deem advisable and state in such resolutions.

2. *Dividends.* The holders of shares of each series of Preferred Stock shall be entitled to receive, when and as declared by the Board of Directors, dividends at the rate which shall have been fixed hereby or by the Board of Directors as authorized hereby with respect to such series, and no more except as shall have been determined by the Board of Directors as authorized hereby. If dividends on a particular series shall have been determined hereby or by the Board of Directors as authorized hereby to be cumulative, no dividends shall be paid or set apart for payment or declared on the Common Stock or on any class or series of stock of the Corporation ranking as to dividends subordinate to such series (other than dividends payable in Common Stock or in any class or series of stock of the Corporation ranking as to dividends and assets subordinate to such series) and no payment shall be made or set apart for the purchase, redemption or other acquisition for value of any shares of Common Stock or of any class or series of stock of the Corporation ranking as to dividends or assets subordinate to such series, until dividends (to the extent cumulative) for all past dividend periods on all outstanding shares of such series have been paid, or declared and set apart for payment, in full. In case dividends for any dividend period are not paid in full on all shares of Preferred Stock ranking equally as to dividends, all such shares shall participate ratably in the payment of dividends for such period in proportion to the full amounts of dividends to which they are respectively entitled.

3. *Liquidation of the Corporation.* In the event of voluntary or involuntary liquidation of the Corporation the holders of shares of each series of Preferred Stock shall be entitled to receive from the assets of the Corporation (whether capital or surplus), prior to any payment to the holders of Common Stock or of any class or series of stock of the Corporation ranking as to assets subordinate to such series, the amount fixed hereby or by the Board of Directors as authorized hereby for such series, plus, in case dividends on such series shall have been determined hereby or by the Board of Directors as authorized hereby to be cumulative, an amount equal to the accrued and unpaid dividends thereon (to the extent cumulative) computed to the date on which payment thereof is made available, whether or not earned or declared. After such payment to the holders of shares of such series, any remaining balance shall be paid to the holders of Common Stock or of any class or series of stock of the Corporation ranking as to assets subordinate to such series, as they maybe entitled. If, upon liquidation of the Corporation, its assets are not sufficient to pay in full the amounts so payable to the holders of shares of all series of Preferred Stock ranking equally as to assets, all such shares shall participate ratably in the distribution of assets in proportion to the full amounts to which they are respectively entitled. Neither a merger nor a consolidation of the Corporation into or with any other corporation nor a sale, transfer or lease of all or part of the assets of the Corporation shall be deemed a liquidation of the Corporation within the meaning of this paragraph.

4. *Voting rights.* (a) Except as otherwise required by law, holders of shares of Preferred Stock shall have only such voting rights, if any, as shall have been fixed and determined hereby or by the Board of Directors as authorized hereby. Except as otherwise required by law or as otherwise provided hereby or by the Board of Directors as authorized hereby, holders of Preferred Stock having voting rights and holders of Common Stock shall vote together as one class.

(b) If the Corporation shall have failed to pay, or declare and set apart for payment, dividends on all outstanding shares of Preferred Stock in an amount equal to six quarterly dividends at the rates payable upon such shares (whether or not such dividends are cumulative), the number of directors of the Corporation shall be increased by two at the first annual meeting of the shareholders of the Corporation held thereafter, and at such meeting and at each subsequent annual meeting until cumulative dividends payable for all past dividend periods and continuous noncumulative dividends for at least one year on all outstanding shares of Preferred Stock entitled thereto shall have been paid, or declared and set apart for payment, in full, the holders of shares of Preferred Stock of all series shall have the right, voting as a class, to elect such two additional members of the Board of Directors to hold office for a term of one year. Upon such payment, or such declaration and setting apart for payment, in full, the terms of the two additional directors so elected shall forthwith terminate, and the number of directors of the Corporation shall be reduced by two, and such voting right of the holders of shares of Preferred Stock shall cease, subject to increase in the number of directors as aforesaid and to revesting of such voting right in the event of each and every additional failure in the payment of dividends in an amount equal to six quarterly dividends as aforesaid.

5. *Action by Corporation requiring approval of Preferred Stock.* The Corporation shall not, without the affirmative vote at a meeting, or the written consent with or without a meeting, of the holders of at least two-thirds of the then outstanding shares of Preferred Stock of all series (a) create or increase the authorized number of shares of any class of stock ranking as to dividends or assets prior to the Preferred Stock; or (b) change the preferences, qualifications, privileges, limitations, restrictions or special or relative rights granted to or imposed upon the shares of Preferred Stock in any material respect adverse to the holders thereof, provided that if any such change will affect any particular series materially and adversely as contrasted with the effect thereof upon any other series, no such change may be made without, in addition, such vote or consent of the holders of at least two-thirds of the then outstanding shares of the particular series which would be so affected.

6. *Redemption and acquisition.* (a) Except as otherwise provided by the Board of Directors as authorized hereby, the Corporation, at its option to be exercised by its Board of Directors, may redeem the whole or any part of the Preferred Stock or of any series thereof at such times and at the applicable amount for each share which shall have been fixed and determined hereby or by the Board of Directors as authorized hereby with respect thereto, plus, in case dividends shall have been determined hereby or by the Board of Directors as authorized hereby to be cumulative, an amount equal to the accrued and unpaid dividends thereon (to the extent cumulative) computed to the date fixed for redemption, whether or not earned or declared (hereinafter collectively called the "redemption price"). If at any time less than all of the Preferred Stock then outstanding is to be called for redemption, the Board may select one or more series to be redeemed, and if less than all the outstanding Preferred Stock of any series is to be called for redemption, the shares to be redeemed may be selected by lot or by such other equitable method as the Board in its discretion may determine. Notice of every redemption, stating the redemption date, the redemption price, and the place of payment thereof, and, if less than all of the Preferred Stock then outstanding is called for redemption, identifying the shares to be redeemed, shall be published at least once in a newspaper printed in the English language and of general circulation in the City of Philadelphia, Pennsylvania, or in the Borough of Manhattan, the City of New York, New York, the first publication to be not less than 30 nor more than 60 days prior to the date fixed for redemption. Copies of such notice shall be mailed at least 30 days and not more than 60 days prior to the date fixed for redemption to the holders of record of the shares to be redeemed at their addresses as the same shall appear on the books of the Corporation, but failure to give such additional notice by mail or any defect therein or failure of any addressee to receive it shall not affect the validity of the proceedings for redemption. The Corporation, upon publication of the first notice of redemption as aforesaid or upon irrevocably authorizing the bank or trust company hereinafter mentioned to publish such notice as aforesaid, may deposit or cause to be deposited in trust with a bank or trust company in the City of Philadelphia, Pennsylvania, or in the Borough of Manhattan, the City of New York, New York, an amount equal to the redemption price of the shares to be redeemed, which amount shall be payable to the holders thereof upon surrender of certificates therefor on or after the date fixed for redemption or prior thereto if so directed by the Board of Directors. Upon such deposit, or if no such deposit is made then from and after the date fixed for redemption unless the Corporation shall default in making payment of the redemption price upon surrender of certificates as aforesaid, the shares called for redemption shall cease to be outstanding and the holders thereof shall cease to be shareholders with respect to such shares and shall have no interest in or claim against the Corporation with respect to such shares other than the right to receive the redemption price from such bank or trust company or from the Corporation, as the case may be, without interest thereon, upon surrender of certificates as aforesaid; provided that conversion rights of shares called for redemption shall terminate at the close of business on the date fixed for redemption or at such earlier time as shall have been fixed by the Board of Directors as authorized hereby. Any funds so deposited which shall not be required for such redemption because of the exercise of conversion rights

subsequent to the date of such deposit shall be returned to the Corporation. In case any holder of shares called for redemption shall not, within six years after the date of such deposit, have claimed the amount deposited with respect to the redemption thereof, such bank or trust company, upon demand, shall pay over to the Corporation such unclaimed amount and shall thereupon be relieved of all responsibility in respect thereof to such holder, and thereafter such holder shall look only to the Corporation for payment thereof. Any interest which may accrue on funds so deposited shall be paid to the Corporation from time to time.

(b) Except as otherwise provided by the Board of Directors as authorized hereby, the Corporation shall have the right to acquire Preferred Stock from time to time at such price or prices as the Corporation may determine, provided that unless dividends (to the extent cumulative) payable for all past quarterly dividend periods on all outstanding shares of Preferred Stock entitled to cumulative dividends have been paid, or declared and set apart for payment, in full, the Corporation shall not acquire for value any shares of Preferred Stock except in accordance with an offer (which may vary as to terms offered with respect to shares of different series but not with respect to shares of the same series) made in writing or by publication (as determined by the Board of Directors) to all holders of record of shares of Preferred Stock.

(c) Except as otherwise provided by the Board of Directors as authorized hereby, Preferred Stock redeemed or acquired by the Corporation otherwise than by conversion shall not be cancelled or retired except by action of the Board and shall have the status of authorized and unissued Preferred Stock which may be reissued by the Board as shares of the same or any other series until cancelled and retired by action of the Board, but, at the option of the Board, Preferred Stock acquired otherwise than by redemption or conversion may be held as treasury shares which may be reissued by the Board until cancelled and retired by action of the Board.

$1.80 CUMULATIVE CONVERTIBLE PREFERRED STOCK, SERIES A

7. *Designation.* A series of Preferred Stock designated $1.80 Cumulative Convertible Preferred Stock, Series A (Redeemable) (herein called “Series A Preferred Stock”) is hereby established, consisting of 98,583 shares subject to increase or decrease in the number of shares in accordance with law.

8. *Dividends.* The dividend rate of shares of this series shall be $1.80 per share per year, payable quarterly on the tenth day of each March, June, September and December. Dividends shall be cumulative from the March 10, June 10, September 10 or December 10 next preceding the date of issue of each share, unless the date of issue is a quarterly dividend payment date or a date between the record date for the determination of holders of $1.80 Cumulative Convertible Preferred Stock of Provident National Corporation, a predecessor of the Corporation (such stock having been converted into the Series A Preferred Stock), entitled to receive a quarterly dividend and the date of payment of such quarterly dividend, in either of which events such dividends shall be cumulative from such quarterly dividend payment date.

9. *Liquidation.* The amount payable upon shares of Series A Preferred Stock in the event of voluntary or involuntary liquidation of the Corporation, prior to any payment to the holders of Common Stock or of any class or series of stock of the Corporation ranking as to assets subordinate to the Series A Preferred Stock, shall be $40.00 per share plus an amount equal to accrued and unpaid dividends thereon computed to the date on which payment thereof is made available, whether or not earned or declared.

10. *Redemption.* Shares of Series A Preferred Stock shall be redeemable at anytime at $40.00 per share plus an amount equal to accrued and unpaid dividends thereon computed to the date fixed for redemption, whether or not earned or declared.

11. *Voting Rights.* Each holder of record of Series A Preferred Stock shall have the right to a number of votes equal to the number of full shares of Common Stock into which the share or shares of Series A Preferred Stock standing in his name on the books of the Corporation are at the time convertible.

12. *Conversion provisions.* (a) Shares of Series A Preferred Stock may, at the option of the holder, be converted into Common Stock of the Corporation (as such stock maybe constituted on the conversion date) at the rate of two shares of Common Stock for each share of Series A Preferred Stock, subject to adjustment as provided herein; provided that, as to any shares of Series A Preferred Stock which shall have been called for redemption, the conversion right shall terminate at the close of business on the date fixed for redemption.

(b) The holder of a share or shares of Series A Preferred Stock may exercise the conversion right as to any thereof by delivering to the Corporation, during regular business hours, at its principal office or at the office of any of its transfer agents for the Series A Preferred Stock or at such other place as may be designated by the Corporation, the certificate or certificates for the shares to be converted, duly endorsed or assigned in blank or to the Corporation (if required by it), accompanied by written notice stating that the holder elects to convert such shares and stating the name or names (with address) in which the certificate or certificates for Common Stock are to be issued. Conversion shall be deemed to have been effected on the date when such delivery is made, and such date is referred to herein as the "conversion date." As promptly as practicable thereafter the Corporation shall issue and deliver to or upon the written order of such holder, at such office or other place designated by the Corporation, a certificate or certificates for the number of full shares of Common Stock to which he is entitled and a check, cash, scrip certificate or other adjustment in respect of any fraction of a share as provided in Section 12(d) below. The person in whose name the certificate or certificates for Common Stock are to be issued shall be deemed to have become a holder of such Common Stock of record on the conversion date unless the transfer books of the Corporation are closed on that date, in which event he shall be deemed to have become a holder of such Common Stock of record on the next succeeding date on which the transfer books are open, but the conversion rate shall be that in effect on the conversion date.

(c) No payment or adjustment shall be made for dividends accrued on any shares of Series A Preferred Stock converted or for dividends on any shares of Common Stock issuable on conversion.

(d) The Corporation shall not be required to issue any fraction of a share upon conversion of any share or shares of Series A Preferred Stock. If more than one share of Series A Preferred Stock shall be surrendered for conversion at one time by the same holder, the number of full shares of Common Stock issuable upon conversion thereof shall be computed on the basis of the total number of shares of Series A Preferred Stock so surrendered. If any fractional interest in a share of Common Stock would be deliverable upon conversion, the Corporation shall make an adjustment therefor in cash unless its Board of Directors shall have determined to adjust fractional interests by issuance of scrip certificates or in some other manner. Adjustment in cash shall be made on the basis of the current market value of one share of Common Stock, which shall be taken to be the last reported sale price of the Corporation's Common Stock on the principal stock exchange on which the Common Stock is then listed on the last business day before the conversion date or, if there was no reported sale on that date, the average of the closing bid and asked quotations on that exchange on that day or, if the Common Stock is not then listed on any stock exchange, the average of the lowest bid and the highest asked quotations in the over-the-counter market on that day.

(e) The issuance of Common Stock on conversion of Series A Preferred Stock shall be without charge to the converting holder of Series A Preferred Stock for any tax in respect of the issuance thereof, but the Corporation shall not be required to pay any tax which may be payable in respect of any transfer involved in the issuance and delivery of shares in any name other than that of the holder of record on the books of the Corporation of the shares of Series A Preferred Stock converted, and the Corporation shall not be required to issue or deliver any certificate for shares of Common Stock unless and until the person requesting the issuance thereof shall have paid to the Corporation the amount of such tax or shall have established to the satisfaction of the Corporation that such tax has been paid.

(f) The conversion rate provided in Section 12(a) shall be subject to the following adjustments, which shall be made to the nearest one-hundredth of a share of Common Stock or, if none, to the next lower one-hundredth:

(1) If the Corporation shall pay to the holders of its Common Stock a dividend in shares of Common Stock, the conversion rate in effect immediately prior to the record date fixed for the determination of the holders of Common Stock entitled to such dividend shall be proportionately increased, effective at the opening of business on the next following full business day.

(2) If the Corporation shall split the outstanding shares of its Common Stock into a greater number of shares or combine the outstanding shares into a smaller number, the conversion rate in effect immediately prior to such action shall be proportionately increased in the case of a split or decreased in the case of a combination, effective at the opening of business on the full business day next following the day such action becomes effective.

(3) If the Corporation shall issue to the holders of its Common Stock rights or warrants to subscribe for or purchase shares of its Common Stock at a price less than 90% of the Current Market Price (as defined below in this paragraph) of the Corporation's Common Stock at the record date fixed for the determination of the holders of Common Stock entitled to such rights or warrants, the conversion rate in effect immediately prior to said record date shall be increased, effective at the opening of business on the next following full business day, to an amount determined by multiplying such conversion rate by a fraction the numerator of which is the number of shares of Common Stock of the Corporation outstanding immediately prior to said record date plus the number of additional shares of its Common Stock offered for subscription or purchase and the denominator of which is said number of shares outstanding immediately prior to said record date plus the number of shares of Common Stock of the Corporation which the aggregate subscription or purchase price of the total number of shares so offered would purchase at the Current Market Price of the Corporation's Common Stock at said record date. The term "Current Market Price" at said record date shall mean the average of the daily last reported sale prices per share of the Corporation's Common Stock on the principal stock exchange on which the Common Stock is then listed during the 20 consecutive full business days commencing with the 30th full business day before said record date, provided that if there was no reported sale on any such day or days there shall be substituted the average of the closing bid and asked quotations on that exchange on that day, and provided further that if the Common Stock was not listed on any stock exchange on any such day or days there shall be substituted the average of the lowest bid and the highest asked quotations in the over-the-counter market on that day.

(g) No adjustment of the conversion rate provided in Section 12(a) shall be made by reason of the issuance of Common Stock for cash except as provided in Section 12(f)(3), or by reason of the issuance of Common Stock for property or services. Whenever the conversion rate is adjusted pursuant to Section 12(f), the Corporation shall (1) promptly place on file at its principal office and at the office of each of its transfer agents for the Series A Preferred Stock a statement signed by the Chairman of the Board, the President or a Vice President of the Corporation and by its Treasurer or an Assistant Treasurer showing in detail the facts requiring such adjustment and the conversion rate after such adjustment, and shall make such statement available for inspection by shareholders of the Corporation, and (2) cause a notice to be published at least once in a newspaper printed in the English language and of general circulation in the City of Philadelphia, Pennsylvania, or in the Borough of Manhattan, the City of New York, New York, stating that such adjustment has been made and the adjusted conversion rate.

(h) If the Corporation shall issue to the holders of its Common Stock rights or warrants to subscribe for or purchase shares of its Common Stock or any other security, or if the Corporation shall distribute to the holders of its Common Stock any evidences of indebtedness or any other assets (excluding dividends and distributions in cash), the Corporation shall mail to each holder of record of a share or shares of Series A Preferred Stock, at his address as it shall appear on the books of the Corporation, a notice stating the record date fixed or to be fixed for the determination of the holders of Common Stock of record entitled to such issuance or distribution. Such notice shall be mailed at least 10 days before such record date. Failure to mail such notice or any defect therein or failure of any addressee to receive it shall not affect the validity of such issuance or distribution or any vote thereon.

(i) In case of any reclassification or change in the outstanding shares of Common Stock of the Corporation (except a split or combination of shares) or in case of any consolidation or merger to which the Corporation is a party (except a merger in which the Corporation is the surviving corporation and which does not result in any reclassification of or change in the outstanding Common Stock of the Corporation except a split or combination of shares) or in case of any sale or conveyance to another corporation of all or substantially all of the property of the Corporation, effective provision shall be made by the Corporation or by the successor or purchasing corporation (1) that the holder of each share of Series A Preferred Stock then outstanding shall thereafter have the right to convert such share into the kind and amount of stock and other securities and property receivable upon such reclassification, change, consolidation, merger, sale or conveyance by a holder of the number of shares of Common Stock of the Corporation into which such share of Series A Preferred Stock might have been converted immediately prior thereto, and (2) that there shall be subsequent adjustments of the conversion rate which shall be equivalent, as nearly as practicable, to the adjustments provided for in Section 12(f). The provisions of this Section 12(i) shall similarly apply to successive reclassifications, changes, consolidations, mergers, sales or conveyances.

(j) Shares of Common Stock issued on conversion of shares of Series A Preferred Stock shall be issued as fully paid shares and shall be nonassessable by the Corporation. The Corporation shall at all times reserve and keep available for the purpose of effecting the conversion of Series A Preferred Stock, such number of its duly authorized shares of Common Stock as shall be sufficient to effect the conversion of all outstanding shares of Series A Preferred Stock.

(k) Shares of Series A Preferred Stock converted as provided herein shall not be reissued.

$1.80 CUMULATIVE CONVERTIBLE PREFERRED STOCK, SERIES B

13. *Designation.* A series of Preferred Stock designated $1.80 Cumulative Convertible Preferred Stock, Series B (Nonredeemable) (herein called “Series B Preferred Stock”) is hereby established consisting of 38,542 shares subject to increase or decrease in the number of shares in accordance with law.

14. *Dividends.* The dividend rate of shares of Series B Preferred Stock shall be $1.80 per share per year, payable quarterly on the tenth day of each March, June, September and December. Dividends shall be cumulative from the March 10, June 10, September 10 or December 10 next preceding the date of issue of each share, unless the date of issue is a quarterly dividend payment date or a date between the record date for the determination of holders of $1.80 Cumulative Convertible Preferred Stock, 1971 Series, of Provident National Corporation, a predecessor of the Corporation (such stock having been converted into the Series B Preferred Stock), entitled to receive a quarterly dividend and the date of payment of such quarterly dividend, in either of which events such dividends shall be cumulative from such quarterly dividend payment date.

15. *Liquidation.* The amount payable upon shares of Series B Preferred Stock in the event of voluntary or involuntary liquidation of the Corporation, prior to any payment to the holders of Common Stock or of any class or series of stock of the Corporation ranking as to assets subordinate to the Series B Preferred Stock, shall be $40.00 per share plus an amount equal to accrued and unpaid dividends thereon computed to the date on which payment thereof is made available, whether or not earned or declared.

16. *Rank.* The Series B Preferred Stock shall rank, as to dividends and assets, equally with the series of Preferred Stock of the Corporation designated $1.80 Cumulative Convertible Preferred Stock, Series A (Redeemable).

17. *Redemption.* Shares of Series B Preferred Stock shall not be redeemable.

18. *Voting rights.* Each holder of record of Series B Preferred Stock shall have the right to a number of votes equal to the number of full shares of Common Stock into which the share or shares of Series B Preferred Stock standing in his name on the books of the Corporation are at the time convertible.

19. *Conversion provisions.* (a) Shares of Series B Preferred Stock may, at the option of the holder, be converted into Common Stock of the Corporation (as such stock may be constituted on the conversion date) at the rate of two shares of Common Stock for each share of Series B Preferred Stock, subject to adjustment as provided herein.

(b) The holder of a share or shares of Series B Preferred Stock may exercise the conversion right as to any thereof by delivering to the Corporation during regular business hours, at its principal office or at the office of any of its transfer agents for the Series B Preferred Stock or at such other place as may be designated by the Corporation, the certificate or certificates for the shares to be converted, duly endorsed or assigned in blank or to the Corporation (if required by it), accompanied by written notice stating that the holder elects to convert such shares and stating the name or names (with address) in which the certificate or certificates for Common Stock are to be issued. Conversion shall be deemed to have been effected on the date when such delivery is made, and such date is referred to herein as the "conversion date." As promptly as practicable thereafter, the Corporation shall issue and deliver to or upon the written order of such holder, at such office or other place designated by the Corporation, a certificate or certificates for the number of full shares of Common Stock to which he is entitled and a check, cash, scrip certificate or other adjustment in respect of any fraction of a share as provided in Section 19(d) below. The person in whose name the certificate or certificates for Common Stock are to be issued shall be deemed to have become a holder of such Common Stock of record on the conversion date unless the transfer books of the Corporation are closed on that date, in which event he shall be deemed to have become a holder of such Common Stock of record on the next succeeding date on which the transfer books are open, but the conversion rate shall be that in effect on the conversion date.

(c) No payment or adjustment shall be made for dividends accrued on any shares of Series B Preferred Stock converted or for dividends on any shares of Common Stock issuable on conversion.

(d) The Corporation shall not be required to issue any fraction of a share upon conversion of any share or shares of Series B Preferred Stock. If more than one share of Series B Preferred Stock shall be surrendered for conversion at one time by the same holder, the number of full shares of Common Stock issuable upon conversion thereof shall be computed on the basis of the total number of shares of Series B Preferred Stock so surrendered. If any fractional interest in a share of Common Stock would be deliverable upon conversion, the Corporation shall make an adjustment therefor in cash unless its Board of Directors shall have determined to adjust fractional interests by issuance of scrip certificates or in some other manner. Adjustment in cash shall be made on the basis of the current market value of one share of Common Stock, which shall be taken to be the last reported sale price of the Corporation's Common Stock on the principal stock exchange on which the Common Stock is then listed on the last business day before the conversion date or, if there was no reported sale on that date, the average of the closing bid and asked quotations on that exchange on that day or, if the Common Stock is not then listed on any stock exchange, the average of the lowest bid and the highest asked quotations in the over-the-counter market on that day.

(e) The issuance of Common Stock on conversion of Series B Preferred Stock shall be without charge to the converting holder of Series B Preferred Stock for any tax in respect of the issuance thereof, but the Corporation shall not be required to pay any tax which may be payable in respect of any transfer involved in the issuance and delivery of shares in any name other than that of the holder of record on the books of the Corporation of the shares of Series B Preferred Stock converted, and the Corporation shall not be required to issue or deliver any certificate for shares of Common Stock unless and until the person requesting the issuance thereof shall have paid to the Corporation the amount of such tax or shall have established to the satisfaction of the Corporation that such tax has been paid.

(f) The conversion rate provided in Section 19(a) above shall be subject to the following adjustments, which shall be made to the nearest one-hundredth of a share of Common Stock or, if none, to the next lower one-hundredth:

(1) If the Corporation shall pay to the holders of its Common Stock a dividend in shares of Common Stock, the conversion rate in effect immediately prior to the record date fixed for the determination of the holders of Common Stock entitled to such dividend shall be proportionately increased, effective at the opening of business on the next following full business day.

(2) If the Corporation shall split the outstanding shares of its Common Stock into a greater number of shares or combine the outstanding shares into a smaller number, the conversion rate in effect immediately prior to such action shall be proportionately increased in the case of a split or decreased in the case of a combination, effective at the opening of business on the full business day next following the day such action becomes effective.

(3) If the Corporation shall issue to the holders of its Common Stock rights or warrants to subscribe for or purchase shares of its Common Stock at a price less than 90% of the Current Market Price (as defined below in this paragraph) of the Corporation's Common Stock at the record date fixed for the determination of the holders of Common Stock entitled to such rights or warrants, the conversion rate in effect immediately prior to said record date shall be increased, effective at the opening of business on the next following full business day, to an amount determined by multiplying such conversion rate by a fraction the numerator of which is the number of shares of Common Stock of the Corporation outstanding immediately prior to said record date plus the number of additional shares of its Common Stock offered for subscription or purchase and the denominator of which is said number of shares outstanding immediately prior to said record date plus the number of shares of Common Stock of the Corporation which the aggregate subscription or purchase price of the total number of shares so offered would purchase at the Current Market Price of the Corporation's Common Stock at said record date. The term "Current Market Price" at said record date shall mean the average of the daily last reported sale prices per share of the Corporation's Common Stock on the principal stock exchange on which the Common Stock is then listed during the 20 consecutive full business days commencing with the 30th full business day before said record date, provided that if there was no reported sale on any such day or days there shall be substituted the average of the closing bid and asked quotations on that exchange on that day, and provided further that if the Common Stock was not listed on any stock exchange on any such day or days there shall be substituted the average of the lowest bid and the highest asked quotations in the over-the-counter market on that day.

(g) No adjustment of the conversion rate provided in Section 19(a) above shall be made by reason of the issuance of Common Stock for cash except as provided in Section 19(f)(3) above, or by reason of the issuance of Common Stock for property or services. Whenever the conversion rate is adjusted pursuant to Section 19(f) above the Corporation shall (1) promptly place on file at its principal office and at the office of each of its transfer agents for the Series B Preferred Stock a statement signed by the Chairman of the Board, the President or a Vice President of the Corporation and by its Treasurer or an Assistant Treasurer showing in detail the facts requiring such adjustment and the conversion, rate after such adjustment, and shall make such statement available for inspection by shareholders of the Corporation, and (2) cause a notice to be published at least once in a newspaper printed in the English language and of general circulation in the City of Philadelphia, Pennsylvania, or in the Borough of Manhattan, the City of New York, New York, stating that such adjustment has been made and the adjusted conversion rate.

(h) If the Corporation shall issue to the holders of its Common Stock rights or warrants to subscribe for or purchase shares of its Common Stock or any other security, or if the Corporation shall distribute to the holders of its Common Stock any evidences of indebtedness or any other assets (excluding dividends and distributions in cash), the Corporation shall mail to each holder of record of a share or shares of Series B Preferred Stock, at his address as it shall appear on the books of the Corporation, a notice stating the record date fixed or to be fixed for the determination of the holders of Common Stock of record entitled to such issuance or distribution. Such notice shall be mailed at least 10 days before such record date. Failure to mail such notice or any defect therein or failure of any addressee to receive it shall not affect the validity of such issuance or distribution or any vote thereon.

(i) In case of any reclassification or change of the outstanding shares of Common Stock of the Corporation (except a split or combination of shares) or in case of any consolidation or merger to which the Corporation is a party (except a merger in which the Corporation is the surviving corporation and which does not result in any reclassification of or change in the outstanding Common Stock of the Corporation except a split or combination of shares) or in case of any sale or conveyance to another corporation of all or substantially all of the property of the Corporation, effective provision shall be made by the Corporation or by the successor or purchasing corporation (1) that the holder of each share of Series B Preferred Stock then outstanding shall thereafter have the right to convert such share into the kind and amount of stock and other securities and property receivable upon such reclassification, change, consolidation, merger, sale or conveyance by a holder of the number of shares of Common Stock of the Corporation into which such share of Series B Preferred Stock might have been converted immediately prior thereto, and (2) that there shall be subsequent adjustments of the conversion rate which shall be equivalent, as nearly as practicable, to the adjustments provided for in Section 19(f) above. The provisions of this Section 19(i) shall similarly apply to successive reclassifications, changes, consolidations, mergers, sales or conveyances.

(j) Shares of Common Stock issued on conversion of shares of Series B Preferred Stock shall be issued as fully paid shares and shall be nonassessable by the Corporation. The Corporation shall at all times reserve and keep available for the purpose of effecting the conversion of Series B Preferred Stock, such number of its duly authorized shares of Common Stock as shall be sufficient to effect the conversion of all outstanding shares of Series B Preferred Stock.

(k) Shares of Series B Preferred Stock converted as provided herein shall not be reissued.

20. *Retirement or sinking fund.* The shares of Series B Preferred Stock shall not be entitled to the benefit of any retirement or sinking fund to be applied to the purchase or redemption of such shares.

$1.60 CUMULATIVE CONVERTIBLE PREFERRED STOCK, SERIES C

21. *Designation.* A series of Preferred Stock designated “$1.60 Cumulative Convertible Preferred Stock, Series C” (herein called “Series C Preferred Stock”) is hereby established, consisting of 1,433,935 shares subject to increase or decrease in the number of shares in accordance with law.

22. *Rank.* Series C Preferred Stock shall rank, as to dividends and assets, equally with the Series A Preferred Stock and the Series B Preferred Stock and every other share of capital stock from time to time outstanding which is not Common Stock of the Corporation and which is not specifically made senior or subordinate to the Series C Preferred Stock as to dividends or assets.

23. *Dividends.* The dividend rate of shares of this series shall be $1.60 per share per year, payable in equal quarterly installments on the first day of each January, April, July and October. Dividends shall be cumulative from the January 1, April 1, July 1 and October 1 next preceding the date of issue of each share, unless the date of issue is a quarterly dividend payment date or a date between the record date for the determination of holders of record of Series C Preferred Stock entitled to receive a quarterly dividend and the date of payment of such quarterly dividend, in either of which events such dividends shall be cumulative from such dividend payment date.

24. *Liquidation.* The amount payable upon shares of Series C Preferred Stock in the event of voluntary or involuntary liquidation of the Corporation, prior to any payment to the holders of Common Stock or of any class or series of stock of the Corporation ranking as to assets subordinate to the Series C Preferred Stock, shall be $20.00 per share plus an amount equal to accrued and unpaid dividends thereon computed to the date on which payment thereof is made available, whether or not earned or declared.

25. *Redemption.* Shares of Series C Preferred Stock shall be redeemable at any time after February 1, 1989 at $20.00 per share plus an amount equal to accrued and unpaid dividends thereon computed to the date fixed for redemption, whether or not earned or declared.

26. *Voting rights.* Each holder of record of Series C Preferred Stock shall have the right to a number of votes equal to the number of full shares of Common Stock into which the share or shares of Series C Preferred Stock standing in his name on the books of the Corporation are at the time convertible.

27. *Conversion provisions.* (a) Shares of Series C Preferred Stock may, at the option of the holder, be converted into Common Stock of the Corporation (as such stock may be constituted on the conversion date) at the conversion price, determined as hereinafter provided, in effect at the time of conversion, subject to adjustment as provided herein; provided that, as to any shares of Series C Preferred Stock which shall have been called for redemption, the conversion right shall terminate at the close of business on the date fixed for redemption. The value of each share of Series C Preferred Stock for the purpose of such conversion shall be $20.00. The price at which shares of Common Stock of the Corporation shall be delivered upon conversion (herein called the “conversion price”) shall initially be $48.00 per share of Common Stock of the Corporation.

(b) The holder of a share or shares of Series C Preferred Stock may exercise the conversion right as to any thereof by delivering to the Corporation, during regular business hours, at its principal office or at the office of any of its transfer agents for the Series C Preferred Stock or at such other place as may be designated by the Corporation, the certificate or certificates for the shares to be converted, duly endorsed or assigned in blank or to the Corporation (if required by it), accompanied by written notice stating that the holder elects to convert such shares and stating the name or names (with address) in which the certificate or certificates for Common Stock are to be issued. Conversion shall be deemed to have been effected on the date when such delivery is made, and such date is referred to herein as the "conversion date." As promptly as practicable thereafter the Corporation shall issue and deliver to or upon the written order of such holder, at such office or other place designated by the Corporation, a certificate or certificates for the number of full shares of Common Stock to which he is entitled and cash, scrip certificate or other adjustment in respect of any fraction of a share as provided in Section 27(d) below. The person in whose name the certificate or certificates for Common Stock are to be issued shall be deemed to have become a holder of such Common Stock of record on the conversion date unless the transfer books of the Corporation are closed on that date, in which event he shall be deemed to have become a holder of such Common Stock of record on the next succeeding date on which the transfer books are open, but the conversion price shall be that in effect on the conversion date.

(c) No payment or adjustment shall be made for dividends accrued on any shares of Series C Preferred Stock converted or for dividends on any shares of Common Stock issuable on conversion.

(d) The Corporation shall not be required to issue any fraction of a share upon conversion of any share or shares of Series C Preferred Stock. If more than one share of Series C Preferred Stock shall be surrendered for conversion at one time by the same holder, the number of full shares of Common Stock issuable upon conversion thereof shall be computed on the basis of the total number of shares of Series C Preferred Stock so surrendered. If any fractional interest in a share of Common Stock would be deliverable upon conversion, the Corporation shall make an adjustment therefor in cash unless its Board of Directors shall have determined to adjust fractional interests by issuance of scrip certificates or in some other manner. Adjustment in cash shall be made on the basis of the current market value of one share of Common Stock, which shall be taken to be the last reported sale price of the Corporation's Common Stock on the principal stock exchange on which the Common Stock is then listed (or if not so listed, on the over-the-counter market) for the last business day before the conversion date or, if there was no reported sale on that day, the last reported sales price on the first preceding day for which such price is available.

(e) The issuance of Common Stock on conversion of Series C Preferred Stock shall be without charge to the converting holder of Series C Preferred Stock for any tax in respect of the issuance thereof, but the Corporation shall not be required to pay any tax which may be payable in respect of any transfer involved in the issuance and delivery of shares in any name other than that of the holder of record on the books of the Corporation of the shares of Series C Preferred Stock converted, and the Corporation shall not be required to issue or deliver any certificate for shares of Common Stock unless and until the person requesting the issuance thereof shall have paid to the Corporation the amount of such tax or shall have established to the satisfaction of the Corporation that such tax has been paid.

(f) The conversion rate provided in Section 27(a) shall be subject to the following adjustments, which shall be made to the nearest cent:

(1) If the Corporation shall pay to the holders of its Common Stock a dividend in shares of Common Stock, the conversion price in effect immediately prior to the record date fixed for the determination of the holders of Common Stock entitled to such dividend shall be proportionately decreased, effective at the opening of business on the next following full business day.

(2) If the Corporation shall split the outstanding shares of its Common Stock into a greater number of shares or combine the outstanding shares into a smaller number, the conversion price in effect immediately prior to such action shall be proportionately decreased in the case of a split or increased in the case of a combination, effective at the opening of business on the full business day next following the day such action becomes effective.

(3) If the Corporation shall issue to the holders of its Common Stock rights or warrants to subscribe for or purchase shares of its Common Stock at a price less than 90% of the Current Market Price (as defined below in this paragraph) of the Corporation's Common Stock at the record date fixed for the determination of the holders of Common Stock entitled to such rights or warrants, the conversion price in effect immediately prior to said record date shall be adjusted, effective at the opening of business on the next following full business day, to an amount determined by multiplying such conversion price by a fraction the numerator of which is the number of shares of Common Stock of the Corporation outstanding immediately prior to said record date plus the number of shares of Common Stock of the Corporation which the aggregate subscription or purchase price of the total number of shares so offered would purchase at the Current Market Price of the Corporation's Common Stock at said record date and the denominator of which is said number of shares outstanding immediately prior to said record date plus the number of additional shares of its Common Stock offered for subscription or purchase. The term "Current Market Price" at said record date shall mean the average of the daily last reported sale prices per share of the Corporation's Common Stock on the principal stock exchange on which the Common Stock is then listed (or if not so listed, then on the over-the-counter market) during the 20 consecutive full business days commencing with the 30th full business day before said record date, provided that if there was no reported sale on any such day or days there shall be substituted the average of the closing bid and asked quotations on that day obtained from the market specialist assigned to the Corporation (or a market maker in the case of the over-the-counter market).

(4) The Corporation may make such reductions in the conversion price, in addition to those required by the foregoing provisions, as it considers to be advisable in order that any event treated for federal income tax purposes as a dividend of stock or stock rights shall not be taxable to the recipients.

(g) No adjustment of the conversion price provided in Section 27(a) shall be made by reason of the issuance of Common Stock for cash except as provided in Section 27(f)(3), or by reason of the issuance of Common Stock for property or services. Whenever the conversion price is adjusted pursuant to Section 27(f), the Corporation shall (1) promptly place on file at its principal office and at the office of each of its transfer agents for the Series C Preferred Stock a statement signed by the Chairman of the Board, the President or a Vice President of the Corporation and by its Treasurer or an Assistant Treasurer showing in detail the facts requiring such adjustment and the conversion price after such adjustment, and shall make such statement available for inspection by shareholders of the Corporation, and (2) cause a notice to be published at least once in a newspaper printed in the English language and of general circulation in the City of Erie, Pennsylvania, or in the Borough of Manhattan, the City of New York, New York, stating that such adjustment has been made and the adjusted conversion price.

(h) If the Corporation shall issue to the holders of its Common Stock rights or warrants to subscribe for or purchase shares of its Common Stock or any other security, or if the Corporation shall distribute to the holders of its Common Stock any evidences of indebtedness or any other assets (excluding dividends and distributions in cash), the Corporation shall mail to each holder of record of a share or shares of Series C Preferred Stock, at his address as it shall appear on the books of the Corporation, a notice stating the record date fixed or to be fixed for the determination of the holders of Common Stock of record entitled to such issuance or distribution. Such notice shall be mailed at least 10 days before such record date. Failure to mail such notice or any defect therein or failure of any addressee to receive it shall not affect the validity of such issuance or distribution or any vote thereon.

(i) In case of any reclassification or change in the outstanding shares of Common Stock of the Corporation (except a split or combination of shares) or in case of any consolidation or merger to which the Corporation is a party (except a merger in which the Corporation is the surviving corporation and which does not result in any reclassification of or change in the outstanding Common Stock of the Corporation except an increase in the number of outstanding shares or a split or combination of shares) or in case of any sale or conveyance to another corporation of all or substantially all of the property of the Corporation, effective provision shall be made by the Corporation or by the successor or purchasing corporation (1) that the holder of each share of Series C Preferred Stock then outstanding shall thereafter have the right to convert such share into the kind and amount of stock and other securities and property receivable upon such reclassification, change, consolidation, merger, sale or conveyance by a holder of the number of shares of Common Stock of the Corporation into which such share of Series C Preferred Stock might have been converted immediately prior thereto, and (2) that there shall be subsequent adjustments of the conversion price which shall be equivalent, as nearly as practicable, to the adjustments provided for in Section 27(f). The provisions of this Section 27(i) shall similarly apply to successive reclassifications, changes, consolidations, mergers, sales or conveyances.

(j) Shares of Common Stock issued on conversion of shares of Series C Preferred Stock shall be issued as fully paid shares and shall be non-assessable by the Corporation. The Corporation shall at all times reserve and keep available for the purpose of effecting the conversion of Series C Preferred Stock, such number of its duly authorized shares of Common Stock as shall be sufficient to effect the conversion of all outstanding shares of Series C Preferred Stock.

(k) Shares of Series C Preferred Stock converted as provided herein shall not be reissued.

$1.80 CUMULATIVE CONVERTIBLE PREFERRED STOCK, SERIES D

28. *Designation.* A series of Preferred Stock designated “$1.80 Cumulative Convertible Preferred Stock, Series D” (herein called “Series D Preferred Stock”) is hereby established, consisting of 1,766,140 shares subject to increase or decrease in the number of shares in accordance with law.

29. *Rank.* Series D Preferred Stock shall rank, as to dividends and assets, equally with the Series A Preferred Stock, the Series B Preferred Stock and the Series C Preferred Stock and every other share of capital stock from time to time outstanding which is not Common Stock of the Corporation and which is not specifically made senior or subordinate to the Series D Preferred Stock as to dividends or assets.

30. *Dividends.* The dividend rate of shares of this series shall be $1.80 per share per year, payable in equal quarterly installments on the first day of each January, April, July and October. Dividends shall be cumulative from the January 1, April 1, July 1 and October 1 next preceding the date of issue of each share, unless the date of issue is a quarterly dividend payment date or a date between the record date for the determination of holders of record of Series D Preferred Stock entitled to receive a quarterly dividend and the date of payment of such quarterly dividend, in either of which events such dividends shall be cumulative from such dividend payment date.

31. *Liquidation.* The amount payable upon shares of Series D Preferred Stock in the event of voluntary or involuntary liquidation of the Corporation, prior to any payment to the holders of Common Stock or of any class or series of stock of the Corporation ranking as to assets subordinate to the Series D Preferred Stock, shall be $20.00 per share plus an amount equal to accrued and unpaid dividends thereon computed to the date on which payment thereof is made available, whether or not earned or declared.

32. *Redemption.* Shares of Series D Preferred Stock shall be redeemable at any time after February 1, 1990 at $20.00 per share plus an amount equal to accrued and unpaid dividends thereon computed to the date fixed for redemption, whether or not earned or declared.

33. *Voting rights.* Each holder of record of Series D Preferred Stock shall have the right to a number of votes equal to the number of full shares of Common Stock into which the share or shares of Series D Preferred Stock standing in his name on the books of the Corporation are at the time convertible.

34. *Conversion provisions*. (a) Shares of Series D Preferred Stock may, at the option of the holder, be converted into Common Stock of the Corporation (as such stock may be constituted on the conversion date) at the conversion price, determined as hereinafter provided, in effect at the time of conversion, subject to adjustment as provided herein; provided that, as to any shares of Series D Preferred Stock which shall have been called for redemption, the conversion right shall terminate at the close of business on the date fixed for redemption. The value of each share of Series D Preferred Stock for the purpose of such conversion shall be $20.00. The price at which shares of Common Stock of the Corporation shall be delivered upon conversion (herein called the “conversion price”) shall initially be $48.00 per share of Common Stock of the Corporation.

(b) The holder of a share or shares of Series D Preferred Stock may exercise the conversion right as to any thereof by delivering to the Corporation, during regular business hours, at its principal office or at the office of any of its transfer agents for the Series D Preferred Stock or at such other place as may be designated by the Corporation, the certificate or certificates for the shares to be converted, duly endorsed or assigned in blank or to the Corporation (if required by it), accompanied by written notice stating that the holder elects to convert such shares and stating the name or names (with address) in which the certificate or certificates for Common Stock are to be issued. Conversion shall be deemed to have been effected on the date when such delivery is made, and such date is referred to herein as the “conversion date”. As promptly as practicable thereafter the Corporation shall issue and deliver to or upon the written order of such holder, at such office or other place designated by the Corporation, a certificate or certificates for the number of full shares of Common Stock to which he is entitled and cash, scrip certificate or other adjustment in respect of any fraction of a share as provided in Section 34(d) below. The person in whose name the certificate or certificates for Common Stock are to be issued shall be deemed to have become a holder of such Common Stock of record on the conversion date unless the transfer books of the Corporation are closed on that date, in which event he shall be deemed to have become a holder of such Common Stock of record on the next succeeding date on which the transfer books are open, but the conversion price shall be that in effect on the conversion date.

(c) No payment or adjustment shall be made for dividends accrued on any shares of Series D Preferred Stock converted or for dividends on any shares of Common Stock issuable on conversion.

(d) The Corporation shall not be required to issue any fraction of a share upon conversion of any share or shares of Series D Preferred Stock. If more than one share of Series D Preferred Stock shall be surrendered for conversion at one time by the same holder, the number of full shares of Common Stock issuable upon conversion thereof shall be computed on the basis of the total number of shares of Series D Preferred Stock so surrendered. If any fractional interest in a share of Common Stock would be deliverable upon conversion, the Corporation shall make an adjustment therefor in cash unless its Board of Directors shall have determined to adjust fractional interests by issuance of scrip certificates or in some other manner. Adjustment in cash shall be made on the basis of the current market value of one share of Common Stock, which shall be taken to be the last reported sale price of the Corporation’s Common Stock on the principal stock exchange on which the Common Stock is then listed (or if not so listed, on the over-the-counter market) for the last business day before the conversion date or, if there was no reported sale on that day, the last reported sales price on the first preceding day for which such price is available.

(e) The issuance of Common Stock on conversion of Series D Preferred Stock shall be without charge to the converting holder of Series D Preferred Stock for any tax in respect of the issuance thereof, but the Corporation shall not be required to pay any tax which may be payable in respect of any transfer involved in the issuance and delivery of shares in any name other than that of the holder of record on the books of the Corporation of the shares of Series D Preferred Stock converted, and the Corporation shall not be required to issue or deliver any certificate for shares of Common Stock unless and until the person requesting the issuance thereof shall have paid to the Corporation the amount of such tax or shall have established to the satisfaction of the Corporation that such tax has been paid.

(f) The conversion price provided in Section 34(a) shall be subject to the following adjustments, which shall be made to the nearest cent:

(1) If the Corporation shall pay to the holders of its Common Stock a dividend in shares of Common Stock, the conversion price in effect immediately prior to the record date fixed for the determination of the holders of Common Stock entitled to such dividend shall be proportionately decreased, effective at the opening of business on the next following full business day.

(2) If the Corporation shall split the outstanding shares of its Common Stock into a greater number of shares or combine the outstanding shares into a smaller number, the conversion price in effect immediately prior to such action shall be proportionately decreased in the case of a split or increased in the case of a combination, effective at the opening of business on the full business day next following the day such action becomes effective.

(3) If the Corporation shall issue to the holders of its Common Stock rights or warrants to subscribe for or purchase shares of its Common Stock at a price less than 90% of the Current Market Price (as defined below in this paragraph) of the Corporation's Common Stock at the record date fixed for the determination of the holders of Common Stock entitled to such rights or warrants, the conversion price in effect immediately prior to said record date shall be adjusted, effective at the opening of business on the next following full business day, to an amount determined by multiplying such conversion price by a fraction the numerator of which is the number of shares of Common Stock of the Corporation outstanding immediately prior to said record date plus the number of shares of Common Stock of the Corporation which the aggregate subscription or purchase price of the total number of shares so offered would purchase at the Current Market Price of the Corporation's Common Stock at said record date and the denominator of which is said number of shares outstanding immediately prior to said record date plus the number of additional shares of its Common Stock offered for subscription or purchase. The term "Current Market Price" at said record date shall mean the average of the daily last reported sale prices per share of the Corporation's Common Stock on the principal stock exchange on which the Common Stock is then listed (or if not so listed, then on the over-the-counter market) during the 20 consecutive full business days commencing with the 30th full business day before said record date, provided that if there was no reported sale on any such day or days there shall be substituted the average of the closing bid and asked quotations on that day obtained from the market specialist assigned to the Corporation (or a market maker in the case of the over-the-counter market).

(4) The Corporation may make such reductions in the conversion price, in addition to those required by the foregoing provisions, as it considers to be advisable in order that any event treated for federal income tax purposes as a dividend of stock or stock rights shall not be taxable to the recipients.

(g) No adjustment of the conversion price provided in Section 34(a) shall be made by reason of the issuance of Common Stock for cash except as provided in Section 34(f)(3), or by reason of the issuance of Common Stock for property or services. Whenever the conversion price is adjusted pursuant to Section 34(f) the Corporation shall (1) promptly place on file at its principal office and at the office of each of its transfer agents for the Series D Preferred Stock a statement signed by the Chairman of the Board, the President or a Vice President of the Corporation and by its Treasurer or an Assistant Treasurer showing in detail the facts requiring such adjustment and the conversion price after such adjustment, and shall make such statement available for inspection by shareholders of the Corporation, and (2) cause a notice to be published at least once in a newspaper printed in the English language and of general circulation in the City of Scranton, Pennsylvania, or in the Borough of Manhattan, the City of New York, New York, stating that such adjustment has been made and the adjusted conversion price.

(h) If the Corporation shall issue to the holders of its Common Stock rights or warrants to subscribe for or purchase shares of its Common Stock or any other security, or if the Corporation shall distribute to the holders of its Common Stock any evidences of indebtedness or any other assets (excluding dividends and distributions in cash), the Corporation shall mail to each holder of record of a share or shares of Series D Preferred Stock, at his address as it shall appear on the books of the Corporation, a notice stating the record date fixed or to be fixed for the determination of the holders of Common Stock of record entitled to such issuance or distribution. Such notice shall be mailed at least 10 days before such record date. Failure to mail such notice or any defect therein or failure of any addressee to receive it shall not affect the validity of such issuance or distribution or any vote thereon.

(i) In case of any reclassification or change in the outstanding shares of Common Stock of the Corporation (except a split or combination of shares) or in case of any consolidation or merger to which the Corporation is a party (except a merger in which the Corporation is the surviving corporation and which does not result in any reclassification of or change in the outstanding Common Stock of the Corporation except an increase in the number of outstanding shares or a split or combination of shares) or in case of any sale or conveyance to another corporation of all or substantially all of the property of the Corporation, effective provision shall be made by the Corporation or by the successor or purchasing corporation (1) that the holder of each share of Series D Preferred Stock then outstanding shall thereafter have the right to convert such share into the kind and amount of stock and other securities and property receivable upon such reclassification, change, consolidation, merger, sale or conveyance by a holder of the number of shares of Common Stock of the Corporation into which such share of Series D Preferred Stock might have been converted immediately prior thereto, and (2) that there shall be subsequent adjustments of the conversion price which shall be equivalent, as nearly as practicable, to the adjustments provided for in Section 34(f). The provisions of this Section 34(i) shall similarly apply to successive reclassifications, changes, consolidations, mergers, sales or conveyances.

(j) Shares of Common Stock issued on conversion of shares of Series D Preferred Stock shall be issued as fully paid shares and shall be non-assessable by the Corporation. The Corporation shall at all times reserve and keep available for the purpose of effecting the conversion of Series D Preferred Stock, such number of its duly authorized shares of Common Stock as shall be sufficient to effect the conversion of all outstanding shares of Series D Preferred Stock.

(k) Shares of Series D Preferred Stock converted as provided herein shall not be reissued.

$2.60 CUMULATIVE NONVOTING PREFERRED STOCK, SERIES E

35. *Designation*. A series of Preferred Stock designated “$2.60 Cumulative Nonvoting Preferred Stock, Series E” (herein called “Series E Preferred Stock”) is hereby established, consisting of 338,100 shares subject to increase or decrease in the number of shares in accordance with law.

36. *Rank*. Series E Preferred Stock shall rank, as to dividends and assets, equally with the Series A Preferred Stock, the Series B Preferred Stock, the Series C Preferred Stock and the Series D Preferred Stock and every other share of capital stock from time to time outstanding which is not Common Stock of the Corporation and which is not specifically made senior or subordinate to the Series E Preferred Stock as to dividends or assets.

37. *Dividends*. The dividend rate of shares of this series shall be $2.60 per share per year, payable in equal quarterly installments on the first day of each January, April, July and October. Dividends shall be cumulative from the January 1, April 1, July 1 and October 1 next preceding the date of issue of each share, unless the date of issue is a quarterly dividend payment date or a date between the record date for the determination of holders of record of Series E Preferred Stock entitled to receive a quarterly dividend and the date of payment of such quarterly dividend, in either of which events such dividends shall be cumulative from such dividend payment date.

38. *Liquidation*. The amount payable upon shares of Series E Preferred Stock in the event of voluntary or involuntary liquidation of the Corporation, prior to any payment to the holders of Common Stock or of any class or series of stock of the Corporation ranking as to assets subordinate to the Series E Preferred Stock, shall be $27.75 per share plus an amount equal to accrued and unpaid dividends thereon computed to the date on which payment thereof is made available, whether or not earned or declared.

39. *Redemption*. Shares of Series E Preferred Stock shall be redeemable at any time after February 1, 1990 at $27.75 per share plus an amount equal to accrued and unpaid dividends thereon computed to the date fixed for redemption, whether or not earned or declared.

40. *Voting rights*. The holder of Series E Preferred Stock shall not be entitled to vote on any matter, except as otherwise required by law.

41. *Conversion rights*. The holders of Series E Preferred Stock shall have no right to convert shares of Series E Preferred Stock into any other security of the Corporation.

FIXED/ADJUSTABLE RATE NONCUMULATIVE PREFERRED STOCK, SERIES F

42. *Designation*. A series of Preferred Stock designated "Fixed/Adjustable Rate Noncumulative Preferred Stock, Series F" (herein called "Series F Preferred Stock") is hereby established, consisting of 6,000,000 shares subject to increase or decrease in the number of shares in accordance with law.

43. *Rank*. Series F Preferred Stock shall rank, as to dividends and assets, equally with the Series A Preferred Stock, the Series B Preferred Stock, the Series C Preferred Stock, the Series D Preferred Stock and every other share of capital stock from time to time outstanding which is not Common Stock of the Corporation and which is not specifically made senior to or subordinate to the Series F Preferred Stock as to dividends or assets.

44. *Dividends*. (a) Through September 29, 2001, the dividend rate per share of Series F Preferred Stock shall be 6.05% or $3.025 per annum, payable quarterly on March 31, June 30, September 30 and December 31 of each year (each a "Dividend Payment Date"), commencing December 31, 1996. The initial dividend for the dividend period commencing on October 9, 1996 to (but not including) December 31, 1996, shall be $.6806 per share and shall be payable on December 31, 1996. On and after September 30, 2001, dividends on the Series F Preferred Stock shall be payable quarterly on each Dividend Payment Date at the Applicable Rate (as defined in subsection (c) of this Section 44) per share from time to time in effect. If a Dividend Payment Date is not a business day, dividends (if declared) on the Series F Preferred Stock shall be paid on the immediately preceding business day. A dividend period with respect to a Dividend Payment Date is the period commencing on the immediately preceding Dividend Payment Date and ending on the day immediately prior to the next succeeding Dividend Payment Date. Each such dividend shall be payable to holders of record as they appear on the stock books of the Corporation on such record dates, not more than 30 nor less than 15 days preceding the payment dates thereof, as will be fixed by the Corporation's Board of Directors or a duly authorized committee thereof.

(b) Dividends on the Series F Preferred Stock shall not be cumulative and no rights shall accrue to the holders of the Series F Preferred Stock by reason of the fact that the Corporation may fail to declare or pay dividends on the Series F Preferred Stock in any amount in any year, whether or not the earnings of the Corporation in any year were sufficient to pay such dividends in whole or in part.

(c) Except as provided below in this subsection c of this Section 44, the "Applicable Rate" per annum for any dividend period beginning on or after September 30, 2001 shall be equal to .35% plus the Effective Rate (as hereinafter defined), but not less than 6.55% nor greater than 12.55% (without taking into account any adjustments as described in subsection (d) of this Section 44). The "Effective Rate" for any dividend period beginning on or after September 30, 2001 shall be equal to the highest of the Treasury Bill Rate, the Ten Year Constant Maturity Rate and the Thirty Year Constant Maturity Rate (each as hereinafter defined) for such dividend period. In the event that the Corporation determines in good faith that for any reason: (i) any one of the Treasury Bill Rate, the Ten Year Constant Maturity Rate or the Thirty Year Constant Maturity Rate cannot be determined for any dividend period, then the Effective Rate for such dividend period shall be equal to the higher of whichever two of such rates can be so determined; (ii) only one of the Treasury Bill Rate, the Ten Year Constant Maturity Rate or the Thirty Year Constant Maturity Rate can be determined for any dividend period, then the Effective Rate for such dividend period shall be equal to whichever such rate can be so determined; or (iii) none of the Treasury Bill Rate, the Ten Year Constant Maturity Rate or the Thirty Year Constant Maturity Rate can be determined for any dividend period, then the Effective Rate for the preceding dividend period shall be continued for such dividend period.

Except as described in this subsection (c) of this Section 44, the "Treasury Bill Rate" for each dividend period shall be the arithmetic average of the two most recent weekly per annum market discount rates (or the one weekly per annum market discount rate, if only one such rate is published during the relevant Calendar Period (as hereinafter defined)) for three-month U.S. Treasury bills, as published weekly by the Federal Reserve Board (as hereinafter defined) during the Calendar Period immediately preceding the last 10 calendar days preceding the dividend period for which the dividend rate on the Series F Preferred Stock is being determined. In the event that the Federal Reserve Board does not publish such a weekly per annum market discount rate during any such Calendar Period, then the Treasury Bill Rate for such dividend period shall be the arithmetic average of the two most recent weekly per annum market discount rates (or the one weekly per annum market discount rate, if only one such rate is published during the relevant

Calendar Period) for three-month U.S. Treasury bills, as published weekly during such Calendar Period by any Federal Reserve Bank or by any U.S. Government department or agency selected by the Corporation. In the event that a per annum market discount rate for three-month U.S. Treasury bills is not published by the Federal Reserve Board or by any Federal Reserve Bank or by any U.S. Government department or agency during such Calendar Period, then the Treasury Bill Rate for such dividend period shall be the arithmetic average of the two most recent weekly per annum market discount rates (or the one weekly per annum market discount rate, if only one such rate is published during the relevant Calendar Period) for all of the U.S. Treasury bills then having remaining maturities of not less than 80 nor more than 100 days, as published during such Calendar Period by the Federal Reserve Board or, if the Federal Reserve Board does not publish such rates, by any Federal Reserve Bank or by any U.S. Government department or agency selected by the Corporation. In the event that the Corporation determines in good faith that for any reason no such U.S. Treasury bill rates are published as provided above during such Calendar Period, then the Treasury Bill Rate for such dividend period shall be the arithmetic average of the per annum market discount rates based upon the closing bids during such Calendar Period for each of the issues of marketable non-interest-bearing U.S. Treasury securities with a remaining maturity of not less than 80 nor more than 100 days from the date of each such quotation, as chosen and quoted daily for each business day in New York City (or less frequently if daily quotations are not generally available) to the Corporation by at least three recognized dealers in U.S. Government securities selected by the Corporation. In the event that the Corporation determines in good faith that for any reason the Corporation cannot determine the Treasury Bill Rate for any dividend period as provided in this paragraph, the Treasury Bill Rate for such dividend period shall be the arithmetic average of the per annum market discount rates based upon the closing bids during such Calendar Period for each of the issues of marketable interest-bearing U.S. Treasury securities with a remaining maturity of not less than 80 or more than 100 days, as chosen and quoted daily for each business day in New York City (or less frequently if daily quotations are not generally available) to the Corporation by at least three recognized dealers in U.S. Government securities selected by the Corporation. Except as described in this subsection (c) of this Section 44, the "Ten Year Constant Maturity Rate" for each dividend period shall be the arithmetic average of the two most recent weekly per annum Ten Year Average Yields (as hereinafter defined) (or the one weekly per annum Ten Year Average Yield, if only one such yield is published during the relevant Calendar Period), as published weekly by the Federal Reserve Board during the Calendar Period immediately preceding the last 10 calendar days preceding the dividend period for which the dividend rate on the Series F Preferred Stock is being determined. In the event that the Federal Reserve Board does not publish such a weekly per annum Ten Year Average Yield during such Calendar Period, then the Ten Year Constant Maturity Rate for such dividend period shall be the arithmetic average of the two most recent weekly per annum Ten Year Average Yields (or the one weekly per annum Ten Year Average Yield, if only one such yield is published during the relevant Calendar Period), as published weekly during such Calendar Period by any Federal Reserve Bank or by any U.S. Government department or agency selected by the Corporation. In the event that a per annum Ten Year Average Yield is not published by the Federal Reserve Board or by any Federal Reserve Bank or by any U.S. Government department or agency during such Calendar Period, then the Ten Year Constant Maturity Rate for such dividend period shall be the arithmetic average of the two most recent weekly per annum average yields to maturity (or the one weekly per annum average yield to maturity, if only one such yield is published during the relevant Calendar Period) for all of the actively traded marketable U.S. Treasury fixed interest rate securities (other than Special Securities (as hereinafter defined)) then having remaining maturities of not less than eight nor more than 12 years, as published during such Calendar Period by the Federal Reserve Board or, if the Federal Reserve Board does not publish such yields, by any Federal Reserve Bank or by any U.S. Government department or agency selected by the Corporation. In the event that the Corporation determines in good faith that for any reason the Corporation cannot determine the Ten Year Constant Maturity Rate for any dividend period as provided above in this paragraph, then the Ten Year Constant Maturity Rate for such dividend period shall be the arithmetic average of the per annum average yields to maturity based upon the closing bids during such Calendar Period for each of the issues of actively traded marketable U.S. Treasury fixed interest rate securities (other than Special Securities) with a final maturity date not less than eight nor more than 12 years from the date of each such quotation, as chosen and quoted daily for each business day in New York City (or less frequently if daily quotations are not generally available) to the Corporation by at least three recognized dealers in U.S. Government securities selected by the Corporation.

Except as described in this subsection (c) of this Section 44, the “Thirty Year Constant Maturity Rate” for each dividend period shall be the arithmetic average of the two most recent weekly per annum Thirty Year Average Yields (as hereinafter defined) (or the one weekly per annum Thirty Year Average Yield, if only one such yield is published during the relevant Calendar Period), as published weekly by the Federal Reserve Board during the Calendar Period immediately preceding the last 10 calendar days preceding the dividend period for which the dividend rate on the Series F Preferred Stock is being determined. In the event that the Federal Reserve Board does not publish such a weekly per annum Thirty Year Average Yield during such Calendar Period, then the Thirty Year Constant Maturity Rate for such dividend period shall be the arithmetic average of the two most recent weekly per annum Thirty Year Average Yields (or the one weekly per annum Thirty Year Average Yield, if only one such yield is published during the relevant Calendar Period), as published weekly during such Calendar Period by any Federal Reserve Bank or by any U.S. Government department or agency selected by the Corporation. In the event that a per annum Thirty Year Average Yield is not published by the Federal Reserve Board or by any Federal Reserve Bank or by any U.S. Government department or agency during such Calendar Period, then the Thirty Year Constant Maturity Rate for such dividend period shall be the arithmetic average of the two most recent weekly per annum average yields to maturity (or the one weekly per annum average yield to maturity, if only one such yield is published during the relevant Calendar Period) for all of the actively traded marketable U.S. Treasury fixed interest rate securities (other than Special Securities) then having remaining maturities of not less than 28 nor more than 30 years, as published during such Calendar Period by the Federal Reserve Board or, if the Federal Reserve Board does not publish such yields, by any Federal Reserve Bank or by any U.S. Government department or agency selected by the Corporation. In the event that the Corporation determines in good faith that for any reason the Corporation cannot determine the Thirty Year Constant Maturity Rate for any dividend period as provided above in this paragraph, then the Thirty Year Constant Maturity Rate for such dividend period shall be the arithmetic average of the per annum average yields to maturity based upon the closing bids during such Calendar Period for each of the issues of actively traded marketable U.S. Treasury fixed interest rate securities (other than Special Securities) with a final maturity date not less than 28 nor more than 30 years from the date of each such quotation, as chosen and quoted daily for each business day in New York City (or less frequently if daily quotations are not generally available) to the Corporation by at least three recognized dealers in U.S. Government securities selected by the Corporation.

The Treasury Bill Rate, the Ten Year Constant Maturity Rate and the Thirty Year Constant Maturity Rate shall each be rounded to the nearest five hundredths of a percent, with .025% being rounded upward.

The Applicable Rate with respect to each dividend period beginning on or after September 30, 2001 shall be calculated as promptly as practicable by the Corporation according to the appropriate method described in this subsection (c) of this Section 44. The Corporation shall cause notice of each Applicable Rate to be enclosed with the dividend payment checks next mailed to the holders of Series F Preferred Stock.

For the purposes of this subsection (c) of this Section 44, the following terms shall have the following meanings: (i) “Calendar Period” means a period of 14 calendar days; (ii) “Federal Reserve Board” means the Board of Governors of the Federal Reserve System or any successor agency; (iii) “Special Securities” means securities which can, at the option of the holder, be surrendered at face value in payment of any Federal estate tax or which provide tax benefits to the holder and are priced to reflect such tax benefits or which were originally issued at a deep or substantial discount; (iv) the term “Ten Year Average Yield” means the average yield to maturity for actively traded marketable U.S. Treasury fixed interest rate securities (adjusted to constant maturities of 10 years); and (v) “Thirty Year Average Yield” means the average yield to maturity for actively traded Treasury fixed interest rate securities (adjusted to constant maturities of 30 years).

(d) If one or more amendments to the Internal Revenue Code of 1986, as amended (the "Code"), are enacted that change the percentage of the dividends received deduction (70% as of October 4, 1996) as specified in Section 243(a)(1) of the Code or any successor provision (the "Dividends Received Percentage"), as applicable to the Series F Preferred Stock, the amount of each dividend payable per share of the Series F Preferred Stock for dividend payments made on or after the later of the date of enactment or the effective date of such change shall be adjusted by multiplying the amount of the dividend payable determined as described under subsection (a) of this Section 44 (before adjustment) by a factor, which shall be the number determined in accordance with the following formula (the "DRD Formula"), and rounding the result to the nearest cent:

$$\frac{1 - [.35(1-.70)]}{1 - [.35(1\text{-DRP})]}$$

For purposes of the DRD Formula. "DRP" means the Dividends Received Percentage applicable to the dividend in question. No amendment to the Code, other than a change in the dividends received deduction set forth in Section 243(a)(1) of the Code or any successor provision, as applicable to the Series F Preferred Stock, shall give rise to an adjustment. Notwithstanding the foregoing provisions of this subsection (d) of this Section 44, in the event that, with respect to any such amendment, the Corporation shall receive an unqualified opinion of nationally recognized independent tax counsel selected by the Corporation and approved by Cravath, Swaine & Moore (which approval shall not be unreasonably withheld) or a private letter ruling or similar form of authorization from the Internal Revenue Service to the effect that such an amendment would not apply to dividends payable on the Series F Preferred Stock, then any such amendment shall not result in the adjustment provided for pursuant to the DRD Formula. The opinion referenced in the previous sentence shall be based upon a specific provision in the legislation or upon a published pronouncement of the Internal Revenue Service addressing such legislation. The Corporation's calculation of the dividends payable as so adjusted and as certified accurate as to calculation and reasonable as to method by the independent certified public accountants then regularly engaged by the Corporation, shall be final and not subject to review.

If any amendment to the Code which reduces the Dividends Received Percentage, as applicable to the Series F Preferred Stock, is enacted and becomes effective after a dividend payable on a Dividend Payment Date has been declared, the amount of dividend payable on such Dividend Payment Date shall not be increased; but instead, an amount, equal to the excess of (x) the product of the dividends paid by the Corporation on such Dividend Payment Date and the DRD Formula (where the DRP used in the DRD Formula would be equal to the reduced Dividends Received Percentage) and (y) the dividends paid by the Corporation on such Dividend Payment Date, shall be payable to holders of record on the next succeeding Dividend Payment Date in addition to any other amounts payable on such date.

If prior to April 1, 1997, an amendment to the Code is enacted that reduces the Dividends Received Percentage, as applicable to the Series F Preferred Stock, and such reduction retroactively applies to a Dividend Payment Date as to which the Corporation previously paid dividends on the Series F Preferred Stock (each an "Affected Dividend Payment Date"), the Corporation shall pay (if declared) additional dividends (the "Additional Dividends") on the next succeeding Dividend Payment Date (or if such amendment is enacted after the dividend payable on such Dividend Payment Date has been declared, on the second succeeding Dividend Payment Date following the date of enactment) to holders of record on such succeeding Dividend Payment Date in an amount equal to the excess of (x) the product of the dividends paid by the Corporation on each Affected Dividend Payment Date and the DRD Formula (where the DRP used in the DRD Formula would be equal to the Dividends Received Percentage applicable to each Affected Dividend Payment Date) over (y) the dividends paid by the Corporation on each Affected Dividend Payment Date.

Additional Dividends shall not be paid in respect of the enactment of any amendment to the Code on or after April 1, 1997 which retroactively reduces the Dividends Received Percentage, or if prior to April 1, 1997, such amendment would not result in an adjustment due to the Corporation having received either an opinion of counsel or tax ruling referred to in the third preceding paragraph. The Corporation shall only make one payment of Additional Dividends.

In the event that the amount of dividend payable per share of the Series F Preferred Stock shall be adjusted pursuant to the DRD Formula and/or Additional Dividends are to be paid, the Corporation will cause notice of each such adjustment and, if applicable, any Additional Dividends, to be sent to the holders of the Series F Preferred Stock.

In the event that the Dividends Received Percentage, applicable to the Series F Preferred Stock, is reduced to 40% or less, the Corporation may at its option, redeem the Series F Preferred Stock as a whole, but not in part, as described in Section 46 below.

45. *Liquidation.* The amount payable upon shares of Series F Preferred Stock in the event of voluntary or involuntary liquidation of the Corporation, prior to any payment to the holders of Common Stock or of any class or series of stock of the Corporation ranking as to assets subordinated to the Series F Preferred Stock, shall be $50.00 per share plus an amount equal to accrued and unpaid dividends, whether or not earned or declared, computed thereon from the immediately preceding Dividend Payment Date (but without cumulation for unpaid dividends for prior dividend periods on the Series F Preferred Stock) to the date on which payment thereof is made available.

46. *Redemption.* (a) Prior to September 30, 2001, shares of Series F Preferred Stock shall not be redeemable, except under the circumstances described in subsection (b) of this Section 46. Shares of Series F Preferred Stock shall be redeemable by the Corporation, in whole or in part, at any time and from time to time on and after September 30, 2001 at $50.00 per share plus an amount equal to accrued and unpaid dividends, whether or not earned or declared, computed thereon from the immediately preceding Dividend Payment Date (but without cumulation for unpaid dividends for prior dividend periods on the Series F Preferred Stock) to the date fixed for redemption, including any changes in dividends payable due to changes in the Dividends Received Percentage and Additional Dividends, if any (each as defined in subsection (d) of Section 44).

(b) Notwithstanding anything to the contrary in subsection (a) of this Section 46, if the Dividends Received Percentage is equal to or less than 40% and, as a result, the amount of dividends on the Series F Preferred Stock on any Dividend Payment Date will be or is adjusted upwards as described in subsection (d) of Section 44 above, the Corporation, at its option, may redeem all, but not less than all, of the outstanding shares of Series F Preferred Stock; provided, however, that within 60 days of the date on which an amendment to the Code is enacted which reduces the Dividends Received Percentage to 40 percent or less, the Corporation sends notice to the holders of the Series F Preferred Stock of such redemption. Any redemption of Series F Preferred Stock in accordance with this Section 46(b) shall take place on the date specified in the notice, which shall not be less than 30 days nor more than 60 days from the date such notice is sent to holders of Series F Preferred Stock. Any redemption of Series F Preferred Stock in accordance with this Section 46(b) shall be on notice as aforesaid at the applicable redemption price set forth in the following table, in each case plus accrued and unpaid dividends computed thereon from the immediately preceding Dividend Payment Date (but without any cumulation for unpaid dividends for prior dividend periods on Series F Preferred Stock) to the date fixed for redemption, including any changes in dividends payable due to changes in the Dividends Received Percentage and Additional Dividends, if any, whether or not earned or declared.

Redemption Period	**Redemption Price Per Share**
October 9, 1996 through September 29, 1997	$ 52.50
September 30, 1997 through September 29, 1998	$ 52.00
September 30, 1998 through September 29, 1999	$ 51.50
September 30, 1999 through September 29, 2000	$ 51.00
September 30, 2000 through September 29, 2001	$ 50.50
On or after September 30, 2001	$ 50.00

(c) Holders of Series F Preferred Stock shall have no right to require the redemption of shares of Series F Preferred Stock.

47. *Voting Rights.* Holders of Series F Preferred Stock shall have no voting rights except as set forth in Section 4 and Section 5 of ARTICLE SEVENTH of the Corporation's Articles of Incorporation or as otherwise required from time to time by law.

48. *Conversion Rights.* Shares of Series F Preferred Stock shall not be convertible into shares of Common Stock or any other security of the Corporation.

JUNIOR PARTICIPATING PREFERRED STOCK, SERIES G

49. *Designation and Amount.* The shares of such series shall be designated as "Series G Junior Participating Preferred Stock" (the "Series G Preferred Stock") and the number of shares constituting the Series G Preferred Stock initially shall be 450,000. Such number of shares may be increased or decreased by resolution of the Board of Directors; *provided*, that no decrease shall reduce the number of shares of Series G Preferred Stock to a number less than the number of shares then outstanding plus the number of shares reserved for issuance upon the exercise of outstanding options, rights or warrants or upon the conversion of any outstanding securities issued by the Corporation convertible into Series G Preferred Stock.

50. *Dividends and Distributions.*

(A) Subject to the rights of the holders of any shares of any series of Preferred Stock (or any similar stock) ranking prior and superior to the Series G Preferred Stock with respect to dividends, the holders of shares of Series G Preferred Stock, in preference to the holders of Common Stock, par value $5.00 per share (the "Common Stock"), of the Corporation, and of any other junior stock, shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available for the purpose, quarterly dividends payable in cash on the first day of March, June, September and December in each year (each such date being referred to herein as a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date after the first issuance of a share or fraction of a share of Series G Preferred Stock, in an amount per share (rounded to the nearest cent) equal to the greater of (a) $0.10 or (b) subject to the provision for adjustment hereinafter set forth, 1,000 times the aggregate per share amount of all cash dividends, and 1,000 times the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions, other than a dividend payable in shares of Common Stock or a subdivision of the outstanding shares of Common Stock (by reclassification or otherwise), declared on the Common Stock since the immediately preceding Quarterly Dividend Payment Date or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of Series G Preferred Stock. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the amount to which holders of shares of Series G Preferred Stock were entitled immediately prior to such event under clause (b) of the preceding sentence shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) The Corporation shall declare a dividend or distribution on the Series G Preferred Stock as provided in paragraph (A) of this Section immediately after it declares a dividend or distribution on the Common Stock (other than a dividend payable in shares of Common Stock); provided that, in the event no dividend or distribution shall have been declared on the Common Stock during the period between any Quarterly Dividend Payment Date and the next subsequent Quarterly Dividend Payment Date, a dividend of $0.10 per share on the Series G Preferred Stock shall nevertheless be payable on such subsequent Quarterly Dividend Payment Date.

(C) Dividends shall begin to accrue and be cumulative on outstanding shares of Series G Preferred Stock from the Quarterly Dividend Payment Date next preceding the date of issue of such shares, unless the date of issue of such shares is prior to the record date for the first Quarterly Dividend Payment Date, in which case dividends on such shares shall begin to accrue from the date of issue of such shares, or unless the date of issue is a Quarterly Dividend Payment Date or is a date after the record date for the determination of holders of shares of Series G Preferred Stock entitled to receive a quarterly dividend and before such Quarterly Dividend Payment Date, in either of which events such dividends shall begin to accrue and be cumulative from such Quarterly Dividend Payment Date. Accrued but unpaid dividends shall not bear interest. Dividends paid on the shares of Series G Preferred Stock in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding. The Board of Directors may fix a record date for the determination of holders of shares of Series G Preferred Stock entitled to receive payment of a dividend or distribution declared thereon, which record date shall be not more than 60 days prior to the date fixed for the payment thereof.

51. *Voting Rights.* The holders of shares of Series G Preferred Stock shall have the following voting rights:

(A) Subject to the provision for adjustment hereinafter set forth, each share of Series G Preferred Stock shall entitle the holder thereof to 1,000 votes on all matters submitted to a vote of the shareholders of the Corporation. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the number of votes per share to which holders of shares of Series G Preferred Stock were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) Except as otherwise provided herein, in any other Statement with Respect to Shares pursuant to Section 1522 of the Business Corporation Law or amendment to the Corporation's Amended and Restated Articles of Incorporation creating a series of Preferred Stock or any similar stock, or by law, the holders of shares of Series G Preferred Stock and the holders of shares of Common Stock and any other capital stock of the Corporation having general voting rights shall vote together as one class on all matters submitted to a vote of shareholders of the Corporation.

(C) Except as set forth herein, or as otherwise provided by law, holders of Series G Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock as set forth herein) for taking any corporate action.

52. *Certain Restrictions.*

(A) Whenever quarterly dividends or other dividends or distributions payable on the Series G Preferred Stock as provided in Section 50 are in arrears, thereafter and until all accrued and unpaid dividends and distributions, whether or not declared, on shares of Series G Preferred Stock outstanding shall have been paid in full, the Corporation shall not:

(i) declare or pay dividends, or make any other distributions, on any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series G Preferred Stock;

(ii) declare or pay dividends, or make any other distributions, on any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series G Preferred Stock, except dividends paid ratably on the Series G Preferred Stock and all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled;

(iii) redeem or purchase or otherwise acquire for consideration shares of any stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series G Preferred Stock, provided that the Corporation may at anytime redeem, purchase or otherwise acquire shares of any such junior stock in exchange for shares of any stock of the Corporation ranking junior (either as to dividends or upon dissolution, liquidation or winding up) to the Series G Preferred Stock; or

(iv) redeem or purchase or otherwise acquire for consideration any shares of Series G Preferred Stock, or any shares of stock ranking on a parity with the Series G Preferred Stock, except in accordance with a purchase offer made in writing or by publication (as determined by the Board of Directors) to all holders of such shares upon such terms as the Board of Directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

(B) The Corporation shall not permit any subsidiary of the Corporation to purchase or otherwise acquire for consideration any shares of stock of the Corporation unless the Corporation could, under paragraph (A) of this Section 52, purchase or otherwise acquire such shares at such time and in such manner.

53. *Reacquired Shares.* Except as otherwise provided by action of the Board of Directors, any shares of Series G Preferred Stock purchased or otherwise acquired by the Corporation in any manner whatsoever (other than by conversion) shall not be retired or cancelled but shall become authorized but unissued shares of Preferred Stock and maybe reissued as part of the same or a new series of Preferred Stock subject to the conditions and restrictions on issuance set forth herein, in the Amended and Restated Articles of Incorporation of the Corporation, or in any other Statement with Respect to Shares pursuant to Section 1522 of the Business Corporation Law creating a series of Preferred Stock or any similar stock or as otherwise required by law.

54. *Liquidation, Dissolution or Winding Up.* Upon any liquidation, dissolution or winding up of the Corporation, no distribution shall be made (1) to the holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series G Preferred Stock unless, prior thereto, the holders of shares of Series G Preferred Stock shall have received $1.00 per share, plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment, provided that the holders of shares of Series G Preferred Stock shall be entitled to receive an aggregate amount per share, subject to the provision for adjustment hereinafter set forth, equal to 1,000 times the aggregate amount to be distributed per share to holders of shares of Common Stock, or (2) to the holders of shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series G Preferred Stock, except distributions made ratably on the Series G Preferred Stock and all such parity stock in proportion to the total amounts to which the holders of all such shares are entitled upon such liquidation, dissolution or winding up. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the aggregate amount to which holders of shares of Series G Preferred Stock were entitled immediately prior to such event under the proviso in clause (1) of the preceding sentence shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

55. *Consolidation, Merger, etc.* In case the Corporation shall enter into any consolidation, merger, combination, division or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, then in any such case each share of Series G Preferred Stock shall at the same time be similarly exchanged or changed into an amount per share, subject to the provision for adjustment hereinafter set forth, equal to 1,000 times the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each share of Common Stock is changed or exchanged. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the amount set forth in the preceding sentence with respect to the exchange or change of shares of Series G Preferred Stock shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

56. *No Redemption.* The shares of Series G Preferred Stock shall not be redeemable.

57. *Rank.* The Series G Preferred Stock shall rank, with respect to the payment of dividends and the distribution of assets, junior to all series of any other class of the Corporation's Preferred Stock.

58. *Amendment.* If any shares of Series G Preferred Stock are then outstanding, the Amended and Restated Articles of Incorporation of the Corporation shall not be amended in any manner which would materially alter or change the powers, preferences or special rights of the Series G Preferred Stock so as to affect them adversely without the affirmative vote of the holders of at least two-thirds of the outstanding shares of Series G Preferred Stock, voting together as a single class.

7.00% NON-CUMULATIVE PREFERRED STOCK, SERIES H

59. *Designation.* A series of Preferred Stock designated "7.00% Non-cumulative Preferred Stock, Series H" (herein called "Series H Preferred Stock") shall be established, consisting of 7,500 shares, $1.00 par value per share and having a liquidation preference of $100,000 per share.

60. *Issuance upon Conditional Exchange.* (a) The Series H Preferred Stock shall be issued by the Corporation upon the direction by the United States Office of the Comptroller of the Currency (the "OCC") to exchange all of the Series A Preferred Stock of PNC REIT Corp. (the "REIT Series A Preferred Stock"), on a share-for-share basis, for the Series H Preferred Stock (a "Conditional Exchange") in connection with the occurrence of one of the following: (i) PNC Bank, National Association ("PNC Bank") becomes "undercapitalized" under prompt corrective action 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 supervisory action that limits the payment of dividends by PNC REIT Corp. (a "Supervisory Event"). Upon the occurrence of a Conditional Exchange, each share of REIT Series A Preferred Stock shall be exchanged for one share of Series H Preferred Stock in accordance with the terms and conditions described herein and in the Certificate of Incorporation of PNC REIT Corp.

(b) Upon the Conditional Exchange, each holder of REIT Series A Preferred Stock shall be unconditionally obligated to surrender to the Corporation any certificates representing each share of REIT Series A Preferred Stock held by such holder, and the Corporation shall be unconditionally obligated to issue to such holder, in exchange for each such share of REIT Series A Preferred Stock surrendered, a share of Series H Preferred Stock on a share-for-share basis.

(c) The Conditional Exchange shall occur as of 10:00 a.m. Eastern Time on the date for such exchange set forth in the applicable OCC directive, or, if such date is not set forth in the directive, as of 10:00 a.m. Eastern Time on the earliest possible date such exchange could occur consistent with the directive, as determined by the Corporation. As of the time of the Conditional Exchange, all of the REIT Series A Preferred Stock will be deemed cancelled and will cease to be outstanding without any further action on the part of PNC RETT Corp. (the "REIT"), the Corporation or any other person, all rights of the holders of the REIT Series A Preferred Stock as stockholders of the REIT shall cease, and such persons shall thereupon and thereafter be deemed to be and shall be for all purposes solely holders of Series H Preferred Stock. Until replacement certificates representing Series H Preferred Stock are delivered (or in the event such replacement certificates are not delivered), any certificates previously representing the REIT Series A Preferred Stock shall be deemed for all purposes to represent Series H Preferred Stock.

(d) Any REIT Series A Preferred Stock purchased or redeemed by the REIT in accordance with the Certificate of Incorporation of the REIT prior to the time of the Conditional Exchange shall not be subject to the Conditional Exchange. In the event of a Conditional Exchange, any declared and unpaid dividends on the REIT Series A Preferred Stock as of the time of the Conditional Exchange shall be deemed to be declared and unpaid dividends on the Series H Preferred Stock.

61. *Rank.* Series H Preferred Stock shall rank, as to dividends and assets, *pari passu* with the Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, Series E Preferred Stock and Series F Preferred Stock and senior to the Series G Preferred Stock.

62. *Dividends*. (a) The dividend rate for the Series H Preferred Stock shall be 7.00% per share per annum of the initial liquidation preference of $100,000 per share, accruing from the date of its issuance to and including the last day of March, the last day of June, the last day of September or the last day of December, whichever occurs first after such issuance (such period being the "Initial Dividend Period") and then for each dividend payment period thereafter, commencing on April 1, July 1, October 1 or January 1, as the case maybe, of each year and ending on and including the day next preceding the first day of the next quarterly period (each such period, including the Initial Dividend Period, being a "Dividend Period"). Until no longer outstanding, the holders of the Series H Preferred Stock shall be entitled to receive such cash dividends, and no more, and the Corporation shall be bound to pay the same, but only as, if and when declared by the Board of Directors, on March 31, June 30, September 30 and December 31 of each year (each a "Dividend Payment Date") for the Dividend Period ending on such dates, respectively. If a Dividend Payment Date is not a business day, the dividends (if declared) shall be paid on the immediately preceding business day. The amount of dividends payable for the Initial Dividend Period or any period shorter than a full Dividend Period shall be computed on the basis of a 360-day year having 30-day months and the actual number of days elapsed in the period. Each such dividend shall be payable to holders of record of the Series H Preferred Stock as they appear on the stock books of the Corporation on the respective record dates fixed for such purpose by the Board of Directors in advance of payment of such dividend, which shall be the 15th calendar day of the last calendar month of the applicable Dividend Period. If any dividend record date is not a business day then the dividend record date for the applicable Dividend Period shall be the immediately preceding business day.

(b) Dividends on the Series H Preferred Stock shall not be cumulative and no rights shall accrue to the holders of the Series H Preferred Stock by reason of the fact that the Corporation may fail to declare or pay dividends on the Series H Preferred Stock in any amount in any year, whether or not the earnings of the Corporation in any year were sufficient to pay such dividends in whole or in part and whether or not dividends are declared and paid for any future Dividend Period, with respect to any series of the Preferred Stock or the Common Stock of the Corporation.

63. *Liquidation.* The amount payable on the Series H Preferred Stock in the event of any voluntary or involuntary liquidation, dissolution or winding-up of affairs of the Corporation shall be $100,000 per share, plus authorized, declared but unpaid dividends up to the date of such liquidation, dissolution or winding-up of affairs of the Corporation, and no more, before any distribution shall be made to the holders of any shares of common stock and all other classes and series of securities of the Corporation which rank junior to the Series H Preferred Stock as to dividends and distributions.

64. *Redemption.* On or after September 30, 2025, the Corporation may redeem the Series H Preferred Stock for cash, in whole or in part, at a price equal to $100,000 per share of Series H Preferred Stock, plus authorized, declared but unpaid dividends to the date fixed for redemption, without interest, on shares redeemed.

65. *Voting rights.* The holders of the Series H Preferred Stock shall not be entitled to vote on any matter, except as otherwise required by law.

67. *Conversion rights.* The holders of the Series H Preferred Stock shall have no right to convert shares of Series H Preferred Stock into shares of any other security of the Corporation.

68. *Retirement or sinking fund.* The shares of Series H Preferred Stock shall not be entitled to the benefit of any retirement or sinking fund to be applied to the purchase or redemption of such shares.

FIXED-TO-FLOATING RATE NON-CUMULATIVE PERPETUAL PREFERRED STOCK, SERIES I

69. *Designation*. A series of Preferred Stock designated "Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series I" (herein called "Series I Preferred Stock") shall be established, consisting of 5,000 shares, $1.00 par value per share and having a liquidation preference of $100,000 per share.

70. *Issuance upon Conditional Exchange*.

(a) The shares of Series I Preferred Stock shall be issued only upon direction by the United States Office of the Comptroller of the Currency (together with any successor United States federal bank regulatory authority that is the primary supervisory agency for PNC Bank, the OCC) to exchange the Fixed-to-Floating Rate Non-cumulative Exchangeable Perpetual

Trust Securities, liquidation preference $100,000 per security (the “Trust Securities”), of PNC Preferred Funding Trust II, a Delaware statutory trust, on a security-for-security basis, for the Series I Preferred Stock (a “Series I Conditional Exchange”), in connection with the occurrence of one of the following: (i) PNC Bank becomes “undercapitalized” under the OCC’s “prompt corrective action” 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 supervisory action that limits the payment of dividends by PNC Bank (each of (i) through (iii), a “Series I Conditional Exchange Event”).

(b) The Series I Conditional Exchange will occur as of 8:00 A.M. New York time, on the date for such exchange set forth in the applicable OCC directive, or, if such date is not set forth in the directive, as of 8:00 A.M., New York time, on the earliest possible date such exchange could occur consistent with the directive, as determined by the Corporation and as evidenced by the issuance by the Corporation of a press release prior to such time.

(c) The Corporation will mail notice of the issuance of an OCC directive after the occurrence of a Series I Conditional Exchange Event to each holder of Trust Securities within 30 days, and the Corporation will deliver (or cause to be delivered) to each such holder Series I Preferred Stock upon surrender of the Trust Securities.

71. *Ranking*. The shares of Series I Preferred Stock shall rank:

(a) senior, as to dividends or upon liquidation, dissolution and winding up, to the Common Stock, and senior, as to dividends or upon liquidation, dissolution and winding up, to Series G and all other classes and series of capital stock of the Corporation now or hereafter authorized, issued or outstanding that, by their terms, do not expressly provide that they rank *pari passu* with the Series I Preferred Stock as to dividends or upon liquidation, dissolution and winding up, as the case may be (collectively, “Series I Junior Securities”); and

(b) on a parity, as to dividends or upon liquidation, dissolution and winding up with the Series A, Series B, Series C, Series D, Series E, Series F and Series H, and with each class or series of preferred capital stock of the Corporation hereafter authorized, issued or outstanding which specify that they are *pari passu* with the Series I Preferred Stock (collectively, “Series I Parity Securities”).

The Corporation may authorize and issue additional shares of Series I Junior Securities and Series I Parity Securities without the consent of the holders of the Series I Preferred Stock. The holders of shares of Series I Preferred Stock will have no preemptive rights with respect to any shares of the Corporation’s capital stock or any of its other securities convertible into or carrying rights or options to purchase any such capital stock.

72. *Dividends*.

(a) Dividends on the Series I Preferred Stock, if, when and as declared by the Corporation’s Board of Directors out of its legally available funds, will be payable on each Series I Dividend Payment Date on a non-cumulative basis at an annual rate of 6.113% to, but not including, March 15, 2012 (whether or not a Business Day) if issued before March 15, 2012 and 3-Month USD LIBOR plus 1.2225% on March 15, 2012 and thereafter on the liquidation preference thereof, which is $100,000 per share, from and including the date of its issuance.

(b) Dividends on the Series I Preferred Stock, if, when and as declared by the Corporation’s Board of Directors, will be payable on March 15th, June 15th, September 15th and December 15th of each year, or if any such day is not a Business Day, the next Business Day (each, a “Series I Dividend Payment Date”). If no shares of Series I Preferred Stock have been issued prior to March 15, 2012, a Series I Dividend Payment Date shall be deemed to have occurred on the date of issuance, if such issuance date is a distribution payment date with respect to the Trust Securities or, if such issuance date is not a distribution payment date with respect to the Trust Securities, on the immediately preceding distribution payment date with respect to the Trust Securities for purposes of determining the dividend rate.

(c) Each period from and including a Series I Dividend Payment Date (or the date of issuance of the Series I Preferred Stock) to but excluding the following Series I Dividend Payment Date is referred to herein as a “Series I Dividend Period,” except that if the Series I Preferred Stock is outstanding on March 15, 2012, the Series I Dividend Period ending in March 2012 shall be to but not including March 15, 2012 (whether or not a Business Day) and the Series I Dividend Period ending in June 2012 shall commence on March 15, 2012 (whether or not a Business Day). Dividends payable on the Series I Preferred Stock will be computed on the basis of (x) for any Series I Dividend Periods ending prior to the Series I Dividend Payment Date in March 2012, twelve 30-day months, a 360-day year, and the actual number of days elapsed in the period, and (y) for any Series I Dividend Period thereafter, the actual number of days in the relevant period divided by 360. No interest will be paid on any dividend payment on the Series I Preferred Stock.

(d) The record date for the payment of dividends, if declared, will be the first day of the month in which the relevant Series I Dividend Payment Date occurs or, if any such day is not a Business Day, the first Business Day thereafter.

(e) Dividends on the Series I Preferred Stock are non-cumulative. If the Corporation's Board of Directors does not declare a dividend on the Series I Preferred Stock or declares less than a full dividend in respect of any Series I Dividend Period, the holders of the Series I Preferred Stock will have no right to receive any dividend or a full dividend, as the case may be, for the Series I Dividend Period, and the Corporation will have no obligation to pay a dividend or to pay full dividends for that Series I Dividend Period, whether or not the earnings of the Corporation were sufficient to pay such dividends in whole or in part and whether or not dividends are declared and paid for any future Series I Dividend Period with respect to the Series I Preferred Stock, the Corporation's common stock or any other class or series of the Corporation's preferred stock.

(f) If full dividends on the Series I Preferred Stock for the then current Series I Dividend Period shall not have been declared and paid when due, or declared and a sum sufficient for the payment thereof set apart for payment at the time due for payment, no dividends shall be declared or paid or set apart for payment and no other distribution shall be declared or made or set apart for payment upon the Common Stock or any other Series I Junior Securities (other than distributions payable in Common Stock or Series I Junior Securities), nor shall any Common Stock, any other Series I Junior Securities or any Series I Parity Securities be redeemed, purchased or otherwise acquired for any consideration (or any monies be paid to or made available to a sinking fund for such purpose) by the Corporation (except as a result of reclassification of Series I Junior Securities for or into other Series I Junior Securities, or by conversion into or exchange for other Series I Junior Securities).

(g) When dividends are not paid in full (or a sum sufficient for such full payment is not set apart) upon the Series I Preferred Stock or any Series I Parity Securities, all dividends declared upon the Series I Preferred Stock and the Series I Parity Securities shall be declared *pro rata* so that the amount of dividends declared per share on the Series I Preferred Stock and the Series I Parity Securities shall in all cases bear to each other the same ratio that full dividends per share on the Series I Preferred Stock for the then-current Series I Dividend Period (which shall not include any accumulation in respect of unpaid dividends for prior Series I Dividend Periods) and full dividends per share, including required or permitted accumulations, if any, on the Series I Parity Securities bear to each other.

(h) Holders of shares of the Series I Preferred Stock shall not be entitled to any dividend, whether payable in cash, property or stock, in excess of full dividends, as herein provided. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on the shares of the Series I Preferred Stock which may be in arrears.

73. *Liquidation*.

(a) In the event the Corporation voluntarily or involuntarily liquidates, dissolves or winds up, the holders of Series I Preferred Stock at the time outstanding will be entitled to receive liquidating distributions in the amount of $100,000 per share, plus an amount equal to declared but unpaid dividends for the current Series I Dividend Period to the date of liquidation, out of the Corporation's assets legally available for distribution to its shareholders, before any distribution of assets is made to holders of the Corporation's common stock or any Series I Junior Securities and subject to the rights of the holders of any Series I Parity Securities and the rights of its depositors and creditors.

(b) After payment of the full amount of the liquidating distributions to which they are entitled, the holders of the Series I Preferred Stock will have no right or claim to any of the Corporation's remaining assets. In the event that, upon any such voluntary or involuntary liquidation, dissolution, or winding up, the Corporation's available assets are insufficient to pay the amount of the liquidation distributions on all outstanding Series I Preferred Stock and the corresponding amounts payable on any Series I Parity Securities, then the holders of the Series I Preferred Stock and any Series I Parity Securities will share ratably in any such distribution of assets in proportion to the full liquidating distributions to which they would otherwise be respectively entitled.

(c) Neither the voluntary sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property and assets of the Corporation, nor the merger or consolidation of the Corporation with or into any one or more other persons, shall be deemed to be a voluntary or involuntary liquidation, dissolution or winding up for the purposes of this Section 73(c), unless such voluntary sale, conveyance, exchange or transfer shall be in connection with a plan of liquidation, dissolution or winding up of the Corporation.

74. *Redemption*.

(a) Shares of Series I Preferred Stock are not redeemable at the option of the holders thereof. Shares of Series I Preferred Stock are redeemable:

(i) in whole but not in part, on any Series I Dividend Payment Date prior to the Series I Dividend Payment Date in March 2012 upon the occurrence of a Regulatory Capital Event or a Rating Agency Event, at a cash redemption price equal to the sum of: (A) the greater of: (1) $100,000 per share of Series I Preferred Stock or (2) the sum of present values of $100,000 per share of Series I Preferred Stock and all undeclared dividends for the Series I Dividend Periods from the redemption date to and including the Series I Dividend Payment Date in March 2012, discounted to the redemption date on a quarterly basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate, as calculated by an Independent Investment Banker, *plus* 0.50%; *plus* (B) any declared and unpaid dividends to the redemption date;

(ii) in whole but not in part, on any Series I Dividend Payment Date prior to the Series I Dividend Payment Date in March 2012 for any reason other than a Regulatory Capital Event or a Rating Agency Event, at a cash redemption price equal to the sum of: (A) the greater of (1) $100,000 per share of Series I Preferred Stock or (2) the sum of present values of $100,000 per share of Series I Preferred Stock and all undeclared dividends for the Series I Dividend periods from the redemption date to and including the Series I Dividend Payment Date in March 2012, discounted to the redemption date on a quarterly basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate, as calculated by an Independent Investment Banker, *plus* 0.25%; *plus* (B) any declared and unpaid dividends to the redemption date;

(iii) in whole, but not in part, on any Series I Dividend Payment Date after the Series I Dividend Payment Date in March 2012 that is not a Five Year Date upon the occurrence of a Regulatory Capital Event, at a cash redemption price equal to $100,000 per share of Series I Preferred Stock, *plus* any declared and unpaid dividends to the redemption date;

(iv) in whole but not in part, on any Series I Dividend Payment Date after the Series I Dividend Payment Date in March 2012 that is not a Five Year Date for any reason other than a Regulatory Capital Event, at a cash redemption price equal to the sum of: (A) the greater of (1) $100,000 per share of Series I Preferred Stock or (2) the sum of present values of $100,000 per share of Series I Preferred Stock and all undeclared dividends for the Series I Dividend Periods from the redemption date to and including the next succeeding Five Year Date, discounted to the redemption date on a quarterly basis (assuming a 360-day year consisting of twelve 30-day months) at the 3-Month USD LIBOR rate applicable to the Series I Dividend Period immediately preceding such redemption date, as calculated by an Independent Investment Banker; *plus* (B) any declared and unpaid dividends to the redemption date; or

(v) in whole or in part, on each Series I Dividend Payment Date that is a Five Year Date, at a cash redemption price of $100,000 per share of Series I Preferred Stock, *plus* any declared and unpaid dividends to the redemption date, in each case, without accumulation of any undeclared dividends on the Series I Preferred Stock with respect to Series I Dividend Payment Dates prior to the redemption date.

(b) Capitalized terms used but not otherwise defined herein shall have the following meanings with respect to shares of Series I Preferred Stock:

(i) "Business Day" means any day other than a Saturday, Sunday or any other day on which the banks in New York, New York or Pittsburgh, Pennsylvania are generally required or authorized by law to be closed.

(ii) "Comparable Treasury Issue" means the United States Treasury security selected by the Independent Investment Banker as having a maturity comparable to the term remaining to the Series I Dividend Payment Date in March 2012 that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of perpetual preferred securities having similar terms as the Series I Preferred Stock with respect to the payment of dividends and distributions of assets upon liquidation, dissolution or winding up of the issuer of such preferred stock.

(iii) "Comparable Treasury Price" means with respect to any redemption date for the shares of Series I Preferred Stock, the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or if the Independent Investment Banker obtains fewer than five such Reference Treasury Dealer Quotations, the average of all such quotations.

(iv) "Five Year Date" means the Series I Dividend Payment Date in March 2012 and the Series I Dividend Payment Date in March of each fifth succeeding year.

(v) "Independent Investment Banker" means an independent investment banking institution of national standing appointed by the Corporation.

(vi) "LIBOR Business Day" means any day on which commercial banks are open for general business (including dealings in deposits in U.S. dollars) in London.

(vii) "LIBOR Determination Date" means, as to each Series I Dividend Period, the date that is two LIBOR Business Days prior to the first day of such Series I Dividend Period.

(viii) "Rating Agency" means, at any time, Standard & Poor's Rating Services, a division of the McGraw Hill Companies, Inc., Moody's Investor Services, Inc. and Fitch, Inc., but only in the case of each such agency if it is rating the relevant security, including the Series I Preferred Stock, at the time or, if none of them is providing a rating for the relevant security, including the Series I Preferred Stock, at such time, then any "nationally recognized statistical rating organization" as that phrase is defined for purposes of Rule 436(g)(2) under the Securities Act of 1933, as amended, which is rating such relevant security.

(ix) "Rating Agency Event" occurs when the Corporation reasonably determines that an amendment, clarification or change has occurred in the equity criteria for securities such as the Series I Preferred Stock of any Rating Agency that then publishes a rating for the Corporation which amendment, clarification or change results in a lower equity credit for the Corporation than the respective equity credit assigned by such Rating Agency to securities such as the Series I Preferred Stock on the date of issuance of the Trust Securities.

(x) "Reference Treasury Dealer" means each of three primary U.S. government securities dealers (each a "Primary Treasury Dealer"), as specified by the Corporation; provided that if any Primary Treasury Dealer as specified by the Corporation ceases to be a Primary Treasury Dealer, the Corporation will substitute for such Primary Treasury Dealer another Primary Treasury Dealer and if the Corporation fails to select a substitute within a reasonable period of time, then the substitute will be a Primary Treasury Dealer selected by the Independent Investment Banker after consultation with the Corporation.

(xi) “Reference Treasury Dealer Quotations” means, with respect to the Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed, in each case, as a percentage of its principal amount) quoted in writing to the Independent Investment Banker by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third Business Day preceding such redemption date.

(xii) “Regulatory Capital Event” occurs when the Corporation determines, based upon receipt of an opinion of counsel, rendered by a law firm experienced in such matters, in form and substance reasonably satisfactory to the Corporation, which states that there is a significant risk that the Series I Preferred Stock will not be of a type that constitutes Tier 1 capital of the Corporation under the risk-based capital guidelines of the Federal Reserve Board applicable to bank holding companies (without giving effect to quantitative limits on the components of Tier 1 capital), as a result of (1) any amendment to, clarifications of, or change in applicable laws or related regulations, guidelines, policies or official interpretations thereof, or (2) any official administrative pronouncement or judicial decisions interpreting or applying such laws or related regulations, guidelines, policies or official interpretations thereof.

(xiii) “3-Month USD LIBOR” means, with respect to any Series I Dividend Period, a rate determined on the basis of the offered rates for three-month U.S. dollar deposits of not less than a principal amount equal to that which is representative for a single transaction in such market at such time, commencing on the first day of such Series I Dividend Period, which appears on Reuters Screen Page LIBOR 01 as of approximately 11:00 a.m., London time, on the LIBOR Determination Date for such Series I Dividend Period. If on any LIBOR Determination Date no rate appears on Reuters Screen Page LIBOR 01 as of approximately 11:00 a.m., London time, the Corporation will on such LIBOR Determination Date request four major reference banks in the London interbank market selected by the Corporation to provide the Corporation with a quotation of the rate at which three-month deposits in U.S. dollars, commencing on the first day of such Series I Dividend Period, are offered by them to prime banks in the London interbank market as of approximately 11:00 a.m., London time, on such LIBOR Determination Date and in a principal amount equal to that which is representative for a single transaction in such market at such time. If at least two such quotations are provided, 3-Month USD LIBOR for such Series I Dividend Period will be the arithmetic mean (rounded upward if necessary to the nearest .00001 of 1%) of such quotations as calculated by the Corporation. If fewer than two quotations are provided, 3-Month USD LIBOR for such Series I Dividend Period will be the arithmetic mean (rounded upward if necessary to the nearest .00001 of 1%) of the rates quoted as of approximately 11:00 a.m., New York time, on the first day of such Series I Dividend Period by three major banks in New York, New York selected by the Corporation for loans in U.S. dollars to leading European banks, for a three-month period commencing on the first day of such Series I Dividend Period and in a principal amount of not less than $1,000,000.

(xiv) “Treasury Rate” means the rate per year equal to the quarterly equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date. The Treasury Rate will be calculated on the third Business Day preceding the redemption date.

(xv) “Reuters Screen Page LIBOR 01” means the display page of Reuters Screen designated as LIBOR 01 (or such other page as may replace that page on that service, or such other service as may be nominated as the information vendor, for the purpose of displaying rates comparable to 3-Month USD LIBOR).

(c) In the event the Corporation shall elect to redeem the shares of Series I Preferred Stock, the Corporation shall give notice to the holders of record not less than 30 nor more than 60 days prior to such redemption, by first class mail, postage prepaid, at their addresses as shown on the stock register of the Corporation, that the shares of Series I Preferred Stock are to be redeemed. Each such notice shall state: (i) the redemption date; (ii) the redemption price; (iii) the place or places where certificates for such shares are to be surrendered for payment of the redemption price; and (iv) that dividends on the shares of Series I Preferred Stock will not be declared after the redemption date.

(d) Notice having been mailed as aforesaid, from and after the applicable redemption date (unless default shall be made by the Corporation in providing money for the payment of the redemption price), dividends on the shares of Series I Preferred Stock called for redemption will not be declared and shall cease to accrue after the redemption date, and said shares shall no longer be deemed to be outstanding, and all rights of the holders thereof as shareholders of the Corporation (except the right to receive from the Corporation the redemption price) shall cease. Upon surrender of the certificates for any shares so redeemed (properly endorsed or assigned for transfer, if the Board of Directors shall so require and the notice shall so state), such shares shall be redeemed by the Corporation at the redemption price aforesaid.

(e) Any shares of Series I Preferred Stock which shall at any time have been redeemed shall, after such redemption, be cancelled and may not be reissued.

(f) In the event that fewer than all outstanding shares of Series I Preferred Stock are to be redeemed, such shares shall be redeemed on a *pro rata* basis, by lot or by any other equitable means determined by the Corporation.

(g) The Series I Preferred Stock is not subject to any sinking fund or other obligation for its repurchase or retirement.

(h) The Series I Preferred Stock shall be perpetual unless redeemed by the Corporation in accordance with this Section 74.

75. *Voting rights*. Except as expressly required by law or as expressly stated in Section 4 hereunder, the holders of shares of Series I Preferred Stock shall have no voting power, and no right to vote on any matter at any time, either as a separate series or class or together with any other series or class of shares, and shall not be entitled to call a meeting of such holders for any purpose, nor shall they be entitled to participate in any meeting of the holders of the Common Stock.

76. *Conversion rights*. The holders of shares of Series I Preferred Stock shall not have any rights to convert such shares into shares of any other class or series of securities of the Corporation.

77. *Legend*. Shares of the Series I Preferred Stock will bear a legend substantially in the form of the following legend on the face thereof:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY STATE SECURITIES LAWS OR ANY OTHER APPLICABLE SECURITIES LAW. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION.

FIXED-TO-FLOATING RATE NON-CUMULATIVE PERPETUAL PREFERRED STOCK, SERIES J

78. *Designation*. A series of Preferred Stock designated “Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series J” (herein called “Series J Preferred Stock”) shall be established, consisting of 3,750 shares, $1.00 par value per share and having a liquidation preference of $100,000 per share.

79. *Issuance upon Conditional Exchange*.

(a) The shares of Series J Preferred Stock shall be issued only upon direction by the OCC to exchange the Fixed-to-Floating Rate Non-cumulative Exchangeable Perpetual Trust Securities, liquidation preference $100,000 per security (the “Trust III Securities”), of PNC Preferred Funding Trust III, a Delaware statutory trust, on a security-for-security basis, for the Series J Preferred Stock (a “Series J Conditional Exchange”), in connection with the occurrence of one of the following: (i) PNC Bank becomes “undercapitalized” under the OCC’s “prompt corrective action” 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 supervisory action that limits the payment of dividends by PNC Bank (each of (i) through (iii), a “Series J Conditional Exchange Event”).

(b) The Series J Conditional Exchange will occur as of 8:00 A.M. New York time, on the date for such exchange set forth in the applicable OCC directive, or, if such date is not set forth in the directive, as of 8:00 A.M., New York time, on the earliest possible date such exchange could occur consistent with the directive, as determined by the Corporation and as evidenced by the issuance by the Corporation of a press release prior to such time.

(c) The Corporation will mail notice of the issuance of an OCC directive after the occurrence of a Series J Conditional Exchange Event to each holder of Trust III Securities within 30 days, and the Corporation will deliver (or cause to be delivered) to each such holder Series J Preferred Stock upon surrender of the Trust III Securities.

80. *Ranking*. The shares of Series J Preferred Stock shall rank:

(a) senior, as to dividends or upon liquidation, dissolution and winding up, to the Common Stock, and senior, as to dividends or upon liquidation, dissolution and winding up, to Series G and all other classes and series of capital stock of the Corporation now or hereafter authorized, issued or outstanding that, by their terms, do not expressly provide that they rank *pari passu* with the Series J Preferred Stock as to dividends or upon liquidation, dissolution and winding up, as the case may be (collectively, "Series J Junior Securities"); and

(b) on a parity, as to dividends or upon liquidation, dissolution and winding up with the Series A, Series B, Series C, Series D, Series E, Series F, Series H and Series I, and with each class or series of preferred capital stock of the Corporation hereafter authorized, issued or outstanding which specify that they are *pari passu* with the Series J Preferred Stock (collectively, "Series J Parity Securities").

The Corporation may authorize and issue additional shares of Series J Junior Securities and Series J Parity Securities without the consent of the holders of the Series J Preferred Stock. The holders of shares of Series J Preferred Stock will have no preemptive rights with respect to any shares of the Corporation's capital stock or any of its other securities convertible into or carrying rights or options to purchase any such capital stock.

81. *Dividends*.

(a) Dividends on the Series J Preferred Stock, if, when and as declared by the Corporation's Board of Directors out of its legally available funds, will be payable on each Series J Dividend Payment Date on a non-cumulative basis at an annual rate of 8.700% to, but not including, March 15, 2013 (whether or not a Business Day) if issued before March 15, 2013 and 3-Month USD LIBOR plus 5.226% on March 15, 2013 and thereafter on the liquidation preference thereof, which is $100,000 per share, from and including the date of its issuance.

(b) Dividends on the Series J Preferred Stock, if, when and as declared by the Corporation's Board of Directors, will be payable on March 15th, June 15th, September 15th and December 15th of each year, or if any such day is not a Business Day, the next Business Day (each, a "Series J Dividend Payment Date"). If no shares of Series J Preferred Stock have been issued prior to March 15, 2013, a Series J Dividend Payment Date shall be deemed to have occurred on the date of issuance, if such issuance date is a distribution payment date with respect to the Trust III Securities or, if such issuance date is not a distribution payment date with respect to the Trust III Securities, on the immediately preceding distribution payment date with respect to the Trust III Securities for purposes of determining the dividend rate.

(c) Each period from and including a Series J Dividend Payment Date (or the date of issuance of the Series J Preferred Stock) to but excluding the following Series J Dividend Payment Date is referred to herein as a "Series J Dividend Period," except that if the Series J Preferred Stock is outstanding on March 15, 2013, the Series J Dividend Period ending in March 2013 shall be to but not including March 15, 2013 (whether or not a Business Day) and the Series J Dividend Period ending in June 2013 shall commence on March 15, 2013 (whether or not a Business Day). Dividends payable on the Series J Preferred Stock will be computed on the basis of (x) for any Series J Dividend Periods ending prior to the Series J Dividend Payment Date in

March 2013, twelve 30-day months, a 360-day year, and the actual number of days elapsed in the period, and (y) for any Series J Dividend Period thereafter, the actual number of days in the relevant period divided by 360. No interest will be paid on any dividend payment on the Series J Preferred Stock.

(d) The record date for the payment of dividends, if declared, will be the first day of the month in which the relevant Series J Dividend Payment Date occurs or, if any such day is not a Business Day, the first Business Day thereafter.

(e) Dividends on the Series J Preferred Stock are non-cumulative. If the Corporation's Board of Directors does not declare a dividend on the Series J Preferred Stock or declares less than a full dividend in respect of any Series J Dividend Period, the holders of the Series J Preferred Stock will have no right to receive any dividend or a full dividend, as the case may be, for the Series J Dividend Period, and the Corporation will have no obligation to pay a dividend or to pay full dividends for that Series J Dividend Period, whether or not the earnings of the Corporation were sufficient to pay such dividends in whole or in part and whether or not dividends are declared and paid for any future Series J Dividend Period with respect to the Series J Preferred Stock, the Corporation's common stock or any other class or series of the Corporation's preferred stock.

(f) If full dividends on the Series J Preferred Stock for the then current Series J Dividend Period shall not have been declared and paid when due, or declared and a sum sufficient for the payment thereof set apart for payment at the time due for payment, no dividends shall be declared or paid or set apart for payment, and no other distribution shall be declared or made or set apart for payment upon, the Common Stock or any other Series J Junior Securities (other than distributions payable in Common Stock or Series J Junior Securities), nor shall any Common Stock, any other Series J Junior Securities or any Series J Parity Securities be redeemed, purchased or otherwise acquired for any consideration (or any monies be paid to or made available to a sinking fund for such purpose) by the Corporation (except as a result of reclassification of Series J Junior Securities for or into other Series J Junior Securities, or by conversion into or exchange for other Series J Junior Securities).

(g) When dividends are not paid in full (or a sum sufficient for such full payment is not set apart) upon the Series J Preferred Stock or any Series J Parity Securities, all dividends declared upon the Series J Preferred Stock and the Series J Parity Securities shall be declared *pro rata* so that the amount of dividends declared per share on the Series J Preferred Stock and the Series J Parity Securities shall in all cases bear to each other the same ratio that full dividends per share on the Series J Preferred Stock for the then-current Series J Dividend Period (which shall not include any accumulation in respect of unpaid dividends for prior Series J Dividend Periods) and full dividends per share, including required or permitted accumulations, if any, on the Series J Parity Securities bear to each other.

(h) Holders of shares of the Series J Preferred Stock shall not be entitled to any dividend, whether payable in cash, property or stock, in excess of full dividends, as herein provided. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on the shares of the Series J Preferred Stock which may be in arrears.

82. *Liquidation*.

(a) In the event the Corporation voluntarily or involuntarily liquidates, dissolves or winds up, the holders of Series J Preferred Stock at the time outstanding will be entitled to receive liquidating distributions in the amount of $100,000 per share, plus an amount equal to declared but unpaid dividends for the current Series J Dividend Period to the date of liquidation, out of the Corporation's assets legally available for distribution to its shareholders, before any distribution of assets is made to holders of the Corporation's common stock or any Series J Junior Securities and subject to the rights of the holders of any Series J Parity Securities and the rights of its depositors and creditors.

(b) After payment of the full amount of the liquidating distributions to which they are entitled, the holders of the Series J Preferred Stock will have no right or claim to any of the Corporation's remaining assets. In the event that, upon any such voluntary or involuntary liquidation, dissolution, or winding up, the Corporation's available assets are insufficient to pay the amount of the liquidation distributions on all outstanding Series J Preferred Stock and the corresponding amounts payable on any Series J Parity Securities, then the holders of the Series J Preferred Stock and any Series J Parity Securities will share ratably in any such distribution of assets in proportion to the full liquidating distributions to which they would otherwise be respectively entitled.

(c) Neither the voluntary sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property and assets of the Corporation, nor the merger or consolidation of the Corporation with or into any one or more other persons, shall be deemed to be a voluntary or involuntary liquidation, dissolution or winding up for the purposes of this Section 82(c), unless such voluntary sale, conveyance, exchange or transfer shall be in connection with a plan of liquidation, dissolution or winding up of the Corporation.

83. *Redemption*.

(a) Shares of Series J Preferred Stock are not redeemable at the option of the holders thereof. Shares of Series J Preferred Stock are redeemable:

(i) in whole but not in part, on any Series J Dividend Payment Date prior to the Series J Dividend Payment Date in March 2013 upon the occurrence of a Regulatory Capital Event or a Rating Agency Event, at a cash redemption price equal to the sum of: (A) the greater of: (1) $100,000 per share of Series J Preferred Stock or (2) the sum of present values of (x) $100,000 per share of Series J Preferred Stock and (y) all undeclared dividends for the Series J Dividend Periods from the redemption date to and including the Series J Dividend Payment Date in March 2013, in each case, discounted to the redemption date on a quarterly basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate, as calculated by an Independent Investment Banker, *plus* 1.25%; *plus* (B) any declared and unpaid dividends to the redemption date;

(ii) in whole but not in part, on any Series J Dividend Payment Date prior to the Series J Dividend Payment Date in March 2013 for any reason other than a Regulatory Capital Event or a Rating Agency Event, at a cash redemption price equal to the sum of: (A) the greater of (1) $100,000 per share of Series J Preferred Stock or (2) the sum of present values of (x) $100,000 per share of Series J Preferred Stock and (y) all undeclared dividends for the Series J Dividend periods from the redemption date to and including the Series J Dividend Payment Date in March 2013, in each case, discounted to the redemption date on a quarterly basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate, as calculated by an Independent Investment Banker, *plus* 0.90%; *plus* (B) any declared and unpaid dividends to the redemption date;

(iii) in whole, but not in part, on any Series J Dividend Payment Date after the Series J Dividend Payment Date in March 2013 that is not a Five Year Date upon the occurrence of a Regulatory Capital Event, at a cash redemption price equal to $100,000 per share of Series J Preferred Stock, *plus* any declared and unpaid dividends to the redemption date;

(iv) in whole but not in part, on any Series J Dividend Payment Date after the Series J Dividend Payment Date in March 2013 that is not a Five Year Date for any reason other than a Regulatory Capital Event, at a cash redemption price equal to the sum of: (A) the greater of (1) $100,000 per share of Series J Preferred Stock or (2) the sum of present values of (x) $100,000 per share of Series J Preferred Stock and (y) all undeclared dividends for the Series J Dividend Periods from the redemption date to and including the next succeeding Five Year Date, in each case, discounted to the redemption date on a quarterly basis (assuming a 360-day year consisting of twelve 30-day months) at the 3-Month USD LIBOR rate applicable to the Series J Dividend Period immediately preceding such redemption date, as calculated by an Independent Investment Banker; *plus* (B) any declared and unpaid dividends to the redemption date; or

(v) in whole or in part, on each Series J Dividend Payment Date that is a Five Year Date, at a cash redemption price of $100,000 per share of Series J Preferred Stock, *plus* any declared and unpaid dividends to the redemption date, in the case of each of clauses (i) through (v), without accumulation of any undeclared dividends on the Series J Preferred Stock with respect to Series J Dividend Payment Dates prior to the redemption date.

(b) Capitalized terms used but not otherwise defined herein shall have the following meanings with respect to shares of Series J Preferred Stock:

(i) "Business Day" means any day other than a Saturday, Sunday or any other day on which the banks in New York, New York or Pittsburgh, Pennsylvania are generally required or authorized by law to be closed.

(ii) "Comparable Treasury Issue" means the United States Treasury security selected by the Independent Investment Banker as having a maturity comparable to the term remaining to the Series J Dividend Payment Date in March 2013 that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of perpetual preferred securities having similar terms as the Series J Preferred Stock with respect to the payment of dividends and distributions of assets upon liquidation, dissolution or winding up of the issuer of such preferred stock.

(iii) "Comparable Treasury Price" means with respect to any redemption date for the shares of Series J Preferred Stock, the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or if the Independent Investment Banker obtains fewer than five such Reference Treasury Dealer Quotations, the average of all such quotations.

(iv) "Five Year Date" means the Series J Dividend Payment Date in March 2013 and the Series J Dividend Payment Date in March of each fifth succeeding year.

(v) "Independent Investment Banker" means an independent investment banking institution of national standing appointed by the Corporation.

(vi) "LIBOR Business Day" means any day on which commercial banks are open for general business (including dealings in deposits in U.S. dollars) in London.

(vii) "LIBOR Determination Date" means, as to each Series J Dividend Period, the date that is two LIBOR Business Days prior to the first day of such Series J Dividend Period.

(viii) "Rating Agency" means, at any time, Standard & Poor's Rating Services, a division of the McGraw Hill Companies, Inc., Moody's Investor Services, Inc. and Fitch, Inc., but only in the case of each such agency if it is rating the relevant security, including the Series J Preferred Stock, at the time or, if none of them is providing a rating for the relevant security, including the Series J Preferred Stock, at such time, then any "nationally recognized statistical rating organization" as that phrase is defined for purposes of Rule 436(g)(2) under the Securities Act of 1933, as amended, which is rating such relevant security.

(ix) "Rating Agency Event" occurs when the Corporation reasonably determines that an amendment, clarification or change has occurred in the equity criteria for securities such as the Series J Preferred Stock of any Rating Agency that then publishes a rating for the Corporation which amendment, clarification or change results in a lower equity credit for the Corporation than the respective equity credit assigned by such Rating Agency to securities such as the Series J Preferred Stock on the date of issuance of the Trust III Securities.

(x) "Reference Treasury Dealer" means each of three primary U.S. government securities dealers (each a "Primary Treasury Dealer"), as specified by the Corporation; provided that if any Primary Treasury Dealer as specified by the Corporation ceases to be a Primary Treasury Dealer, the Corporation will substitute for such Primary Treasury Dealer another Primary Treasury Dealer and if the Corporation fails to select a substitute within a reasonable period of time, then the substitute will be a Primary Treasury Dealer selected by the Independent Investment Banker after consultation with the Corporation.

(xi) "Reference Treasury Dealer Quotations" means, with respect to the Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed, in each case, as a percentage of its principal amount) quoted in writing to the Independent Investment Banker by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third Business Day preceding such redemption date.

(xii) “Regulatory Capital Event” occurs when the Corporation determines, based upon receipt of an opinion of counsel, rendered by a law firm experienced in such matters, in form and substance reasonably satisfactory to the Corporation, which states that there is a significant risk that the Series J Preferred Stock will not be of a type that constitutes Tier 1 capital of the Corporation under the risk-based capital guidelines of the Federal Reserve Board applicable to bank holding companies (without giving effect to quantitative limits on the components of Tier 1 capital), as a result of (1) any amendment to, clarifications of, or change in applicable laws or related regulations, guidelines, policies or official interpretations thereof, or (2) any official administrative pronouncement or judicial decisions interpreting or applying such laws or related regulations, guidelines, policies or official interpretations thereof.

(xiii) “3-Month USD LIBOR” means, with respect to any Series J Dividend Period, a rate determined on the basis of the offered rates for three-month U.S. dollar deposits of not less than a principal amount equal to that which is representative for a single transaction in such market at such time, commencing on the first day of such Series J Dividend Period, which appears on Reuters Screen Page LIBOR 01 as of approximately 11:00 a.m., London time, on the LIBOR Determination Date for such Series J Dividend Period. If on any LIBOR Determination Date no rate appears on Reuters Screen Page LIBOR 01 as of approximately 11:00 a.m., London time, the Corporation will on such LIBOR Determination Date request four major reference banks in the London interbank market selected by the Corporation to provide the Corporation with a quotation of the rate at which three-month deposits in U.S. dollars, commencing on the first day of such Series J Dividend Period, are offered by them to prime banks in the London interbank market as of approximately 11:00 a.m., London time, on such LIBOR Determination Date and in a principal amount equal to that which is representative for a single transaction in such market at such time. If at least two such quotations are provided, 3-Month USD LIBOR for such Series J Dividend Period will be the arithmetic mean (rounded upward if necessary to the nearest .00001 of 1%) of such quotations as calculated by the Corporation. If fewer than two quotations are provided, 3-Month USD LIBOR for such Series J Dividend Period will be the arithmetic mean (rounded upward if necessary to the nearest .00001 of 1%) of the rates quoted as of approximately 11:00 a.m., New York time, on the first day of such Series J Dividend Period by three major banks in New York, New York selected by the Corporation for loans in U.S. dollars to leading European banks, for a three-month period commencing on the first day of such Series J Dividend Period and in a principal amount of not less than $1,000,000.

(xiv) “Treasury Rate” means the rate per year equal to the quarterly equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date. The Treasury Rate will be calculated on the third Business Day preceding the redemption date.

(xv) “Reuters Screen Page LIBOR 01” means the display page of Reuters Screen designated as LIBOR 01 (or such other page as may replace that page on that service, or such other service as may be nominated as the information vendor, for the purpose of displaying rates comparable to 3-Month USD LIBOR).

(c) In the event the Corporation shall elect to redeem the shares of Series J Preferred Stock, the Corporation shall give notice to the holders of record not less than 30 nor more than 60 days prior to such redemption, by first class mail, postage prepaid, at their addresses as shown on the stock register of the Corporation, that the shares of Series J Preferred Stock are to be redeemed. Each such notice shall state: (i) the redemption date; (ii) the redemption price; (iii) the place or places where certificates for such shares are to be surrendered for payment of the redemption price; and (iv) that dividends on the shares of Series J Preferred Stock will not be declared after the redemption date.

(d) Notice having been mailed as aforesaid, from and after the applicable redemption date (unless default shall be made by the Corporation in providing money for the payment of the redemption price), dividends on the shares of Series J Preferred Stock called for redemption will not be declared and shall cease to accrue after the redemption date, and said shares shall no longer be deemed to be outstanding, and all rights of the holders thereof as shareholders of the Corporation (except the right to receive from the Corporation the redemption price) shall cease. Upon surrender of the certificates for any shares so redeemed (properly endorsed or assigned for transfer, if the Board of Directors shall so require and the notice shall so state), such shares shall be redeemed by the Corporation at the redemption price aforesaid.

(e) Any shares of Series J Preferred Stock which shall at any time have been redeemed shall, after such redemption, be cancelled and may not be reissued.

(f) In the event that fewer than all outstanding shares of Series J Preferred Stock are to be redeemed, such shares shall be redeemed on a *pro rata* basis, by lot or by any other equitable means determined by the Corporation.

(g) The Series J Preferred Stock is not subject to any sinking fund or other obligation for its repurchase or retirement.

(h) The Series J Preferred Stock shall be perpetual unless redeemed by the Corporation in accordance with this Section 83.

84. *Voting rights*. Except as expressly required by law or as expressly stated in Section 4 hereunder, the holders of shares of Series J Preferred Stock shall have no voting power, and no right to vote on any matter at any time, either as a separate series or class or together with any other series or class of shares, and shall not be entitled to call a meeting of such holders for any purpose, nor shall they be entitled to participate in any meeting of the holders of the Common Stock.

85. *Conversion rights*. The holders of shares of Series J Preferred Stock shall not have any rights to convert such shares into shares of any other class or series of securities of the Corporation.

86. *Legend*. Shares of the Series J Preferred Stock will bear a legend substantially in the form of the following legend on the face thereof:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY STATE SECURITIES LAWS OR ANY OTHER APPLICABLE SECURITIES LAW. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION.

COMMON STOCK

87. Each holder of record of Common Stock shall have the right to one vote for each share of Common Stock standing in his name on the books of the Corporation.

PROVISIONS APPLICABLE TO ALL CLASSES OF CAPITAL STOCK

88. No holder of any class of capital stock of the Corporation shall be entitled to cumulate his votes for the election of directors.

89. No holder of any class of capital stock of the Corporation shall have preemptive rights, and the Corporation shall have the right to issue and to sell to any person or persons any shares of its capital stock or any option rights or any securities having conversion or option rights, without first offering such shares, rights or securities to any holders of any class of capital stock of the Corporation.

AMENDMENT NO. 1
TO
THE AMENDED AND RESTATED ARTICLES OF INCORPORATION
OF
THE PNC FINANCIAL SERVICES GROUP, INC.

RESOLVED, that the Executive Committee of the Board of Directors of The PNC Financial Services Group, Inc. (the "Corporation"), pursuant to the authority granted to it under resolutions adopted by the Board of Directors of the Corporation on November 16, 2006, hereby establishes the Fixed-to-Floating Non-Cumulative Perpetual Preferred Stock, Series K, par value $1.00 per share, of the Corporation and fixes and determines the designations, voting rights, preferences, redemption rights, qualifications, privileges, limitations, restrictions and special or relative rights thereof as follows:

This Amendment No. 1 to the Amended and Restated Articles of Incorporation of The PNC Financial Services Group, Inc. (the "Articles") amends and replaces sections 87 through 89 of the Articles with the following:

FIXED-TO-FLOATING NON-CUMULATIVE PERPETUAL PREFERRED STOCK, SERIES K

87. *Designation*. A series of Preferred Stock designated the "Fixed-to-Floating Non-Cumulative Perpetual Preferred Stock, Series K" (hereinafter called "Series K Preferred Stock") shall be established consisting of 50,000 shares, $1.00 par value per share and having a liquidation preference of $10,000 per share. The number of shares constituting Series K Preferred Stock may be increased from time to time in accordance with law up to the maximum number of shares of Preferred Stock authorized to be issued under the Amended and Restated Articles of Incorporation of the Corporation, as amended, less all shares at the time authorized of any other series of Preferred Stock. Shares of Series K Preferred Stock will be dated the date of issue.

88. *Ranking*. The shares of Series K Preferred Stock shall rank:

(a) senior, as to dividends or upon liquidation, dissolution and winding up, to the common stock, and senior, as to dividends or upon liquidation, dissolution and winding up, to Series G and all other classes and series of capital stock of the Corporation now or hereafter authorized, issued or outstanding that, by their terms, do not expressly provide that they rank *pari passu* with the Series K Preferred Stock as to dividends or upon liquidation, dissolution and winding up, as the case may be (collectively, "Series K Junior Securities"); and

(b) on a parity, as to dividends or upon liquidation, dissolution and winding up with the Series A, Series B, Series C, Series D, Series E, Series F, Series H, Series I and Series J and with each class or series of preferred capital stock of the Corporation hereafter authorized, issued or outstanding which specify that they are *pari passu* with the Series K Preferred Stock (collectively, "Series K Parity Securities").

The Corporation may authorize and issue additional shares of Series K Junior Securities and Series K Parity Securities without the consent of the holders of the Series K Preferred Stock. The holders of shares of Series K Preferred Stock will have no preemptive rights with respect to any shares of the Corporation's capital stock or any of its other securities convertible into or carrying rights or options to purchase any such capital stock.

89. *Dividends*. (a) Dividends on shares of Series K Preferred Stock are not mandatory. Holders of Series K Preferred Stock will be entitled to receive, when, as and if declared by the Board of Directors or a duly authorized committee of the Board, out of assets legally available for the payment of dividends under Pennsylvania law, non-cumulative cash dividends based on the liquidation preference at a rate equal to (1) 8.25% for each Series K Dividend Period from the original issue date of the Series K Preferred Stock, but excluding, May 21, 2013 (the "Fixed Rate Period"), and (2) a per annum rate equal to three-month LIBOR plus 4.22%, for each Series K Dividend Period from May 21, 2013 through the redemption date of the Series K Preferred Stock, if any (the "Floating Rate Period"). In the event that the Corporation issues additional shares of the Series K Preferred Stock after the original issue date, dividends on such shares will accrue from the original issue date of such additional shares.

(b) If declared by the Board of Directors or a duly authorized committee of the Board, during the Fixed Rate Period, dividends will be payable on the Series K Preferred Stock semi-annually, in arrears, on May 21 and November 21 of each year, beginning on November 21, 2008. If declared by the Board or a duly authorized committee of the Board, during the Floating Rate Period, dividends will be payable on the Series K Preferred Stock quarterly, in arrears, on August 21, November 21, February 21 and May 21 of each year, beginning on May 21, 2013.

(c) Dividends will be payable to holders of record of Series K Preferred Stock as they appear on the Corporation's books on the applicable record date, which shall be the last Business Day of the calendar month immediately preceding the month during which the Series K Dividend Payment Date falls.

(d) A "Series K Dividend Period" is the period from and including a Series K Dividend Payment Date to but excluding the next Series K Dividend Payment Date, except that the initial Series K Dividend Period will commence on and include the original issue date of Series K Preferred Stock. Dividends payable on Series K Preferred Stock for the Fixed Rate Period will be computed on the basis of a 360-day year consisting of twelve 30-day months. Dividends payable on the Series K Preferred Stock for the Floating Rate Period will be computed based on the actual number of days in a dividend period and a 360-day year. Dollar amounts resulting from that calculation will be rounded to the nearest cent, with one-half cent being rounded upwards. Dividends on the Series K Preferred Stock will cease to accrue on the redemption date, if any, unless the Corporation defaults in the payment of the redemption price of the Series K Preferred Stock called for redemption. If any date on which dividends would otherwise be payable is not a Business Day, then the Series K Dividend Payment Date will be the next succeeding Business Day.

(e) The dividend rate for each dividend period in the Floating Rate Period will be determined by the calculation agent using three-month LIBOR as in effect on the second London banking day prior to the beginning of the Series K Dividend Period, which date is the "dividend determination date" for the Series K Dividend Period. The calculation agent then will add three-month LIBOR as determined on the dividend determination date and the applicable spread. Absent manifest error, the calculation agent's determination of the dividend rate for a dividend period for the Series K Preferred Stock will be binding and conclusive on you, the transfer agent, and us. A "London banking day" is any day on which dealings in deposits in U.S. dollars are transacted in the London interbank market. The term "three-month LIBOR" means the London interbank offered rate for deposits in U.S. dollars having an index maturity of three months in amounts of at least $1,000,000, as that rate appears on Reuters screen page "LIBOR01" at approximately 11:00 a.m., London time, on the relevant dividend determination date. If no offered rate appears on Reuters screen page "LIBOR01" on the relevant dividend determination date at approximately 11:00 a.m., London time, then the calculation agent, after consultation with the Corporation, will select four major banks in the London interbank market and will request each of their principal London offices to provide a quotation of the rate at which three-month deposits in U.S. dollars in amounts of at least $1,000,000 are offered by it to prime banks in the London interbank market, on that date and at that time, that is representative of single transactions at that time. If at least two quotations are provided, three-month LIBOR will be the arithmetic average (rounded upward if necessary to the nearest .00001 of 1%) of the quotations provided. Otherwise, the calculation agent will select three major banks in New York City and will request each of them to provide a quotation of the rate offered by it at approximately 11:00 a.m., New York City time, on the dividend determination date for loans in U.S. dollars to leading European banks having an index maturity of three months for the applicable Series K Dividend Period in an amount of at least $1,000,000 that is representative of single transactions at that time. If three quotations are provided, three-month LIBOR will be the arithmetic average (rounded upward if necessary to the nearest .00001 of 1%) of the quotations provided. Otherwise, three-month LIBOR for the next dividend period will be equal to three-month LIBOR in effect for the then-current dividend period.

(f) Dividends on the Series K Preferred Stock are non-cumulative. If the Corporation's Board of Directors does not declare a dividend on the Series K Preferred Stock or declares less than a full dividend in respect of any Series K Dividend Period, the holders of the Series K Preferred Stock will have no right to receive any dividend or a full dividend, as the case may be, for the corresponding Series K Dividend Period, and the Corporation will have no obligation to pay a dividend or to pay full dividends for that Series K Dividend Period, whether or not the earnings of the Corporation were sufficient to pay such dividends in whole or in part and whether or not dividends are declared and paid for any future Series K Dividend Period with respect to the Series K Preferred Stock, the Corporation's common stock or any other class or series of the Corporation's preferred stock.

(g) So long as any share of Series K Preferred Stock remains outstanding, (1) no dividend shall be declared or paid or set aside for payment and no distribution shall be declared or made or set aside for payment on any Series K Junior Securities (other than (i) a dividend payable solely in Series K Junior Securities or (ii) any dividend in connection with the implementation of a shareholders' rights plan, or the redemption or repurchase of any rights under such plan), (2) no shares of Series K Junior Securities shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly (other than (i) as a result of a reclassification of Series K Junior Securities for or into other Series K Junior Securities, (ii) the exchange or conversion of one share of Series K Junior Securities for or into another share of Series K Junior Securities, (iii) through the use of the proceeds of a substantially contemporaneous sale of other shares of Series K Junior Securities, (iv) purchases, redemptions or other acquisitions of shares of Series K Junior Securities in connection with any employment contract, benefit plan or other similar arrangement with or for the benefit of employees, officers, directors or consultants, (v) purchases of shares of Series K Junior Securities pursuant to a contractually binding requirement to buy Series K Junior Securities existing prior to the preceding Series K Dividend Period, including under a contractually binding stock repurchase plan or (vi) the purchase of fractional interests in shares of Series K Junior Securities pursuant to the conversion or exchange of such stock or the security being converted or exchanged) nor shall any monies be paid to or made available for a sinking fund for the redemption of any such securities by the Corporation and (3) no shares of Series K Parity Securities shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation otherwise than pursuant to *pro rata* offers to purchase all, or a*pro rata* portion, of Series K Preferred Stock and such Series K Parity Securities except by conversion into or exchange for Series K Junior Securities, during a Series K Dividend Period, unless, in each case, the full dividends for the preceding Series K Dividend Period on all outstanding shares of Series K Preferred Stock have been declared and paid or declared and a sum sufficient for the payment thereof has been set aside.

(h) When dividends are not paid in full upon the shares of Series K Preferred Stock and any Series K Parity Securities, all dividends declared upon shares of Series K Preferred Stock and any Series K Parity Securities will be declared on a proportional basis so that the amount of dividends declared per share will bear to each other the same ratio that accrued dividends for the then-current Series K Dividend Period per share on Series K Preferred Stock, and accrued dividends, including any accumulations, on any Series K Parity Securities, bear to each other.

(i) Subject to the foregoing, and not otherwise, dividends (payable in cash, stock or otherwise), as may be determined by the Corporation's Board of Directors or a duly authorized committee of the Board, may be declared and paid on the common stock and any other stock ranking equally with or junior to Series K Preferred Stock from time to time out of any assets legally available for such payment, and the holders of Series K Preferred Stock shall not be entitled to participate in any such dividend.

90. *Liquidation*. (a) Upon any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, holders of Series K Preferred Stock are entitled to receive out of assets of the Corporation available for distribution to stockholders, after satisfaction of liabilities to creditors and subject to the rights of holders of any securities ranking senior to Series K Preferred Stock, before any distribution of assets is made to holders of Common Stock or any Series K Junior Securities, a liquidating distribution in the amount of the liquidation preference of $10,000 per share plus declared and unpaid dividends, without accumulation of any undeclared dividends. Holders of Series K Preferred Stock will not be entitled to any other amounts from the Corporation after they have received their full liquidating distribution.

(b) In any such distribution, if the assets of the Corporation are not sufficient to pay the liquidation preferences plus declared and unpaid dividends in full to all holders of Series K Preferred Stock and all holders of any Series K Parity Securities, the amounts paid to the holders of Series K Preferred Stock and to the holders of all Series K Parity Securities will be paid *pro rata* in accordance with the respective aggregate liquidating distribution owed to those holders. If the liquidation preference plus declared and unpaid dividends has been paid in full to all holders of Series K Preferred Stock and any Series K Parity Securities, the holders of the Corporation's Series K Junior Securities shall be entitled to receive all remaining assets of the Corporation according to their respective rights and preferences.

(c) For purposes of this section, the merger or consolidation of the Corporation with any other entity, including a merger or consolidation in which the holders of Series K Preferred Stock receive cash, securities or property for their shares, or the sale, lease or exchange of all or substantially all of the assets of the Corporation for cash, securities or other property, shall not constitute a liquidation, dissolution or winding up of the Corporation.

91. *Redemption*. (a) Series K Preferred Stock is not subject to any mandatory redemption, sinking fund or other similar provisions. Series K Preferred Stock is not redeemable prior to May 21, 2013. On and after that date, Series K Preferred Stock will be redeemable at the option of the Corporation, in whole or in part, at a redemption price equal to $10,000 per share, plus any declared and unpaid dividends, without accumulation of any undeclared dividends. Holders of Series K Preferred Stock will have no right to require the redemption or repurchase of Series K Preferred Stock.

(b) If shares of Series K Preferred Stock are to be redeemed, the notice of redemption shall be given by first class mail to the holders of record of Series K Preferred Stock to be redeemed, mailed not less than 30 days nor more than 60 days prior to the date fixed for redemption thereof (provided that, if the depositary shares representing Series K Preferred Stock are held in book-entry form through The Depository Trust Company, or "DTC", the Corporation may give such notice in any manner permitted by DTC). Each notice of redemption will include a statement setting forth: (i) the redemption date, (ii) the number of shares of Series K Preferred Stock to be redeemed and, if less than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder, (iii) the redemption price, (iv) the place or places where the certificates evidencing shares of Series K Preferred Stock are to be surrendered for payment of the redemption price and (v) that dividends on the shares to be redeemed will cease to accrue on the redemption date. If notice of redemption of any shares of Series K Preferred Stock has been duly given and if the funds necessary for such redemption have been set aside by the Corporation for the benefit of the holders of any shares of Series K Preferred Stock so called for redemption, then, on and after the redemption date, dividends will cease to accrue on such shares of Series K Preferred Stock, such shares of Series K Preferred Stock shall no longer be deemed outstanding and all rights of the holders of such shares will terminate, except the right to receive the redemption price, plus any declared and unpaid dividends.

(c) In case of any redemption of only part of the shares of Series K Preferred Stock at the time outstanding, the shares to be redeemed shall be selected either *pro rata*, by lot or in such other manner as the Corporation may determine to be equitable.

92. *Voting Rights*. (a) Except as provided below, as expressly required by law or as expressly stated in Section 4 hereunder, the holders of shares of Series K Preferred Stock shall have no voting power, and no right to vote on any matter at any time, either as a separate series or class or together with any other series or class of shares, and shall not be entitled to call a meeting of such holders for any purpose, nor shall they be entitled to participate in any meeting of the holders of the Common Stock.

(b) So long as any shares of Series K Preferred Stock remain outstanding, the affirmative vote or consent of the holders of at least two-thirds of all of the shares of Series K Preferred Stock at the time outstanding, voting separately as a class, shall be required to: (1) authorize or increase the authorized amount of, or to issue or authorize any obligation or security convertible into or evidencing the right to purchase, any class or series of stock ranking senior to Series K Preferred Stock with respect to payment of dividends or the distribution of assets upon liquidation, dissolution or winding up of the Corporation; (2) amend the provisions of the Corporation's Amended and Restated Articles of Incorporation so as to materially and adversely affect the powers, preferences, privileges or rights of Series K Preferred Stock, taken as a whole; provided, however, that any increase in the amount of the authorized or issued shares of Series K Preferred Stock or authorized preferred stock or the creation and issuance, or an increase in the authorized or issued amount, of other series of preferred stock ranking equally with or junior to Series K Preferred Stock with respect to the payment of dividends (whether such dividends are cumulative or non-cumulative) or the distribution of assets upon liquidation, dissolution or winding up of the Corporation will not be deemed to adversely affect the powers, preferences, privileges or rights of Series K Preferred Stock; and (3) consolidate with or merge into any other corporation unless the shares of Series K Preferred Stock outstanding at the time of such consolidation or merger or sale are converted into or exchanged for preference securities having such rights, privileges and voting powers, taken as a whole, as are not materially less favorable to the holders thereof than the rights, preferences, privileges and voting powers of Series K Preferred Stock, taken as a whole. The foregoing voting provisions will not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required shall be effected, all outstanding shares of Series K Preferred Stock shall have been redeemed or called for redemption upon proper notice and sufficient funds shall have been set aside by the Corporation for the benefit of the holders of Series K Preferred Stock to effect such redemption.

93. *Conversion rights*. The holders of shares of Series K Preferred Stock shall not have any rights to convert such shares into shares of any other class or series of securities of the Corporation.

94. *Certificates*. The Corporation may at its option issue shares of Series K Preferred Stock without certificates.

COMMON STOCK

95. Each holder of record of Common Stock shall have the right to one vote for each share of Common Stock standing in his name on the books of the Corporation.

PROVISIONS APPLICABLE TO ALL CLASSES OF CAPITAL STOCK

96. No holder of any class of capital stock of the Corporation shall be entitled to cumulate his votes for the election of directors.

97. No holder of any class of capital stock of the Corporation shall have preemptive rights, and the Corporation shall have the right to issue and to sell to any person or persons any shares of its capital stock or any option rights or any securities having conversion or option rights, without first offering such shares, rights or securities to any holders of any class of capital stock of the Corporation.

STATEMENT WITH RESPECT TO SHARES
OF
9.875% FIXED-TO-FLOATING RATE NON-CUMULATIVE PREFERRED STOCK, SERIES L,
OF
THE PNC FINANCIAL SERVICES GROUP, INC.

Pursuant to Section 1522(c)
of the
Pennsylvania Business
Corporation Law of 1988

In compliance with the requirements of Section 1522(c) of Pennsylvania Business Corporation Law of 1988 (the "*PBCL*"), The PNC Financial Services Group, Inc., a corporation organized and existing under the PBCL (the "*Corporation*"), hereby certifies that:

1. The name of the Corporation is The PNC Financial Services Group, Inc.

2. The resolution ("Resolution") duly adopted by the Board of Directors of the Corporation (the "Board of Directors") establishing and designating a series of the Corporation's Preferred Stock, par value $1.00 per share, and fixing and determining the relative rights and preferences thereof is as follows:

RESOLVED, that pursuant to the authority granted to and vested in the Board of Directors by the provisions of the Amended and Restated Articles of Incorporation, a series of Preferred Stock, $1.00 par value per share, of the Corporation be and hereby is created, and that the designation and number of shares of such series, and the voting and other powers, designations, preferences and relative, participating, optional or other rights, and the qualifications, limitations and restrictions thereof, of the shares of such series, are as follows:

RIGHTS AND PREFERENCES

Section 1. Designation of Series and Number of Shares. A series of Preferred Stock designated "9.875% Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series L" (herein called "*Series L Preferred Stock*") shall be established, and the authorized number of shares that shall constitute such series shall be 1,725 shares, $1.00 par value per share, which may be decreased (but not below the number of shares of Series L Preferred Stock then outstanding) from time to time by resolution of the Board of Directors by a certificate executed and acknowledged by the Corporation and filed with the Secretary of Commonwealth of the Commonwealth of Pennsylvania. Shares of outstanding Series L Preferred Stock that are redeemed, purchased or otherwise acquired by the Corporation, or converted into another series of Preferred Stock, shall be cancelled and shall revert to authorized but unissued shares of Preferred Stock undesignated as to series.

Section 2. Definitions. As used herein with respect to the Series L Preferred Stock:

(a) "*Articles of Incorporation*" means the Amended and Restated Articles of Incorporation of the Corporation, as may be amended from time to time, and shall include this Statement with Respect to Shares.

(b) "Board of Directors" means the board of directors of the Corporation.

(c) "By-laws" means the Amended and Restated By-laws of the Corporation, as may be amended from time to time.

(d) "Business Day" means any day other than a Saturday, Sunday, or any other day on which banking institutions and trust companies in New York, New York, Pittsburgh, Pennsylvania or Wilmington, Delaware are permitted or required by any applicable law to close.

(e) "Calculation Agent" means, at any time, the person or entity appointed by the Corporation and serving as such agent at such time. The Corporation may terminate any such appointment and may appoint a successor agent at any time and from time to time; provided that the Corporation shall use its best efforts to ensure that there is at all relevant times when the Series L Preferred Stock is outstanding a person or entity appointed and serving as such agent. The Calculation Agent may be a person or entity affiliated with the Corporation.

(f) "*Dividend Determination Date*" means the second London Banking Day immediately preceding the first day of the relevant Dividend Period.

(g) "Dividend Payment Date" has the meaning specified in Section 3(a).

(h) "Dividend Parity Stock" has the meaning specified in Section 3(b).

(i) "Dividend Period" has the meaning specified in Section 3(a).

(j) "Dividend Record Date" has the meaning specified in Section 3(a).

(k) "Excluded Class" means any class or series of Preferred Stock with a liquidation preference that is less than $100,000 per share, unless the Articles of Incorporation requires such class or series of Preferred Stock to vote in proportion to their respective liquidation preferences when voting together with the Series L Preferred Stock as a single class.

(l) "Junior Stock" means the Common Stock and any other class or series of stock of the Corporation (other than the Series L Preferred Stock) that ranks junior to the Series L Preferred Stock either or both as to the payment of dividends and/or as to the distribution of assets on any liquidation, dissolution or winding up of the Corporation.

(m) "Liquidation Parity Stock" means any class or series of stock of the Corporation (other than the Series L Preferred Stock) that ranks equally with the Series L Preferred Stock in the distribution of assets on any liquidation, dissolution or winding up of the Corporation.

(n) "London Banking Day" means any day on which commercial banks are open for general business (including dealings in deposits in U.S. dollars) in London, England.

(o) "Preferred Stock Directors" has the meaning specified in Section 6(b).

(p) "Reuters Screen LIBOR01" means the display designated on the Reuters 3000 Xtra (or such other page as may replace that page on that service or such other service as may be nominated by the British Bankers' Association for the purpose of displaying London interbank offered rates for U.S. dollar deposits).

(q) "Series L Preferred Stock Liquidation Amount" has the meaning specified in Section 4(a).

(r) "Statement with Respect to Shares" means this Statement with Respect to Shares relating to the Series L Preferred Stock, as it may be amended from time to time.

(s) "Three-Month LIBOR", with respect to any Dividend Period beginning on or after February 1, 2013, the rate (expressed as a percentage per annum) for deposits in U.S. dollars for a three-month period commencing on the first day of that Dividend Period that appears on Reuters Screen LIBOR01 as of 11:00 A.M. (London time) on the Dividend Determination Date for that Dividend Period. If that rate does not appear on Reuters Screen LIBOR01, Three-Month LIBOR shall be determined on the basis of the rates at which deposits in U.S. dollars for a three-month period commencing on the first day of that Dividend Period and in a principal amount of not less than $1,000,000 are offered to prime banks in the London interbank market by four major banks in that market selected by the Calculation Agent at approximately 11:00 A.M. (London time) on the Dividend Determination Date for that Dividend Period. The Calculation Agent shall request the principal London office of each of these banks to provide a quotation of its rate. If at least two such quotations are provided, Three-Month LIBOR with respect to such Dividend Period shall be the arithmetic mean (rounded upward if necessary to the nearest 0.00001 of 1%) of such quotations. If fewer than two quotations are provided, Three-Month LIBOR with respect to that Dividend Period shall be the arithmetic mean (rounded upward if necessary to the nearest 0.00001 of 1%) of the rates quoted by three major banks in New York City selected by the Calculation Agent at approximately 11:00 A.M., New York City time, on the first day of that Dividend Period for loans in U.S. dollars to leading European banks for a three-month period commencing on the first day of that Dividend Period, and in a principal amount of not less than $1,000,000. However, if fewer than three banks selected by the Calculation Agent to provide quotations are quoting as described in the immediately preceding sentence, Three-Month LIBOR for that Dividend Period shall be the same as Three-Month LIBOR as determined for the previous Dividend Period.

(t) "Total Liquidation Amount" has the meaning specified in Section 4(a).

(u) "Voting Parity Stock" means any and all classes or series of the Corporation's stock (other than the Series L Preferred Stock), whether bearing dividends on a non-cumulative or cumulative basis but otherwise ranking on a parity with the Series L Preferred Stock as to the payment of dividends, and having voting rights equivalent to those described in Section 6(b).

Section 3. Dividends.

(a) Rate. Dividends on shares of Series L Preferred Stock will not be mandatory. Holders of the Series L Preferred Stock, in preference to the holders of Common Stock and of any other shares of stock ranking junior to the Series L Preferred Stock as to payment of dividends, shall be entitled to receive, only when, as and if declared by the Board of Directors or a duly authorized committee of the Board of Directors out of funds legally available therefor, cash dividends at the rate determined as set forth below in this Section 3 applied to the Series L Preferred Stock Liquidation Amount. These dividends shall be payable in arrears (as provided below in this Section 3(a)), but only when, as and if declared by the Board of Directors or a duly authorized committee of the Board of Directors, on February 1, May 1, August 1 and November 1 of each year (commencing on February 1, 2009) (each a "*Dividend Payment Date*"); *provided that* if any such Dividend Payment Date on or after February 1, 2013 would otherwise occur on a day that is not a Business Day, such Dividend Payment Date shall instead be (and any dividend payable on the Series L Preferred Stock on such Dividend Payment Date shall instead be payable on) the immediately succeeding Business Day. If a Dividend Payment Date before February 1, 2013 is not a Business Day, the applicable dividend shall be paid on the first Business Day following that day without adjustment. Dividends on the Series L Preferred Stock shall not be cumulative; holders of Series L Preferred Stock shall not be entitled to receive any dividends not declared by the Board of Directors or a duly authorized committee of the Board of Directors and no interest, or sum of money or other property in lieu of interest, shall be payable in respect of any dividend not so declared.

Dividends that are payable on the Series L Preferred Stock on any Dividend Payment Date will be payable to holders of record of the Series L Preferred Stock as they appear on the stock register maintained by the transfer agent and registrar for the Series L Preferred Stock on the applicable record date, which shall be such date fixed by the Board of Directors (or a duly authorized committee of the Board of Directors) in advance of such Dividend Payment Date (each, a "*Dividend Record Date*"). Any such day that is a Dividend Record Date shall be a Dividend Record Date whether or not such day is a Business Day; *provided* that the holders of record of the Series L Preferred Stock shall be the holders of record at the close of the immediately preceding Business Day.

Each dividend period (a "Dividend Period") shall commence on and include a Dividend Payment Date (other than the initial Dividend Period, which shall be deemed to have commenced on and include November 1, 2008) and shall end on and include the calendar day immediately preceding the next Dividend Payment Date. Dividends payable on each share of the Series L Preferred Stock in respect of a Dividend Period shall be computed by the Calculation Agent (i) on the basis of a 360-day year consisting of twelve-30 day months until the Dividend Payment Date in February 2013 and (ii) thereafter, for each Dividend Period, by multiplying the per annum dividend rate in effect for that Dividend Period by a fraction, the numerator of which will be the actual number of days in that Dividend Period and the denominator of which will be 360. Dividends payable in respect of a Dividend Period shall be payable in arrears – i.e., on the first Dividend Payment Date after such Dividend Period.

The dividend rate on the Series L Preferred Stock, for each Dividend Period, shall be (a) a rate *per annum* equal to 9.875% until the Dividend Payment Date in February 2013, and (b) thereafter, a rate *per annum* that will be reset quarterly and shall be equal to Three-Month LIBOR for such Dividend Period plus 6.330%.

The Calculation Agent's determination of any dividend rate, and its calculation of the amount of dividends for any Dividend Period, will be maintained on file at the Corporation's principal offices and will be available to any shareholder upon request and will be final and binding in the absence of manifest error.

Holders of the Series L Preferred Stock shall not be entitled to any dividends, whether payable in cash, securities or other property, other than dividends (if any) declared and payable on the Series L Preferred Stock as specified in this Section 3.

(b) Priority of Dividends. During any Dividend Period, so long as any shares of Series L Preferred Stock remain outstanding, unless (a) the full dividends for the then-current Dividend Period on all outstanding Preferred Stock have been paid, or declared and funds set aside therefor, and (b) the Corporation is not in default on its obligation to redeem any shares of Series L Preferred Stock that have been called for redemption, no dividend whatsoever shall be declared on the Common Stock or other Junior Stock, other than a dividend payable solely in shares of Junior Stock. Neither the Corporation nor any of its subsidiaries may purchase, redeem or otherwise acquire for consideration (other than as a result of reclassification of Junior Stock for or into other Junior Stock, or the exchange or conversion of one share of Junior Stock for or into another share of Junior Stock and other than through the use of the proceeds of a substantially contemporaneous sale of other shares of Junior Stock), and the Corporation will not pay to or make available any monies for a sinking fund for the redemption of, any Common Stock or any other Junior Stock unless the full dividends for the most-recently completed Dividend Period on all outstanding shares of Series L Preferred Stock shall have been paid. However, the foregoing provisions shall not restrict the ability of any affiliate of the Corporation to engage in any market-making transactions in Junior Stock in the ordinary course of business.

On any Dividend Payment Date for which full dividends are not paid, or declared and funds set aside therefor, upon the Preferred Stock and other classes or series of capital stock designated as ranking on a parity with the Series L Preferred Stock as to payment of dividends ("*Dividend Parity Stock*"), all dividends paid or declared for payment on that Dividend Payment Date with respect to the Series L Preferred Stock and the Dividend Parity Stock shall be shared:

- first ratably by the holders of any shares of such other series of Dividend Parity Stock who have the right to receive dividends with respect to Dividend Periods prior to the then-current Dividend Period, in proportion to the respective amounts of the undeclared and unpaid dividends relating to prior Dividend Periods; and
- thereafter by the holders of the shares of Series L Preferred Stock and the Dividend Parity Stock on a *pro rata* basis.

Subject to the foregoing, such dividends (payable in cash, stock or otherwise) as may be determined by the Board of Directors or a duly authorized committee of the Board of Directors may be declared and paid on the Common Stock and any other stock that is Dividend Parity Stock or that ranks junior to the Series L Preferred Stock, from time to time out of any funds legally available for such payment, and the Series L Preferred Stock shall not be entitled to participate in any such dividends.

Any class or series of preferred stock hereafter authorized and issued at any time by the Corporation that is entitled to receive dividends when, as and if declared by the Board of Directors or a duly authorized committee of the Board of Directors shall not have, for any period when any shares of Series L Preferred Stock are outstanding, any dividend payment date that is not also a Dividend Payment Date of the Series L Preferred Stock.

The Series L Preferred Stock shall rank on a parity with the Series A, Series B, Series C, Series D, Series E, Series F, Series H, Series I, Series J and Series K Preferred Stock with respect to the payment of dividends.

Section 4. Liquidation Rights.

(a) Voluntary or Involuntary Liquidation. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, holders of Series L Preferred Stock shall be entitled to receive an amount per share (the "*Total Liquidation Amount*") equal to the fixed liquidation preference of $100,000 per share (the "*Series L Preferred Stock Liquidation Amount*"), *plus* any declared but unpaid dividends including, if applicable, a *pro rata* portion of any declared and unpaid dividends for the then-current Dividend Period to the date of liquidation, without regard to any undeclared dividends.

Holders of the Series L Preferred Stock will be entitled to receive the Total Liquidation Amount out of the assets of the Corporation that are available for distribution to shareholders of capital stock ranking on a parity on liquidation to the Series L Preferred Stock, after payment or provision for payment of the Corporation's debts and other liabilities but before any distribution of assets is made to holders of Common Stock or any other shares ranking, as to such distribution, junior to the Series L Preferred Stock.

The Series L Preferred Stock ranks on a parity with the Series A, Series B, Series C, Series D, Series E, Series F, Series H, Series I, Series J and Series K Preferred Stock as to distributions of assets upon any liquidation, dissolution or winding-up of the Corporation.

(b) Partial Payment. If the Corporation's assets are not sufficient to pay the Total Liquidation Amount in full to all holders of Series L Preferred Stock and to pay the aggregate liquidation amount to all holders of any shares of the Corporation's Liquidation Parity Stock, the amounts paid to the holders of Series L Preferred Stock and to the such other shares of Liquidation Parity Stock shall be paid *pro rata* in accordance with the respective aggregate Total Liquidation Amount and the aggregate liquidation amount of any such outstanding shares of Liquidation Parity Stock. If the Total Liquidation Amount per share of Series L Preferred Stock has been paid in full to all holders of Series L Preferred Stock and the liquidation amount of all other shares of Liquidation Parity Stock has been paid in full, the holders of Common Stock or any other shares ranking, as to such distribution, junior to the Series L Preferred Stock will be entitled to receive remaining assets of the Corporation according to their respective rights and preferences.

(c) Merger, Consolidation and Sale of Assets Not Liquidation. For purposes of this Section 4, neither the sale, conveyance, exchange or transfer of all or substantially all of the Corporation's property and assets, nor the consolidation or merger by the Corporation with or into any other corporation or by another corporation with or into the Corporation, shall constitute a liquidation, dissolution or winding up of the Corporation's affairs.

Section 5. Redemption.

(a) Optional Redemption. The Series L Preferred Stock may not be redeemed by the Corporation prior to February 1, 2013. On that date or on any date after that date, the Series L Preferred Stock may be redeemed, in whole or in part, at the option of the Corporation. Any such redemption will be at a cash redemption price of $100,000 per share, plus any declared and unpaid dividends, without regard to any undeclared dividends. The redemption price for any shares of Series L Preferred Stock shall be payable on the redemption date to the holder of such shares against surrender of the certificate(s) evidencing such shares to the Corporation or its agent. Any declared but unpaid dividends payable on a redemption date that occurs subsequent to the Dividend Record Date for a Dividend Period shall not be paid to the holder entitled to receive the redemption price on the redemption date, but rather shall be paid to the holder of record of the redeemed shares on such Dividend Record Date relating to the Dividend Payment Date as provided in Section 3 above.

(b) No Sinking Fund or Redemption by Holders. The Series L Preferred Stock will not be subject to any mandatory redemption, sinking fund or other similar provisions. Holders of Series L Preferred Stock have no right to require the redemption or repurchase of the Series L Preferred Stock.

(c) Notice of Redemption. Notice of every redemption by the Corporation of Series L Preferred Stock shall be given by first class mail, postage prepaid, addressed to the holders of record of the Series L Preferred Stock to be redeemed at their respective last addresses appearing on the books of the Corporation not less than 30 days and not more than 60 days before the date of redemption (provided that if the Series L Preferred Stock, or any depositary shares representing interests in the Series L Preferred Stock, are issued in book-entry form through The Depository Trust Company or any other similar facility, notice of redemption may be given to the holders of Series L Preferred Stock at such time and in any manner permitted by such facility). Any notice mailed or otherwise given as provided in this subsection shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, and failure duly to give such notice by mail, or any defect in such notice or in the mailing or provision thereof, to any holder of Series L Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Series L Preferred Stock.

Each such notice given to a holder shall state:

- the redemption date;

- the number of shares of Series L Preferred Stock to be redeemed and, if less than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder;
- the redemption price; and
- the place or places where the shares are to be redeemed.

(d) Partial Redemption. In case of any redemption of only part of the shares of Series L Preferred Stock at the time outstanding, the shares to be redeemed shall be selected either *pro rata* from the holders of record of shares of Series L Preferred Stock in proportion to the number of shares held by those holders or by lot or in such other manner as the Board of Directors (or a duly authorized committee of the Board of Directors) may determine to be fair and equitable. Subject to the provisions hereof, the Corporation shall have full power and authority to prescribe the terms and conditions upon which shares of Series L Preferred Stock may be redeemed at the Corporation's option, from time to time. If fewer than all the shares represented by any certificate are redeemed, a new certificate shall be issued representing the unredeemed shares without charge to the holder thereof.

(e) Effectiveness of Redemption. If notice of redemption of any shares of Series L Preferred Stock has been given and if funds necessary for the redemption have been set aside by the Corporation for the benefit of the holders of any shares of Series L Preferred Stock so called for redemption, then, from and after the date of the redemption notice and the deposit of such funds, those shares shall no longer be deemed outstanding and all rights of the holders of those shares (including the right to receive any dividends) will terminate, except for the right to receive the redemption price. Any funds unclaimed at the end of two years from the redemption date, to the extent permitted by law, shall be released to the Corporation, after which time the holders of the shares so called for redemption shall look only to the Corporation for payment of the redemption price of such shares.

Section 6. Voting Rights.

(a) General. The holders of Series L Preferred Stock shall not have any voting rights except as set forth below or as otherwise from time to time required by applicable law.

(b) Right To Elect Two Directors Upon Nonpayment Events If and when the dividends on the Series L Preferred Stock or on any other class or series of Voting Parity Stock have not been declared and paid (i) in the case of the Series L Preferred Stock and any other class or series of Voting Parity Stock bearing non-cumulative dividends, in full for at least six quarterly dividend periods or their equivalents (whether or not consecutive), or (ii) in the case of Voting Parity Stock bearing cumulative dividends, in an aggregate amount equal to full dividends for at least six quarterly dividend periods or their equivalent (whether or not consecutive), the authorized number of directors then constituting the Board of Directors shall automatically be increased by two. Holders of Series L Preferred Stock, together with the holders of all other affected classes and series of Voting Parity Stock, voting as a single class, shall be entitled to elect the two additional members of the Board of Directors (the "*Preferred Stock Directors*") at any annual or special meeting of shareholders at which directors are to be elected or any special meeting of the holders of the Series L Preferred Stock and any Voting Parity Stock for which dividends have not been paid, called as provided below, but only if the election of any Preferred Stock Directors would not cause the Corporation to violate the corporate governance requirements of the New York Stock Exchange, Inc. (or any other exchange on which securities of the Corporation may then be listed) that listed companies must have a majority of independent directors. In addition, the Board of Directors shall at no time have more than two Preferred Stock Directors.

At any time after the holders of Series L Preferred Stock have the vested power to vote for Preferred Stock Directors, the Secretary of the Corporation may, and upon the written request of holders of record of at least 20% of the outstanding shares of Series L Preferred Stock and Voting Parity Stock (addressed to the Secretary of the Corporation) must, call a special meeting of the holders of Series L Preferred Stock and Voting Parity Stock for the election of the Preferred Stock Directors. Notice for a special meeting will be given in a similar manner to that provided in the By-laws for a special meeting of the shareholders, which the Corporation will provide upon request, or as required by law. If the Secretary of the Corporation is required to call a meeting but does not do so within 20 days after receipt of any such request, then any holder of shares of Series L Preferred Stock may (at the Corporation's expense) call such meeting, upon notice as provided in this section, and for that purpose will have access to the Corporation's stock books.

The Preferred Stock Directors elected at any such special meeting shall hold office until the next annual meeting of the shareholders unless they have been previously terminated as described below. In case any vacancy occurs among the Preferred Stock Directors, a successor shall be elected by the Board of Directors to serve until the next annual meeting of the shareholders upon the nomination of the then remaining Preferred Stock Director or, if none remains in office, by the vote of the holders of record of a majority of the voting power of the outstanding shares of Series L Preferred Stock and all Voting Parity Stock, voting as a single class. The Preferred Stock Directors shall each be entitled to one vote per director on any matter.

Whenever full dividends have been paid on the Series L Preferred Stock and any non-cumulative Voting Parity Stock for at least one year and all dividends on any cumulative Voting Parity Stock have been paid in full, then the right of the holders of Series L Preferred Stock to elect the Preferred Stock Directors shall cease (but subject always to the same provisions for the vesting of these voting rights in the case of any similar non-payment of dividends in respect of future Dividend Periods), the terms of office of all Preferred Stock Directors will immediately terminate and the number of directors constituting the Board of Directors shall automatically be reduced accordingly.

Unless the Articles of Incorporation is amended to require different classes and series of Preferred Stock to vote in proportion to their respective liquidation preferences when voting together with the Series L Preferred Stock as a single class, so long as any shares of Series L Preferred Stock have been issued and are outstanding, any class or series of Voting Parity Stock hereafter authorized and issued at any time by the Corporation shall have a liquidation preference that is not less than $100,000 per share.

(c) Other Voting Rights. So long as any shares of Series L Preferred Stock are outstanding, in addition to any other vote or consent of shareholders required by law or by the Articles of Incorporation:

(i) Creation of Senior Stock. The vote or consent of the holders of at least two-thirds of the shares of Series L Preferred Stock at the time outstanding and any other class or series of preferred stock ranking on a parity with or junior to the Series L Preferred Stock with respect to payment of dividends and distribution of assets on our liquidation at the time outstanding (other than any Excluded Class), voting together as a single class, given in person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, shall be necessary for effecting or authorizing any amendment of the Articles of Incorporation to authorize, or increase the authorized amount of, any shares of any class or series of capital stock ranking senior to the Series L Preferred Stock with respect to payment of dividends or distribution of assets on the Corporation's liquidation; in addition, if any series of outstanding Preferred Stock is more adversely affected by such amendment than the other series, the amendment must also be approved by a two-thirds vote of such series;

(ii) Amendment of Articles of Incorporation. The vote or consent of the holders of at least a majority of the shares of Series L Preferred Stock at the time outstanding, voting separately as a single class, given in person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, shall be necessary for effecting or authorizing any amendment of the Articles of Incorporation or By-laws that would alter or change the voting powers, preferences or special rights of the Series L Preferred Stock so as to affect them adversely; provided that the amendment of the Articles of Incorporation so as to authorize or create, or to increase the authorized amount of, any Junior Stock, any shares of any class or series or any securities convertible into shares of any class or series of Dividend Parity Stock or other capital stock of the Corporation ranking on a parity with the Series L Preferred Stock in the distribution of assets on liquidation, dissolution or winding-up shall not be deemed to affect adversely the voting powers, preferences or special rights of the Series L Preferred Stock; and

(iii) Certain Mergers and Consolidations. The vote or consent of the holders of at least a majority of the shares of Series L Preferred Stock at the time outstanding, voting separately as a single class, given in person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, shall be necessary for effecting or authorizing any merger or consolidation of the Corporation with or into any entity other than a corporation, or any merger or consolidation of the Corporation with or into any other corporation if the Corporation is not the surviving corporation in such merger or consolidation and if the Series L Preferred Stock is changed in such merger or consolidation into anything other than a class or series of preferred stock of the surviving or resulting corporation, or a corporation controlling such corporation, having voting powers, preferences and special rights that, if such change were effected by amendment of the Articles of Incorporation, would not require a vote of the holders of the Series L Preferred Stock under either of the preceding paragraphs.

Each holder of Series L Preferred Stock will have one vote per share on any matter on which holders of Series L Preferred Stock are entitled to vote, including any action by written consent.

(d) Changes after Provision for Redemption. No vote or consent of the holders of Series L Preferred Stock shall be required pursuant to Section 6(b) or (c) above if, at or prior to the time when any such vote or consent would otherwise be required pursuant to such Section, all outstanding shares of Series L Preferred Stock shall have been redeemed, or shall have been called for redemption upon proper notice and sufficient funds shall have been set aside for such redemption, in each case pursuant to Section 5 above.

Section 7. Record Holders. To the fullest extent permitted by applicable law, the Corporation and the transfer agent for the Series L Preferred Stock may deem and treat the record holder of any share of Series L Preferred Stock as the true and lawful owner thereof for all purposes, and neither the Corporation nor such transfer agent shall be affected by any notice to the contrary.

Section 8. Notices. All notices or communications in respect of the Series L Preferred Stock shall be sufficiently given if given in writing and delivered in person or by first class mail, postage prepaid, or if given in such other manner as may be permitted in this Statement with Respect to Shares, in the Articles of Incorporation or By-laws or by applicable law.

Section 9. No Preemptive Rights. No share of Series L Preferred Stock shall have any rights of preemption whatsoever as to any securities of the Corporation, or any warrants, rights or options issued or granted with respect thereto, regardless of how such securities, or such warrants, rights or options, may be designated, issued or granted.

Section 10. Other Rights. The shares of Series L Preferred Stock shall not have any voting powers, preferences or relative, participating, optional or other special rights, or qualifications, limitations or restrictions thereof, other than as set forth herein or in the Articles of Incorporation or as provided by applicable law.

RESOLVED, that all actions taken by the officers and directors of the Corporation or any of them in connection with the foregoing resolutions through the date hereof be, and they hereby are, ratified and approved.

3. The aggregate number of shares of the Series L Preferred Stock established and designated by (a) the Resolution, (b) all prior statements, if any, filed under Section 1522 of the PBCL or corresponding provisions of prior law with respect thereto, and (c) any other provision of the Amended and Restated Articles of Incorporation, is 1,725 shares.

4. The Resolution was duly adopted at a meeting of the Board of Directors duly called and held on December 23, 2008.

IN WITNESS WHEREOF, this Statement with Respect to Shares is executed on behalf of the Corporation by its duly authorized officer this 26th day of December, 2008.

THE PNC FINANCIAL SERVICES GROUP, INC.

By: /s/ George P. Long, III
Name: George P. Long, III
Title: Senior Counsel and Corporate Secretary

STATEMENT WITH RESPECT TO SHARES
OF
NON-CUMULATIVE PERPETUAL PREFERRED STOCK, SERIES M,
OF
THE PNC FINANCIAL SERVICES GROUP, INC.

Pursuant to Section 1522(c)
of the
Pennsylvania Business
Corporation Law of 1988

In compliance with the requirements of Section 1522(c) of Pennsylvania Business Corporation Law of 1988 (the "*PBCL*"), The PNC Financial Services Group, Inc., a corporation organized and existing under the PBCL (the "*Corporation*"), hereby certifies that:

1. The name of the Corporation is The PNC Financial Services Group, Inc.

2. The resolution ("Resolution") duly adopted by the Board of Directors of the Corporation (the "Board of Directors") establishing and designating a series of the Corporation's Preferred Stock, par value $1.00 per share, and fixing and determining the relative rights and preferences thereof is as follows:

RESOLVED, that pursuant to the authority granted to and vested in the Board of Directors by the provisions of the Amended and Restated Articles of Incorporation, a series of Preferred Stock, $1.00 par value per share, of the Corporation be and hereby is created, and that the designation and number of shares of such series, and the voting and other powers, designations, preferences and relative, participating, optional or other rights, and the qualifications, limitations and restrictions thereof, of the shares of such series, are as follows:

RIGHTS AND PREFERENCES

Section 1. Designation of Series and Number of Shares. A series of Preferred Stock designated "Non-Cumulative Perpetual Preferred Stock, Series M" (herein called "*Series M Preferred Stock*") shall be established, and the authorized number of shares that shall constitute such series shall be 5,751 shares, $1.00 par value per share, which may be decreased (but not below the number of shares of Series M Preferred Stock then outstanding) from time to time by resolution of the Board of Directors by a certificate executed and acknowledged by the corporation and filed with the Secretary of Commonwealth of the Commonwealth of Pennsylvania. Shares of outstanding Series M Preferred Stock that are redeemed, purchased or otherwise acquired by the Corporation, or converted into another series of Preferred Stock, shall be cancelled and shall revert to authorized but unissued shares of Preferred Stock undesignated as to series.

Section 2. Definitions. As used herein with respect to the Series M Preferred Stock:

(a) "Articles of Incorporation" means the Amended and Restated Articles of Incorporation of the Corporation, as may be amended from time to time, and shall include this Statement with Respect to Shares.

(b) "Board of Directors" means the board of directors of the Corporation.

(c) "By-laws" means the Amended and Restated By-laws of the Corporation, as may be amended from time to time.

(d) "Business Day" means any day other than a Saturday, Sunday, or any other day on which banking institutions and trust companies in New York, New York, Pittsburgh, Pennsylvania or Wilmington, Delaware are permitted or required by any applicable law to close.

(e) "Calculation Agent" means, at any time, the person or entity appointed by the Corporation and serving as such agent at such time. The Corporation may terminate any such appointment and may appoint a successor agent at any time and from time to time; provided that the Corporation shall use its best efforts to ensure that there is at all relevant times when the Series M Preferred Stock is outstanding a person or entity appointed and serving as such agent. The Calculation Agent may be a person or entity affiliated with the Corporation.

(f) “Dividend Determination Date” means the second London Banking Day immediately preceding the first day of the relevant Dividend Period.

(g) “*Dividend Payment Date*” has the meaning specified in Section 3(a).

(h) “Dividend Parity Stock” has the meaning specified in Section 3(b).

(i) “Dividend Period” has the meaning specified in Section 3(a).

(j) “Dividend Record Date” has the meaning specified in Section 3(a).

(k) “Excluded Class” means any class or series of Preferred Stock with a liquidation preference that is less than $100,000 per share, unless the Articles of Incorporation requires such class or series of Preferred Stock to vote in proportion to their respective liquidation preferences when voting together with the Series M Preferred Stock as a single class.

(l) “Junior Stock” means the Common Stock and any other class or series of stock of the Corporation (other than the Series M Preferred Stock) that ranks junior to the Series M Preferred Stock either or both as to the payment of dividends and/or as to the distribution of assets on any liquidation, dissolution or winding up of the Corporation.

(m) “Liquidation Parity Stock” means any class or series of stock of the Corporation (other than the Series M Preferred Stock) that ranks equally with the Series M Preferred Stock in the distribution of assets on any liquidation, dissolution or winding up of the Corporation.

(n) “London Banking Day” means any day on which commercial banks are open for general business (including dealings in deposits in U.S. dollars) in London, England.

(o) “Normal APEX” means the 12.000% Fixed-to-Floating Rate Normal APEX (liquidation amount $1,000 per security) issued by the Trust and fully and unconditionally guaranteed by the Corporation.

(p) “Preferred Stock Directors” has the meaning specified in Section 6(b).

(q) “Reuters Screen LIBOR01” means the display designated on the Reuters 3000 Xtra (or such other page as may replace that page on that service or such other service as may be nominated by the British Bankers’ Association for the purpose of displaying London interbank offered rates for U.S. dollar deposits).

(r) “Statement with Respect to Shares” means this Statement with Respect to Shares relating to the Series M Preferred Stock, as it may be amended from time to time.

(s) “Series M Preferred Stock Liquidation Amount” has the meaning specified in Section 4(a).

(t) “Stock Purchase Contract Agreement” means the Stock Purchase Contract Agreement, dated as of January 30, 2008, between the Corporation and The Bank of New York Trust Company, N.A. as Property Trustee (acting on behalf of the Trust)

(u) “Stock Purchase Contracts” means the Stock Purchase Contracts issued pursuant to the Stock Purchase Contract Agreement.

(v) “Three-Month LIBOR”, with respect to any Dividend Period beginning on or after the later of December 10, 2012 and the Stock Purchase Date (as defined in the Stock Purchase Contract Agreement), the rate (expressed as a percentage per annum) for deposits in U.S. dollars for a three-month period commencing on the first day of that Dividend Period that appears on Reuters Screen LIBOR01 as of 11:00 A.M. (London time) on the Dividend Determination Date for that Dividend Period. If that rate does not appear on Reuters Screen LIBOR01, Three-Month LIBOR shall be determined on the basis of the rates at which deposits in U.S. dollars for a three-month period commencing on the first day of that Dividend Period and in a principal amount of not less than $1,000,000 are offered to prime banks in the London interbank market by four major banks in that market selected by the Calculation Agent at approximately 11:00 A.M. (London time) on the Dividend Determination Date for that Dividend Period. The Calculation Agent shall request the principal London office of each of these banks to provide a quotation of its rate. If at least two such quotations are provided, Three-Month LIBOR with respect to such Dividend Period shall be the arithmetic mean (rounded upward if necessary to the nearest 0.00001 of 1%) of such quotations. If fewer than two quotations are provided, Three-Month LIBOR with respect to that Dividend Period shall be the arithmetic mean (rounded upward if necessary to the nearest 0.00001 of 1%) of the rates quoted by three major banks in New York City selected by the Calculation Agent at approximately 11:00 A.M., New York City time, on the first day of that Dividend Period for loans in U.S. dollars to leading European banks for a three-month period commencing on the first day of that Dividend Period, and in a principal amount of not less than $1,000,000. However, if fewer than three banks selected by the Calculation Agent to provide quotations are quoting as described in the immediately preceding sentence, Three-Month LIBOR for that Dividend Period shall be the same as Three-Month LIBOR as determined for the previous Dividend Period, or in the case of the first Dividend Period, the most recent Three-Month LIBOR that could have been determined in accordance with the first sentence of this definition had the Preferred Stock been outstanding.

(w) "Total Liquidation Amount" has the meaning specified in Section 4(a).

(x) "Trust" means National City Preferred Capital Trust I.

(y) "Voting Parity Stock" means any and all classes or series of the Corporation's stock (other than the Series M Preferred Stock), whether bearing dividends on a non-cumulative or cumulative basis but otherwise ranking on a parity with the Series M Preferred Stock as to the payment of dividends, and having voting rights equivalent to those described in Section 6(b).

Section 3. Dividends.

(a) Rate. Dividends on shares of Series M Preferred Stock will not be mandatory. Holders of the Series M Preferred Stock, in preference to the holders of Common Stock and of any other shares of stock ranking junior to the Series M Preferred Stock as to payment of dividends, shall be entitled to receive, only when, as and if declared by the Board of Directors or a duly authorized committee of the Board of Directors out of funds legally available therefor, cash dividends at the rate determined as set forth below in this Section 3 applied to the Series M Preferred Stock Liquidation Amount. These dividends shall be payable in arrears (as provided below in this Section 3(a)), but only when, as and if declared by the Board of Directors or a duly authorized committee of the Board of Directors, (a) if the Series M Preferred Stock is issued prior to December 10, 2012, on June 10 and December 10 of each year (commencing on the first such date to occur after the initial issuance of the Series M Preferred Stock) until December 10, 2012, and (b) thereafter, on March 10, June 10, September 10 and December 10 of each year (each a "*Dividend Payment Date*"); *provided* that if any such Dividend Payment Date on or after December 10, 2012 would otherwise occur on a day that is not a Business Day, such Dividend Payment Date shall instead be (and any dividend payable on the Series M Preferred Stock on such Dividend Payment Date shall instead be payable on) the immediately succeeding Business Day. If a Dividend Payment Date before December 10, 2012 is not a Business Day, the applicable dividend shall be paid on the first Business Day following that day without adjustment. Dividends on the Series M Preferred Stock shall not be cumulative; holders of Series M Preferred Stock shall not be entitled to receive any dividends not declared by the Board of Directors or a duly authorized committee of the Board of Directors and no interest, or sum of money or other property in lieu of interest, shall be payable in respect of any dividend not so declared.

Dividends that are payable on the Series M Preferred Stock on any Dividend Payment Date will be payable to holders of record of the Series M Preferred Stock as they appear on the stock register maintained by the transfer agent and registrar for the Series M Preferred Stock on the applicable record date, which shall be such date fixed by the Board of Directors (or a duly authorized committee of the Board of Directors) in advance of such Dividend Payment Date (each, a "Dividend Record Date"). Any such day that is a Dividend Record Date shall be a Dividend Record Date whether or not such day is a Business Day; provided that the holders of record of the Series M Preferred Stock shall be the holders of record at the close of the immediately preceding Business Day.

Each dividend period (a "*Dividend Period*") shall commence on and include a Dividend Payment Date (other than the initial Dividend Period, which shall commence on and include the date of original issue of the Series M Preferred Stock) and shall end on and include the calendar day immediately preceding the next Dividend Payment Date. Dividends payable on each share of the Series M Preferred Stock in respect of a Dividend Period shall be computed by the Calculation Agent (i) if shares of Series M Preferred Stock are issued prior to December 10, 2012, on the basis of a 360-day year consisting of twelve-30 day months until the Dividend Payment Date in December 2012 and (ii) thereafter, for each Dividend Period, by multiplying the *per annum* dividend rate in effect for that Dividend Period by a fraction, the numerator of which will be the actual number of days in that Dividend Period and the denominator of which will be 360. Dividends payable in respect of a Dividend Period shall be payable in arrears — *i.e.*, on the first Dividend Payment Date after such Dividend Period.

The dividend rate on the Series M Preferred Stock, for each Dividend Period, shall be (a) if the shares of Series M Preferred Stock are issued prior to December 10, 2012, a rate *per annum* equal to 12.000% until the Dividend Payment Date in December 2012, and (b) thereafter, a rate *per annum* that will be reset quarterly and shall be equal to Three-Month LIBOR for such Dividend Period plus 8.610%.

The Calculation Agent's determination of any dividend rate, and its calculation of the amount of dividends for any Dividend Period, will be maintained on file at the Corporation's principal offices and will be available to any shareholder upon request and will be final and binding in the absence of manifest error.

Holders of the Series M Preferred Stock shall not be entitled to any dividends, whether payable in cash, securities or other property, other than dividends (if any) declared and payable on the Series M Preferred Stock as specified in this Section 3.

(b) Priority of Dividends. So long as any shares of Series M Preferred Stock remain outstanding, no dividend whatsoever shall be declared or paid on the Common Stock or other Junior Stock, other than a dividend payable solely in shares of Junior Stock, and neither the Corporation nor any of its subsidiaries may purchase, redeem or otherwise acquire for consideration (other than as a result of reclassification of Junior Stock for or into other Junior Stock, or the exchange or conversion of one share of Junior Stock for or into another share of Junior Stock and other than through the use of the proceeds of a substantially contemporaneous sale of other shares of Junior Stock), and the Corporation will not pay to or make available any monies for a sinking fund for the redemption of, any Common Stock or any other Junior Stock unless (a) the full dividends for the most-recently completed Dividend Period on all outstanding shares of Series M Preferred Stock shall have been paid, or declared and funds set aside therefor, and (b) the Corporation is not in default on its obligation to redeem any shares of Series M Preferred Stock that have been called for redemption. However, the foregoing provisions shall not restrict the ability of any affiliate of the Corporation to engage in any market-making transactions in Junior Stock in the ordinary course of business.

On any Dividend Payment Date for which full dividends are not paid, or declared and funds set aside therefor, upon the Preferred Stock and other classes or series of capital stock designated as ranking on a parity with the Series M Preferred Stock as to payment of dividends ("*Dividend Parity Stock*"), all dividends paid or declared for payment on that Dividend Payment Date with respect to the Series M Preferred Stock and the Dividend Parity Stock shall be shared:

- first ratably by the holders of any shares of such other series of Dividend Parity Stock who have the right to receive dividends with respect to Dividend Periods prior to the then-current Dividend Period, in proportion to the respective amounts of the undeclared and unpaid dividends relating to prior Dividend Periods; and
- thereafter by the holders of the shares of Series M Preferred Stock and the Dividend Parity Stock on a pro rata basis.

Subject to the foregoing, such dividends (payable in cash, stock or otherwise) as may be determined by the Board of Directors or a duly authorized committee of the Board of Directors may be declared and paid on the Common Stock and any other stock that is Dividend Parity Stock or that ranks junior to the Series M Preferred Stock, from time to time out of any funds legally available for such payment, and the Series M Preferred Stock shall not be entitled to participate in any such dividends.

Any class or series of preferred stock hereafter authorized and issued at any time by the Corporation that is entitled to receive dividends when, as and if declared by the Board of Directors or a duly authorized committee of the Board of Directors shall not have, for any period when any shares of Series M Preferred Stock are outstanding, any dividend payment date that is not also a Dividend Payment Date of the Series M Preferred Stock.

The Series M Preferred Stock shall rank on a parity with the Series A, Series B, Series C, Series D, Series E, Series F, Series H, Series I, Series J, Series K and Series L Preferred Stock with respect to the payment of dividends.

Section 4. Liquidation Rights.

(a) Voluntary or Involuntary Liquidation. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, holders of Series M Preferred Stock shall be entitled to receive an amount per share (the "*Total Liquidation Amount*") equal to the fixed liquidation preference of $100,000 per share (the "*Series M Preferred Stock Liquidation Amount*"), *plus* any declared but unpaid dividends including, if applicable, a *pro rata* portion of any declared and unpaid dividends for the then-current Dividend Period to the date of liquidation, without regard to any undeclared dividends. Holders of the Series M Preferred Stock will be entitled to receive the Total Liquidation Amount out of the assets of the Corporation that are available for distribution to shareholders of capital stock ranking on a parity on liquidation to the Series M Preferred Stock, after payment or provision for payment of the Corporation's debts and other liabilities but before any distribution of assets is made to holders of Common Stock or any other shares ranking, as to such distribution, junior to the Series M Preferred Stock.

The Series M Preferred Stock ranks on a parity with the Series A, Series B, Series C, Series D, Series E, Series F, Series H, Series I, Series J, Series K and Series L Preferred Stock as to distributions of assets upon any liquidation, dissolution or winding-up of the Corporation.

(b) Partial Payment. If the Corporation's assets are not sufficient to pay the Total Liquidation Amount in full to all holders of Series M Preferred Stock and to pay the aggregate liquidation amount to all holders of any shares of the Corporation's Liquidation Parity Stock, the amounts paid to the holders of Series M Preferred Stock and to the such other shares of Liquidation Parity Stock shall be paid *pro rata* in accordance with the respective aggregate Total Liquidation Amount and the aggregate liquidation amount of any such outstanding shares of Liquidation Parity Stock. If the Total Liquidation Amount per share of Series M Preferred Stock has been paid in full to all holders of Series M Preferred Stock and the liquidation amount of all other shares of Liquidation Parity Stock has been paid in full, the holders of Common Stock or any other shares ranking, as to such distribution, junior to the Series M Preferred Stock will be entitled to receive remaining assets of the Corporation according to their respective rights and preferences.

(c) Merger, Consolidation and Sale of Assets Not Liquidation. For purposes of this Section 4, neither the sale, conveyance, exchange or transfer of all or substantially all of the Corporation's property and assets, nor the consolidation or merger by the Corporation with or into any other corporation or by another corporation with or into the Corporation, shall constitute a liquidation, dissolution or winding up of the Corporation's affairs.

Section 5. Redemption.

(a) Optional Redemption. The Series M Preferred Stock may not be redeemed by the Corporation prior to the later of December 10, 2012 and the date of original issue of the Series M Preferred Stock. On that date or on any date after that date, the Series M Preferred Stock may be redeemed, in whole or in part, at the option of the Corporation. Any such redemption will be at a cash redemption price of $100,000 per share, plus any declared and un-paid dividends, without regard to any undeclared dividends. The redemption price for any shares of Series M Preferred Stock shall be payable on the redemption date to the holder of such shares against surrender of the certificate(s) evidencing such shares to the Corporation or its agent. Any declared but unpaid dividends payable on a redemption date that occurs subsequent to the Dividend Record Date for a Dividend Period shall not be paid to the holder entitled to receive the redemption price on the redemption date, but rather shall be paid to the holder of record of the redeemed shares on such Dividend Record Date relating to the Dividend Payment Date as provided in Section 3 above.

(b) No Sinking Fund or Redemption by Holders. The Series M Preferred Stock will not be subject to any mandatory redemption, sinking fund or other similar provisions. Holders of Series M Preferred Stock have no right to require the redemption or repurchase of the Series M Preferred Stock.

(c) Notice of Redemption. Notice of every redemption by the Corporation of Series M Preferred Stock shall be given by first class mail, postage prepaid, addressed to the holders of record of the Series M Preferred Stock to be redeemed at their respective last addresses appearing on the books of the Corporation not less than 30 days and not more than 60 days before the date of redemption; *provided* that the Series M Preferred Stock may be redeemed on the date the notice of redemption is delivered to holders of record of the shares if (1) each holder of Normal APEX shall have received notice of such redemption on or prior to the date of issuance of the Series M Preferred Stock and (2) each holder of record of the shares on the date the Series M Preferred Stock is issued shall have received notice, not less 30 days and not more than 60 days before such date, of the Corporation's intention to re-deem the Series M Preferred Stock on the date of its issuance (*provided* that if the Series M Preferred Stock, or any depositary shares representing interests in the Series M Preferred Stock, are issued in book-entry form through The Depository Trust Company or any other similar facility, notice of redemption may be given to the holders of Series M Preferred Stock at such time and in any manner permitted by such facility). Any notice mailed or otherwise given as provided in this subsection shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, and failure duly to give such notice by mail, or any defect in such notice or in the mailing or provision thereof, to any holder of Series M Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Series M Preferred Stock.

Each such notice given to a holder shall state:

- the redemption date;
- the number of shares of Series M Preferred Stock to be redeemed and, if less than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder;
- the redemption price; and
- the place or places where the shares are to be redeemed.

(d) Partial Redemption. In case of any redemption of only part of the shares of Series M Preferred Stock at the time outstanding, the shares to be redeemed shall be selected either *pro rata* from the holders of record of shares of Series M Preferred Stock in proportion to the number of shares held by those holders or by lot or in such other manner as the Board of Directors (or a duly authorized committee of the Board of Directors) may determine to be fair and equitable. Subject to the provisions hereof, the Corporation shall have full power and authority to prescribe the terms and conditions upon which shares of Series M Preferred Stock may be redeemed at the Corporation's option, from time to time. If fewer than all the shares represented by any certificate are redeemed, a new certificate shall be issued representing the unredeemed shares without charge to the holder thereof.

(e) Effectiveness of Redemption. If notice of redemption of any shares of Series M Preferred Stock has been given and if funds necessary for the redemption have been set aside by the Corporation for the benefit of the holders of any shares of Series M Preferred Stock so called for redemption, then, from and after the date of the redemption notice and the deposit of such funds, those shares shall no longer be deemed outstanding and all rights of the holders of those shares (including the right to receive any dividends) will terminate, except for the right to receive the redemption price. Any funds unclaimed at the end of two years from the redemption date, to the extent permitted by law, shall be released to the Corporation, after which time the holders of the shares so called for redemption shall look only to the Corporation for payment of the redemption price of such shares.

Section 6. Voting Rights.

(a) General. The holders of Series M Preferred Stock shall not have any voting rights except as set forth below or as otherwise from time to time required by applicable law.

(b) Right To Elect Two Directors Upon Nonpayment Events. If and when the dividends on the Series M Preferred Stock or on any other class or series of Voting Parity Stock have not been declared and paid (i) in the case of the Series M Preferred Stock and any other class or series of Voting Parity Stock bearing non-cumulative dividends, in full for at least six quarterly dividend periods or their equivalents (whether or not consecutive), or (ii) in the case of Voting Parity Stock bearing cumulative dividends, in an aggregate amount equal to full dividends for at least six quarterly dividend periods or their equivalent (whether or not consecutive), the authorized number of directors then constituting the Board of Directors shall automatically be increased by two. Holders of Series M Preferred Stock, together with the holders of all other affected classes and series of Voting Parity Stock, voting as a single class, shall be entitled to elect the two additional members of the Board of Directors (the "*Preferred Stock Directors*") at any annual or special meeting of shareholders at which directors are to be elected or any special meeting of the holders of the Series M Preferred Stock and any Voting Parity Stock for which dividends have not been paid, called as provided below, but only if the election of any Preferred Stock Directors would not cause the Corporation to violate the corporate governance requirements of the New York Stock Exchange, Inc. (or any other exchange on which securities of the Corporation may then be listed) that listed companies must have a majority of independent directors. In addition, the Board of Directors shall at no time have more than two Preferred Stock Directors.

At any time after the holders of Series M Preferred Stock have the vested power to vote for Preferred Stock Directors, the Secretary of the Corporation may, and upon the written request of holders of record of at least 20% of the outstanding shares of Series M Preferred Stock and Voting Parity Stock (addressed to the Secretary of the Corporation) must, call a special meeting of the holders of Series M Preferred Stock and Voting Parity Stock for the election of the Preferred Stock Directors. Notice for a special meeting will be given in a similar manner to that provided in the By-laws for a special meeting of the shareholders, which the Corporation will provide upon request, or as required by law. If the Secretary of the Corporation is required to call a meeting but does not do so within 20 days after receipt of any such request, then any holder of shares of Series M Preferred Stock may (at the Corporation's expense) call such meeting, upon notice as provided in this section, and for that purpose will have access to the Corporation's stock books. The Preferred Stock Directors elected at any such special meeting shall hold office until the next annual meeting of the shareholders unless they have been previously terminated as described below. In case any vacancy occurs among the Preferred Stock Directors, a successor shall be elected by the Board of Directors to serve until the next annual meeting of the shareholders upon the nomination of the then remaining Preferred Stock Director or, if none remains in office, by the vote of the holders of record of a majority of the voting power of the outstanding shares of Series M Preferred Stock and all Voting Parity Stock, voting as a single class. The Preferred Stock Directors shall each be entitled to one vote per director on any matter.

Whenever full dividends have been paid on the Series M Preferred Stock and any non-cumulative Voting Parity Stock for at least one year and all dividends on any cumulative Voting Parity Stock have been paid in full, then the right of the holders of Series M Preferred Stock to elect the Preferred Stock Directors shall cease (but subject always to the same provisions for the vesting of these voting rights in the case of any similar non-payment of dividends in respect of future Dividend Periods), the terms of office of all Preferred Stock Directors will immediately terminate and the number of directors constituting the Board of Directors shall automatically be reduced accordingly.

Unless the Articles of Incorporation is amended to require different classes and series of Preferred Stock to vote in proportion to their respective liquidation preferences when voting together with the Series M Preferred Stock as a single class, so long as the Stock Purchase Contracts have not been terminated or any shares of Series M Preferred Stock have been issued and are outstanding, any class or series of Voting Parity Stock hereafter authorized and issued at any time by the Corporation shall have a liquidation preference that is not less than $100,000 per share.

(c) Other Voting Rights. So long as any shares of Series M Preferred Stock are outstanding, in addition to any other vote or consent of shareholders required by law or by the Articles of Incorporation, the vote or consent of the holders of at least a majority of the shares of Series M Preferred Stock at the time outstanding, voting separately as a single class, given in person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, shall be necessary for effecting or validating:

(i) Amendment of Articles of Incorporation. Any amendment of the Articles of Incorporation to authorize, or increase the authorized amount of, any shares of any class or series of capital stock ranking senior to the Series M Preferred Stock with respect to payment of dividends or distribution of assets on the

Corporation's liquidation; as well as any amendment of the Articles of Incorporation or By-laws that would alter or change the voting powers, preferences or special rights of the Series M Preferred Stock so as to affect them adversely; *provided* that (i) the holders of the Series M Preferred Stock and each other class or series of Preferred Stock ranking on a parity with, or junior to, the Series M Preferred Stock with respect to the payment of dividends and distribution of assets on the Corporation's liquidation (other than any Excluded Class) shall vote together as a single class with respect to the authorization, or increase in the authorized amount, of any class or series of capital stock ranking senior to the Series M Preferred Stock and (ii) the amendment of the Articles of Incorporation so as to authorize or create, or to increase the authorized amount of, any shares of any class or series or any securities convertible into shares of any class or series of Dividend Parity Stock, junior stock or other capital stock of the Corporation ranking on a parity with the Series M Preferred Stock in the distribution of assets on liquidation, dissolution or winding-up shall not be deemed to affect adversely the voting powers, preferences or special rights of the Series M Preferred Stock; or

(ii) Certain Mergers and Consolidations. Any merger or consolidation of the Corporation with or into any entity other than a corporation, or any merger or consolidation of the Corporation with or into any other corporation if the Corporation is not the surviving corporation in such merger or consolidation and if the Series M Preferred Stock is changed in such merger or consolidation into anything other than a class or series of preferred stock of the surviving or resulting corporation, or a corporation controlling such corporation, having voting powers, preferences and special rights that, if such change were effected by amendment of the Articles of Incorporation, would not require a vote of the holders of the Series M Preferred Stock under the preceding paragraph.

Each holder of Series M Preferred Stock will have one vote per share on any matter on which holders of Series M Preferred Stock are entitled to vote, including any action by written consent.

(d) Changes after Provision for Redemption. No vote or consent of the holders of Series M Preferred Stock shall be required pursuant to Section 6(b) or (c) above if, at or prior to the time when any such vote or consent would otherwise be required pursuant to such Section, all outstanding shares of Series M Preferred Stock shall have been redeemed, or shall have been called for redemption upon proper notice and sufficient funds shall have been set aside for such redemption, in each case pursuant to Section 5 above.

Section 7. Record Holders. To the fullest extent permitted by applicable law, the Corporation and the transfer agent for the Series M Preferred Stock may deem and treat the record holder of any share of Series M Preferred Stock as the true and lawful owner thereof for all purposes, and neither the Corporation nor such transfer agent shall be affected by any notice to the contrary.

Section 8. Notices. All notices or communications in respect of the Series M Preferred Stock shall be sufficiently given if given in writing and delivered in person or by first class mail, postage prepaid, or if given in such other manner as may be permitted in this Statement with Respect to Shares, in the Articles of Incorporation or By-laws or by applicable law.

Section 9. No Preemptive Rights. No share of Series M Preferred Stock shall have any rights of preemption whatsoever as to any securities of the Corporation, or any warrants, rights or options issued or granted with respect thereto, regardless of how such securities, or such warrants, rights or options, may be designated, issued or granted.

Section 10. Other Rights. The shares of Series M Preferred Stock shall not have any voting powers, preferences or relative, participating, optional or other special rights, or qualifications, limitations or restrictions thereof, other than as set forth herein or in the Articles of Incorporation or as provided by applicable law.

RESOLVED, that all actions taken by the officers and directors of the Corporation or any of them in connection with the foregoing resolutions through the date hereof be, and they hereby are, ratified and approved.

3. The aggregate number of shares of the Series M Preferred Stock established and designated by (a) the Resolution, (b) all prior statements, if any, filed under Section 1522 of the PBCL or corresponding provisions of prior law with respect thereto, and (c) any other provision of the Amended and Restated Articles of Incorporation, is 5,751 shares.

4. The Resolution was duly adopted at a meeting of the Board of Directors duly called and held on December 23, 2008.

IN WITNESS WHEREOF, this Statement with Respect to Shares is executed on behalf of the Corporation by its duly authorized officer this 26th day of December, 2008.

THE PNC FINANCIAL SERVICES GROUP, INC.

By: /s/ George P. Long, III
Name: George P. Long, III
Title: Senior Counsel and Corporate Secretary

AMENDMENT NO. 2 TO THE AMENDED AND RESTATED ARTICLES OF INCORPORATION OF THE PNC FINANCIAL SERVICES GROUP, INC. AMENDING THE STATEMENT WITH RESPECT TO SHARES OF FIXED RATE CUMULATIVE PERPETUAL PREFERRED STOCK, SERIES N OF THE PNC FINANCIAL SERVICES GROUP, INC.

The Special Committee of the Board of Directors (the "Board of Directors") of The PNC Financial Services Group, Inc. (the "Corporation"), pursuant to authority granted to it under resolutions adopted by the Board of Directors on December 23, 2008, in accordance with the Amended and Restated Articles of Incorporation and Amended and Restated Bylaws of the Corporation and applicable law, adopted the following resolution on December 31, 2008 amending the Statement with Respect to Shares of the Fixed Rate Cumulative Perpetual Preferred Stock, Series N previously designated by the Board of Directors and authorized by the Board of Directors to be issued in an amount of 77,000 shares.

RESOLVED, that pursuant to the provisions of the Amended and Restated Articles of Incorporation and Amended and Restated Bylaws of the Corporation and applicable law, and pursuant to approval by the sole shareholder of the Fixed Rate Cumulative Perpetual Preferred Stock, Series N as applicable, the number of shares and other preferences of the shares of a series of Preferred Stock, par value $1.00 per share, of the Corporation previously designated by the Board of Directors as the Fixed Rate Cumulative Perpetual Preferred Stock Series N be and hereby are amended, to reflect (i) a reduction in the authorized amount of the Fixed Rate Cumulative Perpetual Preferred Stock Series N to 75,792 shares, the amounting outstanding on the date hereof, and (ii) as approved by the sole shareholder of the Series N Preferred Stock, a change of the "Minimum Amount" as defined in the Statement with Respect to Shares to $1,894,800,000. The designation and number of shares of such series, and the voting and other powers, preferences and relative, participating, optional or other rights, and the qualifications, limitations and restrictions thereof, of the shares of such series, as amended are set forth in their entirety as follows:

Part 1. Designation and Number of Shares. There is hereby created out of the authorized and unissued shares of preferred stock of the Corporation a series of preferred stock designated as the "Fixed Rate Cumulative Perpetual Preferred Stock, Series N" (the "Designated Preferred Stock"). The authorized number of shares of Designated Preferred Stock shall be 75,792.

Part 2. Standard Provisions. The Standard Provisions contained in Annex A attached hereto are incorporated herein by reference in their entirety and shall be deemed to be a part of this Statement With Respect to Shares to the same extent as if such provisions had been set forth in full herein.

Part 3. Definitions. The following terms are used in this Statement With Respect to Shares (including the Standard Provisions in Annex A hereto) as defined below:

(a) "Common Stock" means the common stock, par value $5.00 per share, of the Corporation.

(b) "Dividend Payment Date" means February 15, May 15, August 15 and November 15 of each year.

(c) "Junior Stock" means the Common Stock, the Junior Participating Preferred Stock, Series G, and any other class or series of stock of the Corporation the terms of which expressly provide that it ranks junior to Designated Preferred Stock as to dividend rights and/or as to rights on liquidation, dissolution or winding up of the Corporation.

(d) "Liquidation Amount" means $100,000 per share of Designated Preferred Stock.

(e) "Minimum Amount" means $1,894,800,000.

(f) "Parity Stock" means any class or series of stock of the Corporation (other than Designated Preferred Stock) the terms of which do not expressly provide that such class or series will rank senior or junior to Designated Preferred Stock as to dividend rights and/or as to rights on liquidation, dissolution or winding up of the Corporation (in each case without regard to whether dividends accrue cumulatively or non-cumulatively). Without limiting the foregoing, Parity Stock shall include the Corporation's $1.80 Cumulative Convertible Preferred Stock — Series A, $1.80 Cumulative Convertible Preferred Stock — Series B, $1.60

Cumulative Convertible Preferred Stock-Series C, $1.80 Cumulative Convertible Preferred Stock-Series D, $2.60 Cumulative Nonvoting Preferred Stock, Series E, Fixed/Adjustable Rate Non-Cumulative Preferred Stock, Series F, 7.00% Non-Cumulative Preferred Stock-Series H, Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series I, Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series J, Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series K, 9.875% Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series L and Non-Cumulative Perpetual Preferred Stock, Series M.

(g) "Signing Date" means the Original Issue Date.

Part 4. Certain Voting Matters. Holders of shares of Designated Preferred Stock will be entitled to one vote for each such share on any matter on which holders of Designated Preferred Stock are entitled to vote, including any action by written consent.

Part 5. PBCL Requirements. The aggregate number of shares of the Designated Preferred Stock established and designated by (a) this Resolution, (b) all prior statements, if any, filed under Section 1522 of the PBCL or corresponding provisions of prior law with respect thereto, and (c) any other provision of the Amended and Restated Articles of Incorporation, as amended is 75,792.

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IN WITNESS WHEREOF, THE PNC FINANCIAL SERVICES GROUP, INC. has caused this Statement With Respect to Shares to be signed by George P. Long, III, its Corporate Secretary, this 2nd day of January, 2009.

THE PNC FINANCIAL SERVICES GROUP, INC.

By:	/s/ George P. Long, III
Name:	George P. Long, III
Title:	Corporate Secretary

Annex A

STANDARD PROVISIONS

Section 1. General Matters. Each share of Designated Preferred Stock shall be identical in all respects to every other share of Designated Preferred Stock. The Designated Preferred Stock shall be perpetual, subject to the provisions of Section 5 of these Standard Provisions that form a part of the Statement With Respect to Shares. The Designated Preferred Stock shall rank equally with Parity Stock and shall rank senior to Junior Stock with respect to the payment of dividends and the distribution of assets in the event of any dissolution, liquidation or winding up of the Corporation.

Section 2. Standard Definitions. As used herein with respect to Designated Preferred Stock:

(a) “Applicable Dividend Rate” means (i) during the period from the Original Issue Date to, but excluding, the first day of the first Dividend Period commencing on or after the fifth anniversary of the Original Issue Date, 5% per annum and (ii) from and after the first day of the first Dividend Period commencing on or after the fifth anniversary of the Original Issue Date, 9% per annum.

(b) “Appropriate Federal Banking Agency” means the “appropriate Federal banking agency” with respect to the Corporation as defined in Section 3(q) of the Federal Deposit Insurance Act (12 U.S.C. Section 1813(q)), or any successor provision.

(c) “Business Combination” means a merger, consolidation, statutory share exchange or similar transaction that requires the approval of the Corporation’s stockholders.

(d) “Business Day” means any day except Saturday, Sunday and any day on which banking institutions in the State of New York generally are authorized or required by law or other governmental actions to close.

(e) “Bylaws” means the bylaws of the Corporation, as they may be amended from time to time.

(f) “Charter” means the Corporation’s certificate or articles of incorporation, articles of association, or similar organizational document.

(g) “Dividend Period” has the meaning set forth in Section 3(a).

(h) “Dividend Record Date” has the meaning set forth in Section 3(a).

(i) “Liquidation Preference” has the meaning set forth in Section 4(a).

(j) “Original Issue Date” means the date on which shares of Designated Preferred Stock are first issued.

(k) “Preferred Director” has the meaning set forth in Section 7(b).

(l) “Preferred Stock” means any and all series of preferred stock of the Corporation, including the Designated Preferred Stock.

(m) “Qualified Equity Offering” means the sale and issuance for cash by the Corporation to persons other than the Corporation or any of its subsidiaries after the Original Issue Date of shares of perpetual Preferred Stock, Common Stock or any combination of such stock, that, in each case, qualify as and may be included in Tier 1 capital of the Corporation at the time of issuance under the applicable risk-based capital guidelines of the Corporation’s Appropriate Federal Banking Agency (other than any such sales and issuances made pursuant to agreements or arrangements entered into, or pursuant to financing plans which were publicly announced, on or prior to October 13, 2008).

(n) “Share Dilution Amount” has the meaning set forth in Section 3(b).

(o) “Standard Provisions” mean these Standard Provisions that form a part of the Statement With Respect to Shares relating to the Designated Preferred Stock.

(p) “Statement With Respect to Shares” means the Statement With Respect to Shares or comparable instrument relating to the Designated Preferred Stock, of which these Standard Provisions form a part, as it may be amended from time to time.

(q) “Successor Preferred Stock” has the meaning set forth in Section 5(a).

(r) “Voting Parity Stock” means, with regard to any matter as to which the holders of Designated Preferred Stock are entitled to vote as specified in Sections 7(a) and 7(b) of these Standard Provisions that form a part of the Statement With Respect to Shares, any and all series of Parity Stock upon which like voting rights have been conferred and are exercisable with respect to such matter.

Section 3. Dividends.

(a) Rate. Holders of Designated Preferred Stock shall be entitled to receive, on each share of Designated Preferred Stock if, as and when declared by the Board of Directors or any duly authorized committee of the Board of Directors, but only out of assets legally available therefor, cumulative cash dividends with respect to each Dividend Period (as defined below) at a rate per annum equal to the Applicable Dividend Rate on (i) the Liquidation Amount per share of Designated Preferred Stock and (ii) the amount of accrued and unpaid dividends for any prior Dividend Period on such share of Designated Preferred Stock, if any. Such dividends shall begin to accrue and be cumulative from the Original Issue Date, shall compound on each subsequent Dividend Payment Date (*i.e.*, no dividends shall accrue on other dividends unless and until the first Dividend Payment Date for such other dividends has passed without such other dividends having been paid on such date) and shall be payable quarterly in arrears on each Dividend Payment Date, commencing with the first such Dividend Payment Date to occur at least 20 calendar days after the Original Issue Date. In the event that any Dividend Payment Date would otherwise fall on a day that is not a Business Day, the dividend payment due on that date will be postponed to the next day that is a Business Day and no additional dividends will accrue as a result of that postponement. The period from and including any Dividend Payment Date to, but excluding, the next Dividend Payment Date is a “Dividend Period”, provided that the initial Dividend Period shall be the period from and including the Original Issue Date to, but excluding, the next Dividend Payment Date.

Dividends that are payable on Designated Preferred Stock in respect of any Dividend Period shall be computed on the basis of a 360-day year consisting of twelve 30-day months. The amount of dividends payable on Designated Preferred Stock on any date prior to the end of a Dividend Period, and for the initial Dividend Period, shall be computed on the basis of a 360-day year consisting of twelve 30-day months, and actual days elapsed over a 30-day month.

Dividends that are payable on Designated Preferred Stock on any Dividend Payment Date will be payable to holders of record of Designated Preferred Stock as they appear on the stock register of the Corporation on the applicable record date, which shall be the 15th calendar day immediately preceding such Dividend Payment Date or such other record date fixed by the Board of Directors or any duly authorized committee of the Board of Directors that is not more than 60 nor less than 10 days prior to such Dividend Payment Date (each, a "Dividend Record Date"). Any such day that is a Dividend Record Date shall be a Dividend Record Date whether or not such day is a Business Day.

Holders of Designated Preferred Stock shall not be entitled to any dividends, whether payable in cash, securities or other property, other than dividends (if any) declared and payable on Designated Preferred Stock as specified in this Section 3 (subject to the other provisions of the Statement With Respect to Shares).

(b) Priority of Dividends. So long as any share of Designated Preferred Stock remains outstanding, no dividend or distribution shall be declared or paid on the Common Stock or any other shares of Junior Stock (other than dividends payable solely in shares of Common Stock) or Parity Stock, subject to the immediately following paragraph in the case of Parity Stock, and no Common Stock, Junior Stock or Parity Stock shall be, directly or indirectly, purchased, redeemed or otherwise acquired for consideration by the Corporation or any of its subsidiaries unless all accrued and unpaid dividends for all past Dividend Periods, including the latest completed Dividend Period (including, if applicable as provided in Section 3(a) above, dividends on such amount), on all outstanding shares of Designated Preferred Stock have been or are contemporaneously declared and paid in full (or have been declared and a sum sufficient for the payment thereof has been set aside for the benefit of the holders of shares of Designated Preferred Stock on the applicable record date). The foregoing limitation shall not apply to (i) redemptions, purchases or other acquisitions of shares of Common Stock or other Junior Stock in connection with the administration of any employee benefit plan in the ordinary course of business (including purchases to offset the Share Dilution Amount (as defined below) pursuant to a publicly announced repurchase plan) and consistent with past practice, *provided* that any purchases to offset the Share Dilution Amount shall in no event exceed the Share Dilution Amount; (ii) purchases or other acquisitions by a broker-dealer subsidiary of the Corporation solely for the purpose of market-making, stabilization or customer facilitation transactions in Junior Stock or Parity Stock in the ordinary course of its business; (iii) purchases by a broker-dealer subsidiary of the Corporation of capital stock of the Corporation for resale pursuant to an offering by the Corporation of such capital stock underwritten by such broker-dealer subsidiary; (iv) any dividends or distributions of rights or Junior Stock in connection with a stockholders' rights plan or any redemption or repurchase of rights pursuant to any stockholders' rights plan;

(v) the acquisition by the Corporation or any of its subsidiaries of record ownership in Junior Stock or Parity Stock for the beneficial ownership of any other persons (other than the Corporation or any of its subsidiaries), including as trustees or custodians; and (vi) the exchange or conversion of Junior Stock for or into other Junior Stock or of Parity Stock for or into other Parity Stock (with the same or lesser aggregate liquidation amount) or Junior Stock, in each case, solely to the extent required pursuant to binding contractual agreements entered into prior to the Signing Date or any subsequent agreement for the accelerated exercise, settlement or exchange thereof for Common Stock. "Share Dilution Amount" means the increase in the number of diluted shares outstanding (determined in accordance with generally accepted accounting principles in the United States, and as measured from the date of the Corporation's consolidated financial statements most recently filed with the Securities and Exchange Commission prior to the Original Issue Date) resulting from the grant, vesting or exercise of equity-based compensation to employees and equitably adjusted for any stock split, stock dividend, reverse stock split, reclassification or similar transaction.

When dividends are not paid (or declared and a sum sufficient for payment thereof set aside for the benefit of the holders thereof on the applicable record date) on any Dividend Payment Date (or, in the case of Parity Stock having dividend payment dates different from the Dividend Payment Dates, on a dividend payment date falling within a Dividend Period related to such Dividend Payment Date) in full upon Designated Preferred Stock and any shares of Parity Stock, all dividends declared on Designated Preferred Stock and all such Parity Stock and payable on such Dividend Payment Date (or, in the case of Parity Stock having dividend payment dates different from the Dividend Payment Dates, on a dividend payment date falling within the Dividend Period related to such Dividend Payment Date) shall be declared pro rata so that the respective amounts of such dividends declared shall bear the same ratio to each other as all accrued and unpaid dividends per share on the shares of Designated Preferred Stock (including, if applicable as provided in Section 3(a) above, dividends on such amount) and all Parity Stock payable on such Dividend Payment Date (or, in the case of Parity Stock having dividend payment dates different from the Dividend Payment Dates, on a dividend payment date falling within the Dividend Period related to such Dividend Payment Date) (subject to their having been declared by the Board of Directors or a duly authorized committee of the Board of Directors out of legally available funds and including, in the case of Parity Stock that bears cumulative dividends, all accrued but unpaid dividends) bear to each other. If the Board of Directors or a duly authorized committee of the Board of Directors determines not to pay any dividend or a full dividend on a Dividend Payment Date, the Corporation will provide written notice to the holders of Designated Preferred Stock prior to such Dividend Payment Date.

Subject to the foregoing, and not otherwise, such dividends (payable in cash, securities or other property) as may be determined by the Board of Directors or any duly authorized committee of the Board of Directors may be declared and paid on any securities, including Common Stock and other Junior Stock, from time to time out of any funds legally available for such payment, and holders of Designated Preferred Stock shall not be entitled to participate in any such dividends.

Section 4. Liquidation Rights.

(a) Voluntary or Involuntary Liquidation. In the event of any liquidation, dissolution or winding up of the affairs of the Corporation, whether voluntary or involuntary, holders of Designated Preferred Stock shall be entitled to receive for each share of Designated Preferred Stock, out of the assets of the Corporation or proceeds thereof (whether capital or surplus) available for distribution to stockholders of the Corporation, subject to the rights of any creditors of the Corporation, before any distribution of such assets or proceeds is made to or set aside for the holders of Common Stock and any other stock of the Corporation ranking junior to Designated Preferred Stock as to such distribution, payment in full in an amount equal to the sum of (i) the Liquidation Amount per share and (ii) the amount of any accrued and unpaid dividends (including, if applicable as provided in Section 3(a) above, dividends on such amount), whether or not declared, to the date of payment (such amounts collectively, the "Liquidation Preference").

(b) Partial Payment. If in any distribution described in Section 4(a) above the assets of the Corporation or proceeds thereof are not sufficient to pay in full the amounts payable with respect to all outstanding shares of Designated Preferred Stock and the corresponding amounts payable with respect of any other stock of the Corporation ranking equally with Designated Preferred Stock as to such distribution, holders of Designated Preferred Stock and the holders of such other stock shall share ratably in any such distribution in proportion to the full respective distributions to which they are entitled.

(c) Residual Distributions. If the Liquidation Preference has been paid in full to all holders of Designated Preferred Stock and the corresponding amounts payable with respect of any other stock of the Corporation ranking equally with Designated Preferred Stock as to such distribution has been paid in full, the holders of other stock of the Corporation shall be entitled to receive all remaining assets of the Corporation (or proceeds thereof) according to their respective rights and preferences.

(d) Merger, Consolidation and Sale of Assets Not Liquidation. For purposes of this Section 4, the merger or consolidation of the Corporation with any other corporation or other entity, including a merger or consolidation in which the holders of Designated Preferred Stock receive cash, securities or other property for their shares, or the sale, lease or exchange (for cash, securities or other property) of all or substantially all of the assets of the Corporation, shall not constitute a liquidation, dissolution or winding up of the Corporation.

Section 5. Redemption.

(a) Optional Redemption. Except as provided below, the Designated Preferred Stock may not be redeemed prior to the first Dividend Payment Date falling on or after the third anniversary of the Original Issue Date. On or after the first Dividend Payment Date falling on or after the third anniversary of the Original Issue Date, the Corporation, at its option, subject to the approval of the Appropriate Federal Banking Agency, may redeem, in whole or in part, at any time and from time to time, out of funds legally available therefor, the shares of Designated Preferred Stock at the time outstanding, upon notice given as provided in Section 5(c) below, at a redemption price equal to the sum of (i) the Liquidation Amount per share and (ii) except as otherwise provided below, any accrued and unpaid dividends (including, if applicable as provided in Section 3(a) above, dividends on such amount) (regardless of whether any dividends are actually declared) to, but excluding, the date fixed for redemption.

Notwithstanding the foregoing, prior to the first Dividend Payment Date falling on or after the third anniversary of the Original Issue Date, the Corporation, at its option, subject to the approval of the Appropriate Federal Banking Agency, may redeem, in whole or in part, at any time and from time to time, the shares of Designated Preferred Stock at the time outstanding, upon notice given as provided in Section 5(c) below, at a redemption price equal to the sum of (i) the Liquidation Amount per share and (ii) except as otherwise provided below, any accrued and unpaid dividends (including, if applicable as provided in Section 3(a) above, dividends on such amount) (regardless of whether any dividends are actually declared) to, but excluding, the date fixed for redemption; *provided* that (x) the Corporation (or any successor by Business Combination) has received aggregate gross proceeds of not less than the Minimum Amount (plus the "Minimum Amount" as defined in the relevant Statement With Respect to Shares for each other outstanding series of preferred stock of such successor that was originally issued to the United States Department of the Treasury (the "Successor Preferred Stock") in connection with the Troubled Asset Relief Program Capital Purchase Program) from one or more Qualified Equity Offerings (including Qualified Equity Offerings of such successor), and (y) the aggregate redemption price of the Designated Preferred Stock (and any Successor Preferred Stock) redeemed pursuant to this paragraph may not exceed the aggregate net cash proceeds received by the Corporation (or any successor by Business Combination) from such Qualified Equity Offerings (including Qualified Equity Offerings of such successor).

The redemption price for any shares of Designated Preferred Stock shall be payable on the redemption date to the holder of such shares against surrender of the certificate(s) evidencing such shares to the Corporation or its agent. Any declared but unpaid dividends payable on a redemption date that occurs subsequent to the Dividend Record Date for a Dividend Period shall not be paid to the holder entitled to receive the redemption price on the redemption date, but rather shall be paid to the holder of record of the redeemed shares on such Dividend Record Date relating to the Dividend Payment Date as provided in Section 3 above.

(b) No Sinking Fund. The Designated Preferred Stock will not be subject to any mandatory redemption, sinking fund or other similar provisions. Holders of Designated Preferred Stock will have no right to require redemption or repurchase of any shares of Designated Preferred Stock.

(c) Notice of Redemption. Notice of every redemption of shares of Designated Preferred Stock shall be given by first class mail, postage prepaid, addressed to the holders of record of the shares to be redeemed at their respective last addresses appearing on the books of the Corporation. Such mailing shall be at least 30 days and not more than 60 days before the date fixed for redemption. Any notice mailed as provided in this Subsection shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure duly to give such notice by mail, or any defect in such notice or in the mailing thereof, to any holder of shares of Designated Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Designated Preferred Stock. Notwithstanding the foregoing, if shares of Designated Preferred Stock are issued in book-entry form through The Depository Trust Corporation or any other similar facility, notice of redemption may be given to the holders of Designated Preferred Stock at such time and in any manner permitted by such facility. Each notice of redemption given to a holder shall state: (1) the redemption date; (2) the number of shares of Designated Preferred Stock to be redeemed and, if less than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (3) the redemption price; and (4) the place or places where certificates for such shares are to be surrendered for payment of the redemption price.

(d) Partial Redemption. In case of any redemption of part of the shares of Designated Preferred Stock at the time outstanding, the shares to be redeemed shall be selected either *pro rata* or in such other manner as the Board of Directors or a duly authorized committee thereof may determine to be fair and equitable. Subject to the provisions hereof, the Board of Directors or a duly authorized committee thereof shall have full power and authority to prescribe the terms and conditions upon which shares of Designated Preferred Stock shall be redeemed from time to time. If fewer than all the shares represented by any certificate are redeemed, a new certificate shall be issued representing the unredeemed shares without charge to the holder thereof.

(e) Effectiveness of Redemption. If notice of redemption has been duly given and if on or before the redemption date specified in the notice all funds necessary for the redemption have been deposited by the Corporation, in trust for the *pro rata* benefit of the holders of the shares called for redemption, with a bank or trust company doing business in the Borough of Manhattan, The City of New York, and having a capital and surplus of at least $500 million and selected by the Board of Directors, so as to be and continue to be available solely therefor, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the redemption date dividends shall cease to accrue on all shares so called for redemption, all shares so called for redemption shall no longer be deemed outstanding and all rights with respect to such shares shall forthwith on such redemption date cease and terminate, except only the right of the holders thereof to receive the amount payable on such redemption from such bank or trust company, without interest. Any funds unclaimed at the end of three years from the redemption date shall, to the extent permitted by law, be released to the Corporation, after which time the holders of the shares so called for redemption shall look only to the Corporation for payment of the redemption price of such shares.

(f) Status of Redeemed Shares. Shares of Designated Preferred Stock that are redeemed, repurchased or otherwise acquired by the Corporation shall revert to authorized but unissued shares of Preferred Stock (*provided* that any such cancelled shares of Designated Preferred Stock may be reissued only as shares of any series of Preferred Stock other than Designated Preferred Stock).

Section 6. Conversion. Holders of Designated Preferred Stock shares shall have no right to exchange or convert such shares into any other securities.

Section 7. Voting Rights.

(a) General. The holders of Designated Preferred Stock shall not have any voting rights except as set forth below or as otherwise from time to time required by law.

(b) Preferred Stock Directors. Whenever, at any time or times, dividends payable on the shares of Designated Preferred Stock have not been paid for an aggregate of six quarterly Dividend Periods or more, whether or not consecutive, the authorized number of directors of the Corporation shall automatically be increased by two and the holders of the Designated Preferred Stock shall have the right, with holders of shares of any one or more other classes or series of Voting Parity Stock outstanding at the time, voting together as a class, to elect two directors (hereinafter the "Preferred Directors" and each a "Preferred Director") to fill such newly created directorships at the Corporation's next annual meeting of stockholders (or at a special meeting called for that purpose prior to such next annual meeting) and at each subsequent annual meeting of stockholders until all accrued and unpaid dividends for all past Dividend Periods, including the latest completed Dividend Period (including, if applicable as provided in Section 3(a) above, dividends on such amount), on all outstanding shares of Designated Preferred Stock have been declared and paid in full at which time such right shall terminate with respect to the Designated Preferred Stock, except as herein or by law expressly provided, subject to revesting in the event of each and every subsequent default of the character above mentioned; *provided* that it shall be a qualification for election for any Preferred Director that the election of such Preferred Director shall not cause the Corporation to violate any corporate governance requirements of any securities exchange or other trading facility on which securities of the Corporation may then be listed or traded that listed or traded companies must have a majority of independent directors. Upon any termination of the right of the holders of shares of Designated Preferred Stock and Voting Parity Stock as a class to vote for directors as provided above, the Preferred Directors shall cease to be qualified as directors, the term of office of all Preferred Directors then in office shall terminate immediately and the authorized number of directors shall be reduced by the number of Preferred Directors elected pursuant hereto. Any Preferred Director may be removed at any time, with or without cause, and any vacancy created thereby may be filled, only by the affirmative vote of the holders a majority of the shares of Designated Preferred Stock at the time outstanding voting separately as a class together with the holders of shares of Voting Parity Stock, to the extent the voting rights of such holders described above are then exercisable. If the office of any Preferred Director becomes vacant for any reason other than removal from office as aforesaid, the remaining Preferred Director may choose a successor who shall hold office for the unexpired term in respect of which such vacancy occurred.

(c) Class Voting Rights as to Particular Matters. So long as any shares of Designated Preferred Stock are outstanding, in addition to any other vote or consent of stockholders required by law or by the Charter, the vote or consent of the holders of at least 66 2/3% of the shares of Designated Preferred Stock at the time outstanding, voting as a separate class, given in person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, shall be necessary for effecting or validating:

(i) Authorization of Senior Stock. Any amendment or alteration of the Statement With Respect to Shares for the Designated Preferred Stock or the Charter to authorize or create or increase the authorized amount of, or any issuance of, any shares of, or any securities convertible into or exchangeable or exercisable for shares of, any class or series of capital stock of the Corporation ranking senior to Designated Preferred Stock with respect to either or both the payment of dividends and/or the distribution of assets on any liquidation, dissolution or winding up of the Corporation;

(ii) Amendment of Designated Preferred Stock. Any amendment, alteration or repeal of any provision of the Statement With Respect to Shares for the Designated Preferred Stock or the Charter (including, unless no vote on such merger or consolidation is required by Section 7(c)(iii) below, any amendment, alteration or repeal by means of a merger, consolidation or otherwise) so as to adversely affect the rights, preferences, privileges or voting powers of the Designated Preferred Stock; or

(iii) Share Exchanges, Reclassifications, Mergers and Consolidations. Any consummation of a binding share exchange or reclassification involving the Designated Preferred Stock, or of a merger or consolidation of the Corporation with another corporation or other entity, unless in each case (x) the shares of Designated Preferred Stock remain outstanding or, in the case of any such merger or consolidation with respect to which the Corporation is not the surviving or resulting entity, are converted into or exchanged for preference securities of the surviving or resulting entity or its ultimate parent, and (y) such shares remaining outstanding or such preference securities, as the case may be, have such rights, preferences, privileges and voting powers, and limitations and restrictions thereof, taken as a whole, as are not materially less favorable to the holders thereof than the rights, preferences, privileges and voting powers, and limitations and restrictions thereof, of Designated Preferred Stock immediately prior to such consummation, taken as a whole;

provided, *however*, that for all purposes of this Section 7(c), any increase in the amount of the authorized Preferred Stock, including any increase in the authorized amount of Designated Preferred Stock necessary to satisfy preemptive or similar rights granted by the Corporation to other persons prior to the Signing Date, or the creation and issuance, or an increase in the authorized or issued amount, whether pursuant to preemptive or similar rights or otherwise, of any other series of Preferred Stock, or any securities convertible into or exchangeable or exercisable for any other series of Preferred Stock, ranking equally with and/or junior to Designated Preferred Stock with respect to the payment of dividends (whether such dividends are cumulative or non-cumulative) and the distribution of assets upon liquidation, dissolution or winding up of the Corporation will not be deemed to adversely affect the rights, preferences, privileges or voting powers, and shall not require the affirmative vote or consent of, the holders of outstanding shares of the Designated Preferred Stock.

(d) Changes after Provision for Redemption. No vote or consent of the holders of Designated Preferred Stock shall be required pursuant to Section 7(c) above if, at or prior to the time when any such vote or consent would otherwise be required pursuant to such Section, all outstanding shares of the Designated Preferred Stock shall have been redeemed, or shall have been called for redemption upon proper notice and sufficient funds shall have been deposited in trust for such redemption, in each case pursuant to Section 5 above.

(e) Procedures for Voting and Consents. The rules and procedures for calling and conducting any meeting of the holders of Designated Preferred Stock (including, without limitation, the fixing of a record date in connection therewith), the solicitation and use of proxies at such a meeting, the obtaining of written consents and any other aspect or matter with regard to such a meeting or such consents shall be governed by any rules of the Board of Directors or any duly authorized committee of the Board of Directors, in its discretion, may adopt from time to time, which rules and procedures shall conform to the requirements of the Charter, the Bylaws, and applicable law and the rules of any national securities exchange or other trading facility on which Designated Preferred Stock is listed or traded at the time.

Section 8. Record Holders. To the fullest extent permitted by applicable law, the Corporation and the transfer agent for Designated Preferred Stock may deem and treat the record holder of any share of Designated Preferred Stock as the true and lawful owner thereof for all purposes, and neither the Corporation nor such transfer agent shall be affected by any notice to the contrary.

Section 9. Notices. All notices or communications in respect of Designated Preferred Stock shall be sufficiently given if given in writing and delivered in person or by first class mail, postage prepaid, or if given in such other manner as may be permitted in this Statement With Respect to Shares, in the Charter or Bylaws or by applicable law. Notwithstanding the foregoing, if shares of Designated Preferred Stock are issued in book-entry form through The Depository Trust Corporation or any similar facility, such notices may be given to the holders of Designated Preferred Stock in any manner permitted by such facility.

Section 10. No Preemptive Rights. No share of Designated Preferred Stock shall have any rights of preemption whatsoever as to any securities of the Corporation, or any warrants, rights or options issued or granted with respect thereto, regardless of how such securities, or such warrants, rights or options, may be designated, issued or granted.

Section 11. Replacement Certificates. The Corporation shall replace any mutilated certificate at the holder's expense upon surrender of that certificate to the Corporation. The Corporation shall replace certificates that become destroyed, stolen or lost at the holder's expense upon delivery to the Corporation of reasonably satisfactory evidence that the certificate has been destroyed, stolen or lost, together with any indemnity that may be reasonably required by the Corporation.

Section 12. Other Rights. The shares of Designated Preferred Stock shall not have any rights, preferences, privileges or voting powers or relative, participating, optional or other special rights, or qualifications, limitations or restrictions thereof, other than as set forth herein or in the Charter or as provided by applicable law.

Exhibit 4.16

SECOND SUPPLEMENTAL INDENTURE, dated as of December 31, 2008, (this "Second Supplemental Indenture"), between The PNC Financial Services Group, Inc. (the "New Obligor") and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), to the Indenture, dated as of March 17, 2004 (as amended by the First Supplemental Indenture, dated as of January 29, 2008 (relating to the 4.0% Convertible Senior Notes due 2011 (the "Notes") of National City Corporation ("National City")) (the "First Supplemental Indenture"), and as otherwise heretofore amended, supplemented or modified, the "Indenture"), between National City and the Trustee.

RECITALS

WHEREAS, National City is party to that certain Agreement and Plan of Merger, dated as of October 24, 2008 (the "Merger Agreement"), by and between the New Obligor and National City, pursuant to which National City will merge with and into the New Obligor, with the New Obligor continuing as the surviving corporation (the "Merger");

WHEREAS, the Merger shall take place simultaneously upon execution of this Second Supplemental Indenture;

WHEREAS, Section 8.01(b) of the First Supplemental Indenture permits, without the consent of any Holders (as such terms are defined in the First Supplemental Indenture) of Notes, National City, when authorized by a Board Resolution, and the Trustee, upon receipt of a request by National City, to enter into a supplemental indenture to evidence the succession of another Person to National City, and the assumption by any such successor Person of the covenants and obligations of National City contained in the First Supplemental Indenture and the Notes;

WHEREAS, the Trustee has received (i) an Opinion of Counsel of the New Obligor pursuant to Sections 102 and 801 of the Indenture, (ii) an Opinion of Counsel of National City pursuant to Sections 102 and 801 of the Indenture, (iii) an Officers' Certificate from National City pursuant to Sections 102 and 801 of the Indenture and Section 12.10(a) of the First Supplemental Indenture and (iv) an Officers' Certificate from the New Obligor pursuant to Section 102 of the Indenture and Section 12.10(a) of the First Supplemental Indenture; and

WHEREAS, all things necessary to make this Supplemental Indenture a valid agreement of the New Obligor and the Trustee in accordance with its terms have been done;

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the New Obligor and the Trustee covenant and agree for the equal and ratable benefit of the Holders of the Securities as follows:

1. Defined Terms. Except as otherwise expressly provided or unless the context otherwise requires, all terms used herein which are defined in the Indenture shall have the meanings assigned to them in the Indenture. The term "Effective Time" as used herein shall have the meaning set forth in the Merger Agreement.

2. Assumption. The New Obligor hereby assumes the due and punctual payment of the principal of (and premium, if any), and interest on, or any Additional Amounts in respect of, all the Securities and the performance of all of the covenants of the Indenture on the part of National City to be performed or observed.

3. Substitution. New Obligor shall succeed to, and be substituted for, and may exercise every right and power of, National City under the Indenture, with the same effect as if Successor had been named as National City therein, and hereafter National City shall be relieved of all obligations and covenants under the Indenture and the Notes.

4. Effect of Merger. Pursuant to Section 12.10 of the First Supplemental Indenture, at and following the Effective Time, the right to convert each $1,000 principal amount of Notes shall be changed to a right to convert such Notes by reference to the number of shares of common stock of New Obligor, par value $5.00 per share ("PNC Common Stock"), that a holder of a number of shares of National City common stock equal to the Conversion Rate immediately prior to the Merger would have owned or been entitled to receive such that from and after the Effective Time, a Holder, subject to Section 12.01 of the First Supplemental Indenture, shall be entitled thereafter to convert its Notes into cash and PNC Common Stock based on the Daily Settlement Amounts of PNC Common Stock in an amount equal to the applicable Conversion Rate, as described under Section 12.02(a). At and following the Effective Time, the "Conversion Rate," as such term is used in the First Supplemental Indenture, shall mean 2.0725 shares of PNC Common Stock per $1,000 principal amount of the Note (subject to adjustment as set forth in the First Supplemental Indenture), and the applicable dollar and share amounts in Article 12, including in Sections 12.01(e) (including Schedule A) and 12.04(d), shall be adjusted at and following the Effective Time to reflect the change to the Conversion Rate.

5. Other Amendments. Following the Effective Time,

(a) the definition of the term "Company," as such term is used in the First Supplemental Indenture, shall be amended and restated to read as follows: "The PNC Financial Services Group, Inc., a corporation duly organized and existing under the laws of the Commonwealth of Pennsylvania, having it principal office at One PNC Plaza, 249 Fifth Avenue, Pittsburgh, Pennsylvania 15222-2707";

(b) the phrase "par value $4.00 per share" contained in the definition of the term "Common Stock," as such term is used in the First Supplemental Indenture, shall be amended and replaced by the following: "par value $5.00 per share";

(c) the phrase "NCC.N <equity> AQR" contained in the definition of the term "Daily VWAP," as such term is used in the First Supplemental Indenture, shall be amended and replaced by the following: "PNC.N <equity> AQR"; and

(d) the phrase "National City Corporation, 4.0% Convertible Senior Notes due 2011" contained in the definition of the term "Corporate Trust Office," as such term is used in the First Supplemental Indenture, and in Section 1.02(a) and in Section 1.03 of the First Supplemental Indenture, shall be amended and replaced by the following: "The PNC Financial Services Group, Inc., 4.0% Convertible Senior Notes due 2011".

6. Governing Law. This Second Supplemental Indenture shall be governed by and construed in accordance with the laws of the State of New York applicable to agreements made or instruments entered into and, in each case, performed in said state.

7. Jurisdiction. The parties hereto agree that any and all suits, actions and proceedings to enforce any and all rights or obligations relating to the subject matter of this Second Supplemental Indenture, or to resolve any dispute arising hereunder, shall be brought exclusively before the New York State or federal courts located in the State of New York, County of New York, and hereby consent to the jurisdiction of such courts. The parties hereto hereby waive any objection to venue of such suit, action or proceeding brought in such courts and any claim that any such suit, action, or proceeding has been brought in an inconvenient forum.

8. Waiver of Jury Trial. EACH PARTY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT THAT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY SUIT, ACTION OR PROCEEDING RELATING TO OR ARISING OUT OF THIS SECOND SUPPLEMENTAL INDENTURE.

9. Effectiveness. This Second Supplemental Indenture shall be effective as of the date hereof.

10. Counterparts. This Second Supplemental Indenture may be executed in any number of counterparts each of which shall be an original, but such counterparts shall together constitute but one and the same instrument.

11. Effect of Headings. The Section headings herein are for convenience only and shall not effect the construction of this Second Supplemental Indenture.

12. TIA. If any provision of this Second Supplemental Indenture limits, qualifies or conflicts with any provision of the Trust Indenture Act that is required under the Trust Indenture Act or deemed to be part of and govern any provision of this Second Supplemental Indenture, such required or deemed provision of the Trust Indenture Act shall control. If any provision of this Second Supplemental Indenture modifies or excludes any provision of the Trust Indenture Act that may be so modified or excluded, the provision of the Trust Indenture Act shall be deemed to apply to the Indenture as so modified or to be excluded by this Second Supplemental Indenture, as the case may be.

13. Ratification of Indenture; Supplemental Indentures Part of Indenture. Except as expressly amended hereby, the Indenture is in all respects ratified and confirmed and

all the terms, conditions and provisions thereof shall remain in full force and effect. This Second Supplemental Indenture shall form a part of the Indenture for all purposes, and every Holder of Securities heretofore or hereafter authenticated and delivered shall be bound hereby.

14. Trustee Makes No Representation. The recitals contained herein shall be taken as statements of the New Obligor, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representation as to the validity or sufficiency of this Second Supplemental Indenture.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed as of the date first above written.

THE PNC FINANCIAL SERVICES GROUP, INC.

By: /s/ Richard J. Johnson
Name: Richard J. Johnson
Title: Chief Financial Officer

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., AS TRUSTEE

By: /s/ L. Garcia
Name: Linda Garcia
Title: Vice President

Exhibit 10.2

THE PNC FINANCIAL SERVICES GROUP, INC.
SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

(as amended and restated as of January 1, 2009)

WHEREAS, The PNC Financial Services Group, Inc. (the “Corporation”) previously adopted and presently maintains The PNC Financial Services Group, Inc. Supplemental Executive Retirement Plan (the “Plan”) originally effective as of September 1, 1985 and amended and restated several times thereafter, most recently effective April 6, 2004; and

WHEREAS, the Plan has been administered since January 1, 2005 in good-faith compliance with Section 409A of the Internal Revenue Code of 1986, as amended (“Internal Revenue Code”), including in accordance with payment elections made under applicable transition election rules; and

WHEREAS, the Corporation now desires to amend and restate the Plan in its entirety, effective January 1, 2009, to comply with Section 409A of the Internal Revenue Code; and

WHEREAS, Section 15 of the Plan authorizes the Corporation to amend the Plan at any time.

NOW, THEREFORE, in consideration of the foregoing, the Plan is hereby amended and restated in its entirety to provide as follows:

SECTION 1

DEFINITIONS

1.1 “Account” means the bookkeeping record described in Section 4 used solely to communicate a Participant’s Accrued Benefit expressed as a single dollar amount.

1.2 “Accrued Benefit” means the Participant’s Account balance converted to a single-life annuity in the same manner as under the Pension Plan.

1.3 “Affiliate” means any business entity whose relationship with the Corporation is described in subsection (b), (c) or (m) of Section 414 of the Internal Revenue Code.

1.4 “Annual Base Salary” means the annual pay rate as of the last payday in each January preceding the Participant’s Vested Termination of Employment.

Notwithstanding the foregoing, after a Change in Control, a Participant’s Annual Base Salary will not be less than his or her annual pay rate as of the last payday of the January preceding the date of the Change in Control.

1.5 “Applicable Interest Rate” shall mean the rate of interest used in determining “Interest Credits” under Section 4.5 of the Pension Plan.

1.6 “Average Bonus” means the average of the five highest bonuses (whether or not deferred) of the ten final consecutive years of a Participant’s employment awarded to a Participant under the Executive Bonus Plan for services performed by the Participant during the prior year.

1.7 “Average Final Compensation” means the Participant’s average Compensation (defined in Section 1.13(a) of the Plan) for the five highest of the ten final consecutive years of the Participant’s employment, including the year of the Participant’s death or Vested Termination of Employment.

1.8 “Beneficiary” or “Beneficiaries” means the individual or individuals designated by the Participant to receive the balance of the Participant’s account upon the Participant’s death, in accordance with Section 8 of the Plan.

1.9 “Board” means the Board of Directors of the Corporation.

1.10 “Cause” means:

(a) the willful and continued failure of a Participant to substantially perform the Participant’s duties with the Employer (other than any such failure resulting from incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to the Participant by the Board or the Board of Directors of the Employer, the Chief Executive Officer of the Corporation or the Employer, or the Participant’s superior, which specifically identifies the manner in which the Board or the Board of Directors of the Employer, Chief Executive Officer of the Corporation or the Employer, or the Participant’s superior believes that the Participant has not substantially performed the Participant’s duties; or

(b) the willful engaging by the Participant in illegal conduct or gross misconduct that is materially and demonstrably injurious to the Employer.

For purposes of the preceding clauses (a) and (b), no act or failure to act, on the part of a Participant, will be considered “willful” unless it is done, or omitted to be done, by the Participant in bad faith and without reasonable belief that the Participant’s action or omission was in the best interests of the Employer. Any act, or failure to act, based upon the instructions or prior approval of the Board or the Board of Directors of the Employer, Chief Executive Officer of the Corporation or the Employer, or the Participant’s superior, or based upon the advice of counsel for the Corporation or the Employer, will be conclusively presumed to be done, or omitted to be done, by the Participant in good faith and in the best interests of the

Corporation or the Employer. The cessation of employment of the Participant will not be deemed to be for Cause unless and until there shall have been delivered to the Participant a copy of a resolution duly adopted by the affirmative vote of not less than a majority of the entire membership of the Board or the Committee at a Board or Committee meeting called and held for the purpose of considering such termination finding that, in the good faith opinion of the Board or Committee, the Participant is guilty of the conduct described in clause (a) or (b) above, and specifying the particulars thereof in detail. Such resolution will be adopted only after reasonable notice of such meeting is provided to the Participant and the Participant is given an opportunity, together with counsel, to be heard before the Board or the Committee.

1.11 "Change in Control" means a change of control of the Corporation of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or in response to any similar item on any similar schedule or form) promulgated under the Securities Exchange Act of 1934 as amended (the "Exchange Act"), whether or not the Corporation is then subject to such reporting requirement; provided, however, that without limitation, a Change in Control will be deemed to have occurred if:

(a) any person, excluding employee benefit plans of the Corporation, is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of securities of the Corporation representing 20% or more of the combined voting power of the Corporation's then outstanding securities, provided, however, that such an acquisition of beneficial ownership representing between 20% and 40%, inclusive, of such voting power will not be considered a Change in Control if the Board approves such acquisition either prior to or immediately after its occurrence;

(b) the Corporation consummates a merger, consolidation, share exchange, division or other reorganization or transaction of the Corporation (a "Fundamental Transaction") with any other corporation, other than a Fundamental Transaction that results in the voting securities of the Corporation outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least 60% of the combined voting power immediately after such Fundamental Transaction of (i) the Corporation's outstanding securities, (ii) the surviving entity's outstanding securities, or (iii) in the case of a division, the outstanding securities of each entity resulting from the division;

(c) the shareholders of the Corporation approve a plan of complete liquidation or winding-up of the Corporation or an agreement for the sale or disposition (in one transaction or a series of transactions) of all or substantially all of the Corporation's assets;

(d) as a result of a proxy contest, individuals who prior to the conclusion thereof constituted the Board (including for this purpose any new director whose election or nomination for election by the Corporation's shareholders in connection with such proxy contest was approved by a vote of at least two-thirds of the directors then still in office who were directors prior to such proxy contest) cease to constitute at least a majority of the Board (excluding any Board seat that is vacant or otherwise unoccupied);

(e) during any period of 24 consecutive months, individuals who at the beginning of such period constituted the Board (including for this purpose any new director whose election or nomination for election by the Corporation's shareholders was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of such period) cease for any reason to constitute at least a majority of the Board (excluding any Board seat that is vacant or otherwise unoccupied); or

(f) the Board determines that a Change in Control has occurred.

"Person" has the meaning given in Section 3(a)(9) of the Exchange Act and also includes any syndicate or group deemed to be a "person" under Section 13(d)(3) of the Exchange Act.

Notwithstanding anything to the contrary herein, a divestiture or spin-off of a Subsidiary or division of the Corporation will not by itself constitute a "Change in Control."

1.12 "Code" means the Internal Revenue Code of 1986 as amended. Any reference to a section of the Code shall be deemed to include any regulation, ruling, or other guidance issued thereunder by the Department of the Treasury or the Internal Revenue Service.

1.13 "Committee" means the Personnel and Compensation Committee of the Board.

1.14 "Compensation" means:

(a) For purposes of Section 3 of the Plan, (i) the Annual Base Salary established by the Employer for services rendered by a Participant for a particular year, plus (ii) the amount, if any, expressed in dollars, awarded to a Participant under any Executive Bonus Plan that is paid or payable during that same year, whether or not payment of such bonus or a portion thereof is deferred and whether such bonus is paid in the form of cash, in the form of stock or restricted stock, or in a combination thereof; provided, however, if all or a portion of the award is payable in the form of stock or restricted stock and the amount of such portion is increased to reflect, for example, transfer restrictions and/or the possibility of forfeiture, then the amount included in Compensation for purposes of the Plan will be only the initial amount of the award (expressed in dollars, whether payable in cash or stock or restricted stock and whether or not deferred) and will not include any such increment paid with respect to the stock portion of the award; and provided, further, that the Committee may determine for any year, in its sole discretion, to exclude all or any portion of such bonus for this purpose. For example, for purposes of illustrating the application of this provision, if a Participant is awarded a bonus of

$80,000, payable 75% ($60,000) in the form of cash and 25% ($20,000) in the form of restricted stock, and the Participant receives an incremental payment of $5,000 of restricted stock (calculated as 25% of the $20,000 of the award payable in the form of restricted stock) with respect to the stock portion of the award, then whether or not the Participant defers all or any portion of his or her bonus, the amount included in Compensation for purposes of the Plan in this example with respect to the bonus would be $80,000 (subject to Committee discretion as set forth above).

(b) For purposes of Section 4 of the Plan, the amount, if any, expressed in dollars, awarded to a Participant under any Executive Bonus Plan that is paid or payable during a particular year, whether or not payment of such bonus or a portion thereof is deferred and whether such bonus is paid in the form of cash, in the form of stock or restricted stock, or in a combination thereof; provided, however, if all or a portion of the award is payable in the form of stock or restricted stock and the amount of such portion is increased to reflect, for example, transfer restrictions and/or the possibility of forfeiture, then the amount included in Compensation for purposes of the Plan will be only the initial amount of the award (expressed in dollars, whether payable in cash or stock or restricted stock and whether or not deferred) and will <u>not</u> include any such increment paid with respect to the stock portion of the award; provided further, however, that (i) for a Participant who is not a member of the Corporate Executive Group, Compensation under the Plan may not exceed $250,000 per year, and (ii) the Committee may determine for any year, in its sole discretion, to exclude all or any portion of such bonus for this purpose.

(c) Participants who have incurred a Total Disability will be treated as though they had continued in employment throughout the continuance of such Total Disability with Compensation equal to (i) for purposes of Section 3 of the Plan, the annual pay rate in effect at the onset of such Total Disability plus the bonus award described in Section 1.13(a) that was earned in the year prior to the Total Disability, or (ii) for purposes of Section 4 of the Plan, Compensation as defined in Section 1.13(b) for the last full calendar year prior to Total Disability or, if the Participant had not earned a full calendar year of Compensation, Compensation used for all of the Participant’s previous Earnings Credits annualized to be reflective of one full year.

1.15 “Corporate Executive Group” means the group designated as such by the Corporation or any successor group thereto.

1.16 “Corporation” means The PNC Financial Services Group, Inc. and any successors thereto.

1.17 “Credited Service” has the meaning assigned such term in the Pension Plan from time to time that results in the largest period of credited service for the applicable Participant.

1.18 “Deferral Election” means a Participant’s irrevocable election to defer the commencement of the payments of his or her benefits under the Plan by timely delivery to the Plan Manager of a Deferral Election Form.

1.19 “Deferral Election Form” means the document, in a form approved by the Plan Manager, whereby the Participant elects to defer the commencement of the payment of his or her benefits under the Plan.

1.20 “Deferred Benefits” means the Participant’s benefits under the Plan the payment of which have been deferred pursuant to a Deferral Election.

1.21 “Earnings Credits” means the credits allocated pursuant to Section 4.2 of the Plan to the Account of a Participant who is not a Grandfathered Participant.

1.22 “Employer” means the Corporation and any Subsidiary that has been designated by the Plan Manager as an Employer hereunder.

1.23 “ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

1.24 “Executive Bonus Plan” means the plans designated by the Committee as participating hereunder.

1.25 “Good Reason” means:

(a) the assignment to a Participant of any duties inconsistent in any respect with the Participant’s position (including status, offices, titles and reporting requirements), authority, duties or responsibilities immediately prior to the Change in Control, or any other action by the Employer which results in a diminution in any respect in such position, authority, duties or responsibilities, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith that is remedied by the Employer promptly after receipt of notice thereof given by the Participant;

(b) a reduction by the Employer in the Participant’s Annual Base Salary in effect on the day prior to the date of a Change in Control;

(c) the Employer’s requiring the Participant to be based at any office or location that is more than 50 miles from the Participant’s office or location immediately prior to the Change in Control;

(d) the failure by the Employer (i) to continue in effect any bonus, stock option or other cash or equity-based incentive plan in which the Participant participates immediately prior to the Change in Control that is material to the Participant’s total compensation, unless a substantially equivalent arrangement (embodied in an ongoing substitute or alternative plan) has been made with respect to such plan, or (ii) to continue the Participant’s participation in such plan (or in such substitute or alternative plan) on a basis at least as favorable, both in terms of the amount of benefits provided and the level of the Participant's participation relative to other participants, as existed immediately prior to the Change in Control; or

(e) the failure by the Employer to continue to provide the Participant with benefits substantially similar to those received by the Participant under any of the Employer's pension (including, but not limited to, tax-qualified plans), life insurance, health, accident, disability or other welfare plans in which the Participant was participating, at costs substantially similar to those paid by the Participant, immediately prior to the Change in Control.

1.26 "Grandfathered Participant" means a Participant who on December 31, 1998 (i) was employed by the Employer, (ii) participated in the Plan, and (iii) had completed at least five years of Credited Service and attained age 50.

1.27 "Hardship" means severe financial hardship to the Participant resulting from a sudden and unexpected illness of the Participant or one of the Participant's dependents (within the meaning of Section 152(a) of the Code), or an accident involving the Participant or a Participant's dependent, loss of a Participant's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant. The circumstances that will constitute Hardship will depend upon the facts of each case, but, in any case, Hardship will not exist to the extent that such hardship is or may be relieved:

(a) through reimbursement or compensation by insurance or otherwise;

(b) by liquidation of the Participant's assets, to the extent the liquidation of such assets would not itself cause severe financial hardship; or

(c) by cessation of deferrals under this Plan or other plans maintained by the Employer.

The Plan Manager will have the sole and absolute discretion to determine whether a Hardship exists.

1.28 "Initial SEG 06 Participant" means a Participant who as of December 31, 1998 was a member of the Senior Executive Group level 06 or higher and is not a member of the group described in Section 1.25.

1.29 "Interest Credits" means the credits allocated pursuant to Section 4.4 of the Plan to the Account of a Participant who is not a Grandfathered Participant.

1.30 "Minimum Benefit" means the minimum benefit calculated under Section 4.7 for a Participant who is not a Grandfathered Participant.

1.31 "Participant" means all persons who participated in the Plan on December 31, 1998 and all other persons who are invited thereafter by the Corporation to participate in the Plan.

1.32 "Pension Plan" means The PNC Financial Services Group, Inc. Pension Plan as in effect on January 1, 1999 and as amended from time to time thereafter.

1.33 "Plan" means The PNC Financial Services Group, Inc. Supplemental Executive Retirement Plan, which is the Plan set forth in this document, as amended from time to time.

1.34 "Plan Manager" means any individual designated by the Committee to manage the operation of the Plan as herein provided or to whom the Committee has duly delegated any of its duties and obligations hereunder.

1.35 "Plan Year" means the calendar year beginning January 1.

1.36 "Prior Excess Plan" means The PNC Financial Services Group, Inc. ERISA Excess Pension Plan as in effect on December 31, 1998.

1.37 "Prior Pension Plan" means The PNC Financial Services Group, Inc. Pension Plan as in effect on December 31, 1998.

1.38 "Prior Plan" means The PNC Financial Services Group, Inc. Supplemental Executive Retirement Plan as in effect on December 31, 1998.

1.39 "Separation From Service" means separation from service within the meaning of Section 409A of the Internal Revenue Code. For purposes of this definition, a Participant shall be deemed to have a Separation from Service on the date on which he and the Employer reasonably anticipate that no further services would be performed after such date or that the level of bona fide services he would perform after such date would permanently decrease to no more than 20% of the average level of bona fide services performed over the immediately preceding 36-month period (or the full period of employment if less than 36 months). Notwithstanding the above, no Separation from Service shall be deemed to occur while the Participant is on military leave, sick leave or other bona fide leave of absence until the latest of (i) six months after commencement of the leave, other than for a Total Disability, (ii) 29 months after commencement of leave as the result of a Total Disability, or (iii) the date on which the Participant ceases to have a legally protected right to reemployment under an applicable statute or by contract.

1.40 "Severance From Service" means the Participant's Separation from Service with The PNC Financial Services Group, Inc. and all of its Affiliates.

1.41 "Subsidiary" means any business entity the equity of which (directly or indirectly) is owned 50% or more by the Corporation.

1.42 "Total Disability" means, except as may otherwise be required by Internal Revenue Code Section 409A, a medically determinable physical condition that can be expected to result in death or can be expected to last for a continuous period of not less than twelve months and which would entitle a Participant to receive disability payments under a long-term disability income plan maintained by an Employer with respect to that Participant. For Participants not covered by such a plan, Total Disability means a determination by the Social Security Administration that the Participant has a disability. The definition of Total Disability contained in the Plan shall have no impact or effect on any determination regarding disability made under any other employee benefit plan of the Employer.

1.43 “Transitional Earnings Credits” means the credits allocated pursuant to Section 4.3 of the Plan to the Account of a Participant who is not a Grandfathered Participant.

1.44 “Trust” means the grantor trust established by the Corporation to assist in funding its obligation under the Plan.

1.45 “Vested Termination of Employment” means a Participant’s Severance from Service:

(a) as the result of a Total Disability or for any other reason after completing five years of Vesting Service; or

(b) by the Participant for Good Reason after a Change in Control or by the Employer without Cause after a Change in Control.

1.46 “Vesting Service” has the meaning assigned such term in the Pension Plan.

SECTION 2

APPLICATION OF PLAN

This Plan applies only to Participants who are employed on or after January 1, 1999. A Participant under the Prior Plan who was not employed on or after January 1, 1999 will continue to be covered under the Prior Plan.

SECTION 3

RETIREMENT INCOME SUPPLEMENT FOR GRANDFATHERED PARTICIPANTS

3.1 Grandfathered Participants

Upon Vested Termination of Employment, a Grandfathered Participant will be entitled to a benefit hereunder expressed initially in the form of an annual benefit equal to the greater of:

(a) 10% plus 1% for each year of Credited Service (including fractions thereof) in excess of ten but less than 25 years times the Grandfathered Participant’s Annual Base Salary at the time of Vested Termination of Employment; or

(b) the annual amount of retirement benefit the Grandfathered Participant would have received as a single life annuity under the Prior Pension Plan if the Prior Pension Plan had been continued and the definitions of "Compensation" and "Average Final Compensation" in the Prior Pension Plan were as recited in Sections 1.13(a) and 1.6 above, respectively (assuming that the Grandfathered Participant elected a single life annuity under the Prior Pension Plan and commenced receiving benefits at age 62).

The amount determined under Section 3.1(b) above will be reduced by the annual amount of any benefit the Grandfathered Participant would have been entitled to receive under the Prior Pension Plan and the Prior Excess Plan, assuming the Grandfathered Participant commenced receiving benefit payments in the form of a single life annuity under such plans at age 62.

Unless otherwise elected, the annual amount payable pursuant to Section 3.1(a) or 3.1(b) and the preceding sentence will be paid in the form of a lump-sum cash payment equal to the present value of such monthly benefit, calculated using the interest rate used under the Prior Pension Plan as of the date the payment is to be made, commencing on the first day of the month coincident with or next following the six-month anniversary of the Vested Termination of Employment of the Grandfathered Participant (or in the case of a Grandfathered Participant who has incurred a Vested Termination of Employment as the result of a Total Disability, commencing on the first day of the month coincident with or next following the date on which the Grandfathered Participant attains the maximum age for which benefits could be payable to such Grandfathered Participant under the Employer's applicable long-term disability plan as a result of such Total Disability, regardless of whether the Grandfathered Participant ceases to receive long-term disability benefits prior to attaining such maximum age). Any benefit payment made pursuant to Section 3.1(a) or 3.1(b) that commences prior to a Grandfathered Participant's attainment of age 62 will be actuarially reduced in accordance with reduction factors used in the Prior Pension Plan. A Grandfathered Participant may elect, pursuant to Section 10 of the Plan, to receive, in lieu of the lump-sum benefit set forth above, a benefit commencing on the same date and payable in the form of monthly installments over a fifteen (15) year period (180 months), with payment to continue to the Grandfathered Participant's Beneficiary for the remainder of such payment period if the Grandfathered Participant dies before receiving 180 monthly payments. The form of benefit elected under this Plan may be different from the basis upon which a Grandfathered Participant receives his or her benefit under the Pension Plan. A Grandfathered Participant also may elect, pursuant to Section 10 of the Plan, to defer the commencement of the payment of his or her benefits.

3.2 Death Benefit

Upon the death of a Grandfathered Participant prior to payment or commencement of benefits under Section 3.1, his or her Beneficiary will receive a death benefit expressed initially in the form of an annual cash payment equal to the greater of:

(a) 10% plus 1% for each year of Credited Service (including fractions thereof) between ten and 25 years times the Grandfathered Participant's Annual Base Salary at the time of death; or

(b) the annual amount of retirement benefit the Grandfathered Participant would have received as a single life annuity under the Prior Pension Plan if the Prior Pension Plan had been continued and if the definitions of "Compensation" and "Average Final Compensation" in the Prior Pension Plan were as recited in Sections 1.13(a) and 1.6 above, respectively.

The amount determined under Section 3.2(b) above will be reduced by the annual amount of any benefit the Grandfathered Participant would be entitled to receive under the Prior Pension Plan and the Prior Excess Plan.

The benefit will be distributed to the Grandfathered Participant's Beneficiary or Beneficiaries in a single lump sum cash payment equal to the present value of the annual cash payment determined above, calculated using the interest rate used under the Prior Pension Plan as of the date the payment is to be made, with such distribution to be made within ninety (90) days after the Grandfathered Participant's death.

SECTION 4

RETIREMENT INCOME SUPPLEMENT FOR PARTICIPANTS WHO ARE NOT GRANDFATHERED PARTICIPANTS

4.1 Accounts

An Account will be established and maintained for each Participant who is not a Grandfathered Participant to which credits will be allocated pursuant to the provisions of this Section 4. A Participant's opening Account balance will be determined in the same manner as under the Pension Plan based on the Participant's benefit accrued under the Prior Plan as of December 31, 1998.

4.2 Earnings Credits

As of each pay period, there will be credited to the Account of each such active Participant who is not an Initial SEG 06 Participant and who has earned Compensation during such pay period an amount determined as follows:

Age Plus Years of Credited Service	Percentage of Compensation Credited to Participant's Account
Less than 40	3%
Between 40 and 49	4%
Between 50 and 59	5%
Between 60 and 69	6%
70 or more	8%

As of each pay period, there will be credited to the Account of each such active Participant who is an Initial SEG 06 Participant and who has earned Compensation during such pay period an amount determined as follows:

Age Plus Years of Credited Service	Percentage of Compensation Credited to Participant's Account
Less than 40	6%
Between 40 and 49	8%
Between 50 and 59	10%
Between 60 and 69	12%
70 or more	16%

For purposes of the above two charts, age and Credited Service will be determined as of the last day of the preceding Plan Year. For purposes of determining the percentage of Compensation to be credited to a Participant's Account, only complete years of Credited Service and age will be used; no partial years of age or Credited Service will be counted.

4.3 Transitional Earnings Credits

Beginning on January 1, 1999 and ending on December 31, 2008, as of each calendar quarter, Transitional Earnings Credits will be allocated to the Account of each active Participant who has earned Compensation during such calendar quarter. These Transitional Earnings Credits will apply to the following Participants and are determined as follows:

(a) For active Participants who as of January 1, 1999 were age 45 or older and had at least fifteen years of Credited Service, an additional allocation of 4% of Compensation will be made.

(b) For active Participants not described in (a) above who as of January 1, 1999 were age 40 or older and had at least ten years of Credited Service, an additional allocation of 2% of Compensation will be made.

Only Participants employed by the Employer on January 1, 1999 are eligible for Transitional Earnings Credits. The rules applicable to Earnings Credits described in Section 4.2 also apply to these Transitional Earnings Credits.

4.4 Interest Credits

Each calendar quarter, the determination, calculation and allocation of Interest Credits will occur in the manner described in subsection (b) below determined in accordance with subsection (a) below:

(a) For each calendar quarter, one-fourth of the Applicable Interest Rate.

(b) During each calendar quarter, each Participant's Account will be adjusted by an amount equal to the interest rate determined in (a) above multiplied by the Account balance as of the end of the immediately preceding calendar quarter.

(c) A Participant who elects to defer the commencement of the payment of his or her benefits under Section 10 of the Plan will continue to receive an allocation of Interest Credits on his or her Deferred Benefits in the manner prescribed above until the first day of the month coincident with or preceding the date the Participant receives a final distribution of his or her Account.

4.5 Payment of Benefits

A Participant covered under this Section 4 may elect, pursuant to Section 10 of the Plan, to receive his or her benefit under this Plan in either a single lump-sum payment or in an annuity form of payment available under the Pension Plan, commencing in either case on the first day of the month coincident with or next following the six-month anniversary of the Vested Termination of Employment of the Participant (or in the case of a Participant who has incurred a Vested Termination of Employment as the result of a Total Disability, commencing on the first day of the month coincident with or next following the date on which the Participant attains the maximum age for which benefits could be payable to such Participant under the Employer's applicable long-term disability plan as a result of such Total Disability, regardless of whether the Participant ceases to receive long-term disability benefits prior to attaining such maximum age). The form of benefit elected under this Plan may be different from the basis upon which a Participant receives his or her benefit under the Pension Plan. A Participant also may elect, pursuant to Section 10 of the Plan, to defer the commencement of the payment of his or her benefits.

The conversion of the Participant's benefit under this plan to an annuity, and the calculation of the amounts of optional forms of benefit, will utilize the same adjustment factors as used in the Pension Plan for such purposes, and it is intended that these factors will be monitored and amended as necessary to meet the provisions of Treasury Regulation Section 3121(v)(2)-1(C)(2)(iii)(B)(3).

4.6 Death Benefit

Upon the death of a Participant prior to payment or commencement of benefits under Section 4.5, but after completing five full years of Vesting Service, his or her Beneficiary will be entitled to a benefit in an amount equal to the Participant's Accrued Benefit determined as of the date of his or her death.

The benefit will be distributed to the Participant's Beneficiary or Beneficiaries in a single lump sum cash payment, with such distribution to be made within ninety (90) days after the Participant's death.

4.7 Minimum Benefit

Upon Vested Termination of Employment, a Participant who is not a Grandfathered Participant is entitled to a Minimum Benefit under the Plan. The Minimum Benefit is equal to the Participant's benefit under the Prior Plan calculated as of December 31, 1998. If the Minimum Benefit exceeds the Participant's benefit under Section 4, the Participant will receive the Minimum Benefit in lieu of the Section 4 benefit.

SECTION 5

FROZEN BENEFIT – CERTAIN TRANSFERS

Any Participant who participated or was eligible to participate in The PNC Financial Services Group, Inc. Retirement Savings Plan or who transfers employment to a Subsidiary that is not an Employer will have the value of his or her benefit frozen as of the first day of the month following the date he or she was eligible to participate in The PNC Financial Services Group, Inc. Retirement Savings Plan or transfers employment to a Subsidiary that is not an Employer, except that interest will continue to be credited under Section 4.4. Such frozen benefit will be payable at the same time and in the same manner as benefits otherwise payable under the Plan, provided that any future benefit eligibility requirements are met.

SECTION 6

FROZEN BENEFIT – DESIGNATED PARTICIPANTS

6.1 General Rule

Effective as of April 1, 2002, January 1, 2003 or January 1, 2004, as applicable, benefit accruals under the Plan for certain Participants designated by the Corporation who were notified of the change prior to such dates either (i) ceased as of

March 31, 2002, December 31, 2002 or December 31, 2003, as applicable or (ii) as the case may be, are to be calculated as set forth in this Section 6. The provisions of this Section 6 are not effective with respect to any member of the Corporate Executive Group as designated by the Corporation and in effect on March 31, 2002, December 31, 2002 or December 31, 2003, as applicable.

6.2 Designated Grandfathered Participants

Effective as of April 1, 2002, January 1, 2003 or January 1, 2004, as applicable, Grandfathered Participants designated by the Corporation whose benefits are calculated under Section 3 ceased to accrue additional years of Credited Service (and fractions thereof) for purposes of calculating benefits payable upon Vested Termination of Employment or at death. Such designated Grandfathered Participants' years of Credited Service for purposes of Section 3 will be calculated as if their employment by an Employer had ended on March 31, 2002, December 31, 2002 or December 31, 2003, respectively.

6.3 Designated Nongrandfathered Participants

Effective April 1, 2002, January 1, 2003 or January 1, 2004, as applicable, Participants designated by the Corporation who are not Grandfathered Participants and whose benefits are calculated under Section 4 of the Plan ceased to accrue any additional benefits under the Plan. The values of such Participant's Accounts are frozen at the values accrued through March 31, 2002, December 31, 2002 or December 31, 2003, respectively, including any Interest Credits due for the calendar quarter ended March 31, 2002, December 31, 2002 or December 31, 2003, respectively. No further Earnings Credits, Transitional Earnings Credits or Interest Credits accrued or will accrue to such designated nongrandfathered Participants' Accounts after March 31, 2002, December 31, 2002 or December 31, 2003, respectively.

SECTION 7

TRANSFER OF EMPLOYMENT TO MINORITY-OWNED ENTITY

If a Participant is transferred from the employment of the Corporation or a Subsidiary to an entity the equity of which (directly or indirectly) is owned 10% or more (but 50% or less) by the Corporation (a "Minority-Owned Entity"), the benefits earned while a Participant will be frozen (except that Interest Credits under Section 4.4, if applicable, will continue) and will be paid in the event that the Participant subsequently incurs a Vested Termination of Employment from the employment of the Minority-Owned Entity.

SECTION 8

DESIGNATION OF BENEFICIARIES

A Participant shall designate a Beneficiary or Beneficiaries to receive the balance of the Participant's Account upon the Participant's death. Such designation will be on a form approved by the Plan Manager and will not be effective until it is received by the Plan Manager. If no valid Beneficiary designation form is on file with the Plan Manager upon the Participant's death, then the balance of the Participant's Account will be payable to the Beneficiary designated by the Participant under the Pension Plan, or, if no such designation exists, to the Beneficiary designated by the Participant under the Key Executive Equity Plan, or, if no such designation exists, to the Beneficiary designated by the Participant under Employer's group-term life insurance plan, or, if no such designation exists, to the Participant's estate.

SECTION 9

PAYMENT OF BENEFITS

The benefits payable to a Participant under this Plan will be made from the general revenues of the entity that employs the Participant on the date of the Participant's Vested Termination of Employment.

SECTION 10

ELECTIONS AS TO TIME AND FORM OF PAYMENT; HARDSHIP

10.1 Default; Initial Payment Elections

Participants under the Plan may elect, during the Applicable Election Period, to make an initial payment election as to (i) the timing of payment of their benefits under this Plan and (ii) the form in which benefits are to be paid (consistent with the provisions of Section 3 or Section 4, as applicable). The Applicable Election Period for Participants in the Plan as of December 7, 2005 was the period that began on that date and ended on December 31, 2005. The Applicable Election Period for Participants who first became Participants in the Plan after December 7, 2005 is the thirty (30) day period commencing on the date of their participation. Participants who failed to make an initial payment election during their Applicable Election Period are deemed to have made an initial payment election to receive their benefits in a single lump-sum payment six (6) months after their Vested Termination of Employment.

10.2 Subsequent Elections

A Participant may elect to change the timing and form of the payment of benefits hereunder (consistent with the applicable provisions of Section 3 or Section 4, as applicable) from the initial payment election made (or deemed to be made) under Section 10.1; provided, however, that, except as specified in the last sentence of this Section 10.2, (i) such change election must be made no later than twelve (12) months prior to the date on which his or her benefits would otherwise be paid or would commence under the initial payment election, (ii) such change election is not effective unless twelve (12) months have elapsed from the date on which the change election is made, (iii) such change election defers the date on which his or her benefits will be paid or will commence at least five (5) years from the date on which his or her benefits would otherwise have been paid or would have commenced under the initial payment election. A Participant may also elect, no more than once, to change the timing and form of a revised payment election made under the preceding sentence, subject to the same requirements set forth in such preceding sentence (with references to the initial payment election under Section 10.1 being deemed for such purpose to refer to the first revised payment election). The requirements set forth in the preceding sentences will not apply (i) to an election by a Participant under section 4 to change from one form of annuity payment to a different form of annuity payment available under the Pension Plan, provided that both such annuity payments qualify as "life annuities" within the meaning of Internal Revenue Code Section 409A and regulations thereunder, or (ii) to a transition election made under Section 19.10; provided, that a Participant who has made such a transition election shall be treated thereafter under this Section 10.2 as if he had made an election change under the first sentence of this section (i.e., he will only be permitted to make one additional election change thereafter, other than an election among different forms of annuity permitted under (i) above).

10.3 Hardship Distribution

Upon approval by the Plan Manager, in his or her sole and absolute discretion, payment of a Participant's Deferred Benefits under the Plan will be made in the event of a Participant's Hardship. Payment of any Hardship distribution will be made in a single lump sum as soon as administratively feasible, but no later than ninety (90) days, after approval.

SECTION 11

RIGHTS OF PARTICIPANTS

No Participant will have any rights to any payment under this Plan until Vested Termination of Employment. The right of the Participants to any amounts payable under this Plan will not be transferable or assignable and will not be subject to alienation, encumbrance, garnishment, attachment, execution or levy of any kind, voluntary or involuntary, except when, where and if compelled by applicable law. For the sake of clarity, domestic relations orders purporting to assign benefits under the Plan do not apply to the Plan.

SECTION 12

TRUST FUND

No assets of the Corporation or any Employer will be segregated or earmarked in respect to any benefits, and all such benefits will constitute unsecured contractual obligations of the Employer. If the Corporation chooses to contribute to the Trust to offset its obligation under this Plan, all assets or property held by the Trust will at all times remain subject to the claims of the general creditors of the Corporation or any Employer.

SECTION 13

CLAIMS PROCEDURE

13.1 Initial Claim

Claims for benefits under the Plan will be filed with the Plan Manager. If any Participant or Beneficiary claims to be entitled to a benefit under the Plan and the Plan Manager determines that such claim should be denied in whole or in part, the Plan Manager will notify such person of the Plan Manager's decision in writing. Such notification will be written in a manner calculated to be understood by such person and will contain (i) specific reasons for the denial, (ii) specific reference to pertinent Plan provisions, (iii) a description of any additional material or information necessary for such person to perfect such claim and an explanation of why such material or information is necessary, and (iv) information as to the steps to be taken if the person wishes to submit a request for review. Such notification will be given within 60 days after the claim is received by the Plan Manager. If such notification is not given within such period, the claim will be considered denied as of the last day of such period and such person may request a review of his or her claim.

13.2 Review Procedure

Within 60 days after the date on which a Participant or Beneficiary receives a written notice of a denied claim (or, if applicable, within 60 days after the date on which such denial is considered to have occurred), such person (or his or her duly authorized representative) may (i) file a written request with the Committee for a review of his or her denied claim and of pertinent documents and (ii) submit written issues and comments to the Committee. The Committee will notify such person of its decision in writing. Such notification will be written in a manner calculated to be understood by such person and will contain specific reasons for the decision as well as specific references to pertinent Plan provisions. The decision on review will be made within 60 days after the request for review is received by the Committee. If the decision on review is not made within such period, the claim will be considered denied.

13.3 Claims and Review Procedure Not Mandatory After a Change in Control

After the occurrence of a Change in Control, the claims procedure and review procedure provided for in this Section 13 will be provided for the use and benefit of Participants who may choose to use such procedures, but compliance with the provisions of this Section 13 will not be mandatory for any Participant claiming benefits after a Change in Control. It will not be necessary for any Participant to exhaust these procedures and remedies after a Change in Control prior to bringing any legal claim or action, or asserting any other demand, for payments or other benefits to which such Employee claims entitlement.

SECTION 14

ADMINISTRATION; DELEGATION

This Plan will be administered by the Committee, and it will have the sole authority to resolve any questions that arise hereunder.

This Plan is intended to be "a plan which is unfunded and is maintained by an employer primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees" within the meaning of Sections 201(2), 301(a)(3) and 401(a)(1) of ERISA and will be administered in a manner consistent with that intent.

The Board or the Committee may, in its sole discretion, delegate authority hereunder, including but not limited to delegating authority to amend, administer, interpret, construe or vary the Plan, to the extent permitted by applicable law or administrative or regulatory rule.

SECTION 15

AMENDMENT AND TERMINATION

The Plan may be amended or terminated by the Board or the Committee at any time, and any Subsidiary of the Corporation that has adopted the Plan may withdraw from further participation in the Plan at any time; provided, however, that no such amendment, termination or withdrawal (each, a "Plan Change") will be made that would reduce or in any way adversely affect the amount of, or payment of, the Accrued Benefit (as hereinafter defined) of any Participant as of the date of such Plan Change. In the event of any termination of the Plan or any portion thereof, payment of affected Participants' Accrued Benefits shall be made under and in accordance with the terms of the Plan and the applicable elections, except that the Committee may determine, in its sole discretion, to accelerate payments to all such Participants if and to the extent that such acceleration is permitted under Section 409A of the Internal Revenue Code.

For purposes of this Section 15, the term "Accrued Benefit" means, for a Grandfathered Participant, the benefit that would be payable to the Participant hereunder assuming that (i) the Participant terminated employment immediately prior to the Plan Change, and (ii) solely for the purpose of determining the Participant's eligibility for Vested Termination of Employment under this Plan and not for purposes of determining the amount of benefit, that the Participant had completed five years of Vesting Service (to the extent that the Participant had not yet completed such years of Vesting Service immediately prior to the Plan Change). The term "Accrued Benefit" means, for a Participant who is not a Grandfathered Participant, an amount equal to the balance of the Participant's Account immediately prior to the Plan Change.

After a Change in Control, the Plan may not be amended in any manner that adversely affects the administration or payment of a Participant's benefits hereunder (including but not limited to the timing and form of payment of benefits hereunder) without the consent of the Participant, nor may the provisions of this Section 15, Section 16 or, for a Participant who is not a Grandfathered Participant, Section 4.4, be amended after a Change in Control with respect to a Participant without the written consent of the Participant; provided, however, that the failure of a Participant to consent to any such amendment will not impair the ability of the Board or the Committee to amend the Plan with respect to any other Participant who has consented to such amendment.

SECTION 16

SUCCESSORS

In addition to any obligations imposed by law upon any successor(s) to the Corporation and the Employers, the Corporation and the Employers will be obligated to require any successor(s) (whether direct or indirect, by purchase, merger, consolidation, operation of law or otherwise) to all or substantially all of the business and/or assets of the Corporation and the Employers to expressly assume and agree to perform under this Plan in the same manner and to the same extent that the Corporation and the Employers would be required to perform under it if no such succession had taken place; in the event of such a succession, references to "Corporation" and "Employers" herein will thereafter be deemed to include such successor(s).

SECTION 17

GOVERNING LAW

The Plan will be governed according to the laws of the Commonwealth of Pennsylvania, without reference to its conflict of laws provisions, to the extent not preempted by federal law.

SECTION 18

FUNDING OF BENEFITS

In the sole discretion of the Corporation, the Corporation may establish a grantor trust and make contributions thereto for the purpose of providing a source of funds to pay benefits as they become due and payable hereunder; provided, however, that no such trust will result in a Participant being required to include in gross income for federal income tax purposes any benefits payable hereunder prior to the date of actual payment. Notwithstanding the establishment of any such trust, a Participant's rights hereunder will be solely those of a general unsecured creditor of the Corporation and the Employers.

SECTION 19

MISCELLANEOUS

19.1 Liability of the Board and the Committee

Neither the Board nor the Committee will be liable to any person for any action taken or admitted in connection with the administration, interpretation, construction or variance of the Plan.

19.2 No Contract of Employment

Nothing herein will be construed as an offer or commitment by the Corporation or any Affiliate to continue any Participant's employment with it for any period of time.

19.3 Withholding

The Corporation or an Affiliate shall have the right to deduct from payment of any amount under the Plan any taxes required by law to be withheld from a Participant or Beneficiary with respect to such payment.

19.4 Severability

Whenever possible, each provision of this Plan will be interpreted in such a manner as to be effective and valid under applicable law, but if any provision of the Plan is held to be prohibited by or invalid under applicable law, then (a) such provision will be deemed to be amended to, and to have contained from the outset such language as is necessary to, accomplish the objectives of the provision as originally written to the fullest extent permitted by law, and (b) other provisions of this Plan will remain in full force and effect.

19.5 Construction

No rule of strict construction shall be applied against the Corporation, any Affiliate, the Committee, the Board, the Plan Manager or any other person regarding the interpretation of any terms of this Plan or any rule or procedure established by the Committee.

Where the context allows, words in the masculine gender shall include the feminine and neuter genders, the plural shall include the singular and the singular shall include the plural.

The captions of sections and paragraphs of this Plan are for convenience only and shall not control or affect the meaning or construction of any of its provisions.

19.6 Corporation and Affiliate Liability

Whenever, in the Committee's or the Plan Manager's opinion, any person entitled to receive any payment is under a legal disability, a minor, or incapacitated in any way, so as to be unable to manage his or her financial affairs, the Corporation or an Affiliate, at its discretion, may make such payment for the benefit of such person to his or her legal representative, or to a relative or friend of such person for his or her benefit, or it may apply the payment for the benefit of such person in any manner it deems advisable. When the Corporation or an Affiliate makes any payment pursuant to this subsection, it shall be considered as a complete discharge of its liability for the making of such payments under the Plan.

19.7 Entire Agreement

This writing constitutes the final and complete embodiment of the understandings of the parties hereto and all prior understandings and communications of the parties oral or written concerning this Plan are hereby renounced, revoked and superseded.

19.8 Notices

All notices to the Corporation hereunder shall be delivered to the attention of the Committee or to the Plan Manager acting on its behalf. Any notice or filing required or permitted to be given to the Committee or the Corporation under this Plan shall be sufficient if in writing and hand delivered, or sent by registered or certified mail, to the Committee or to the Plan Manager, at the principal office of the Corporation. Such notice shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark or the receipt for registration or certification.

19.9 Compliance with Law

The Plan is intended to comply with applicable law. Without limiting the foregoing, the Plan is intended to comply with the applicable requirements of Internal Revenue Code Section 409A, and will be administered in accordance with Internal Revenue Code Section 409A to the extent that Internal Revenue Code Section 409A applies to the Plan. Notwithstanding any provision in the Plan to the contrary, distributions from the Plan may only be made in a manner, and upon an event, permitted by Internal Revenue Code Section 409A. If any payment or benefit cannot be provided or made at the time specified herein without incurring penalties under Internal Revenue Code Section 409A, then such benefit or payment will be provided in full at the earliest time thereafter when such penalties will not be imposed. To the extent that any provision of the Plan would cause a conflict with the applicable requirements of Internal Revenue Code Section 409A, or would cause the administration of the Plan to fail to satisfy the applicable requirements of Internal Revenue Code Section 409A, such provision shall be deemed null and void to the extent permitted by applicable law.

19.10 Transition Special Election

The Corporation may determine, in its discretion, to offer Participants in the Plan an opportunity, as permitted under transition guidance issued under Code Section 409A, to file a new payment election on or before December 31, 2008 with respect to the payment of their benefits under the Plan. Any such election made by a Participant shall be deemed to have superseded and replaced the prior election made (or deemed to be made) by such Participant under Section 10.1 (and any change to such prior election made under Section 10.2).

* * *

Executed and adopted by the Chief Human Resources Officer of The PNC Financial Services Group, Inc. this 31st day of December, 2008.

/s/ Joan L. Gulley

Joan L. Gulley

Senior Vice President and Chief Human Resources Officer

Exhibit 10.4

THE PNC FINANCIAL SERVICES GROUP, INC.
ERISA EXCESS PENSION PLAN

Amended and Restated
(Effective as of January 1, 2009)

WHEREAS, The PNC Financial Services Group, Inc. (the "Corporation") previously adopted and presently maintains The PNC Financial Services Group, Inc. ERISA Excess Pension Plan (the "Plan"), originally effective as of December 1, 1984, and amended and restated the Plan in its entirety effective as of January 1, 1999 and effective as of April 6, 2004, and subsequently amended the Plan by an Amendment dated September 17, 2007;

WHEREAS, the Corporation desires to amend and restate the Plan in its entirety, effective as of January 1, 2009, to comply with Section 409A of the Internal Revenue Code of 1986, as amended ("Internal Revenue Code"); and

WHEREAS, deferrals made or first vesting on or after January 1, 2005 are to be administered in accordance with the Plan as amended and restated herein, and deferrals made prior to January 1, 2005 and fully vested on December 31, 2004 are to be administered in accordance with Plan documents in effect at the time of deferral (and any subsequent amendments made thereafter and specifically made applicable thereto); and

WHEREAS, Section 8 of the Plan authorizes the Corporation to amend the Plan at any time.

NOW, THEREFORE, in consideration of the foregoing, the Plan is hereby amended and restated in its entirety to read as follows:

SECTION 1

DEFINITIONS

As used in the Plan, initially capitalized terms that are not otherwise defined herein will have the meaning given to them in the Pension Plan. The following words and phrases will have the meanings assigned to them herein, unless the context otherwise requires.

1.1 "Account" means the bookkeeping record used under this Plan solely to communicate a Participant's or Beneficiary's Accrued Benefit expressed as a single dollar amount. An Account is established only for purposes of determining benefits hereunder and not to segregate assets or to identify assets that may or must be used to satisfy benefits. An Account will be credited with the amounts set forth in section 3 of the Plan. A Participant's Account will also include (i) amounts which were deferred under the Plan and vested prior to January 1, 2005, which will be accounted for separately from amounts deferred or first vesting on or after January 1, 2005, and (ii) amounts representing accounts merged into this Plan from a prior excess pension plan, to the extent separate accounting is determined by the Committee or its delegate to be necessary in order to ensure compliance with Section 409A of the Code or otherwise, including without limitation amounts included in this Plan as the result of the merger of the Mercantile Plan into this Plan.

1.2 "Affiliate" means any business entity whose relationship with the Corporation is described in subsection (b), (c) or (m) of Section 414 of the Internal Revenue Code.

1.3 "Beneficiary" or "Beneficiaries" means the individual or individuals designated by the Participant to receive the balance of the Participant's Account upon the Participant's death in accordance with Section 6 of the Plan.

1.4 "Board" means the Board of Directors of the Corporation.

1.5 "Change in Control" means a change of control of the Corporation of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or in response to any similar item on any similar schedule or form) promulgated under the Exchange Act, whether or not the Corporation is then subject to such reporting requirement; provided, however, that without limitation, a Change in Control will be deemed to have occurred if:

(a) any Person, excluding employee benefits plans of the Corporation and its subsidiaries, is or becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act or any successor provisions thereto), directly or indirectly, of securities of the Corporation representing 20% or more of the combined voting power of the Corporation's then outstanding securities; provided, however, that such an acquisition of beneficial ownership representing between 20% and 40%, inclusive, of such voting power will not be considered a Change in Control if the Board approves such acquisition either prior to or immediately after its occurrence;

(b) the Corporation consummates a merger, consolidation, share exchange, division or other reorganization or transaction of the Corporation (a "Fundamental Transaction") with any other corporation, other than a Fundamental Transaction that results in the voting securities of the Corporation outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least 60% of the combined voting power immediately after such Fundamental Transaction of (i) the Corporation's outstanding securities, (ii) the surviving entity's outstanding securities, or (iii) in the case of a division, the outstanding securities of each entity resulting from the division;

(c) the shareholders of the Corporation approve a plan of complete liquidation or winding-up of the Corporation or an agreement for the sale or disposition (in one transaction or a series of transactions) of all or substantially all of the Corporation's assets;

(d) as a result of a proxy contest, individuals who prior to the conclusion thereof constituted the Board (including for this purpose any new director whose election or nomination for election by the Corporation's shareholders in connection with such proxy contest was approved by a vote of at least two-thirds of the directors then still in office who were directors prior to such proxy contest) cease to constitute at least a majority of the Board (excluding any Board seat that is vacant or otherwise unoccupied);

(e) during any period of 24 consecutive months, individuals who at the beginning of such period constituted the Board (including for this purpose any new director whose election or nomination for election by the Corporation's shareholders was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of such period) cease for any reason to constitute at least a majority of the Board (excluding any Board seat that is vacant or otherwise unoccupied); or

(f) the Board determines that a Change in Control has occurred.

Notwithstanding anything to the contrary herein, a divestiture or spin-off of a subsidiary or division of the Corporation will not by itself constitute a Change in Control.

1.6 "Committee" means the committee appointed to administer the Pension Plan.

1.7 "Corporation" means The PNC Financial Services Group, Inc. and any successors thereto.

1.8 "Deferred Compensation Plan" means The PNC Financial Services Group, Inc. and Affiliates Deferred Compensation Plan as amended from time to time.

1.9 "Employee" means any person employed by an Employer.

1.10 "Employer" means the Corporation and any Affiliate that has been designated to participate in the Pension Plan.

1.11 "ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

1.12 "Excess Benefits" means the difference between (A) the amount of an Employee's benefit under the Pension Plan computed without taking into consideration the limitation on benefits contained in Section 401(a)(17) and Section 415 of the Internal Revenue Code and, effective January 1, 1999, computed as if "Compensation" as defined in the Pension Plan included bonus amounts deferred under the Deferred Compensation Plan and (B) the amount of an Employee's benefit actually computed under the Pension Plan.

For a Participant who incurred a Total Disability prior to 1999 and who, for purposes of The PNC Financial Services Group, Inc. Supplemental Executive Retirement Plan, was a “Participant” (as defined therein) as of December 31, 1998, Excess Benefits will also include the difference between (C) the aggregate amount of the Participant’s benefit under the Pension Plan and this Plan computed using Earnings Credits that reflect Compensation that, for any period, is a pro rata portion of annual Compensation equal to the sum of (i) the rate of base pay in effect at the time of Total Disability and (ii) variable pay (limited as described in the definition of Compensation in the Pension Plan) equal to the annual bonus amount earned for the calendar year prior to such Total Disability, and (D) the aggregate amount of the Participant’s benefit otherwise computed under the Pension Plan and this Plan.

1.13 “Exchange Act” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

1.14 “Internal Revenue Code” means the Internal Revenue Code of 1986, as amended. Any reference to a section of the Internal Revenue Code shall be deemed to include any regulation, ruling, or other guidance issued thereunder by the Department of the Treasury or the Internal Revenue Service.

1.15 “Mercantile Plan” means The Mercantile Bankshares Corporation and Participating Affiliates Supplemental Cash Balance Plan, which was merged into the Plan effective December 31, 2007

1.16 “Participant” means any Employee who meets the eligibility criteria set forth in Section 2 of the Plan.

1.17 “Pension Plan” means The PNC Financial Services Group, Inc. Pension Plan as in effect on January 1, 1999 and as amended from time to time thereafter.

1.18 “Plan” means The PNC Financial Services Group, Inc. ERISA Excess Pension Plan, which is the Plan set forth in this document, as amended from time to time.

1.19 “Plan Manager” means any individual designated by the Committee to manage the operation of the Plan as herein provided or to whom the Committee has duly delegated any of its duties and obligations hereunder.

1.20 “Separation From Service” means separation from service within the meaning of Section 409A of the Internal Revenue Code. For purposes of this definition, a Participant shall be deemed to have a Separation from Service on the date on which he and the Employer reasonably anticipate that no further services would be performed after such date or that the level of bona fide services he would perform after such date would permanently decrease to no more than 20% of the average level of bona fide services performed over the immediately preceding 36-month period (or the full period of employment if less than 36 months).

Notwithstanding the above, no Separation from Service shall be deemed to occur while the Participant is on military leave, sick leave or other bona fide leave of absence until the latest of (i) six months after commencement of the leave, other than for a Total Disability, (ii) 29 months after commencement of leave as the result of a Total Disability, or (iii) the date on which the Participant ceases to have a legally protected right to reemployment under an applicable statute or by contract.

1.21 "Severance From Service" means the Participant's Separation from Service with The PNC Financial Services Group, Inc. and all of its Affiliates.

1.22 "Spouse" means the person to whom the Participant is legally married on the relevant date (as determined under the laws of the state in which the Participant is a resident at the time of marriage).

1.23 "Total Disability" means, except as may otherwise be required by Internal Revenue Code Section 409A, a medically determinable physical condition that can be expected to result in death or can be expected to last for a continuous period of not less than twelve months and which would entitle a Participant to receive disability payments under a long-term disability income plan maintained by an Employer with respect to that Participant. For Participants not covered by such a plan, Total Disability means a determination by the Social Security Administration that the Participant has a disability. The definition of Total Disability contained in the Plan shall have no impact or effect on any determination regarding disability made under any other employee benefit plan of the Employer.

1.24 "Trust" means the grantor trust established by the Corporation to assist in funding its obligations under the Plan.

SECTION 2

ELIGIBILITY FOR PARTICIPATION AND CESSATION OF PARTICIPATION

An Employee who participates in the Pension Plan is eligible to participate in this Plan if the Employee has Excess Benefits. If an Employee ceases to participate in the Pension Plan, the Employee is no longer eligible to participate in this Plan. Such Participant's Account will be frozen as of the date he or she ceases participation, except that interest will continue to be credited under Section 3 of the Plan. Such frozen benefit will be payable at the same time and in the same manner as benefits otherwise payable under the Plan.

SECTION 3

BENEFITS

An Account will be established and maintained for each Participant to whom Excess Benefits will be allocated. A Participant's

Account under this Plan will be allocated Earnings Credits, Transitional Earnings Credits and Interest Credits in the same manner as under the Pension Plan. In addition, a Participant's opening Account balance will be determined in the same manner as under the Pension Plan.

SECTION 4

DISTRIBUTIONS; VESTING

4.1 Vesting. Amounts in a Participant's Account shall vest in accordance with the vesting schedule as defined in the Pension Plan.

4.2 Distribution at Severance from Service Other Than Death or Total Disability. A Participant's vested Account will be distributed in cash. Vested amounts deferred prior to January 1, 2005 will be paid at such time and in such manner as benefits are paid to the Participant under the Pension Plan. Amounts deferred or first vesting beginning with January 1, 2005 will be distributed to the Participant in a single lump-sum payment as soon as administratively practicable following, but no later than ninety (90) days after, the date that is six months after the date of a Participant's Severance from Service other than as a result of the Participant's death or Total Disability.

4.3 Distribution At Severance from Service Due to Total Disability. If a Participant incurs a Severance from Service as a result of a Total Disability, vested amounts deferred prior to January 1, 2005 will be paid at such time and in such manner as benefits are paid to the Participant under the Pension Plan. Amounts deferred or first vesting on or after January 1, 2005 will be distributed to the Participant in a single lump-sum payment as soon as administratively practicable following, but no later than ninety (90) days after, the first day of the month coincident with or next following the date on which the Participant attains the maximum age for which benefits could be payable to such Participant under the Employer's applicable long-term disability plan as a result of such Total Disability, regardless of whether the Participant ceases to receive long-term disability benefits prior to attaining such maximum age.

4.4 Distribution At Death. In the event of the Participant's death prior to the distribution of his Account, amounts deferred and vested prior to January 1, 2005 will be paid to the Participant's Beneficiary or Beneficiaries under the Pension Plan at such time and in such manner as benefits are paid to such Beneficiary or Beneficiaries under the Pension Plan, and amounts deferred or first vesting on or after January 1, 2005 will be distributed to the Participant's Beneficiary or Beneficiaries hereunder in a single lump-sum payment as soon as administratively practicable following, but no later than ninety (90) days after, the Participant's death

SECTION 5

DESIGNATION OF BENEFICIARIES

The Participant will designate a Beneficiary or Beneficiaries to receive the balance of the Participant's Account attributable to amounts deferred or first vesting on or after January 1, 2005 upon the Participant's death. Such designation will be on a form approved by the Plan Manager and will not be effective until the Plan Manager receives the form. If no valid Beneficiary designation form is on file with the Plan Manager upon the Participant's death, then the balance of the Participant's Account attributable to amounts deferred or first vesting on or after January 1, 2005 will be payable to the Beneficiary designated by the Participant for the Pension Plan. If a Participant does not have a valid Beneficiary designation form on file with the Plan Manager for the Plan and Pension Plan, as applicable, or if the Beneficiary does not survive the Participant, the Participant's Account will be distributed in the following order of priority: (i) the Participant's Spouse, (ii) the Participant's issue, per stirpes, (iii) the Participant's parents, (iv) the Participant's brothers and sisters, or (v) the Participant's executors or administrators. For the sake of clarity, Beneficiary designations under any plan that is merged into the Plan (the "Prior Plan") will be honored until a Participant designates a new Beneficiary or Beneficiaries under the Plan or until the Participant revokes his prior Beneficiary or Beneficiaries designations under the Prior Plan.

SECTION 6

TRUST FUND

No assets of the Corporation or any Employer will be segregated or earmarked in respect to any benefits, and all such benefits will constitute unsecured contractual obligations of the Employer. If the Corporation chooses to contribute to the Trust to offset its obligation under this Plan, all assets or property held by the Trust will at all times remain subject to the claims of the general creditors of the Corporation or any Employer.

SECTION 7

CLAIMS PROCEDURE

7.1 Initial Claim

Claims for benefits under the Plan will be filed with the Plan Manager. If any Participant or Beneficiary claims to be entitled to a benefit under the Plan and the Plan Manager determines that such claim should be denied in whole or in part, the Plan Manager will notify such person of the Plan Manager's decision in writing. Such notification will be written in a manner calculated to be understood by such person and will contain (i) specific reasons for the denial, (ii) specific reference to pertinent Plan provisions, (iii) a description of any additional material or information necessary for such person to perfect such claim and an explanation of why such material or information is necessary, and (iv) information as to the steps to be taken if the person wishes to submit a request for review. Such notification will be given within 90 days after the claim is received by the Plan Manager. If such notification is not given within such period, the claim will be considered denied as of the last day of such period and such person may request a review of his or her claim.

7.2 Review Procedure

Within 60 days after the date on which a Participant or Beneficiary receives a written notice of a denied claim (or, if applicable, within 60 days after the date on which such denial is considered to have occurred), such person (or his or her duly authorized representative) may (i) file a written request with the Committee for a review of his or her denied claim and of pertinent documents and (ii) submit written issues and comments to the Committee. The Committee will notify such person of its decision in writing. Such notification will be written in a manner calculated to be understood by such person and will contain specific reasons for the decision as well as specific references to pertinent Plan provisions. The decision on review will be made within 60 days after the request for review is received by the Committee. If the decision on review is not made within such period, the claim will be considered denied.

7.3 Claims and Review Procedure Not Mandatory After a Change in Control

After the occurrence of a Change in Control, the claims procedure and review procedure provided for in this Section 6 will be provided for the use and benefit of Participants who may choose to use such procedures, but compliance with the provisions of this Section 6 will not be mandatory for any Participant claiming benefits after a Change in Control. It will not be necessary for any Participant to exhaust these procedures and remedies after a Change in Control prior to bringing any legal claim or action, or asserting any other demand, for payments or other benefits to which such Employee claims entitlement.

SECTION 8

ADMINISTRATION; DELEGATION

The Committee will administer the Plan. The Committee will have the same rights, powers and duties as specified in the Pension Plan.

The Board or the Personnel and Compensation Committee of the Board may, in its sole discretion, delegate authority hereunder, including but not limited to delegating authority to amend the Plan, to the extent permitted by applicable law or administrative or regulatory rule.

This Plan is intended to be “a plan which is unfunded and is maintained by an employer primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees” within the meaning of sections 201(2), 301(a)(3) and 401(a)(1) of ERISA and shall be administered in a manner consistent with that intent.

SECTION 9

AMENDMENT AND TERMINATION

The Plan may be amended or terminated by the Board or the Personnel and Compensation Committee of the Board in whole or part at any time, and any Employer may withdraw from further participation in the Plan at any time; provided, however, that no such amendment, termination or withdrawal (each, a "Plan Change") will, without the consent of each affected Participant, reduce or in any way adversely affect (i) the benefits payable hereunder with respect to a Participant who has terminated employment with the Corporation or an Employer (as applicable) prior to the date of such Plan Change or (ii) the amount of, or payment of, the Accrued Benefit (as hereinafter defined) of any other Participant as of the date of such Plan Change. In the event of any termination of the Plan or any portion thereof, payment of affected Participants' Accrued Benefits shall be made under and in accordance with the terms of the Plan, except that the Committee may determine, in its sole discretion, to accelerate payments to all such Participants if and to the extent that such acceleration is permitted under Section 409A of the Internal Revenue Code.

For purposes of this Section 9, the term "Accrued Benefit" means an amount equal to the balance of a Participant's Account immediately prior to the Plan Change.

After a Change in Control, the Plan may not be amended in any manner that adversely affects the administration or payment of a Participant's benefits hereunder (including but not limited to the timing and form of payment of benefits hereunder) without the consent of the Participant nor may the provisions of this Section 9 or, for purposes of this Plan, "Interest Credits" as defined in the Pension Plan immediately prior to the Plan Change, be amended after a Change in Control with respect to a Participant without the written consent of the Participant; provided, however, that the failure of a Participant to consent to any such amendment will not impair the ability of the Board or the Personnel and Compensation Committee of the Board to amend the Plan with respect to any other Participant who has consented to such amendment.

SECTION 10

SUCCESSORS

In addition to any obligations imposed by law upon any successor(s) to the Corporation and the Employers, the Corporation and the Employers shall be obligated to require any successor(s) (whether direct or indirect, by purchase, merger, consolidation, operation of law, or otherwise) to all or substantially all of the business and/or assets of the Corporation and the Employers to expressly assume and agree to perform this Plan in the same manner and to the same extent that the Corporation and the Employers would be required to perform it if no such succession had taken place; in the event of such a succession, references to "Corporation" and "Employers" herein shall thereafter be deemed to include such successor(s). Except as set forth in the preceding sentence, the Corporation's and the Employers' obligations under this Plan are not assignable or transferable except, in the discretion of the Corporation, to (i) any corporation, partnership or limited liability company which acquires all or substantially all of the assets of an Employer or (ii) any corporation, partnership or limited liability company into which an Employer may be merged or consolidated.

SECTION 11

GOVERNING LAW

This Plan will be governed according to the laws of the Commonwealth of Pennsylvania, without reference to its conflict of laws provisions, to the extent not preempted by federal law.

SECTION 12

FUNDING OF BENEFITS

In the sole discretion of the Corporation, the Corporation may establish a grantor trust and make contributions thereto for the purpose of providing a source of funds to pay benefits as they become due and payable hereunder; provided, however, that no such trust will result in a Participant being required to include in gross income for federal income tax purposes any benefits payable hereunder prior to the date of actual payment. Notwithstanding the establishment of any such trust, a Participant's rights hereunder will be solely those of a general unsecured creditor.

SECTION 13

MISCELLANEOUS

13.1 Liability of the Board, the Committee and the Plan Manager

Neither the Board, the Committee, the Plan Manager nor any of their delegates will be liable to any person for any action taken or admitted in connection with the administration, interpretation, construction or variance of the Plan.

13.2 No Contract of Employment

Participation in the Plan does not give any person any right to be retained in the service of the Corporation or any Affiliate. The right and power of the Corporation or any Affiliate to terminate any Employee is expressly reserved.

13.3 Compensation under Other Plans

Any amount payable under this Plan shall not be considered compensation for the purpose of computing benefits to which a Participant may be entitled under any qualified pension plan (as that term is defined in section 3(3) of ERISA) or other arrangement of the Corporation or an Affiliate for the benefit of Employees, except as specified in such plan or arrangement.

13.4 Withholding

The Corporation or an Affiliate shall have the right to deduct from payment of any amount under the Plan any taxes required by law to be withheld from a Participant or Beneficiary with respect to such payment.

13.5 Spendthrift Clause

The interests of Participants and their Beneficiaries under the Plan are not in any way subject to their debts or other obligations and may not be voluntarily or involuntarily sold, transferred, or assigned, except to the extent otherwise required by law. For the sake of clarity, domestic relations orders purporting to assign benefits under the Plan do not apply to the Plan.

13.6 Severability

Whenever possible, each provision of this Plan shall be interpreted in such manner as to be effective and valid under applicable law (including the Internal Revenue Code), but if any provision of the Plan shall be held to be prohibited by or invalid under applicable law, then (i) such provision shall be deemed to be amended to, and to have contained from the outset such language as shall be necessary to, accomplish the objectives of the provision as originally written to the fullest extent permitted by law, and (ii) any other provisions of this Plan shall remain in full force and effect.

13.7 Construction

No rule of strict construction shall be applied against the Corporation, Affiliate, Committee, Board or any other person regarding the interpretation of any terms of this Plan or any rule or procedure established by the Committee.

Where the context allows, words in the masculine gender shall include the feminine and neuter genders, the plural shall include the singular and the singular shall include the plural.

The captions of sections and paragraphs of this Plan are for convenience only and shall not control or affect the meaning or construction of any of its provisions.

13.8 Corporation and Affiliate Liability

Whenever, in the Committee's or the Plan Manager's opinion, any person entitled to receive any payment is under a legal disability, a minor, or incapacitated in any way, so as to be unable to manage his or her financial affairs, the Corporation or an Affiliate, at its discretion, may make such payment for the benefit of such person to his or her legal representative, or to a relative or friend of such person for his or her benefit, or it may apply the payment for the benefit of such person in any manner it deems advisable. When the Corporation or an Affiliate makes any payment pursuant to this subsection, it shall be considered as a complete discharge of its liability for the making of such payments under the Plan.

13.9 Entire Agreement

This writing constitutes the final and complete embodiment of the understandings of the parties hereto and all prior understandings and communications of the parties oral or written concerning this Plan are hereby renounced, revoked and superseded.

13.10 Notices

All notices to the Corporation hereunder shall be delivered to the attention of the Committee or to the Plan Manager acting on its behalf. Any notice or filing required or permitted to be given to the Committee or the Corporation under this Plan shall be sufficient if in writing and hand delivered, or sent by registered or certified mail, to the Committee or to the Plan Manager, at the principal office of the Corporation. Such notice shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark or the receipt for registration or certification.

13.11 Merger of Mercantile Bankshares Corporation and Participating Affiliates Supplemental Cash Balance Plan into the Plan.

The Mercantile Plan merged into the Plan effective December 31, 2007. Under the Plan, each individual who had an account balance merged into the Plan from the Mercantile Plan has an Account equal to or greater than the account balance such individual had under the Mercantile Plan immediately before the merger.

13.12 Compliance with Law

The Plan is intended to comply with applicable law. Without limiting the foregoing, the Plan is intended to comply with the applicable requirements of Internal Revenue Code Section 409A, and will be administered in accordance with Internal Revenue Code Section 409A to the extent that Internal Revenue Code Section 409A applies to the Plan. Notwithstanding any provision of the Plan to the contrary, distributions from the Plan may only be made in a manner, and upon an event, permitted by Internal Revenue Code Section 409A. If any payment or benefit cannot be provided or made at the time specified herein without incurring penalties under Internal Revenue Code Section 409A, then such benefit or payment will be provided in full at the earliest time thereafter when such penalties will not be imposed. To the extent that any provision of the Plan would cause a conflict with the applicable requirements of Internal Revenue Code Section 409A, or would cause the administration of the Plan to fail to satisfy the applicable requirements of Internal Revenue Code Section 409A, such provision shall be deemed null and void to the extent permitted by applicable law.

* * * *

Executed and adopted by the Chief Human Resources Officer of The PNC Financial Services Group, Inc. this 31st day of December, 2008.

/s/ Joan L. Gulley

Joan L. Gulley
Senior Vice President and Chief Human Resources Officer

THE PNC FINANCIAL SERVICES GROUP, INC.
KEY EXECUTIVE EQUITY PROGRAM

Amended and Restated
(Generally effective as of January 1, 2009)

WHEREAS, The PNC Financial Services Group, Inc. (the “Corporation”) through its predecessor, PNC Bank Corp., previously adopted and presently maintains the PNC Bank Corp. Supplemental Executive Life Insurance and Spouse’s Benefit Plan (the “Plan”) originally effective as of January 1, 1987, and as subsequently amended and restated as of January 1, 1999 and again as of January 1, 2002 and re-named the Key Executive Equity Program; and

WHEREAS, the Corporation desires to amend and restate the Plan in its entirety, to be generally effective January 1, 2009, to ensure compliance with the provisions of Section 409A of the Internal Revenue Code of 1986, as amended (“Internal Revenue Code”) and the final Treasury Regulations issued thereunder and to make other clarifying and conforming changes; and

WHEREAS, Section 7 of the Plan authorizes the Corporation to amend the Plan at any time.

NOW, THEREFORE, in consideration of the foregoing, the Plan is hereby amended and restated in its entirety to read as follows:

SECTION 1

DEFINITIONS

1.1 “Annual Base Salary” means for the purpose of determining life insurance benefits, the highest biweekly rate of pay received by a Participant from the Corporation prior to his or her retirement under the Pension Plan multiplied by 26 (provided, that where this Plan requires a determination of Annual Base Salary on a specified date other than Retirement, Annual Base Salary shall mean the Participant’s actual biweekly rate of pay in effect on that specified date).

1.2 “Beneficiary” means the person, persons, or entity designated as Beneficiary by the Participant in the records maintained for this Plan or the Prior Plans, or absent such designation, to the Participant’s estate.

1.3 “Board” means the Board of Directors of the Corporation.

1.4 “Change in Control” has the meaning assigned such term in The PNC Financial Services Group, Inc. Supplemental Executive Retirement Plan, as amended from time to time.

1.5 “Committee” means the Personnel and Compensation Committee of the Board.

1.6 “Corporation” means The PNC Financial Services Group, Inc. and any successors thereto.

1.7 “Disability” means a medically determinable physical condition that can be expected to result in death or can be expected to last for a continuous period of not less than twelve months and which would entitle a Participant to receive disability payments under a long-term disability income plan maintained by an Employer with respect to that Participant.

1.8 “Employer” means the Corporation and any Subsidiary that has been designated by the Plan Manager as an Employer hereunder.

1.9 “Executive Bonus Plan” means the incentive award plans designated by the Plan Manager as participating hereunder.

1.10 “Participant” means all persons who were Participants in the Prior Plans and, at the discretion of the Board, any other person employed by the Corporation and its Subsidiaries who has been designated to participate in the Plan.

1.11 “Pension Plan” means The PNC Financial Services Group, Inc. Pension Plan, as amended from time to time.

1.12 “Plan” means this The PNC Financial Services Group, Inc. Key Executive Equity Program.

1.13 “Plan Manager” means any individual designated by the Committee to manage the operation of the Plan as herein provided or to whom the Committee has duly delegated any of its duties and obligations hereunder.

1.14 “Prior Plans” means the Executive Group Life Insurance Plan of Pittsburgh National Bank, the Death Benefit Section of the Supplemental Excess Retirement Plan of Provident National Bank, the Supplemental Insurance Plan of Marine Bank and the Supplemental Insurance Plan of Northeastern Bank.

1.15 “Retirement” means that the Participant has incurred a Separation from Service after having attained at least age 55 and completed five years of Vesting Service.

1.16 “Separation From Service” means separation from service within the meaning of Section 409A of the Internal Revenue Code. For purposes of this definition, a Participant shall be deemed to have a Separation from Service on the date on which he and the Employer reasonably anticipate that no further services would be performed after such date for the Employer or any affiliate or that the level of bona fide services he would perform after such date would permanently decrease to no more than 20% of the average level of bona fide services performed over the immediately preceding 36-month period (or the full period of employment if less than 36 months). Notwithstanding the above, no Separation from Service shall be deemed to occur while the Participant is on military leave, sick leave or other bona fide leave of absence until the latest of (i) six months after commencement of the leave, other than for a Disability, (ii) 29 months after commencement of leave as the result of a Disability, or (iii) the date on which the Participant ceases to have a legally protected right to reemployment under an applicable statute or by contract.

1.17 "Subsidiary" means any business entity the equity of which (directly or indirectly) is owned 50% or more by the Corporation.

1.18 "Trust" means any grantor trust established by the Corporation to assist in funding its obligations under the Plan.

1.19 "Vesting Service" has the meaning assigned to such term in the Pension Plan.

SECTION 2

BENEFITS

2.1 Pre-Retirement Life Insurance

Except as provided in the following subparagraphs for Participants in Prior Plans, the pre-retirement life insurance benefit shall be equal to the amount of insurance elected by the Participant or assigned by the Employer.

(a) Pittsburgh National Bank

The benefit shall be an amount which is equal to the Annual Base Salary multiple elected by the Participant under the Executive Group Life Insurance Plan of Pittsburgh National Bank.

(b) Provident National Bank

The benefit shall be an amount equal to three times the Participant's Annual Base Salary rate in effect on January 30, 1985.

(c) Marine Bank

The benefit shall be an amount equal to three times the Participant's Annual Base Salary rate in effect on January 30, 1985.

2.2 Post-Retirement Life Insurance Benefit

Except as provided in the following subparagraphs for Participants in the Prior Plans, the post-retirement life insurance benefit shall be equal to an amount which is equal to the Participant's Annual Base Salary rate at the time of the Participant's Retirement.

(a) Pittsburgh National Bank

The benefit shall be an amount which is equal to the multiple of the Annual Base Salary elected by the Participant under the Executive Group Life Insurance Plan of Pittsburgh National Bank.

(b) Marine Bank

The benefit shall be equal to three times the Annual Base Salary rate in effect on January 30, 1985.

(c) Northeastern Bank

The benefit shall be equal to the face amount of the individually owned policy less amounts due Northeastern Bank to satisfy the insurance obligation.

2.3 Termination of Future Coverage For Designated Participants

Effective April 1, 2002, coverage under, and future participation in, the Plan, ceased for certain Participants who were identified and designated by the Corporation and who were given notice of the termination of future coverage prior to April 1, 2002, January 1, 2003 or January 1, 2004, as applicable. The accumulated cash surrender value, if any, on individual policies of insurance covering such designated Participants was calculated as of April 1, 2002, January 1, 2003 or January 1, 2004, as applicable. The accumulated cash surrender value determined as of April 1, 2002, January 1, 2003 or January 1, 2004, as applicable shall be the sole benefit payable to such designated Participants in accordance with the terms of the Plan and policies, provided other conditions for payment as set forth in the Plan and policies have been satisfied by any such designated Participant.

2.4 Adjustment and Transfers of Policies At Retirement

Life insurance coverage under this Plan is generally provided under individual whole life insurance policies obtained by the Corporation on the lives of Participants. Such policies are owned by the Corporation, and they constitute a part of the general assets of the Corporation. Prior to any transfer of a policy as contemplated herein or in Section 8, Participants have no right, title or interest in or to such policies or any cash value therein, other than a right to designate the beneficiary thereof if and to the extent permitted by the Corporation, and all such policies shall be held as general assets of the Corporation and shall be subject to the claims of the Corporation's general creditors. Participants who incur a Separation from Service as the result of a Retirement shall be treated hereunder as follows:

(a) If Retirement occurs at or after the Participant's attainment of age 62, the policy applicable to that Participant shall be transferred to the Participant six months after the Participant's Retirement, and the Employer shall thereafter be responsible for any future payment of premiums necessary to keep the Policy in force until such time as dividends under the policy are sufficient to cover future premiums (provided, that in the case of designated Participants covered by Section 2.3, they shall be transferred six months after Retirement an amount in cash equal to the accumulated cash surrender value of their individual policy as of April 1, 2002, January 1, 2003 or January 1, 2004, as applicable, and all other rights hereunder shall terminate).

(b) If Retirement occurs prior to the Participant's attainment of age 62, then the policy will be transferred to the Participant upon his or her attainment of age 62 (or, if later, six months after his or her Retirement) (provided, that in the case of designated Participants covered by Section 2.3, they shall be transferred upon attainment of age 62 or, if later, six months after Retirement an amount in cash equal to the accumulated cash surrender value of their individual policy as of April 1, 2002, January 1, 2003 or January 1, 2004, as applicable, and all other rights hereunder shall terminate). At the Participant's election, which must be provided to the Employer prior to the Participant's Retirement, one of the following options will apply : (i) the face amount of the policy and the coverage provided hereunder will be reduced at Retirement to a level that would be considered "paid up", such that no further premium payments would be required in order to maintain the policy in force through the date of transfer, or (ii) the face amount of the policy and the coverage provided hereunder will be reduced at Retirement to one times the Participant's Annual Base Salary, in which case the Participant will be responsible for paying all premiums necessary to keep the policy in force through the date of transfer, and the Employer will be responsible following the transfer to pay any future premiums necessary to keep the policy in force until such time as dividends under the policy are sufficient to cover future premiums.

SECTION 3

RIGHTS OF PARTICIPANTS

No Beneficiary shall have any rights to any payment under this Plan except at the death of the Participant, and in no event shall the interests of Participants or Beneficiaries under this Plan be in any way subject to their debts or other obligations and may not be voluntarily or involuntarily sold, transferred or assigned without the express written consent of the Corporation.

SECTION 4

TERMINATION OF EMPLOYMENT

If a Participant's employment with the Employer is terminated for any reason other than Retirement, Disability or death, all benefits provided by this Plan shall cease. Participants who terminate employment as the result of Disability shall continue to receive life insurance coverage under this Plan as long as they remain eligible for disability payments under a long-term disability income plan maintained by an Employer with respect to that Participant; upon ceasing to be eligible for such disability payments (other than as a result of death), all benefits provided by this Plan shall cease. Participants who terminate employment as the result of Retirement shall be provided the rights and benefits set forth in Section 2.4.

SECTION 5

TRUST FUND

No assets of the Corporation or any Employer shall be segregated or earmarked in respect to any benefits, and all such benefits shall constitute unsecured contractual obligations of the Employer. If the Corporation chooses to contribute to a Trust to offset its obligation under this Plan, all assets or property held by the Trust shall at all times remain subject to claims of the general creditors of the Corporation or any Employer.

SECTION 6

CLAIMS PROCEDURE

6.1 Initial Claim

Claims for benefits under the Plan shall be filed with the Plan Manager. If any Participant or Beneficiary claims to be entitled to a benefit under the Plan and the Plan Manager determines that such claim should be denied in whole or in part, the Plan Manager shall notify such person of its decision in writing. Such notification will be written in a manner calculated to be understood by such person and will contain (i) specific reasons for the denial, (ii) specific reference to pertinent Plan provisions, (iii) a description of any additional material or information necessary for such person to perfect such claim and an explanation of why such material or information is necessary and (iv) information as to the steps to be taken if the person wishes to submit a request for review. Such notification will be given within 60 days after the claim is received by the Plan Manager. If such notification is not given within such period, the claim will be considered denied as of the last day of such period and such person may request a review of his or her claim.

6.2 Review Procedure

Within 60 days after the date on which a Participant or Beneficiary receives a written notice of a denied claim (or, if applicable, within 60 days after the date on which such denial is considered to have occurred) such person (or his or her duly authorized representative) may (i) file a written request with the Committee for a review of his or her denied claim and of pertinent documents and (ii) submit written issues and comments to the Committee. The Committee will notify such person of its decision in writing. Such notification will be written in a manner calculated to be understood by such person and will contain specific reasons for the decision as well as specific references to pertinent Plan provisions. The decision on review will be made within 60 days after the request for review is received by the Committee. If the decision on review is not made within such period, the claim will be considered denied.

6.3 Claims and Review Procedure Not Mandatory After a Change in Control

After the occurrence of a Change in Control, the claims procedure and review procedure provided for in this section 6 shall be provided for the use and benefit of Participants who may choose to use such procedures, but compliance with the provisions of this section 6 shall not be mandatory for any Participant claiming benefits after a Change in Control. It shall not be necessary for any Participant to exhaust these procedures and remedies after a Change in Control prior to bringing any legal claim or action, or asserting any other demand, for payments or other benefits to which such Employee claims entitlement.

SECTION 7

AMENDMENT AND TERMINATION

The Plan may be amended or terminated by the Board at any time, and any Subsidiary that has adopted the Plan may withdraw from further participation in the Plan at any time; provided, however, that no such amendment, termination or withdrawal shall reduce or adversely affect any amounts due hereunder to the Beneficiary of a Participant.

After a Change in Control, the Plan may not be amended in any manner that adversely affects the administration or payment of a Participant’s benefits hereunder (including but not limited to the timing and form or payment of benefits hereunder) without the consent of the Participant nor may the provisions of this Section 7, Section 8 or Section 9 be amended after a Change in Control with respect to a Participant without the written consent of the Participant; provided, however, that the failure of a Participant to consent to any such amendment shall not impair the ability of the Committee to amend the Plan with respect to any other Participant who has consented to such amendment.

SECTION 8

CERTAIN REQUIRED POLICY TRANSFERS

Within 60 days after a Change in Control which also qualifies as a "change in ownership or effective control" under Internal Revenue Code Section 409A, all of the life insurance policies that cover Participants hereunder shall be transferred to the respective Participants on whose lives the policies were issued (provided, that in the case of designated Participants covered by Section 2.3, they shall be transferred instead an amount in cash equal to the accumulated cash surrender value of their individual policy as of April 1, 2002, January 1, 2003 or January 1, 2004, as applicable, and all other rights hereunder shall terminate). Such transfers shall be made without the payment of any consideration by the affected Participants.

SECTION 9

SUCCESSORS

In addition to any obligations imposed by law upon any successor(s) to the Corporation and the Employers, the Corporation and the Employers shall be obligated to require any successor(s) (whether direct or indirect, by purchase, merger, consolidation, operation of law, or otherwise) to all or substantially all of the business and/or assets of the Corporation and the Employers to expressly assume and agree to perform this Plan in the same manner and to the same extent that the Corporation and the Employers would be required to perform it if no such succession had taken place; in the event of such a succession, references to "Corporation" and "Employers" herein shall thereafter be deemed to include such successor(s).

SECTION 10

ADMINISTRATION

This Plan shall be administered by the Committee, and it shall have the sole authority to resolve any questions which arise hereunder.

SECTION 11

GOVERNING LAW

This Plan shall be governed according to the laws of the Commonwealth of Pennsylvania to the extent not preempted by federal law.

SECTION 12

FUNDING OF BENEFITS

In the sole discretion of the Corporation, the Corporation may establish a grantor trust and make contributions thereto for the purpose of providing a source of funds to pay benefits as they become due and payable hereunder; provided, however, that no such trust shall result in a Participant being required to include in gross income for federal income tax purposes any benefits payable hereunder prior to the date of actual payment. Notwithstanding the establishment of any such trust, a Participant's rights hereunder shall be solely those of a general unsecured creditor.

SECTION 13

MISCELLANEOUS

13.1 Liability of the Board and the Committee

Neither the Board nor the Committee will be liable to any person for any action taken or admitted in connection with the administration, interpretation, construction or variance of the Plan.

13.2 No Contract of Employment

Nothing herein will be construed as an offer or commitment by the Corporation or any Affiliate to continue any Participant's employment with it for any period of time.

13.3 Withholding

The Corporation or an Affiliate shall have the right to deduct from payment of any amount under the Plan any taxes required by law to be withheld from a Participant or Beneficiary with respect to such payment.

13.4 Severability

Whenever possible, each provision of this Plan will be interpreted in such a manner as to be effective and valid under applicable law, but if any provision of the Plan is held to be prohibited by or invalid under applicable law, then (a) such provision will be deemed to be amended to, and to have contained from the outset such language as is necessary to, accomplish the objectives of the provision as originally written to the fullest extent permitted by law, and (b) other provisions of this Plan will remain in full force and effect.

13.5 Construction

No rule of strict construction shall be applied against the Corporation, any Affiliate, the Committee, the Board, the Plan Manager or any other person regarding the interpretation of any terms of this Plan or any rule or procedure established by the Committee.

Where the context allows, words in the masculine gender shall include the feminine and neuter genders, the plural shall include the singular and the singular shall include the plural.

The captions of sections and paragraphs of this Plan are for convenience only and shall not control or affect the meaning or construction of any of its provisions.

13.6 Corporation and Affiliate Liability

Whenever, in the Committee's or the Plan Manager's opinion, any person entitled to receive any payment is under a legal disability, a minor, or incapacitated in any way, so as to be unable to manage his or her financial affairs, the Corporation or an Affiliate, at its discretion, may make such payment for the benefit of such person to his or her legal representative, or to a relative or friend of such person for his or her benefit, or it may apply the payment for the benefit of such person in any manner it deems advisable. When the Corporation or an Affiliate makes any payment pursuant to this subsection, it shall be considered as a complete discharge of its liability for the making of such payments under the Plan.

13.7 Entire Agreement

This writing constitutes the final and complete embodiment of the understandings of the parties hereto and all prior understandings and communications of the parties oral or written concerning this Plan are hereby renounced, revoked and superseded.

13.8 Notices

All notices to the Corporation hereunder shall be delivered to the attention of the Committee or to the Plan Manager acting on its behalf. Any notice or filing required or permitted to be given to the Committee or the Corporation under this Plan shall be sufficient if in writing and hand delivered, or sent by registered or certified mail, to the Committee or to the Plan Manager, at the principal office of the Corporation. Such notice shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark or the receipt for registration or certification.

13.9 Compliance with Law

The Plan is intended to comply with applicable law. Without limiting the foregoing, the Plan is intended to comply with the applicable requirements of Internal Revenue Code Section 409A, and will be administered in accordance with Internal Revenue Code Section 409A to the extent that Internal Revenue Code Section 409A applies to the Plan. Notwithstanding any provision in the Plan to the contrary, distributions from the Plan may only be made in a manner, and upon an event, permitted by Internal Revenue Code Section 409A. If any payment or benefit cannot be provided or made at the time specified herein without incurring penalties under Internal Revenue Code Section 409A, then such benefit or payment will be provided in full at the earliest time thereafter when such penalties will not be imposed. To the extent that any provision of the Plan would cause a conflict with the applicable requirements of Internal Revenue Code Section 409A, or would cause the administration of the Plan to fail to satisfy the applicable requirements of Internal Revenue Code Section 409A, such provision shall be deemed null and void to the extent permitted by applicable law.

* * * *

Executed and adopted by the Chief Human Resources Officer of The PNC Financial Services Group, Inc. this 31st day of December, 2008.

/s/ Joan L. Gulley

Joan L. Gulley
Senior Vice President and Chief Human Resources Officer

SECOND AMENDMENT TO THE PNC FINANCIAL SERVICES GROUP, INC. AND AFFILIATES DEFERRED COMPENSATION PLAN (as amended and restated July 1, 2004)

WHEREAS, The PNC Financial Services Group, Inc. (“PNC”) sponsors The PNC Financial Services Group, Inc. and Affiliates Deferred Compensation Plan (the “Plan”);

WHEREAS, Section 10 of the Plan authorizes PNC to amend the Plan; and

WHEREAS, PNC wishes to amend the Plan to (i) provide for the merger of the Mercantile Bankshares Corporation Deferred Compensation Plan (the “Mercantile Plan”) into the Plan such that each participant in the Mercantile Plan will have an account balance in the Plan, which will be equal to or greater than the account balance the participant had under the Mercantile Plan immediately before the merger (“Mercantile Account”), (ii) provide that each participant in the Mercantile Plan will have an irrevocable incentive payment and/or salary deferral election under the Plan for the remainder of 2007, (iii) provide that each Mercantile Account will be distributed in accordance with participant elections as previously designated under the Mercantile Plan, (iv) permit participants in the Corporate Executive Group to elect to defer certain performance-based compensation until six months before the end of the relevant performance period, and (v) make certain other clarifying changes.

NOW, THEREFORE, IT IS RESOLVED, that the Plan is hereby amended as follows:

1. Effective September 15, 2007, Section 1.32 of the Plan is hereby amended to add the following paragraph to the end thereof:

> “Effective September 15, 2007, for those account balances merged into the Plan from the Mercantile Bankshares Corporation Deferred Compensation Plan (the “Mercantile Plan”), as provided in Section 13.7, “Retirement” is to be defined as such term was defined in the Mercantile Plan.”

2. Effective September 15, 2007, Section 3.1 of the Plan is hereby amended to add the following paragraph to the end thereof:

> “Effective September 15, 2007 and notwithstanding anything to the contrary in the Plan, former participants in the Mercantile Plan who elected to defer their incentive payments and/or annual salary under the Mercantile Plan for 2007 will continue to make such deferrals under the Plan in the same manner and in the same amount as they had been made under the Mercantile Plan for the remainder of 2007.”

3. Effective January 1, 2007, Section 3.2 of the Plan is hereby amended to add the following paragraph to the end thereof:

> "Effective January 1, 2007 and notwithstanding anything to the contrary in the Plan, a Participant who is in the Corporate Executive Group is permitted to file a Deferral Election Form with the Plan Manager for any Cash Incentive Award that is performance-based compensation, as defined under Internal Revenue Code Section 409A and the regulations thereunder, at any date that is at least six months before the end of the relevant performance period related to such performance-based compensation."

4. Effective September 15, 2007, Section 4.2 of the Plan is hereby amended to add the following paragraph to the end thereof:

> "Effective September 15, 2007 and notwithstanding anything to the contrary in the Plan, any account balances merged into the Plan from the Mercantile Plan, as provided in Section 13.7, will be distributed in accordance with the distribution provisions of the Mercantile Plan and the distribution elections previously elected under the Mercantile Plan. Further, former participants in the Mercantile Plan may change their previous distribution election under the Mercantile Plan; provided, that such former participants submit a new Deferral Election Form at least one year prior to their separation from service and the new distribution date is at least five years from the distribution date then in effect."

5. Effective September 15, 2007, Section 6 of the Plan is hereby amended to add the following sentence to the end thereof:

> "For the sake of clarity, Beneficiary or Beneficiaries designations under any plan that is merged into the Plan (the "Prior Plan") will be honored until a Participant designates a new Beneficiary or Beneficiaries under the Plan or until the Participant revokes his prior Beneficiary or Beneficiaries designations under the Prior Plan."

6. Effective September 15, 2007, Section 13 of the Plan is hereby amended to add a new Section 13.7 to the end thereof:

> "13.7 Merger of Mercantile Bankshares Corporation Deferred Compensation Plan
>
> Effective September 15, 2007 or as soon as administratively practicable thereafter, the Mercantile Plan will be merged into the Plan. Under the Plan, each individual who has an account balance merged into the Plan

from the Mercantile Plan will have an Account equal to or greater than the account balance such individual had under the Mercantile Plan immediately before the merger."

Executed and adopted by the Chief Human Resources Officer of The PNC Financial Services Group, Inc. this 13th day of September, 2007 pursuant to the authority delegated by the Corporation's Personnel and Compensation Committee.

/s/ William E. Rosner

William E. Rosner
Senior Vice President and Chief Human Resources Officer

Exhibit 10.33

2008 FORMS OF EMPLOYEE PERFORMANCE UNITS AGREEMENTS

FORM OF INCENTIVE PERFORMANCE UNITS AGREEMENT

2008-2010 Incentive Performance Units Grant
Performance Period: January 1, 2008 - December 31, 2010 (3 Years)
Performance Criteria: Levels of PNC Earnings per Share Growth and
Return on Average Common Equity (not including goodwill) Performance
Relative to Peer Performance
100% Vests on Final Award

THE PNC FINANCIAL SERVICES GROUP, INC.
2006 INCENTIVE AWARD PLAN

* * *
2008-2010 INCENTIVE PERFORMANCE UNITS AGREEMENT
* * *

GRANTEE:	< name >
GRANT DATE:	January 15, 2008
TARGET SHARE UNITS:	< whole number > Share Units

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1. Definitions. Certain terms used in this 2008-2010 Incentive Performance Units Agreement ("Agreement") are defined in Section 15 or elsewhere in the Agreement, and such definitions will apply except where the context otherwise indicates.

In the Agreement, "PNC" means The PNC Financial Services Group, Inc., "Corporation" means PNC and its Consolidated Subsidiaries, and "Plan" means The PNC Financial Services Group, Inc. 2006 Incentive Award Plan.

2. Grant of 2008-2010 Incentive Performance Units. Pursuant to the Plan and subject to the terms and conditions of the Agreement, PNC hereby grants to the grantee named above ("Grant" and "Grantee") a Share-denominated incentive award opportunity of Performance Units with the number of target Share Units set forth above ("Target Share Units").

The Grant is subject to the corporate performance conditions, employment conditions, and other terms and conditions of this Agreement and to the Plan, to final award determination, and to Grantee's acceptance of the Grant in accordance with Section 20. Payment of any Final Award (as defined in Section 15.26) authorized pursuant to the Agreement will generally be made in shares of PNC common stock ("Shares") up to the same number of Shares as the number set forth above as the number of Target Share Units (which is also the maximum number of Shares, subject to capital adjustments, if any, pursuant to Section 9, that may be paid with respect to the Performance Units hereunder). To the extent, if any, that the total Final Award amount exceeds the Target Share Units number set forth above, any remainder shall be paid in cash Share-equivalents.

In general, the Grant is an opportunity for Grantee to receive, at the end of the applicable performance period, an award of Shares and, if applicable, cash Share-equivalents, based on the degree to which specified corporate performance criteria have been achieved, as determined by the Committee (defined in Section 15.15) and subject to its negative discretion, or otherwise in accordance with the terms of the Agreement, provided that Grantee satisfies the employment conditions specified in the Agreement (or qualifies for a specified exception and is deemed to have satisfied those employment conditions) and the other conditions of the Agreement are met.

The potential maximum award payout that Grantee will be eligible to receive will be denominated in Share Units and will be expressed as a percentage of the Adjusted Target Share Units (defined in Section 15.1), which reflect adjustments for phantom dividends on target share units converted to additional target share units. The potential maximum award payout percentage will be determined by the levels of corporate performance that PNC achieves with respect to the performance criteria specified by the Committee relative to the corporate performance of PNC's peers for each of the three years in the overall performance period and by the potential award payout schedules established by the Committee pursuant to Section 3.2, giving equal weight to each of the two specified corporate performance standards and to each of the three covered years, subject to certain limitations or adjustments if there is an early termination or limitation of the performance measurement period (*e.g.*, if Grantee dies or has a qualifying retirement or if there is a Change in Control, as defined herein, during a performance measurement period).

Absent a Change in Control (as defined herein), the Committee will determine the Final Award, if any, that Grantee receives within this calculated maximum potential payout amount, generally in early 2011 (or early in 2009 or 2010 in the event of Grantee's death prior to that time). The Committee may adjust the Final Award downward, but not upward, from this calculated performance-based amount. This potential award payout amount could be as high as 200% of the Adjusted Target Share Units if PNC outperforms its peers with respect to both of the specified corporate performance standards for each year of the three-year performance period and if Grantee remains an employee of the Corporation throughout the full three-year performance period, or it could be zero if PNC fails to achieve at least the threshold level of corporate performance specified for an award in the Agreement schedules with respect to such performance standards and years.

Any Final Award payout authorized pursuant to this Grant will generally be paid in Shares up to the same number of Shares as the number set forth above as the number of Target Share Units, and any remainder will be paid in cash Share-equivalents. The Grant must still be outstanding at the time Final Award determinations are made for Grantee to be eligible to receive an award, and Final Awards and payment are subject to the terms and conditions set forth in the Agreement and to the Plan.

The Agreement also provides a formula for calculation of the Final Award in the event of a Change in Control of PNC and for the form and timing of payment of any such award.

3. Corporate Performance Conditions. The Grant is subject to the following corporate performance conditions.

3.1 Performance Criteria. The corporate performance standards established by the Committee as the performance criteria for this incentive award opportunity are the levels of EPS Growth performance and ROCE performance, as defined in Section 15.23 and Section 15.50, respectively, achieved by PNC as measured against the levels of EPS Growth performance and ROCE performance, respectively, of the other Peer Group members.

3.2 Annual Peer Group and Accompanying Annual Potential Payout Calculation Schedules. The Committee will establish the Annual Peer Group and the accompanying Annual Potential Payout Calculation Schedules for each year of the Performance Period as Schedules with respect to this Grant no later than the 90th day of that year, at which time the Schedules for that year will become final. Each Annual Potential Payout Calculation Schedule will provide a threshold level of corporate performance below which there will be no eligibility for an award payout with respect to corporate performance for that year.

Once the Annual Peer Group and accompanying Annual Potential Payout Calculation Schedules for a given year are established and final, the Committee will not change the Schedules with respect to that year other than to reflect Peer name changes or the elimination from the Peer Group of any members that have been eliminated since the beginning of the year due, for example, to consolidations, mergers or other material corporate reorganizations. Peer Group members that have been eliminated during the year will not be replaced for that year (or portion of a year where a limited-year calculation applies), but may be replaced when the Committee establishes the Annual Peer Group for the following year.

3.3 Calculation of Applicable Annual Potential Payout Percentages. After the end of each year of the Performance Period, PNC will: (1) determine the EPS Growth and ROCE performance for the applicable period for PNC and for each other member of the applicable Annual Peer Group remaining at the end of the period in accordance with the definitions set forth in Section 15; and (2) calculate the Annual Potential Payout Percentage, as defined in Section 15.3, achieved by PNC for that year. Such results will be presented to the Committee.

Where the Agreement requires the calculation of an Annual Potential Payout Percentage for a given period that is less than a full year (*e.g.*, upon certain qualifying terminations or Change in Control), PNC will determine PNC and other Peer EPS Growth and ROCE performance and the Limited-Year Annual Potential Payout Percentage for that limited period as so required by the Agreement.

4. Grantee Service Requirement and Limitation of Potential Award; Early Termination of Grant. The Grant is subject to the following employment conditions.

4.1 Eligibility for an Award; Employment Conditions and Early Termination of Grant. Grantee will not be eligible to receive a Final Award unless the Grant remains outstanding on the Committee-determined Award Date (as defined in Section 15.5) or as of the end of the day immediately preceding the day on which a Change in Control occurs, if earlier.

The Grant will automatically terminate on Grantee's Termination Date (as defined in Section 15.56) unless an exception is available as set forth in Section 4.2, Section 4.3, Section 4.4 or Section 4.5. Where one or more of the conditions to an exception are post-employment conditions, the Grant will terminate upon the failure of any of those conditions.

In the event that Grantee's employment is terminated by the Corporation for Cause (as defined in Section 15.8), the Grant will automatically terminate on Grantee's Termination Date whether or not the termination might otherwise have qualified for an exception as a retirement or a disability termination pursuant to Section 4.3 or Section 4.4.

In the limited circumstances where the Grant remains outstanding notwithstanding Grantee's termination of employment with the Corporation, Grantee will be eligible for consideration for an award, subject to limitation as set forth in the applicable section of the Agreement. Said award, if any, will be determined and payable at the same time as the awards of those 2008-2010 Incentive Performance Units grantees who remain Corporation employees, except that in the case of death, the determination and payment of said award, if any, shall be accelerated if so indicated in accordance with the applicable provisions of Section 5 or Section 6, as applicable, and Section 7.

Any award that the Committee may determine to make after Grantee's death will be paid to Grantee's legal representative, as determined in good faith by the Committee, in accordance with Section 10.

Notwithstanding anything in Section 4 or Section 5 to the contrary, if a Change in Control (as defined in Section 15.10) occurs prior to the time the Committee makes a Final Award determination pursuant to Section 5.2 (that is, prior to the Committee-determined Award Date), an award will be determined in accordance with Section 6.

4.2 Death While an Employee. If Grantee dies while an employee of the Corporation and prior to the Committee-determined Award Date, the Grant will remain outstanding and Grantee will be eligible for consideration for a prorated award calculated in accordance with Section 5.1(b), with an applicable performance measurement date (as defined in Section 5.1) of the earlier of the last day of the year in which the death occurred and December 31, 2010, and with adjustments to Adjusted Target Share Units calculated through that December 31st, and payable in accordance with Section 7.

Any such award will be subject to Committee determination pursuant to Section 5.2, and may be reduced or eliminated by the Committee in the exercise of its negative discretion unless such determination occurs during a CIC Coverage Period (as defined in Section 15.11).

In the event that a Change in Control occurs prior to the time the Committee makes an award determination with respect to Grantee (either to award a specified amount or not to authorize any award), an award will be deemed to be made pursuant to Section 6, calculated as specified in Section 6.1(b) and payable in accordance with Section 7.

4.3 Qualifying Retirement. If Grantee Retires (as defined in Section 15.48) prior to the Committee-determined Award Date and the termination of employment is not also a termination by the Corporation for Cause, the Grant will remain outstanding post-employment; provided, however, that PNC may terminate the Grant at any time prior to the Award Date, other than during a CIC Coverage Period, upon determination that Grantee has engaged in Detrimental Conduct (as defined in Section 15.19). If Grantee is Disabled (as defined in Section 15.20) at the time of Retirement and Section 4.4 is also applicable to Grantee, that subsection will govern rather than this Section 4.3.

Provided that the Grant has not been terminated prior to the award date for Detrimental Conduct and is still outstanding at that time, Grantee will be eligible for Committee consideration of a prorated award at the time that awards are considered for those 2008-2010 Incentive Performance Unit grantees who remain Corporation employees, calculated in accordance with Section 5.1(c) with a performance measurement date of the last day of the last full quarter completed on or prior to Grantee's Retirement date, but in no event later than December 31, 2010, and with adjustments to Adjusted Target Share Units calculated through that same performance measurement date, and payable in accordance with Section 7.

Any such award will be subject to Committee determination pursuant to Section 5.2, and may be reduced or eliminated by the Committee in the exercise of its negative discretion unless such determination occurs during a CIC Coverage Period.

If Grantee dies after a qualifying Retirement but before the time set forth above for consideration of an award and provided that the Grant has not been terminated for Detrimental Conduct and is still outstanding at the time of Grantee's death, the

Committee may consider an award for Grantee and make an award determination with respect to Grantee (either to award a specified amount or not to authorize any award). Any such award determination will be made and such award, if any, will be calculated in accordance with Section 5.1(c) as described above but will be paid in accordance with Section 7 during the calendar year immediately following the year in which Grantee's death occurs, if the death occurs on or prior to December 31, 2010, or in 2011 if the death occurs in 2011 but prior to the Award Date.

In the event that a Change in Control occurs prior to a Committee-determined Award Date, an award will be deemed to be made pursuant to Section 6, calculated as specified in Section 6.1(c) and payable in accordance with Section 7.

4.4 Qualifying Disability Termination. If Grantee's employment with the Corporation is terminated by reason of Disability (as defined in Section 15.20) prior to the Committee-determined Award Date and the termination of employment is not also a termination by the Corporation for Cause, the Grant will remain outstanding post-employment; provided, however, that PNC may terminate the Grant at any time prior to the Award Date, other than during a CIC Coverage Period, upon determination that Grantee has engaged in Detrimental Conduct (as defined in Section 15.19).

Provided that the Grant is still outstanding at that time, Grantee will be eligible for Committee consideration of a full award at the time that awards are considered for those 2008-2010 Incentive Performance Units grantees who remain Corporation employees, calculated in accordance with Section 5.1(d), and payable in accordance with Section 7.

Any such award will be subject to Committee determination pursuant to Section 5.2, and may be reduced or eliminated by the Committee in the exercise of its negative discretion unless such determination occurs during a CIC Coverage Period. Although Grantee will be eligible for consideration for a full award (Standard Payout Calculation) at the scheduled time, it is anticipated that the Committee will take into account the timing and circumstances of the disability when deciding whether and the extent to which to exercise its negative discretion.

If Grantee dies after a qualifying disability termination but before the time set forth above for consideration of an award and provided that the Grant has not been terminated for Detrimental Conduct and is still outstanding at the time of Grantee's death, the Committee may consider an award for Grantee and make an award determination with respect to Grantee (either to award a specified amount or not to authorize any award). Any such award determination will be made and such award, if any, will be paid in accordance with Section 7 during the year immediately following the year in which Grantee's death occurs, if the death occurs on or prior to December 31, 2010, or in 2011 if the death occurs in 2011 but prior to the Award Date; provided, however, that the maximum award that may be approved in these circumstances is the award that could have been authorized had Grantee died while an employee of the Corporation.

In the event that a Change in Control occurs prior to a Committee-determined Award Date, an award will be deemed to be made pursuant to Section 6, calculated as specified in Section 6.1(d) and payable in accordance with Section 7.

4.5 Qualifying Termination in Anticipation of a Change in Control. If Grantee's termination of employment satisfies the conditions set forth in Section 15.46 such that it is a Qualifying Termination in Anticipation of a Change in Control, then the Grant will remain outstanding notwithstanding Grantee's termination of employment with the Corporation and the Grant will not be subject to termination for Detrimental Conduct.

To the extent that the conditions set forth in Section 15.46 are conditions that must be satisfied during a stated post-employment period, the Grant will remain outstanding during that period until it is determined that such conditions either have or have not been satisfied. If the conditions are not satisfied, the Grant will terminate unless Grantee meets one of the other exceptions set forth in this Section 4.

If all of the conditions set forth in Section 15.46 are satisfied, Grantee will be eligible for consideration for an award pursuant to Section 5.2, calculated in accordance with Section 5.1(e), or will receive an award pursuant to Section 6, calculated as specified in Section 6.1(e), as applicable. Any such award will be payable in accordance with Section 7.

If Grantee dies after a Qualifying Termination in Anticipation of a Change in Control but prior to the time the Committee makes an award determination pursuant to Section 5.2 or a Change-in-Control-determined Award Date, Grantee will be eligible for Committee consideration of an award of the greater of the award Grantee could have received had he or she died while an employee of the Corporation or an award determined as set forth in Section 5.1(e). If a Change in Control occurs prior to a Committee-determined Award Date, Grantee will be deemed to receive an award in accordance with Section 6.

5. Certification of Performance Results; Calculation of Maximum Potential Payout Amount; and Final Award Determination.

5.1 Certification of Level of Achievement of Corporate Performance with respect to Performance Criteria; Calculation of Final Potential Payout Percentage and Calculated Maximum Potential Payout Amount. As soon as practicable after December 31, 2010, or after the earlier relevant date if the applicable performance measurement date and potential award date are earlier under the circumstances, PNC will present information to the Committee concerning the following: (1) the levels of EPS Growth performance and ROCE performance achieved by PNC and the other members of the applicable Annual Peer Group for each of the applicable full and partial years for which performance is being measured under the circumstances; (2) the calculated Annual Potential Payout Percentages determined in accordance with the applicable Schedules for such full and partial years on the basis of the levels of such EPS Growth performance and ROCE performance achieved by PNC relative to the other Peers for such periods; and (3) the calculated Final Potential Payout Percentage.

Subsections (a), (b), (c), (d) and (e) below set forth additional criteria for the certifications and calculations to be made pursuant to this Section 5.1 under varying circumstances. The last day of the applicable performance measurement period is sometimes referred to as the "performance measurement date". The time when the certification, calculation and Final Award determination process will take place is sometimes referred to as the "scheduled award-determination period", and the date when a Final Award, if any, is determined and made by the Committee is sometimes referred to as the "Committee-determined Award Date" (as set forth in Section 15.5).

Notwithstanding anything in this Section 5 to the contrary, if a Change in Control has occurred, Section 6 will apply.

(a) Non-Exceptional Circumstances – Standard Payout Calculation. Provided that Grantee remains an employee of the Corporation and the Grant remains outstanding such that Grantee remains eligible for consideration for an award, and that a Change in Control has not occurred, the Performance Period will run through December 31, 2010 and the process of certification of the levels of achievement of corporate performance with respect to the Performance Criteria, the calculation of the Final Potential Payout Percentage and the Calculated Maximum Potential Payout Amount, and the determination of the Final Award, if any, will occur in early 2011.

Under the circumstances set forth in this subsection (a) above ("non-exceptional circumstances"), PNC will present information to the Committee for purposes of this Section 5.1 on the following basis:

(i) the applicable performance measurement date will be December 31, 2010;

(ii) the applicable Performance Period will consist of the full years 2008, 2009 and 2010;

(iii) the applicable Final Potential Payout Percentage will be the percentage that is the average of the Annual Potential Payout Percentages for 2008, 2009 and 2010, but in no event greater than 200%;

(iv) the applicable Calculated Maximum Potential Payout Amount will be the number of Share Units equal to the Final Potential Payout Percentage of the Adjusted Target Share Units, with adjustments calculated through December 31, 2010; and

(v) the scheduled award-determination period will occur in early 2011.

(b) Death While an Employee. In the event that Grantee dies while an employee of the Corporation and prior to the regularly scheduled award date for non-exceptional circumstances in early 2011 and the Grant remains outstanding pursuant to Section 4.2, PNC will present information to the Committee for purposes of this Section 5.1 on the following basis:

(i) the applicable performance measurement date will be the earlier of the last day of the year in which the death occurred and December 31, 2010;

(ii) the applicable Performance Period will be the period commencing on January 1, 2008 and ending on the applicable performance measurement date, and will consist of the one, two or three full years, as the case may be, in that period;

(iii) the applicable Final Potential Payout Percentage will be a Limited-Period Final Potential Payout Percentage and will be the percentage that is the average of the Annual Potential Payout Percentages for the full years in the applicable Performance Period specified above, but in no event greater than 200%;

(iv) the applicable Calculated Maximum Potential Payout Amount will be the number of Share Units equal to (x) the applicable Limited-Period Final Potential Payout Percentage of the Adjusted Target Share Units, with adjustments calculated through the December 31st that is the applicable performance measurement date, then (y) prorated (as defined in Section 15.45) based on the number of full years in the applicable Performance Period specified above, including the year of death if prior to 2011; and

(v) the scheduled award-determination period will occur during the year immediately following the year in which Grantee died (*i.e.*, early in 2009, 2010, or 2011, as the case may be) unless Grantee dies after December 31, 2010 but prior to the award date, in which case the scheduled award-determination period will occur in 2011.

(c) Retirement. In the event that Grantee Retires prior to the regularly scheduled award date for non-exceptional circumstances in early 2011 but Grantee has met the conditions for a qualifying retirement termination set forth in Section 4.3 and the Grant has not been terminated by PNC prior to the award date pursuant to Section 4.3 for Detrimental Conduct and remains outstanding, PNC will present information to the Committee for purposes of this Section 5.1 on the following basis:

(i) the applicable performance measurement date will be the last day of the last full quarter completed prior to Grantee's Retirement date or, if the Retirement date is a quarter-end date, that quarter-end date, but in no event later than December 31, 2010;

(ii) the applicable limited Performance Period will be the period commencing on January 1, 2008 and ending on the applicable performance measurement date, and will consist of the full and partial years in that period;

(iii) the applicable Final Potential Payout Percentage will be a Limited-Period Final Potential Payout Percentage and will be the percentage that is the weighted average of the Annual Potential Payout Percentages for the full years, if any, and the Limited-Year Annual Potential Payout Percentage for the partial year, if any, in the applicable limited Performance Period specified above, calculated as set forth in Section 15.34;

(iv) the applicable Calculated Maximum Potential Payout Amount will be the number of Share Units equal to (x) the applicable Limited-Period Final Potential Payout

Percentage of the Adjusted Target Share Units, with adjustments calculated through the quarter-end date that is the applicable performance measurement date, then (y) prorated (as defined in Section 15.45) based on the number of full quarters in the applicable limited Performance Period (*i.e.*, in the period from January 1, 2008 through the quarter-end date that is the applicable performance measurement date specified above); and

(v) the scheduled award-determination period will occur in early 2011 as provided in Section 7.1, unless Grantee dies after Retirement but before the beginning of 2010, in which case the scheduled award-determination period will occur in early 2009 (if the death occurred in 2008) or early 2010 (if the death occurred in 2009), as the case may be.

In the event that Grantee is Disabled at the time of Retirement and Section 4.4 is also applicable to Grantee, then Section 5.1(d) will govern rather than this Section 5.1(c).

(d) Disability. Except as set forth in the following paragraph, in the event that Grantee becomes Disabled prior to the regularly scheduled award date for non-exceptional circumstances in early 2011 but Grantee has met the conditions for a qualifying disability termination set forth in Section 4.4 and the Grant has not been terminated by PNC prior to the award date pursuant to Section 4.4 for Detrimental Conduct and remains outstanding, PNC will present information to the Committee for purposes of this Section 5.1 for consideration of an award on the same basis as that set forth in Section 5.1(a) for a continuing employee of the Corporation, together with such information as the Committee may request concerning the timing and circumstances of the disability. The scheduled award-determination period will occur in early 2011 as provided in Section 7.1.

If Grantee dies after a qualifying disability termination but prior to the award date and the Grant remains outstanding, Grantee will be eligible for Committee consideration of an award at the time and up to the maximum amount of the award Grantee could have received had he or she died while an employee of the Corporation.

(e) Termination in Anticipation of a Change in Control. In the event that Grantee ceases to be an employee of the Corporation prior to the regularly scheduled award date for non-exceptional circumstances in early 2011 but Grantee has met the conditions for a Qualifying Termination in Anticipation of a Change in Control set forth in Section 4.5 and the Grant remains outstanding, but a Change in Control has not yet occurred, then:

(1) If a CIC Triggering Event (as defined in Section 15.14) has occurred and has not yet failed (as CIC Failure is defined herein) such that a Change in Control transaction is pending at the regularly scheduled award date, the Grant will remain outstanding and Grantee will be eligible to receive an award pursuant to Section 5.2 on the same basis as that set forth in Section 5.1(c) for a qualifying Retiree and the Committee will have no discretion to reduce the size of such award; and

(2) If the CIC Triggering Event fails prior to the regularly scheduled award date (as CIC Failure is defined in Section 15.12), the Grant will remain outstanding and the Committee will have discretion to authorize an award, pursuant to Section 5.2, to Grantee up to a maximum permitted award calculated on the same basis as that set forth in Section 5.1(c) for a qualifying Retiree, but the Committee will also have discretion to reduce the award as set forth in Section 5.2(b).

If Grantee dies after a Qualifying Termination in Anticipation of a Change in Control but prior to the time the Committee makes an award determination pursuant to Section 5.2 or a Change-in-Control-determined Award Date, Grantee will be eligible for Committee consideration of an award of up to the greater of the award Grantee could have received had he or she died while an employee of the Corporation or an award determined as set forth above in this Section 5.1(e).

If a Change in Control occurs prior to a Committee-determined Award Date, Grantee will be deemed to receive an award in accordance with Section 6.

5.2 <u>Final Award Determination by Committee</u>.

(a) The Committee will have the authority to award to Grantee ("award") as a Final Award such amount, denominated as a specified number of Share Units, as may be determined by the Committee, subject to the limitations set forth in the following paragraph, <u>provided</u>, <u>that</u>, the Grant is still outstanding, that Grantee is either still an employee of the Corporation or qualifies for an exception to the employment condition pursuant to Section 4.2, 4.3, 4.4 or 4.5, and that the Final Potential Payout Percentage is greater than zero.

The Final Award may not exceed the applicable Calculated Maximum Potential Payout Amount, as determined in accordance with the applicable section of Section 5.1, and is subject to the exercise of negative discretion by the Committee pursuant to Section 5.2(b), if applicable. The Committee will not have authority to exercise negative discretion if a CIC Coverage Period has commenced and has not yet ended; if there has been a Change in Control, the Committee's authority is subject to Section 6.

The date on which the Committee makes its determination as to whether or not it will authorize an award and, if so, the size of a Final Award, if any, it authorizes within the Calculated Maximum Potential Payout Amount determined pursuant to the Agreement is sometimes referred to in the Agreement as the "Committee-determined Award Date" (as set forth in Section 15.5).

Payment of the Final Award, if any, will be made in accordance with Section 7. If Grantee dies after a Final Award is determined but before payment is made, payment of the Final Award will be made to Grantee's legal representative, as determined in good faith by the Committee, in accordance with Section 10.

(b) Except during a CIC Coverage Period or after the occurrence of a Change in Control, the Committee may exercise negative discretion with respect to the Grant and may determine, in light of such Corporation or individual performance or other factors as the Committee may deem appropriate, that notwithstanding the levels of EPS Growth and/or ROCE performance achieved by PNC relative to the other members of the Peer Group, the Committee will not award Grantee the full Calculated Maximum Potential Payout Amount that the Committee is authorized to award pursuant to Section 5.2(a), or any of such amount.

If the Committee so determines to exercise its negative discretion pursuant to this Section 5.2(b), the Final Award, if any, will be reduced accordingly; provided, however, that the Committee may not exercise such negative discretion upon or after the occurrence of a Change in Control (or during the period after the occurrence of a CIC Triggering Event but before such triggering event either results in a Change in Control or a CIC Failure of such event occurs).

(c) If a Change in Control occurs prior to the Committee-determined Award Date, the Final Award will be determined in accordance with Section 6 rather than being determined by the Committee pursuant to Section 5.2 and will not be subject to the Committee's negative discretion.

6. Change in Control Prior to a Committee-Determined Award Date.

6.1 Final Award Calculation.

Notwithstanding anything in the Agreement to the contrary, upon the occurrence of a Change in Control at any time prior to a Committee-determined Award Date pursuant to Section 5.2, (i) the Performance Period, if not already ended, will be limited and will end on the last day of the last full quarter completed prior to the day the Change in Control occurs, or, if the Change in Control occurs on a quarter-end date, on the day the Change in Control occurs, but in no event later than December 31, 2010, (ii) if Dividend Adjustment Share Units were otherwise still accruing at the time, no further Dividend Adjustment Share Units will accrue and be added to the number of Adjusted Target Share Units after the last day of the Performance Period as so limited, and (iii) Grantee will be deemed to have been awarded a Final Award in an amount determined as set forth in this Section 6, payable to Grantee or Grantee's legal representative at the time and in the manner set forth in Section 7, provided that the Grant is outstanding as of the end of the day immediately preceding the day on which the Change in Control occurs and has not already terminated or been terminated in accordance with the terms of Section 4.

If this Section 6 is applicable and a Final Award is deemed to be awarded pursuant to Section 6, the day the Change in Control occurs will be considered the Award Date for purposes of the Agreement. This date is sometimes referred to in the Agreement as the "Change-in-Control-determined Award Date" (as set forth in Section 15.5).

(a) Standard CIC Payout Calculation. Provided that Grantee is an employee of the Corporation and the Grant is outstanding as of the end of the day immediately preceding the day on which the Change in Control occurs such that Grantee remains eligible for an award, Grantee's Final Award will be determined as follows:

(i) the applicable performance measurement date will be the last day of the last full quarter completed prior to the day the Change in Control occurs, or, if the Change in Control occurs on a quarter-end date, the day the Change in Control occurs, but in no event later than December 31, 2010;

(ii) the applicable Performance Period will be the period commencing on January 1, 2008 and ending on the applicable performance measurement date, and will consist of the full and partial years in that period;

(iii) the scheduled award-determination period will occur as soon as practicable after the occurrence of the Change in Control; and

(iv) a Final Award will be calculated in two parts (Part A and Part B), and the Final Award amount will be the sum of the amounts calculated for the Part A Award and the Part B Award as set forth below; provided, however, that the Part B Award is subject to Section 6.3 and that the Part B Award is not applicable in the limited circumstance where the Change in Control occurs on or after December 31, 2010 and the Part A Award is not prorated.

Part A Award: The Part A Award amount will be the number of Share Units equal to:

(1) the "CIC Payout Percentage" (calculated as set forth below) of the Adjusted Target Share Units, with adjustments calculated through the quarter-end date that is the applicable performance measurement date specified above, then, except where the Change in Control occurs on or after December 31, 2010 and therefore the applicable Performance Period covers a full three years,

(2) prorated (as defined in Section 15.45) based on the number of full quarters in the applicable limited Performance Period (*i.e.*, in the period from January 1, 2008 through the quarter-end date that is the applicable performance measurement date specified above).

The "CIC Payout Percentage" will be (a) or (b) below, as applicable, (but in no event greater than 200%):

(a) if the Change in Control occurs prior to December 31, 2010, such that the Performance Period is less than three full years, the CIC Payout Percentage will be the higher of (1) 100% and (2) a Limited-Period Final Potential Payout Percentage calculated as set forth in Section 15.34 for the applicable limited Performance Period specified above; and

(b) if the Change in Control occurs on or after December 31, 2010, the CIC Payout Percentage will be the average of the Annual Potential Payout Percentages for the full years 2008, 2009 and 2010.

Part B Award: Subject to Section 6.3, the Part B Award amount will be the number of Share Units equal to:

(1) 100% of the Adjusted Target Share Units, with adjustments calculated through the quarter-end date that is the applicable performance measurement date specified above, multiplied by

(2) the fraction equal to 1.00 minus the fraction used for the proration by quarters in the calculation of the Part A Award above.

If the calculation of the Part A Award above does not include a proration factor, the Part B Award will not be applicable.

If Grantee dies after the Change in Control occurs, Grantee's Final Award determined pursuant to this Section 6.1(a) will be paid to Grantee's legal representative, as determined in good faith by the Committee, in accordance with Section 10.

(b) Death. If Grantee died while an employee of the Corporation and a Final Award determination (either to award a specified amount or not to authorize any award) was made by the Committee pursuant to Section 5.2 prior to the Change in Control, no further or different award determination will be made pursuant to this Section 6.1.

In the event the Grantee died while an employee of the Corporation and qualified for consideration for an award pursuant to Section 4.2 but the Committee had not yet made an award determination (either to award a specified amount or not to authorize any award) with respect to Grantee at the time the Change in Control occurs such that Grantee remains eligible for an award, then the scheduled award-determination period will occur as soon as practicable after the occurrence of the Change in Control, and the amount of Grantee's Final Award (payable to Grantee's legal representative, as determined in good faith by the Committee, in accordance with Section 10) will be determined on the following basis, as applicable.

(1) If Grantee died in the calendar year prior to the Change in Control but the Committee had not yet made an award determination (either to award a specified amount or not to authorize any award) with respect to Grantee at the time the Change in Control occurs, Grantee's Final Award will be in the amount of the Calculated Maximum Potential Payout Amount determined in the same manner as set forth in Section 5.1(b) but with no Committee discretion to reduce the amount of the award.

(2) If Grantee died in the same calendar year as the Change in Control, Grantee's Final Award will be in the amount of the award that would have been

payable to Grantee pursuant to the calculations set forth in Section 6.1(a), but substituting a Part B Award of zero Share Units for any Part B Award amount calculated pursuant to that section, had Grantee not died but had been an employee of the Corporation as of the end of day immediately preceding the day the Change in Control occurred.

(c) Qualifying Retirement. In the event that Grantee Retired prior to the day the Change in Control occurs but Grantee has met the conditions for a qualifying retirement termination set forth in Section 4.3 and the Grant has not been terminated by PNC prior to the Change in Control pursuant to Section 4.3 for Detrimental Conduct and is outstanding as of the end of the day immediately preceding the day on which the Change in Control occurs such that Grantee remains eligible for an award, Grantee's Final Award will be in the amount of the lesser of:

(1) the Calculated Maximum Potential Payout Amount determined in the same manner as set forth in Section 5.1(c) but with no Committee discretion to reduce the amount of the award; and

(2) the amount of the award that would have been payable to Grantee pursuant to the calculations set forth in Section 6.1(a), but substituting a Part B Award of zero Share Units for any Part B Award amount calculated pursuant to that section, had Grantee not Retired but had been an employee of the Corporation as of the end of the day immediately preceding the day the Change in Control occurred.

The scheduled award-determination period will occur as soon as practicable after the occurrence of the Change in Control.

If Grantee died while a qualified Retiree and a Final Award determination (either to award a specified amount or not to authorize any award) was made by the Committee pursuant to Section 5.2 prior to the Change in Control, no further or different award determination will be made pursuant to this Section 6.1.

If no such Final Award determination was made prior to the Change in Control, Grantee's Final Award determined pursuant to this Section 6.1(c) will be paid to Grantee's legal representative, as determined in good faith by the Committee, in accordance with Section 10.

(d) Disability. In the event that Grantee became Disabled and Grantee's employment with the Corporation terminated prior to the day the Change in Control occurs but Grantee has met the conditions for a qualifying disability termination set forth in Section 4.4 and the Grant has not been terminated by PNC prior to the Change in Control pursuant to Section 4.4 for Detrimental Conduct and is outstanding as of the end of the day immediately preceding the day on which the Change in Control occurs such that Grantee remains eligible for an award, Grantee's Final Award will be in the amount of the award that would have been payable to Grantee pursuant to the calculations set forth in Section 6.1(a), but substituting a Part B Award of zero Share Units for any Part B Award amount calculated pursuant to that section, had Grantee still been an employee of the Corporation as of the end of the day immediately preceding the day the Change in Control occurred. The scheduled award-determination period will occur as soon as practicable after the occurrence of the Change in Control.

If Grantee died while qualified to receive an award and a Final Award determination (either to award a specified amount or not to authorize any award) was made by the Committee pursuant to Section 5.2 prior to the Change in Control, no further or different award determination will be made pursuant to this Section 6.1. If no such Final Award determination was made prior to the Change in Control, Grantee's Final Award (payable to Grantee's legal representative, as determined in good faith by the Committee, in accordance with Section 10) will be an award determined in accordance with Section 6.1(b) as if Grantee had died while an employee of the Corporation and prior to the Change in Control.

(e) Qualifying Termination in Anticipation of a Change in Control. In the event that Grantee's termination of employment satisfies all of the conditions set forth in Section 4.5 and Section 15.46 for a qualifying termination in anticipation of a change in control such that the Grant is outstanding at the time the Change in Control occurs and Grantee remains eligible for an award, Grantee will receive a Final Award on the following basis, as applicable.

(1) If the Change in Control occurs within three (3) months of Grantee's Termination Date, Grantee will receive a Final Award on the same basis as a continuing employee of the Corporation as set forth in Section 6.1(a).

(2) If the Change in Control occurs more than three (3) months after Grantee's Termination Date but the Grant is outstanding because Grantee's termination of employment qualifies under Section 4.5 and Section 15.46 by, among other conditions, having occurred after or within three months prior to a CIC Triggering Event, Grantee will receive a Final Award on the same basis as a qualifying Retiree as set forth in Section 6.1(c).

If Grantee died while qualified to receive an award and a Final Award determination (either to award a specified amount or not to authorize any award) was made by the Committee pursuant to Section 5.2 prior to the Change in Control, no further or different award determination will be made pursuant to this Section 6.1. If no such Final Award determination was made prior to the Change in Control, Grantee's Final Award (payable to Grantee's legal representative, as determined in good faith by the Committee, in accordance with Section 10) will be the same amount as the Final Award that would have been paid to Grantee pursuant to this Section 6.1(e) had Grantee still been alive on the Change-in-Control-determined Award Date.

6.2 No Committee Discretion. The Committee may not exercise any negative discretion pursuant to Section 5.2(b) or otherwise exercise discretion pursuant to the Agreement in any way that would serve to reduce an award deemed to be made to Grantee pursuant to this Section 6.

6.3 Conditions for Final Award Calculation Part B Award. Certain subsections of Section 6.1 specify that a Final Award will be calculated in two parts: Part A Award and Part B Award. The Part B Award portion, where otherwise applicable pursuant to Section 6.1, is subject to the condition that Grantee have entered into a new change of control employment agreement with PNC after January 1, 2008.

Notwithstanding anything in Section 6.1 to the contrary, unless and until Grantee has entered into such an agreement, the calculation of a Final Award pursuant to Section 6.1 shall in no event include a Part B Award.

7. Delivery of Final Award; Termination of Grant as to Any Unawarded Performance Units.

7.1 Delivery of Final Award Determined by the Committee. Any Final Award determined by the Committee pursuant to Section 5.2 will be settled by delivery of whole Shares and, if applicable, cash Share-equivalents that together equal the number of Share Units specified in the Final Award, subject to the payment of applicable withholding taxes as set forth in Section 11.

(a) Form of Payment. Except where the Committee awards a prorated Final Award to Grantee as a qualifying Retiree or in the event of Grantee's death, any Final Award determined by the Committee pursuant to Section 5.2 will be settled by delivery of that number of whole Shares equal to the number of Share Units specified in the Final Award up to a number of Shares equal to the number specified in the Grant as the Target Share Units number (which number, without regard to any additions for Dividend Adjustment Share Units but after any capital adjustments pursuant to Section 9, is also the maximum number of Shares that may be paid with respect to the Performance Units hereunder). If the number of Share Units specified in the Final Award exceeds that maximum number of Shares, then any excess of such number of Share Units will be settled in cash (sometimes referred to in the Agreement as "cash Share-equivalents") in an amount equal to such excess number of Share Units multiplied by the Fair Market Value (as defined in Section 15.25) of a share of PNC common stock on the Award Date or as otherwise provided in Section 9, if applicable.

In the event that a Final Award determined by the Committee is a prorated award and is made to Grantee as a qualifying Retiree or in the event of Grantee's death, then the form of payment of any such Final Award will be determined as follows. The Final Award will be settled by delivery of whole Shares up to a number of Shares equal to the product of the proration factor used in calculating the award and the number specified in the Grant as the Target Share Units number, rounded down to the nearest whole number, and any remainder will be settled in cash as cash Share-equivalents.

(b) Timing. Determination of eligibility for an award, calculation of the maximum permitted award amount, and a decision by the Committee on whether or not to authorize an award and, if so, the size of such Final Award (the "scheduled award-determination process") and then payment of any such Final Award will all generally occur in the first quarter of 2011 or as soon thereafter as practicable after the final Peer data necessary for the Committee to make its award determination is available.

In general, it is expected that the Award Date will occur in 2011 and no later than the end of the second quarter of that year, and that payment of a Final Award, if any, will be made as soon as practicable after the Award Date. Except as otherwise provided below, in no event will payment be made earlier than January 1, 2011 or later than December 31, 2011, other than in unusual circumstances where a further delay thereafter would be permitted under Section 409A of the Internal Revenue Code, and if such a delay is permissible, as soon as practicable within such limits.

In the event of Grantee's death prior to the Award Date where Grantee has satisfied all of the conditions of Section 4.2, 4.3, 4.4 or 4.5 of the Agreement and otherwise meets all applicable criteria as set forth in the Agreement for consideration for an award, (a) the scheduled award-determination process will occur at the same time and in the same manner as set forth above for grantees of 2008-2010 Incentive Performance Units who remain employees of the Corporation, provided that if the death occurs prior to 2010, the scheduled award-determination process will occur in the calendar year immediately following Grantee's death, and (b) payment of a Final Award, if any, will be made during the calendar year immediately following the year in which Grantee died if the death occurs on or prior to December 31, 2010, or in 2011 if Grantee dies in 2011, provided, that, in no event will payment occur later than December 31st of the calendar year so specified as the year for payment, other than in unusual circumstances where a further delay thereafter would be permitted under Section 409A of the Internal Revenue Code, and if such a delay is permissible, as soon as practicable within such limits.

Otherwise, in the event that Grantee is no longer employed by the Corporation but has satisfied all of the conditions of Section 4.3, 4.4 or 4.5 of the Agreement and otherwise meets all applicable criteria as set forth in the Agreement for consideration for an award, (a) the scheduled award-determination process will occur at the same time and in the same manner as set forth above for grantees of 2008-2010 Incentive Performance Units who remain employees of the Corporation, generally in 2011 during the first quarter of that year, and (b) once the Committee has made its award determination, payment of a Final Award, if any, will be made as soon as practicable after the Award Date, provided, that, in no event will payment be made earlier than January 1, 2011 or later than December 31, 2011, other than in unusual circumstances where a further delay thereafter would be permitted under Section 409A of the Internal Revenue Code, and if such a delay is permissible, as soon as practicable within such limits.

(c) Dividend Record Dates. In the event that one or more record dates for dividends on PNC common stock occur after December 31, 2010 (or, in the event of Grantee's death prior to 2010, after the end of the applicable Performance Period) but before the date the Final Award, if any, is paid pursuant to this Section 7.1, PNC will make a cash payment to Grantee in an amount equivalent to the amount of the dividends Grantee would have received had the number of Share Units specified in the Final Award, if any, been that number of shares of PNC common stock and had such shares been issued and outstanding on January 1, 2011 (or, in the event of Grantee's death prior to 2010, on the January 1 immediately following the last day of the applicable Performance Period) and had remained outstanding on the record date or dates for such dividends. Any such payment will be made at the same time as payment of the Final Award, if any.

(d) Disputes. If there is a dispute regarding payment of the Final Award, PNC will settle the undisputed portion of the award, if any, within the time frame set forth above in this Section 7.1, and will settle any remaining portion as soon as practicable after such dispute is finally resolved but in any event within the time period permitted under Section 409A of the Internal Revenue Code.

7.2 Delivery of Final Award Determined by Section 6. If a Final Award is deemed to be made pursuant to Section 6 rather than determined by the Committee pursuant to Section 5.2, the Final Award is fully vested as of the date of the Change in Control. The size of the Final Award in Share Units will be calculated as of the date of the Change in Control once the final data necessary for the award determination is available, and the Final Award will be paid as set forth below.

(a) Timing. Payment of the Final Award will be made by PNC at the time set forth in subsection (a)(1) of this Section 7.2 unless payment at such time would be a noncompliant payment under Section 409A of the Internal Revenue Code, and otherwise, at the time set forth in subsection (a)(2) of this Section 7.2, in either case as further described below.

(1) If, under the circumstances, the Change in Control is a permissible payment event under Section 409A of the Internal Revenue Code, payment of the Final Award will be made by PNC as soon as practicable after the date the Change in Control occurs and the amount of the Final Award is determinable and determined in accordance with Section 6, but in no event later than December 31st of the calendar year in which the Change in Control occurs or, if later, by the 15th day of the third calendar month following the date on which the Change in Control occurs, other than in unusual circumstances where a further delay thereafter would be permitted under Section 409A of the Internal Revenue Code, and if such a delay is permissible, as soon as practicable within such limits.

(2) If, under the circumstances, payment at the time of the Change in Control would not comply with Section 409A of the Internal Revenue Code, then payment will be made as soon as practicable after January 1, 2011, but in no event later than December 31, 2011.

(b) Form of Payment.

(1) If, under the circumstances, the Change in Control is a permissible payment event under Section 409A of the Internal Revenue Code and payment of the Final Award is made at the time specified in Section 7.2(a)(1), then the Final Award will

be settled in Shares and cash Share-equivalents in the same proportions as specified in Section 7.1(a) for Committee-determined awards, except that payment will be made entirely in cash if so provided in the circumstances pursuant to Section 9.2.

In the event that one or more record dates for dividends on PNC common stock occur on or after the date of the Change in Control but before the date the Final Award is paid pursuant to Section 7.2(a)(1), PNC will also make a cash payment to Grantee in an amount equivalent to the amount of the dividends Grantee would have received had the number of Share Units specified in the Final Award been that number of shares of PNC common stock and had such shares been issued and outstanding on the date of the Change in Control and remained outstanding on the record date or dates for such dividends. Any such payment will be made at the same time as payment of the Final Award, and will be applicable only in the event that the Change in Control is a permissible payment event under Section 409A of the Internal Revenue Code and payment of the Final Award is made at the time specified in Section 7.2(a)(1).

(2) If, under the circumstances, payment at the time of the Change in Control would not comply with Section 409A of the Internal Revenue Code and payment of the Final Award is made at the time specified in Section 7.2(a)(2), then the Final Award will be paid entirely in cash and will be in an amount equal to the base amount described below in subsection (A) of this Section 7.2(b)(2) plus the phantom investment amount described below in subsection (B) of this Section 7.2(b)(2).

(A) The base amount will be an amount equal to the number of Share Units specified in the Final Award multiplied by the Fair Market Value (as defined in Section 15.25) of a share of PNC common stock on the date of the Change in Control or as otherwise provided in Section 9, if applicable.

(B) The phantom investment amount will be either (i) or (ii), whichever is larger: (i) interest on the base amount described in Section 7.2(b)(2)(A) from the date of the Change in Control through the payment date at the short-term, mid-term or long-term Federal rate under Internal Revenue Code Section 1274 (b)(2)(B), as applicable depending on the term until payment, compounded semi-annually; or (ii) a phantom investment amount with respect to said base amount that reflects, if positive, the performance of the PNC stock or other consideration received by a PNC common shareholder in the Change in Control transaction, with dividends reinvested in such stock, from the date of the Change in Control through the payment date. PNC may, at its option, provide other phantom investment alternatives in addition to those referenced in the preceding sentence and may permit Grantee to make a phantom investment election from among such alternatives under and in accordance with procedures established by PNC, but any such alternatives must provide for at least the two phantom investments set forth in Section 7.2(b)(2)(B)(i) and (ii) at a minimum. The phantom investment amount will be applicable only in the event that payment at the time of the Change in Control would not comply with Section 409A of the Internal Revenue Code and thus payment is made at the time specified in Section 7.2(a)(2) rather than at the time specified in Section 7.2(a)(1).

(c) Disputes. If there is a dispute regarding payment of the Final Award, PNC will settle the undisputed portion of the award, if any, within the time frame set forth in the applicable subsection of Section 7.2(a), and will settle any remaining portion as soon as practicable after such dispute is finally resolved but in any event within the time period permitted under Section 409A of the Internal Revenue Code.

7.3 Final Award Fully Vested. The Final Award, if any, will be fully vested at the Committee-determined Award Date or as of the date of the Change in Control, as applicable. Any Shares issued pursuant to this Section 7 will be fully vested at the time of issuance, and PNC will issue such Shares and deliver any cash payable pursuant to this Section 7 to, or at the proper direction of, Grantee or Grantee's legal representative, as determined in good faith by the Committee, at the time specified in the applicable subsection of Section 7.2.

No fractional shares will be issued. If a Final Award is payable in Shares and includes a fractional interest, such fractional interest will be liquidated on the basis of the then current Fair Market Value of PNC common stock and paid to Grantee or Grantee's legal representative in cash at the time the Shares are issued.

In the event that Grantee is deceased, payment will be delivered to the executor or administrator of Grantee's estate or to Grantee's other legal representative, as determined in good faith by the Committee.

7.4 Termination of Grant as to Any Unawarded Performance Units Once an award determination has been made by the Committee pursuant to Section 5.2 or a Final Award is deemed to have been made by virtue of the application of Section 6, the share-denominated incentive award opportunity represented by this Grant of Performance Units will terminate as to any portion of the Performance Units not so awarded.

Termination of all or a portion of the Grant pursuant to this Section 7.4, or pursuant to Section 4, if applicable, will in no way affect Grantee's covenants or the other provisions of Sections 16 and 17.

8. No Rights as Shareholder until Final Award and Issuance of Shares. Grantee will have no rights as a shareholder by virtue of this Grant unless and until a Final Award, if any, is made and Shares are issued and delivered in settlement of all or a portion of such Final Award, if any.

9. Capital Adjustments.

9.1 Except as otherwise provided in Section 9.2, if applicable, in the event that a corporate transaction or transactions (including, without limitation, stock dividends, stock splits, spin-offs, split-offs, recapitalizations, mergers, consolidations or reorganizations of or by PNC (each, a "Corporate Transaction")) occur prior to the time a Final Award, if any, is paid, the Committee shall make those adjustments, if any, in the number, class or kind of the Target Share Units that it deems appropriate in its discretion to reflect the Corporate Transaction(s) such that the rights of Grantee are neither enlarged nor diminished as a result of such Corporate Transaction or Transactions, including without limitation (a) measuring the value per Share Unit of any share-denominated award authorized for payment to Grantee by reference to the per share value of the consideration payable to a PNC common shareholder in connection with such Corporate Transaction or Transactions, and (b) authorizing payment of the entire Final Award, if any, in cash at the time otherwise specified in Section 7.

All determinations hereunder shall be made by the Committee in its sole discretion and shall be final, binding and conclusive for all purposes on all parties, including without limitation Grantee.

9.2 Upon the occurrence of a Change in Control (or during the period after the occurrence of a CIC Triggering Event and before such triggering event results in a Change in Control or a CIC Failure of such event occurs), (a) the number, class and kind of the Target Share Units will automatically be adjusted to reflect the same changes as are made to outstanding shares of PNC common stock generally, (b) the value per Share Unit of any share-denominated award that is deemed to be awarded to Grantee in accordance with Section 6 will be measured by reference to the per share value of the consideration payable to a PNC common shareholder in connection with such Corporate Transaction or Transactions, and (c) if the effect of the Corporate Transaction or Transactions on a PNC common shareholder is to convert that shareholder's holdings into consideration that does not consist solely (other than as to a minimal amount) of shares of PNC common stock, then the value of an award to Grantee pursuant to Section 6 will be payable solely in cash at the time otherwise specified by Section 7.

10. Prohibitions Against Sale, Assignment, etc.; Payment to Legal Representative.

(a) The Grant of Performance Units made hereunder may not be sold, assigned, transferred, exchanged, pledged, hypothecated or otherwise encumbered.

(b) If Grantee is deceased at the time any Final Award authorized by this Agreement is to be paid, such payment shall be made to the executor or administrator of Grantee's estate or to Grantee's other legal representative as determined in good faith by the Committee.

(c) Any delivery of Shares or other payment made in good faith by PNC to Grantee's executor, administrator or other legal representative shall extinguish all right to payment hereunder.

11. Withholding Taxes; Payment Upon Inclusion Under Section 409A.

Where Grantee has not previously satisfied all applicable withholding tax obligations, PNC will, at the time the tax withholding obligation arises in connection herewith, retain an amount sufficient to satisfy the minimum amount of taxes then required to be withheld by the Corporation in connection therewith from any Final Award then payable to Grantee. To the extent that any portion of a Final Award is payable in the form of cash, the Corporation will withhold first from such cash portion of the award and, if that is not sufficient or if there is no such cash portion, the Corporation will then retain whole shares of PNC common stock from the portion of any Final Award that is payable in the form of Shares, until such withholdings in the aggregate are sufficient to satisfy such minimum required withholding obligations.

For purposes of this Section 11, shares of PNC common stock retained to satisfy applicable withholding tax requirements will be valued at their Fair Market Value on the date the tax withholding obligation arises.

PNC will not retain more than the number of Shares sufficient to satisfy the minimum amount of taxes then required to be withheld in connection with the Final Award after any cash portion of the award has already been withheld for such purpose. If Grantee desires to have an additional amount withheld above the required minimum, up to Grantee’s W-4 obligation if higher, and if PNC so permits, Grantee may elect to satisfy this additional withholding by payment of cash. If Grantee’s W-4 obligation does not exceed the required minimum withholding in connection with the Final Award, no additional withholding may be made.

It is the intention of the parties that the Grant and the Agreement comply with the provisions of Section 409A to the extent, if any, that such provisions are applicable to the Agreement. In the event that, notwithstanding such intention, the arrangement fails to meet the requirements of Section 409A and the regulations promulgated thereunder, then PNC may at that time permit the acceleration of the time for payment to Grantee under the Agreement notwithstanding any of the other provisions of the Agreement, but any such accelerated payment may not exceed the amount required to be included in Grantee’s income as a result of the failure to comply with the requirements of Section 409A and the regulations promulgated thereunder. For purposes of this provision, an amount will be deemed to have been included in Grantee’s income if the amount is timely reported on Form W-2 or Form 1099-MISC, as appropriate.

12. Employment. Neither the Grant of Performance Units nor the calculation, determination and payment of any Final Award hereunder nor any term or provision of the Agreement shall constitute or be evidence of any understanding, expressed or implied, on the part of PNC or any subsidiary to employ Grantee for any period or in any way alter Grantee’s status as an employee at will.

13. Subject to the Plan and the Committee. In all respects the Grant and the Agreement are subject to the terms and conditions of the Plan, which has been made available to Grantee and is incorporated herein by reference; provided, however, the terms of the Plan shall not be considered an enlargement of any benefits under the Agreement. Further, the Grant and the Agreement are subject to any interpretation of, and any rules and regulations issued by, the Committee or its delegate or under the authority of the Committee, whether made or issued before or after the Grant Date.

14. Headings; Entire Agreement. Headings used in the Agreement are provided for reference and convenience only, shall not be considered part of the Agreement, and shall not be employed in the construction of the Agreement.

The Agreement constitutes the entire agreement between Grantee and PNC, and supersedes all other discussions, negotiations, correspondence, representations, understandings and agreements between the parties, with respect to the subject matter hereof.

15. Certain Definitions. Except where the context otherwise indicates, the following definitions apply for purposes of the Agreement.

15.1 "Adjusted Target Share Units" means the number of Share Units equal to the Target Share Units as adjusted for the addition of all Dividend Adjustment Share Units accrued through the date specified by the Agreement, which will be December 31, 2010 unless an earlier date is specified by the Agreement (*e.g.*, in the case of a qualifying retirement or a Change in Control prior to December 31, 2010).

15.2 "Annual Peer Group" or "Peer Group" means the group of financial institutions, including PNC, designated by the Committee pursuant to Section 3.2 as PNC's Peer Group for a given year. A member of the Peer Group is sometimes referred to as a "Peer".

15.3 "Annual Potential Payout Percentage." The Annual Potential Payout Percentage for a given full covered year within the Performance Period (*i.e.*, for 2008, 2009 or 2010) is the percentage determined by taking the average of the potential payout percentages achieved for that year by PNC with respect to the levels of EPS Growth performance and ROCE performance, respectively, achieved by PNC relative to the levels of EPS Growth performance and ROCE performance, respectively, of the other Peer Group members as determined in accordance with the Annual Potential Payout Calculation Schedule applicable for that year, rounded to the nearest one-hundredth percent.

Where the Agreement requires the calculation of an Annual Potential Payout Percentage for a given period that is less than a full year (sometimes referred to as a "partial year" or a "limited year" or "limited period"), then the Annual Potential Payout Percentage for that covered period is sometimes referred to as a "Limited-Year Annual Potential Payout Percentage".

A "Limited-Year Annual Potential Payout Percentage" will be calculated in the same manner as the Annual Potential Payout Percentage for a full covered year except that it will be based on measurements of EPS Growth performance and ROCE performance with respect to PNC and the other Peers for, or with respect to, the year-to-date period (using full quarters only) beginning on January 1 of the given partial year and ending on the performance measurement date specified by the Agreement, and will be measured for PNC and for those other Peers that are remaining by the end of that limited period.

15.4 "Annual Potential Payout Calculation Schedule" for a given full or partial covered year means the schedule established by the Committee pursuant to Section 3.2 as applicable for that year that determines the method by which the Annual Potential Payout Percentage will be calculated for that year, or for the relevant portion of that year if a partial or limited year calculation is required by the Agreement, based on the levels of EPS Growth performance and ROCE performance achieved by PNC relative to the EPS Growth performance and ROCE performance of the other Peers remaining by the end of the relevant period.

15.5 "Award Date" means: (1) the date on which the Committee makes its determination as to whether or not it will authorize an award, and if so, as to the size of the Final Award, if any, it authorizes pursuant to Section 5.2 within the permitted Calculated Maximum Potential Payout Amount determined in accordance with the Agreement (sometimes referred to as the "Committee-determined Award Date"); or (2) if a Change in Control has occurred and Grantee is deemed to have been awarded a Final Award pursuant to Section 6, the Award Date will be the date the Change in Control occurs (sometimes referred to as the "Change-in-Control-determined Award Date").

15.6 "Board" means the Board of Directors of PNC.

15.7 "Calculated Maximum Potential Payout Amount" means the maximum size of the award, denominated as a specified number of Share Units, that the Committee may award to Grantee based on the degree to which the specified corporate Performance Criteria have been achieved by PNC and the applicable Annual Potential Payout Calculation Schedules established by the Committee and on Grantee's level of satisfaction, or deemed satisfaction, of the service requirements set forth in Section 4, including any limitations on the maximum potential payout amount that may apply in the circumstances (*e.g.*, in the case of a qualifying retirement).

15.8 "Cause".

(a) "Cause" during a CIC Coverage Period. If a termination of Grantee's employment with the Corporation occurs during a CIC Coverage Period, then, for purposes of the Agreement, "Cause" means:

(i) the willful and continued failure of Grantee to substantially perform Grantee's duties with the Corporation (other than any such failure resulting from incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to Grantee by the Board or the CEO which specifically identifies the manner in which the Board or the CEO believes that Grantee has not substantially performed Grantee's duties; or

(ii) the willful engaging by Grantee in illegal conduct or gross misconduct that is materially and demonstrably injurious to PNC or any of its subsidiaries.

For purposes of the preceding clauses (i) and (ii), no act or failure to act, on the part of Grantee, shall be considered willful unless it is done, or omitted to be done, by Grantee in bad faith and without reasonable belief that Grantee's action or omission was in the best interests of the Corporation. Any act, or failure to act, based upon the instructions or prior approval of the Board, the CEO, or Grantee's superior or based upon the advice of counsel for the Corporation, shall be conclusively presumed to be done, or omitted to be done, by Grantee in good faith and in the best interests of the Corporation.

The cessation of employment of Grantee will be deemed to be a termination of Grantee's employment with the Corporation for Cause for purposes of the Agreement only if and when there shall have been delivered to Grantee, as part of the notice of Grantee's termination, a copy of a resolution duly adopted by the affirmative vote of not less than a majority of the entire membership of the Board, at a Board meeting called and held for the purpose of considering such termination, finding on the basis of clear and convincing evidence that, in the good faith opinion of the Board, Grantee is guilty of conduct described in clause (i) or clause (ii) above and, in either case, specifying the particulars thereof in detail. Such resolution shall be adopted only after (1) reasonable notice of such Board meeting is provided to Grantee, together with written notice that PNC believes that Grantee is guilty of conduct described in clause (i) or clause (ii) above and, in either case, specifying the particulars thereof in detail, and (2) Grantee is given an opportunity, together with counsel, to be heard before the Board.

(b) <u>"Cause" other than during a CIC Coverage Period</u>. If a termination of Grantee's employment with the Corporation occurs other than during a CIC Coverage Period, then, for purposes of the Agreement, "Cause" means:

(i) the willful and continued failure of Grantee to substantially perform Grantee's duties with the Corporation (other than any such failure resulting from incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to Grantee by PNC that specifically identifies the manner in which it is believed that Grantee has not substantially performed Grantee's duties;

(ii) a material breach by Grantee of (1) any code of conduct of PNC or any code of conduct of a subsidiary of PNC that is applicable to Grantee or (2) other written policy of PNC or other written policy of a subsidiary of PNC that is applicable to Grantee, in either case required by law or established to maintain compliance with applicable law;

(iii) any act of fraud, misappropriation, material dishonesty, or embezzlement by Grantee against PNC or any of its subsidiaries or any client or customer of PNC or any of its subsidiaries;

(iv) any conviction (including a plea of guilty or of *nolo contendere*) of Grantee for, or entry by Grantee into a pre-trial disposition with respect to, the commission of a felony; or

(v) entry of any order against Grantee, by any governmental body having regulatory authority with respect to the business of PNC or any of its subsidiaries, that relates to or arises out of Grantee's employment or other service relationship with the Corporation.

The cessation of employment of Grantee will be deemed to have been a termination of Grantee's employment with the Corporation for Cause for purposes of the Agreement only if and when the CEO or his or her designee (or, if Grantee is the CEO, the Board) determines that Grantee is guilty of conduct described in clause (i), (ii) or (iii) above or that an event described in clause (iv) or (v) above has occurred with respect to Grantee and, if so, determines that the termination of Grantee's employment with the Corporation will be deemed to have been for Cause.

15.9 "CEO" means the chief executive officer of PNC.

15.10 "Change in Control" means a change of control of PNC of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or in response to any similar item on any similar schedule or form) promulgated under the Exchange Act, whether or not PNC is then subject to such reporting requirement; provided, however, that without limitation, a Change in Control will be deemed to have occurred if:

(a) any Person, excluding employee benefits plans of the Corporation, is or becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act or any successor provisions thereto), directly or indirectly, of securities of PNC representing twenty percent (20%) or more of the combined voting power of PNC's then outstanding securities; provided, however, that such an acquisition of beneficial ownership representing between twenty percent (20%) and forty percent (40%), inclusive, of such voting power will not be considered a Change in Control if the Board approves such acquisition either prior to or immediately after its occurrence;

(b) PNC consummates a merger, consolidation, share exchange, division or other reorganization or transaction of PNC (a "Fundamental Transaction") with any other corporation, other than a Fundamental Transaction that results in the voting securities of PNC outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least sixty percent (60%) of the combined voting power immediately after such Fundamental Transaction of (i) PNC's outstanding securities, (ii) the surviving entity's outstanding securities, or (iii) in the case of a division, the outstanding securities of each entity resulting from the division;

(c) the shareholders of PNC approve a plan of complete liquidation or winding-up of PNC or an agreement for the sale or disposition (in one transaction or a series of transactions) of all or substantially all of PNC's assets;

(d) as a result of a proxy contest, individuals who prior to the conclusion thereof constituted the Board (including for this purpose any new director whose election or nomination for election by PNC's shareholders in connection with such proxy contest was approved by a vote of at least two-thirds ($^{2}/_{3}$rds) of the directors then still in office who were directors prior to such proxy contest) cease to constitute at least a majority of the Board (excluding any Board seat that is vacant or otherwise unoccupied);

(e) during any period of twenty-four (24) consecutive months, individuals who at the beginning of such period constituted the Board (including for this purpose any new director whose election or nomination for election by PNC's shareholders was approved by a vote of at least two-thirds ($^{2}/_{3}$rds) of the directors then still in office who were directors at the beginning of such period) cease for any reason to constitute at least a majority of the Board (excluding any Board seat that is vacant or otherwise unoccupied); or

(f) the Board determines that a Change in Control has occurred.

Notwithstanding anything to the contrary herein, a divestiture or spin-off of a subsidiary or division of PNC or any of its subsidiaries shall not by itself constitute a Change in Control.

15.11 "CIC Coverage Period" means a period (a) commencing on the earlier to occur of (i) the date of a CIC Triggering Event and (ii) the date of a Change in Control and (b) ending on the date that is three (3) years after the date of the Change in Control; provided, however, that in the event that a CIC Coverage Period commences on the date of a CIC Triggering Event, such CIC Coverage Period will terminate upon the earlier to occur of (x) the date of a CIC Failure and (y) the date that is three (3) years after the date of the Change in Control triggered by the CIC Triggering Event. After the termination of any CIC Coverage Period, another CIC Coverage Period will commence upon the earlier to occur of clause (a)(i) and clause (a)(ii) in the preceding sentence.

15.12 "CIC Failure" means the following:

(a) with respect to a CIC Triggering Event described in Section 15.14(a), PNC's shareholders vote against the transaction approved by the Board or the agreement to consummate the transaction is terminated; or

(b) with respect to a CIC Triggering Event described in Section 15.14(b), the proxy contest fails to replace or remove a majority of the members of the Board.

15.13 "CIC Payout Percentage" has the meaning set forth in Section 6.1(a)(iv).

15.14 “CIC Triggering Event” means the occurrence of either of the following:

(a) the Board or PNC’s shareholders approve a transaction described in Subsection (b) of the definition of Change in Control contained in Section 15.10; or

(b) the commencement of a proxy contest in which any Person seeks to replace or remove a majority of the members of the Board.

15.15 “Committee” means the Personnel and Compensation Committee of the Board or such person or persons as may be designated or appointed by that committee as its delegate or designee.

15.16 “Competitive Activity” means any participation in, employment by, ownership of any equity interest exceeding one percent (1%) in, or promotion or organization of, any Person other than PNC or any of its subsidiaries (a) engaged in business activities similar to some or all of the business activities of PNC or any subsidiary as of Grantee’s Termination Date or (b) engaged in business activities which Grantee knows PNC or any subsidiary intends to enter within the first twelve (12) months after Grantee’s Termination Date or, if later and if applicable, after the date specified in clause (ii) of Section 15.19(a), in either case whether Grantee is acting as agent, consultant, independent contractor, employee, officer, director, investor, partner, shareholder, proprietor or in any other individual or representative capacity therein.

15.17 “Consolidated Subsidiary” means a corporation, bank, partnership, business trust, limited liability company or other form of business organization that (1) is a consolidated subsidiary of PNC under generally accepted accounting principles and (2) satisfies the definition of “service recipient” under Section 409A.

15.18 “Corporation” means PNC and its Consolidated Subsidiaries.

15.19 “Detrimental Conduct” means:

(a) Grantee has engaged, without the prior written consent of PNC (with consent to be given at PNC’s sole discretion), in any Competitive Activity in the continental United States at any time during the period commencing on Grantee’s Termination Date and extending through (and including) the first (1^{st}) anniversary of the later of (i) Grantee’s Termination Date and, if different, (ii) the first date after Grantee’s Termination Date as of which Grantee ceases to be engaged by the Corporation in any capacity for which Grantee receives compensation from the Corporation, including but not limited to acting for compensation as a consultant, independent contractor, employee, officer, director or advisory director;

(b) any act of fraud, misappropriation, or embezzlement by Grantee against PNC or one of its subsidiaries or any client or customer of PNC or one of its subsidiaries; or

(d) any conviction (including a plea of guilty or of *nolo contendere*) of Grantee for, or any entry by Grantee into a pre-trial disposition with respect to, the commission of a felony that relates to or arises out of Grantee's employment or other service relationship with the Corporation.

Grantee will be deemed to have engaged in Detrimental Conduct for purposes of the Agreement only if and when the Committee or its delegate (if Grantee was an "executive officer" of PNC as defined in SEC Regulation S-K when he or she ceased to be an employee of the Corporation) or the CEO (if Grantee was not such an executive officer) determines that Grantee has engaged in conduct described in clause (a) or clause (b) above or that an event described in clause (c) above has occurred with respect to Grantee, and, if so, determines that Grantee will be deemed to have engaged in Detrimental Conduct.

15.20 "Disabled" or "Disability" means, except as may otherwise be required by Section 409A, that Grantee either (i) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or (ii) is, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving (and has received for at least three months) income replacement benefits under any Corporation-sponsored disability benefit plan. If Grantee has been determined to be eligible for Social Security disability benefits, Grantee shall be presumed to be Disabled as defined herein.

15.21 "Dividend Adjustment Share Units." Once the Agreement has become effective in accordance with Section 20, for each PNC common stock cash dividend payment date that occurs during the period from and after the Grant Date through and including December 31, 2010 (or, if earlier and if so required by the Agreement, through the date so specified by the Agreement), there will be added, subject to any applicable Plan limits, as of that dividend payment date to the number of Adjusted Target Share Units a number of Share Units (including fractional Share Units computed to six decimal places) equal to (i) the amount of the cash dividends that would have been paid on that dividend payment date on the target number of share units, as adjusted for all previous additions to such target number pursuant to this Section 15.21 up to that date, had each such Share Unit been an issued and outstanding share of PNC common stock on the record date for such dividend, divided by (ii) the Fair Market Value of a share of PNC common stock on that dividend payment date.

Cumulatively, these additional Share Units are referred to as the "Dividend Adjustment Share Units", and the Target Share Units as adjusted for the addition of all accrued Dividend Adjustment Share Units are referred to as the "Adjusted Target Share Units".

15.22 "EPS" for PNC or another Peer, for purposes of the Agreement, is calculated, for a given full year or shorter 3, 6, or 9 month period, as: (a) the publicly-reported diluted earnings per share of such Peer for that year (or shorter 3, 6, or 9 month period) prepared in accordance with GAAP; then (b) adjusted, where applicable, on an after-tax basis, for the impact of any item for which such impact was the result of a change in tax law, for the impact of any extraordinary items, discontinued operations, acquisition costs and merger integration costs, certain Visa-related items (as described below), and stock splits (whether in the form of a stock split or a stock dividend), and, in the case of PNC only, for the net impact of PNC's BlackRock LTIP shares obligation (as described below), all as determined on the basis of publicly-reported financial information.

All of the preceding terms, other than acquisition costs and merger integration costs, certain Visa-related items, and PNC's BlackRock LTIP shares obligation, where applicable, will have the meanings assigned to such terms in accordance with GAAP. All after-tax adjustments for PNC and for all other Peers will be calculated using the same methodology for making such adjustments on an after-tax basis. EPS, as used in the Agreement, will include adjustments, where otherwise applicable, for the impact of any item for which such impact was the result of a change in tax law, for the impact of any acquisition costs and merger integration costs and certain Visa-related items (as described below), and, in the case of PNC only, for the net impact of PNC's BlackRock LTIP shares obligation (as described below) only where such amounts, including with respect to PNC, can be reasonably determined from publicly-disclosed financial information. EPS will be rounded to the nearest one cent (*e.g.*, $0.00, with $0.005 being rounded upward to $0.01).

"Certain Visa-related items" for PNC or another Peer will mean, as applicable, (1) the expenses or charges recorded by PNC or another Peer that is a financial institution member of Visa U.S.A. Inc. card association or its affiliates ("Visa") for obligations to Visa with respect to the costs of specified litigation or the gains / reversal of expense recognized by PNC or such other Peer in connection with the satisfaction of such obligations and (2) any other gains recognized by PNC or such other Peer on the redemption or sale of their Visa shares with proceeds of Visa's initial public offering.

"PNC's BlackRock LTIP shares obligation" will mean the net impact of PNC's obligation to fund BlackRock long-term incentive programs (including both charges or credits for the mark-to-market of the obligation and gains or losses on the transfer of shares in satisfaction of such obligation).

The Committee may, in its discretion, direct management to provide additional information to the Committee on the impact that other specified adjustments, applied on a consistent basis to the EPS of each member of the Peer Group, would have had on relative EPS Growth performance, but no such other adjustments will have the effect of increasing the Calculated Maximum Potential Payout Amount or the Final Award.

15.23 "EPS Growth" or "EPS Growth performance" means, for purposes of the Agreement for a given full covered year, with respect to each of PNC and each other Annual Peer Group member, the percentage obtained by (1) subtracting the EPS (calculated as set forth in Section 15.22) of such Peer for the year immediately preceding the given year from the EPS (calculated as set forth in Section 15.22) of such Peer for the given year, and (2) dividing the resulting number by the absolute value of the EPS (calculated as set forth in Section 15.22) of such Peer for such preceding year and rounding to the nearest one cent, then (3) expressing the resulting amount as a percent, rounded to the nearest one-hundredth (*e.g.*, 0.00%, with 0.005% being rounded upward to 0.01%).

Where the Agreement requires a measurement of EPS Growth with respect to PNC and the other Peers for a given covered period that is a partial rather than a full year, EPS Growth will be measured in the same manner as set forth above but comparing the EPS (calculated as set forth in Section 15.22) of each such Peer for the year-to-date period of the given partial year (using full quarters only) to the EPS (calculated as set forth in Section 15.22) of such Peer for the comparable period of the immediately preceding year.

15.24 "Exchange Act" means the Securities Exchange Act of 1934 as amended, and the rules and regulations promulgated thereunder.

15.25 "Fair Market Value" as it relates to a share of PNC common stock as of any given date means the average of the reported high and low trading prices on the New York Stock Exchange (or such successor reporting system as PNC may select) for a share of PNC common stock on such date, or, if no PNC common stock trades have been reported on such exchange for that day, the average of such prices on the next preceding day and the next following day for which there were reported trades.

15.26 "Final Award" means the amount, if any, (a) awarded to Grantee by the Committee in accordance with Section 5.2, or (b) deemed to be awarded to Grantee pursuant to Section 6. The Final Award will be denominated as a specified number of Share Units and will be payable in accordance with Section 7, generally in Shares and cash Share-equivalents.

15.27 "Final Potential Payout Percentage."

Where a Final Award determination is made pursuant to Section 5, the term "Final Potential Payout Percentage" will have the meaning set forth in (a) or (b) below, whichever is applicable in the circumstances.

(a) Where the Performance Period specified by the applicable section of the Agreement is the full three-year period commencing January 1, 2008 through and including December 31, 2010, then the Final Potential Payout Percentage will be the percentage that is the average (but in no event greater than 200%) of the Annual Potential Payout Percentages for the three full covered years in the Performance Period (*i.e.*, one-third (1/3rd) of the sum of the annual percentages for the full years 2008, 2009 and 2010). If all of the Annual Potential Payout Percentages are 0%, then the Final Potential Payout Percentage will be 0%.

(b) Where the applicable performance measurement date specified by the Agreement is a quarter-end or year-end date other than December 31, 2010, then the Final Potential Payout Percentage will be a Limited-Period Final Potential Payout Percentage and will be calculated as set forth in Section 15.34.

Where a Final Award is deemed to be awarded pursuant to Section 6 by reason of the occurrence of a Change in Control, the payout calculation will be as set forth in the applicable subsection of Section 6.

15.28 "GAAP" or "generally accepted accounting principles" means accounting principles generally accepted in the United States of America.

15.29 "Good Reason" means:

(a) the assignment to Grantee of any duties inconsistent in any respect with Grantee's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities immediately prior to either the CIC Triggering Event or the Change in Control, or any other action by the Corporation which results in a diminution in any respect in such position, authority, duties or responsibilities, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith that is remedied by the Corporation promptly after receipt of notice thereof given by Grantee;

(b) a reduction by the Corporation in Grantee's annual base salary as in effect on the Grant Date, as the same may be increased from time to time;

(c) the Corporation's requiring Grantee to be based at any office or location that is more than fifty (50) miles from Grantee's office or location immediately prior to either the CIC Triggering Event or the Change in Control;

(d) the failure by the Corporation (i) to continue in effect any bonus, stock option or other cash or equity-based incentive plan or program in which Grantee participates immediately prior to either the CIC Triggering Event or the Change in Control that is material to Grantee's total compensation, unless a substantially equivalent arrangement (embodied in an ongoing substitute or alternative plan or program) has been made with respect to such plan or program, or (ii) to continue Grantee's participation in such plan or program (or in such substitute or alternative plan or program) on a basis at least as favorable, both in terms of the amount of benefits provided and the level of Grantee's participation relative to other participants, as existed immediately prior to the CIC Triggering Event or the Change in Control; or

(e) the failure by the Corporation to continue to provide Grantee with benefits substantially similar to those received by Grantee under any of the Corporation's pension (including, but not limited to, tax-qualified plans), life insurance, health, accident, disability or other welfare plans or programs in which Grantee was participating, at costs substantially similar to those paid by Grantee, immediately prior to the CIC Triggering Event or the Change in Control.

15.30 "Grant" means the grant, pursuant to Section 2, to Grantee of a Share-denominated incentive award opportunity of Performance Units with the number of Target Share Units specified in the Agreement, subject to the corporate performance conditions, employment conditions, and other terms and conditions of the Agreement and to the Plan.

15.31 "Grant Date" means the Grant Date set forth on page 1 of the Agreement, and is the date as of which the Committee authorized the Grant of the Performance Units in accordance with the Plan.

15.32 "Grantee" means the person to whom the Grant is made, and is identified as Grantee on page 1 of the Agreement.

15.33 "Internal Revenue Code" means the Internal Revenue Code of 1986 as amended, and the rules and regulations promulgated thereunder.

15.34 "Limited-Period Final Potential Payout Percentage". Where the Agreement requires the calculation of a Limited-Period Final Potential Payout Percentage and the applicable performance measurement date specified by the Agreement is a quarter-end date other than December 31st of 2008 or 2009, and thus the applicable Performance Period consists of one or more full years and/or a partial year, then the Limited-Period Final Potential Payout Percentage will be the percentage that is the weighted average of the Annual Potential Payout Percentages for the full years, if any, and the Limited-Year Annual Potential Payout Percentage for the partial year in the applicable limited Performance Period calculated as follows:

(a) the sum of (i) four times the sum of the Annual Potential Payout Percentages for the full years in the period, if any, and (ii) the number of full completed quarters in the partial year of the applicable limited Performance Period, times the Limited-Year Annual Potential Payout Percentage for that partial year;

divided by

(b) the total number of quarters in the applicable limited Performance Period.

Where the Agreement requires the calculation of a Limited-Period Final Potential Payout Percentage and the applicable performance measurement date specified by the Agreement is December 31st of 2008 or 2009, and thus the applicable Performance Period consists of one or more full years (and no partial years), then the Limited-Period Final Potential Payout Percentage will be the percentage that is the average (but in no event greater than 200%) of the Annual Potential Payout Percentages for the covered years in the Performance Period (*e.g.*, one-half ($^1/_2$) of the sum of the two annual percentages if the applicable Performance Period is limited to the full years 2008 and 2009). If all of the Annual Potential Payout Percentages are 0%, then the Limited-Period Final Potential Payout Percentage will be 0%.

15.35 "Limited-Year Annual Potential Payout Percentage" has the meaning set forth in the last two paragraphs of the definition of Annual Potential Payout Percentage in Section 15.3.

15.36 "Peer". A member of the Peer Group or Annual Peer Group, including PNC, is sometimes referred to as a "Peer".

15.37 "Peer Group" or "Annual Peer Group" is defined in Section 15.2.

15.38 "Performance Criteria" means the corporate performance standards established by the Committee as the performance criteria for the Performance Units as set forth in Section 3.1.

15.39 "Performance measurement date" has the meaning set forth in Section 5.1 and refers to the last day of the relevant performance measurement period.

15.40 "Performance Period" means the period during which PNC's corporate performance will be measured against the performance standards established by the Committee pursuant to Section 3. The Performance Period will be the period commencing January 1, 2008 through (and including) the applicable performance measurement date specified in the Agreement.

Subject to early termination or limitation where so indicated in the Agreement by specifying an earlier performance measurement date, the performance measurement date will be December 31, 2010 and the Performance Period will be the period commencing January 1, 2008 through (and including) December 31, 2010.

If the Performance Period is terminated early or limited pursuant to the terms of the Agreement, it is sometimes referred to as the "limited performance period". The three full years in the full Performance Period (2008, 2009 and 2010), or, if applicable, the full and partial years in the limited performance period, are sometimes referred to as "covered years".

15.41 "Performance Units" means the Share-denominated incentive award opportunity of performance units granted to Grantee in this Grant in accordance with Article 10.3 of the Plan.

15.42 "Person" has the meaning given in Section 3(a)(9) of the Exchange Act and also includes any syndicate or group deemed to be a person under Section 13(d)(3) of the Exchange Act.

15.43 "Plan" means The PNC Financial Services Group, Inc. 2006 Incentive Award Plan as amended from time to time.

15.44 “PNC” means The PNC Financial Services Group, Inc.

15.45 “Prorate” or “Prorated” means multiplying by a fraction, sometimes referred to as the “proration factor”, not to exceed 1 and determined as follows.

If the Agreement specifies “prorating by years”, the proration factor is the fraction equal to (a) the number of full years in the applicable Performance Period, (b) divided by three, which is the number of years in the full 3-year period from January 1, 2008 through December 31, 2010.

If the Agreement specifies “prorating by quarters”, the proration factor is the fraction equal to (a) the number of full quarters in the applicable Performance Period, (b) divided by twelve, which is the number of quarters in the full 3-year period from January 1, 2008 through December 31, 2010.

15.46 “Qualifying Termination in Anticipation of a Change in Control.” Grantee’s termination of employment with the Corporation will be deemed to have been a “Qualifying Termination in Anticipation of a Change in Control” for purposes of the Agreement if Grantee’s employment was terminated (other than by reason of Grantee’s death) by the Corporation without Cause or by Grantee for Good Reason and the circumstances of such termination fall within one of the following:

(1) such termination of employment by the Corporation without Cause or by Grantee for Good Reason occurred after the occurrence of a CIC Triggering Event but before such triggering event resulted in a Change in Control or a CIC Failure of such event occurred;

(2) such termination of employment was (a) by the Corporation without Cause, and (b) was either (i) at the request of a third party that had taken steps reasonably calculated to effect a Change in Control or (ii) otherwise arose in anticipation of a Change in Control, and (c) a CIC Coverage Period commences (by reason of the occurrence of either a CIC Triggering Event or a Change in Control) within three (3) months of Grantee’s Termination Date; or

(3) such termination of employment was (a) by Grantee for Good Reason, and (b) the circumstance or event that constitutes Good Reason either (i) occurred at the request of a third party that had taken steps reasonably calculated to effect a Change in Control or (ii) otherwise arose in anticipation of a Change in Control, and (c) a CIC Coverage Period commences (by reason of the occurrence of either a CIC Triggering Event or a Change in Control) within three (3) months of Grantee’s Termination Date.

If Grantee is relying on clause (2) or clause (3) to meet the condition of this definition, Grantee will have the burden of proving that the requirements of such clause have been met and the standard of proof to be met by Grantee will be clear and convincing evidence.

For purposes of clause (2) and clause (3) of this Section 15.46 only, the definition of Change in Control in Section 15.10 will exclude the proviso in Section 15.10(a).

15.47 "Retiree". Grantee is sometimes referred to as a "Retiree" if Grantee Retires, as defined in Section 15.48.

15.48 "Retires" or "Retirement". Grantee "Retires" if his or her employment with the Corporation terminates (a) at any time on or after the first (1st) day of the first (1st) month coincident with or next following the date on which Grantee attains age fifty-five (55) and completes five (5) years of service (where a year of service is determined in the same manner as the determination of a year of Vesting Service under the provisions of The PNC Financial Services Group, Inc. Pension Plan) with the Corporation and (b) for a reason other than termination by reason of Grantee's death or by the Corporation for Cause or, unless the Committee or its delegate determines otherwise, termination in connection with a divestiture of assets or a divestiture of one or more subsidiaries. If Grantee "Retires" as defined herein, the termination of Grantee's employment with the Corporation is sometimes referred to as "Retirement".

15.49 "ROCE" for PNC or another Peer, for purposes of the Agreement for a given full year period, is calculated, on the basis of publicly-reported financial information, as the percentage obtained by (1) dividing (x) the annualized net income of such Peer, as adjusted, where applicable, on an after-tax basis, for the impact of any item for which such impact was the result of a change in tax law, for the impact of any extraordinary items, discontinued operations, acquisition costs and merger integration costs, and certain Visa-related items (as described below), and, in the case of PNC only, for the net impact of PNC's BlackRock LTIP shares obligation (as described below), by (y) average annualized common shareholders' equity, as adjusted by excluding the impact of any goodwill, and (2) expressing the resulting amount as a percent, rounded to the nearest one-hundredth (*e.g.*, 0.00%, with 0.005% being rounded upward to 0.01%).

Where the Agreement requires a measurement of ROCE with respect to PNC and the other Peers for a given period that is a partial rather than a full year, ROCE for purposes of the Agreement will be calculated in the same manner as set forth above but using net income, as adjusted, for such 3, 6 or 9 month period in place of annualized net income, as adjusted, and using average common shareholders' equity for that year-to-date period, as adjusted, in place of average annualized common shareholders' equity, as adjusted, all on the basis of publicly-reported financial information and all adjusted for the impact of the same items, if any, as set forth above, and expressed as a percent, rounded to the nearest one-hundredth (*e.g.*, 0.00%, with 0.005% being rounded upward to 0.01%).

All of the preceding terms used in this definition of ROCE, other than acquisition costs and merger integration costs, certain Visa-related items (as described below), and PNC's BlackRock LTIP shares obligation (as described below), where applicable, will have the meanings assigned to such terms in accordance with GAAP. All after-tax adjustments for PNC and for all other Peers will be calculated using the same methodology for making such adjustments on an after-tax basis. ROCE, as used in the Agreement, will include adjustments, where otherwise applicable, for the impact of any item for which such impact was the result of a change in tax law, for the impact of any acquisition costs and merger integration costs and certain Visa-related items, and, in the case of PNC only, for the net impact of PNC's BlackRock LTIP shares obligation only where such amounts, including with respect to PNC, can be reasonably determined from publicly-disclosed financial information.

"Certain Visa-related items" for PNC or another Peer will mean, as applicable, (1) the expenses or charges recorded by PNC or another Peer that is a financial institution member of Visa U.S.A. Inc. card association or its affiliates ("Visa") for obligations to Visa with respect to the costs of specified litigation or the gains / reversal of expense recognized by PNC or such other Peer on the redemption or sale of their Visa shares in connection with the satisfaction of such obligations and (2) any other gains recognized by PNC or such other Peer on the redemption or sale of their Visa shares with proceeds of Visa's initial public offering.

"PNC's BlackRock LTIP shares obligation" will mean the net impact of PNC's obligation to fund BlackRock, Inc. long-term incentive programs and will include both charges or credits for the mark-to-market of the obligation and gains or losses on the transfer of shares in satisfaction of such obligation.

The Committee may, in its discretion, direct management to provide additional information to the Committee on the impact that other specified adjustments, applied on a consistent basis to the ROCE of each member of the Peer Group, would have had on relative ROCE performance, but no such other adjustments will have the effect of increasing the Calculated Maximum Potential Payout Amount or the Final Award.

15.50 "ROCE performance" means, for purposes of the Agreement for a given full year period or shorter 3, 6 or 9 month period, with respect to each of PNC and each other Annual Peer Group member, the ROCE of each such Peer for such period, calculated as set forth in Section 15.49.

15.51 "Schedules" mean the Annual Peer Group and accompanying Annual Potential Payout Calculation Schedules established by the Committee pursuant to Section 3.2 for 2008, 2009 and 2010.

15.52 "SEC" means the United States Securities and Exchange Commission.

15.53 "Section 409A" means Section 409A of the Internal Revenue Code.

15.54 "Share" means a share of PNC common stock.

15.55 "Target Share Units" means the number of Share Units specified on page 1 of the Agreement as Target Share Units, subject to capital adjustments pursuant to Section 9, if any.

15.56 "Termination Date" means Grantee's last date of employment with the Corporation. If Grantee is employed by a Consolidated Subsidiary that ceases to be a subsidiary of PNC or ceases to be a consolidated subsidiary of PNC under generally accepted accounting principles and Grantee does not continue to be employed by PNC or a Consolidated Subsidiary, then for purposes of the Agreement, Grantee's employment with the Corporation terminates effective at the time this occurs.

16. Grantee Covenants.

16.1 General. Grantee and PNC acknowledge and agree that Grantee has received adequate consideration with respect to enforcement of the provisions of Sections 16 and 17 by virtue of receiving this Grant of an award opportunity of Performance Units (regardless of whether a Final Award is ultimately determined and delivered or of the size of such Final Award, if any); that such provisions are reasonable and properly required for the adequate protection of the business of PNC and its subsidiaries; and that enforcement of such provisions will not prevent Grantee from earning a living.

16.2 Non-Solicitation; No-Hire. Grantee agrees to comply with the provisions of subsections (a) and (b) of this Section 16.2 while employed by the Corporation and for a period of twelve (12) months after Grantee's Termination Date regardless of the reason for such termination of employment.

(a) Non-Solicitation. Grantee shall not, directly or indirectly, either for Grantee's own benefit or purpose or for the benefit or purpose of any Person other than PNC or any of its subsidiaries, solicit, call on, do business with, or actively interfere with PNC's or any subsidiary's relationship with, or attempt to divert or entice away, any Person that Grantee should reasonably know (i) is a customer of PNC or any subsidiary for which PNC or any subsidiary provides any services as of the Termination Date, or (ii) was a customer of PNC or any subsidiary for which PNC or any subsidiary provided any services at any time during the twelve (12) months preceding the Termination Date, or (iii) was, as of the Termination Date, considering retention of PNC or any subsidiary to provide any services.

(b) No-Hire. Grantee shall not, directly or indirectly, either for Grantee's own benefit or purpose or for the benefit or purpose of any Person other than PNC or any of its subsidiaries, employ or offer to employ, call on, or actively interfere with PNC's or any subsidiary's relationship with, or attempt to divert or entice away, any employee of PNC or any of its subsidiaries, nor shall Grantee assist any other Person in such activities.

Notwithstanding the above, if Grantee's employment with the Corporation is terminated by the Corporation without Cause or by Grantee with Good Reason and such Termination Date occurs during a CIC Coverage Period (as defined in Section 15.11), then commencing immediately after such Termination Date, the provisions of subsections (a) and (b) of this Section 16.2 shall no longer apply and will be replaced with the following subsection (c):

(c) No-Hire. Grantee agrees that Grantee shall not, for a period of twelve (12) months after the Termination Date, employ or offer to employ, solicit, actively interfere with PNC's or any PNC affiliate's relationship with, or attempt to divert or entice away, any officer of PNC or any PNC affiliate.

16.3 Confidentiality. During Grantee's employment with the Corporation, and thereafter regardless of the reason for termination of such employment, Grantee will not disclose or use in any way any confidential business or technical information or trade secret acquired in the course of such employment, all of which is the exclusive and valuable property of the Corporation whether or not conceived of or prepared by Grantee, other than (a) information generally known in the Corporation's industry or acquired from public sources, (b) as required in the course of employment by the Corporation, (c) as required by any court, supervisory authority, administrative agency or applicable law, or (d) with the prior written consent of PNC.

16.4 Ownership of Inventions. Grantee shall promptly and fully disclose to PNC any and all inventions, discoveries, improvements, ideas or other works of inventorship or authorship, whether or not patentable, that have been or will be conceived and/or reduced to practice by Grantee during the term of Grantee's employment with the Corporation, whether alone or with others, and that are (a) related directly or indirectly to the business or activities of PNC or any of its subsidiaries or (b) developed with the use of any time, material, facilities or other resources of PNC or any subsidiary ("Developments"). Grantee agrees to assign and hereby does assign to PNC or its designee all of Grantee's right, title and interest, including copyrights and patent rights, in and to all Developments. Grantee shall perform all actions and execute all instruments that PNC or any subsidiary shall deem necessary to protect or record PNC's or its designee's interests in the Developments. The obligations of this Section 16.4 shall be performed by Grantee without further compensation and will continue beyond Grantee's Termination Date.

17. Enforcement Provisions. Grantee understands and agrees to the following provisions regarding enforcement of the Agreement.

17.1 Governing Law and Jurisdiction. The Agreement is governed by and construed under the laws of the Commonwealth of Pennsylvania, without reference to its conflict of laws provisions. Any dispute or claim arising out of or relating to the Agreement or claim of breach hereof shall be brought exclusively in the federal court for the Western District of Pennsylvania or in the Court of Common Pleas of Allegheny County, Pennsylvania. By execution of the Agreement, Grantee and PNC hereby consent to the exclusive jurisdiction of such courts, and waive any right to challenge jurisdiction or venue in such courts with regard to any suit, action, or proceeding under or in connection with the Agreement.

17.2 Equitable Remedies. A breach of the provisions of any of Sections 16.2, 16.3 or 16.4 will cause the Corporation irreparable harm, and the Corporation will therefore be entitled to issuance of immediate, as well as permanent, injunctive relief restraining Grantee, and each and every person and entity acting in concert or participating with Grantee, from initiation and/or continuation of such breach.

17.3 Tolling Period. If it becomes necessary or desirable for the Corporation to seek compliance with the provisions of Section 16.2 by legal proceedings, the period during which Grantee shall comply with said provisions will extend for a period of twelve (12) months from the date the Corporation institutes legal proceedings for injunctive or other relief.

17.4 No Waiver. Failure of PNC to demand strict compliance with any of the terms, covenants or conditions of the Agreement will not be deemed a waiver of such term, covenant or condition, nor will any waiver or relinquishment of any such term, covenant or condition on any occasion or on multiple occasions be deemed a waiver or relinquishment of such term, covenant or condition.

17.5 Severability. The restrictions and obligations imposed by Sections 16.2, 16.3 and 16.4 are separate and severable, and it is the intent of Grantee and PNC that if any restriction or obligation imposed by any of these provisions is deemed by a court of competent jurisdiction to be void for any reason whatsoever, the remaining provisions, restrictions and obligations will remain valid and binding upon Grantee.

17.6 Reform. In the event any of Sections 16.2, 16.3 and 16.4 are determined by a court of competent jurisdiction to be unenforceable because unreasonable either as to length of time or area to which said restriction applies, it is the intent of Grantee and PNC that said court reduce and reform the provisions thereof so as to apply the greatest limitations considered enforceable by the court.

17.7 Waiver of Jury Trial. Each of Grantee and PNC hereby waives any right to trial by jury with regard to any suit, action or proceeding under or in connection with any of Sections 16.2, 16.3 and 16.4.

17.8 Applicable Law. Notwithstanding anything in the Agreement, PNC will not be required to comply with any term, covenant or condition of the Agreement if and to the extent prohibited by law, including but not limited to federal banking and securities regulations, or as otherwise directed by one or more regulatory agencies having jurisdiction over PNC or any of its subsidiaries. Further, to the extent, if any, applicable to Grantee, Grantee agrees to reimburse PNC for any amounts Grantee may be required to reimburse PNC or its subsidiaries pursuant to Section 304 of the Sarbanes-Oxley Act of 2002, and agrees that PNC need not comply with any term, covenant or condition of the Agreement to the extent that doing so would require that Grantee reimburse PNC or its subsidiaries for such amounts pursuant to Section 304 of the Sarbanes-Oxley Act of 2002.

17.9. Compliance with Internal Revenue Code Section 409A. It is the intention of the parties that the Grant and the Agreement comply with the provisions of Section 409A to the extent, if any, that such provisions are applicable to the Agreement, and the Agreement will be administered by PNC in a manner consistent with this intent.

If any payments or benefits hereunder may be deemed to constitute nonconforming deferred compensation subject to taxation under the provisions of Section 409A, Grantee agrees that PNC may, without the consent of Grantee, modify the Agreement to the extent and in the manner PNC deems necessary or advisable or take such other action or actions, including an amendment or action with retroactive effect, that PNC deems appropriate in order either to preclude any such payments or benefits from being deemed "deferred compensation" within the meaning of Section 409A or to provide such payments or benefits in a manner that complies with the provisions of Section 409A such that they will not be taxable thereunder.

18. Amendment to 2007-2009 Incentive Performance Units Agreement. The terms and conditions of the 2007-2009 Incentive Performance Units Agreement between Grantee and PNC are hereby amended as follows.

(1) Section 4.1 is amended by replacing the phrase in the last sentence of the fourth paragraph of that section that begins "except …" and ends "…Agreement" with the following phrase: "except that in the case of death, the determination and payment of said award, if any, shall be accelerated if so indicated in accordance with the applicable provisions of Section 5 or Section 6, as applicable, and Section 7."

(2) Section 4.2 is amended by adding the following phrase to the end of the last sentence of the last paragraph of that section: "and payable in accordance with Section 7".

(3) Section 4.3 is amended by: replacing the phrase "that the Committee may" in the proviso clause in the first paragraph of that section with the phrase "that PNC may"; deleting the phrase "by the Committee" in the first line of the second paragraph of that section; replacing the phrase "eligible for consideration for a prorated award" in the third line of the second paragraph of that section with the phrase "eligible for Committee consideration of a prorated award"; deleting the phrase "by the Committee" in the clause of the first sentence of the fourth paragraph of that section that begins "provided that …"; replacing the phrase "Such award, if any, will be paid during the calendar year" at the beginning of the last sentence of the fourth paragraph of that section with the phrase "Any such award determination will be made and such award, if any, will be calculated in accordance with Section 5.1(c) as described above but will be paid in accordance with Section 7 during the calendar year"; and adding the phrase "and payable in accordance with Section 7" to the end of the last sentence of the last paragraph of that section.

(4) Section 4.4 is amended by: replacing the phrase "that the Committee may" in the proviso clause in the first paragraph of that section with the phrase "that PNC may"; deleting the phrase "by the Committee" in the clause of the first sentence of the fourth paragraph of that section that begins "provided that …"; replacing the phrase "Such award, if any, will be paid during the year" at the beginning of the last sentence of the fourth paragraph of that section with the phrase "Any such award determination will be made and such award, if any, will be paid in accordance with Section 7 during the year"; and adding the phrase "and payable in accordance with Section 7" to the end of the last sentence of the last paragraph of that section.

(5) Section 4.5 is amended by deleting the phrase "by the Committee" from the first paragraph of that section, and by adding the following sentence to the end of the third paragraph of that section: "Any such award will be payable in accordance with Section 7".

(6) Section 5.1(b)(iii) is amended by adding the phrase "will be a Limited-Period Final Potential Payout Percentage and" after the phrase "the applicable Final Potential Payout Percentage" at the beginning of that subsection, and by adding the phrase "specified above" after "applicable Performance Period" in the last line of that subsection. Section 5.1(b)(iv) is amended by inserting "Limited-Period" after the words "the applicable" at the beginning of clause (x) of that subsection, and by adding the phrase "specified above" after "applicable Performance Period" in clause (y) of that subsection.

(7) Section 5.1(c) is amended by: replacing the phrase "by the Committee prior to the award date" in the first sentence of that Section 5.1(c) with the phrase "by PNC prior to the award date"; by changing the section reference appearing in subsection 5.1(c)(iii) from "Section 15.35" to "Section 15.34" to correct the typographical error in the last line of that subsection; by replacing the phrase "applicable Performance Period" in the last line of subsection 5.1(c)(iii) with the phrase "applicable limited Performance Period specified above"; and by replacing the phrase "through the applicable performance measurement date)" at the end of subsection 5.1(c)(iv) with the phrase "through the quarter-end date that is the applicable performance measurement date specified above)".

(8) Section 5.1(d) is amended and restated in its entirety to read as follows:

"(d) Disability. Except as set forth in the following paragraph, in the event that Grantee becomes Disabled prior to the regularly scheduled award date for non-exceptional circumstances in early 2010 but Grantee has met the conditions for a qualifying disability termination set forth in Section 4.4 and the Grant has not been terminated by PNC prior to the award date pursuant to Section 4.4 for Detrimental Conduct and remains outstanding, PNC will present information to the Committee for purposes of this Section 5.1 for consideration of an award on the same basis as that set forth in Section 5.1(a) for a continuing employee of the Corporation, together with such information as the Committee may request concerning the timing and circumstances of the disability. The scheduled award-determination period will occur in early 2010 as provided in Section 7.1.

If Grantee dies after a qualifying disability termination but prior to the award date and the Grant remains outstanding, Grantee will be eligible for consideration for an award at the time and up to the maximum amount of the award Grantee could have received had he or she died while an employee of the Corporation."

(9) Section 5.2(a) is amended by combining the last two sentences of the first paragraph of that subsection into one sentence by replacing the first period with a semicolon.

(10) Section 6 is amended and restated in its entirety to read as follows:

"6. Change in Control Prior to a Committee-Determined Award Date.

6.1 Final Award Calculation.

Notwithstanding anything in the Agreement to the contrary, upon the occurrence of a Change in Control at any time prior to a Committee-determined Award Date pursuant to Section 5.2, (i) the Performance Period, if not already ended, will be limited and will end on the last day of the last full quarter completed prior to the day the Change in Control occurs, or, if the Change in Control occurs on a quarter-end date, on the day the Change in Control occurs, but in no event later than December 31, 2009, (ii) if Dividend Adjustment Share Units were otherwise still accruing at the time, no further Dividend Adjustment Share Units will accrue and be added to the number of Adjusted Target Share Units after the last day of the Performance Period as so limited, and (iii) Grantee will be deemed to have been awarded a Final Award in an amount determined as set forth in this Section 6, payable to Grantee or Grantee's legal representative at the time and in the manner set forth in Section 7, provided that the Grant is outstanding as of the end of the day immediately preceding the day on which the Change in Control occurs and has not already terminated or been terminated in accordance with the terms of Section 4.

If this Section 6 is applicable and a Final Award is deemed to be awarded pursuant to Section 6, the day the Change in Control occurs will be considered the Award Date for purposes of the Agreement. This date is sometimes referred to in the Agreement as the "Change-in-Control-determined Award Date" (as set forth in Section 15.5).

(a) Standard CIC Payout Calculation. Provided that Grantee is an employee of the Corporation and the Grant is outstanding as of the end of the day immediately preceding the day on which the Change in Control occurs such that Grantee remains eligible for an award, Grantee's Final Award will be determined as follows:

(i) the applicable performance measurement date will be the last day of the last full quarter completed prior to the day the Change in Control occurs, or, if the Change in Control occurs on a quarter-end date, the day the Change in Control occurs, but in no event later than December 31, 2009;

(ii) the applicable Performance Period will be the period commencing on January 1, 2007 and ending on the applicable performance measurement date, and will consist of the full and partial years in that period;

(iii) the scheduled award-determination period will occur as soon as practicable after the occurrence of the Change in Control; and

(iv) a Final Award will be calculated in two parts (Part A and Part B), and the Final Award amount will be the sum of the amounts calculated for the Part A Award and the Part B Award as set forth below; provided, however, that the Part B Award is subject to Section 6.3 and that the Part B Award is not applicable in the limited circumstance where the Change in Control occurs on or after December 31, 2009 and the Part A Award is not prorated.

Part A Award: The Part A Award amount will be the number of Share Units equal to:

(1) the “CIC Payout Percentage” (calculated as set forth below) of the Adjusted Target Share Units, with adjustments calculated through the quarter-end date that is the applicable performance measurement date specified above, then, except where the Change in Control occurs on or after December 31, 2009 and therefore the applicable Performance Period covers a full three years,

(2) prorated (as defined in Section 15.45) based on the number of full quarters in the applicable limited Performance Period (*i.e.*, in the period from January 1, 2007 through the quarter-end date that is the applicable performance measurement date specified above).

The “CIC Payout Percentage” will be (a) or (b) below, as applicable, (but in no event greater than 200%):

(a) if the Change in Control occurs prior to December 31, 2009, such that the Performance Period is less than three full years, the CIC Payout Percentage will be the higher of (1) 100% and (2) a Limited-Period Final Potential Payout Percentage calculated as set forth in Section 15.34 for the applicable limited Performance Period specified above; and

(b) if the Change in Control occurs on or after December 31, 2009, the CIC Payout Percentage will be the average of the Annual Potential Payout Percentages for the full years 2007, 2008 and 2009.

Part B Award: Subject to Section 6.3, the Part B Award amount will be the number of Share Units equal to:

(1) 100% of the Adjusted Target Share Units, with adjustments calculated through the quarter-end date that is the applicable performance measurement date specified above, multiplied by

(2) the fraction equal to 1.00 minus the fraction used for the proration by quarters in the calculation of the Part A Award above.

If the calculation of the Part A Award above does not include a proration factor, the Part B Award will not be applicable.

If Grantee dies after the Change in Control occurs, Grantee's Final Award determined pursuant to this Section 6.1(a) will be paid to Grantee's legal representative, as determined in good faith by the Committee, in accordance with Section 10.

(b) Death. If Grantee died while an employee of the Corporation and a Final Award determination (either to award a specified amount or not to authorize any award) was made by the Committee pursuant to Section 5.2 prior to the Change in Control, no further or different award determination will be made pursuant to this Section 6.1.

In the event the Grantee died while an employee of the Corporation and qualified for consideration for an award pursuant to Section 4.2 but the Committee had not yet made an award determination (either to award a specified amount or not to authorize any award) with respect to Grantee at the time the Change in Control occurs such that Grantee remains eligible for an award, then the scheduled award-determination period will occur as soon as practicable after the occurrence of the Change in Control, and the amount of Grantee's Final Award (payable to Grantee's legal representative, as determined in good faith by the Committee, in accordance with Section 10) will be determined on the following basis, as applicable.

(1) If Grantee died in the calendar year prior to the Change in Control but the Committee had not yet made an award determination (either to award a specified amount or not to authorize any award) with respect to Grantee at the time the Change in Control occurs, Grantee's Final Award will be in the amount of the Calculated Maximum Potential Payout Amount determined in the same manner as set forth in Section 5.1(b) but with no Committee discretion to reduce the amount of the award.

(2) If Grantee died in the same calendar year as the Change in Control, Grantee's Final Award will be in the amount of the award that would have been payable to Grantee pursuant to the calculations set forth in Section 6.1(a), but substituting a Part B Award of zero Share Units for any Part B Award amount calculated pursuant to that section, had Grantee not died but had been an employee of the Corporation as of the end of day immediately preceding the day the Change in Control occurred.

(c) Qualifying Retirement. In the event that Grantee Retired prior to the day the Change in Control occurs but Grantee has met the conditions for a qualifying retirement termination set forth in Section 4.3 and the Grant has not been terminated by PNC prior to the Change in Control pursuant to Section 4.3 for Detrimental Conduct and is outstanding as of the end of the day immediately preceding the day on which the Change in Control occurs such that Grantee remains eligible for an award, Grantee's Final Award will be in the amount of the lesser of:

(1) the Calculated Maximum Potential Payout Amount determined in the same manner as set forth in Section 5.1(c) but with no Committee discretion to reduce the amount of the award; and

(2) the amount of the award that would have been payable to Grantee pursuant to the calculations set forth in Section 6.1(a), but substituting a Part B Award of zero Share Units for any Part B Award amount calculated pursuant to that section, had Grantee not Retired but had been an employee of the Corporation as of the end of the day immediately preceding the day the Change in Control occurred.

The scheduled award-determination period will occur as soon as practicable after the occurrence of the Change in Control.

If Grantee died while a qualified Retiree and a Final Award determination (either to award a specified amount or not to authorize any award) was made by the Committee pursuant to Section 5.2 prior to the Change in Control, no further or different award determination will be made pursuant to this Section 6.1.

If no such Final Award determination was made prior to the Change in Control, Grantee's Final Award determined pursuant to this Section 6.1(c) will be paid to Grantee's legal representative, as determined in good faith by the Committee, in accordance with Section 10.

(d) Disability. In the event that Grantee became Disabled and Grantee's employment with the Corporation terminated prior to the day the Change in Control occurs but Grantee has met the conditions for a qualifying disability termination set forth in Section 4.4 and the Grant has not been terminated by PNC prior to the Change in Control pursuant to Section 4.4 for Detrimental Conduct and is outstanding as of the end of the day immediately preceding the day on which the Change in Control occurs such that Grantee remains eligible for an award, Grantee's Final Award will be in the amount of the award that would have been payable to Grantee pursuant to the calculations set forth in Section 6.1(a), but substituting a Part B Award of zero Share Units for any Part B Award amount calculated pursuant to that section, had Grantee still been an employee of the Corporation as of the end of the day immediately preceding the day the Change in Control occurred. The scheduled award-determination period will occur as soon as practicable after the occurrence of the Change in Control.

If Grantee died while qualified to receive an award and a Final Award determination (either to award a specified amount or not to authorize any award) was made by the Committee pursuant to Section 5.2 prior to the Change in Control, no further or different award determination will be made pursuant to this Section 6.1. If no such Final Award determination was made prior to the Change in Control, Grantee's Final Award (payable to Grantee's legal representative, as determined in good faith by the Committee, in accordance with Section 10) will be an award determined in accordance with Section 6.1(b) as if Grantee had died while an employee of the Corporation and prior to the Change in Control.

(e) Qualifying Termination in Anticipation of a Change in Control. In the event that Grantee's termination of employment satisfies all of the conditions set forth in Section 4.5 and Section 15.46 for a qualifying termination in anticipation of a change in control such that the Grant is outstanding at the time the Change in Control occurs and Grantee remains eligible for an award, Grantee will receive a Final Award on the following basis, as applicable.

(1) If the Change in Control occurs within three (3) months of Grantee's Termination Date, Grantee will receive a Final Award on the same basis as a continuing employee of the Corporation as set forth in Section 6.1(a).

(2) If the Change in Control occurs more than three (3) months after Grantee's Termination Date but the Grant is outstanding because Grantee's termination of employment qualifies under Section 4.5 and Section 15.46 by, among other conditions, having occurred after or within three months prior to a CIC Triggering Event, Grantee will receive a Final Award on the same basis as a qualifying Retiree as set forth in Section 6.1(c).

If Grantee died while qualified to receive an award and a Final Award determination (either to award a specified amount or not to authorize any award) was made by the Committee pursuant to Section 5.2 prior to the Change in Control, no further or different award determination will be made pursuant to this Section 6.1. If no such Final Award determination was made prior to the Change in Control, Grantee's Final Award (payable to Grantee's legal representative, as determined in good faith by the Committee, in accordance with Section 10) will be the same amount as the Final Award that would have been paid to Grantee pursuant to this Section 6.1(e) had Grantee still been alive on the Change-in-Control-determined Award Date.

6.2 No Committee Discretion. The Committee may not exercise any negative discretion pursuant to Section 5.2(b) or otherwise exercise discretion pursuant to the Agreement in any way that would serve to reduce an award deemed to be made to Grantee pursuant to this Section 6.

6.3 Conditions for Final Award Calculation Part B Award. Certain subsections of Section 6.1 specify that a Final Award will be calculated in two parts: Part A Award and Part B Award. The Part B Award portion, where otherwise applicable pursuant to Section 6.1, is subject to the condition that Grantee have entered into a new change of control employment agreement with PNC after January 1, 2008.

Notwithstanding anything in Section 6.1 to the contrary, unless and until Grantee has entered into such an agreement, the calculation of a Final Award pursuant to Section 6.1 shall in no event include a Part B Award."

(11) Section 7.1 is amended and restated in its entirety to read as follows:

"7.1 Delivery of Final Award Determined by the Committee. Any Final Award determined by the Committee pursuant to Section 5.2 will be settled by delivery of whole Shares and, if applicable, cash Share-equivalents that together equal the number of Share Units specified in the Final Award, subject to the payment of applicable withholding taxes as set forth in Section 11.

(a) Form of Payment. Except where the Committee awards a prorated Final Award to Grantee as a qualifying Retiree or in the event of Grantee's death, any Final Award determined by the Committee pursuant to Section 5.2 will be settled by delivery of that number of whole Shares equal to the number of Share Units specified in the Final Award up to a number of Shares equal to the number specified in the Grant as the Target Share Units number (which number, without regard to any additions for Dividend Adjustment Share Units but after any capital adjustments pursuant to Section 9, is also the maximum number of Shares that may be paid with respect to the Performance Units hereunder). If the number of Share Units specified in the Final Award exceeds that maximum number of Shares, then any excess of such number of Share Units will be settled in cash (sometimes referred to in the Agreement as "cash Share-equivalents") in an amount equal to such excess number of Share Units multiplied by the Fair Market Value (as defined in Section 15.25) of a share of PNC common stock on the Award Date or as otherwise provided in Section 9, if applicable.

In the event that a Final Award determined by the Committee is a prorated award and is made to Grantee as a qualifying Retiree or in the event of Grantee's death, then the form of payment of any such Final Award will be determined as follows. The Final Award will be settled by delivery of whole Shares up to a number of Shares equal to the product of the proration factor used in calculating the award and the number specified in the Grant as the Target Share Units number, rounded down to the nearest whole number, and any remainder will be settled in cash as cash Share-equivalents.

(b) Timing. Determination of eligibility for an award, calculation of the maximum permitted award amount, and a decision by the Committee on whether or not to authorize an award and, if so, the size of such Final Award (the "scheduled award-determination process") and then payment of any such Final Award will all generally occur in the first quarter of 2010 or as soon thereafter as practicable after the final Peer data necessary for the Committee to make its award determination is available. In general, it is expected that the Award Date will occur in 2010 and no later than the end of the second quarter of that year, and that payment of a Final Award, if any, will be made as soon as practicable after the Award Date. Except as otherwise provided below, in no event will payment be made earlier than January 1, 2010 or later than December 31, 2010 other than in unusual circumstances where a further delay thereafter would be permitted under Section 409A of the Internal Revenue Code, and if such a delay is permissible, as soon as practicable within such limits.

In the event of Grantee's death prior to the Award Date where Grantee has satisfied all of the conditions of Section 4.2, 4.3, 4.4 or 4.5 of the Agreement and otherwise meets all applicable criteria as set forth in the Agreement for consideration for an award, (a) the scheduled award-determination process will occur at the same time and in the same manner as set forth above for grantees of 2007-2009 Incentive Performance Units who remain employees of the Corporation, provided that if the death occurs prior to 2009, the scheduled award-determination process will occur in the calendar year immediately following Grantee's death, and (b) payment of a Final Award, if any, will be made during the calendar year immediately following the year in which Grantee died if the death occurs on or prior to December 31, 2009, or in 2010 if Grantee dies in 2010, provided, that, in no event will payment occur later than December 31st of the calendar year so specified as the year for payment, other than in unusual circumstances where a further delay thereafter would be permitted under Section 409A of the Internal Revenue Code, and if such a delay is permissible, as soon as practicable within such limits.

Otherwise, in the event that Grantee is no longer employed by the Corporation but has satisfied all of the conditions of Section 4.3, 4.4 or 4.5 of the Agreement and otherwise meets all applicable criteria as set forth in the Agreement for consideration for an award, (a) the scheduled award-determination process will occur at the same time and in the same manner as set forth above for grantees of 2007-2009 Incentive Performance Units who remain employees of the Corporation, generally in 2010 during the first quarter of that year, and (b) once the Committee has made its award determination, payment of a Final Award, if any, will be made as soon as practicable after the Award Date, provided, that, in no event will payment be made earlier than January 1, 2010 or later than December 31, 2010, other than in unusual circumstances where a further delay thereafter would be permitted under Section 409A of the Internal Revenue Code, and if such a delay is permissible, as soon as practicable within such limits.

(c) Dividend Record Dates. In the event that one or more record dates for dividends on PNC common stock occur after December 31, 2009 (or, in the event of Grantee's death prior to 2009, after the end of the applicable Performance Period) but before the date the Final Award, if any, is paid pursuant to this Section 7.1, PNC will make a cash payment to Grantee in an amount equivalent to the amount of the dividends Grantee would have received had the number of Share Units specified in the Final Award been that number of shares of PNC common stock and had such shares been issued and outstanding on January 1, 2010 (or, in the event of Grantee's death prior to 2009, on the January 1st immediately following the last day of the applicable Performance Period) and had remained outstanding on the record date or dates for such dividends. Any such payment will be made at the same time as payment of the Final Award, if any.

(d) Disputes. If there is a dispute regarding payment of the Final Award, PNC will settle the undisputed portion of the award, if any, within the time frame set forth above in this Section 7.1, and will settle any remaining portion as soon as practicable after such dispute is finally resolved but in any event within the time period permitted under Section 409A of the Internal Revenue Code."

(12) Section 7.2 is amended and restated in its entirety to read as follows:

"7.2 Delivery of Final Award Determined by Section 6. If a Final Award is deemed to be made pursuant to Section 6 rather than determined by the Committee pursuant to Section 5.2, the Final Award is fully vested as of the date of the Change in Control. The size of the Final Award in Share Units will be calculated as of the date of the Change in Control once the final data necessary for the award determination is available, and the Final Award will be paid as set forth below.

(a) Timing. Payment of the Final Award will be made by PNC at the time set forth in subsection (a)(1) of this Section 7.2 unless payment at such time would be a noncompliant payment under Section 409A of the Internal Revenue Code, and otherwise, at the time set forth in subsection (a)(2) of this Section 7.2, in either case as further described below.

(1) If, under the circumstances, the Change in Control is a permissible payment event under Section 409A of the Internal Revenue Code, payment of the Final Award will be made by PNC as soon as practicable after the date the Change in Control occurs and the amount of the Final Award is determinable and

determined in accordance with Section 6, but in no event later than December 31st of the calendar year in which the Change in Control occurs or, if later, by the 15th day of the third calendar month following the date on which the Change in Control occurs, other than in unusual circumstances where a further delay thereafter would be permitted under Section 409A of the Internal Revenue Code, and if such a delay is permissible, as soon as practicable within such limits.

(2) If, under the circumstances, payment at the time of the Change in Control would not comply with Section 409A of the Internal Revenue Code, then payment will be made as soon as practicable after January 1, 2010, but in no event later than December 31, 2010.

(b) Form of Payment.

(1) If, under the circumstances, the Change in Control is a permissible payment event under Section 409A of the Internal Revenue Code and payment of the Final Award is made at the time specified in Section 7.2(a)(1), then the Final Award will be settled in Shares and cash Share-equivalents in the same proportions as specified in Section 7.1(a) for Committee-determined awards, except that payment will be made entirely in cash if so provided in the circumstances pursuant to Section 9.2.

In the event that one or more record dates for dividends on PNC common stock occur on or after the date of the Change in Control but before the date the Final Award is paid pursuant to Section 7.2(a)(1), PNC will also make a cash payment to Grantee in an amount equivalent to the amount of the dividends Grantee would have received had the number of Share Units specified in the Final Award been that number of shares of PNC common stock and had such shares been issued and outstanding on the date of the Change in Control and remained outstanding on the record date or dates for such dividends. Any such payment will be made at the same time as payment of the Final Award, and will be applicable only in the event that the Change in Control is a permissible payment event under Section 409A of the Internal Revenue Code and payment of the Final Award is made at the time specified in Section 7.2(a)(1).

(2) If, under the circumstances, payment at the time of the Change in Control would not comply with Section 409A of the Internal Revenue Code and payment of the Final Award is made at the time specified in Section 7.2(a)(2), then the Final Award will be paid entirely in cash and will be in an amount equal to the base amount described below in subsection (A) of this Section 7.2(b)(2) plus the phantom investment amount described below in subsection (B) of this Section 7.2(b)(2).

(A) The base amount will be an amount equal to the number of Share Units specified in the Final Award multiplied by the Fair Market Value (as defined in Section 15.25) of a share of PNC common stock on the date of the Change in Control or as otherwise provided in Section 9, if applicable.

(B) The phantom investment amount will be either (i) or (ii), whichever is larger: (i) interest on the base amount described in Section 7.2(b)(2)(A) from the date of the Change in Control through the payment date at the short-term, mid-term or long-term Federal rate under Internal Revenue Code Section 1274 (b)(2)(B), as applicable depending on the term until payment, compounded semi-annually; or (ii) a phantom investment amount with respect to said base amount that reflects, if positive, the performance of the PNC stock or other consideration received by a PNC common shareholder in the Change in Control transaction, with dividends reinvested in such stock, from the date of the Change in Control through the payment date. PNC may, at its option, provide other phantom investment alternatives in addition to those referenced in the preceding sentence and may permit Grantee to make a phantom investment election from among such alternatives under and in accordance with procedures established by PNC, but any such alternatives must provide for at least the two phantom investments set forth in Section 7.2(b)(2)(B)(i) and (ii) at a minimum. The phantom investment amount will be applicable only in the event that payment at the time of the Change in Control would not comply with Section 409A of the Internal Revenue Code and thus payment is made at the time specified in Section 7.2(a)(2) rather than at the time specified in Section 7.2(a)(1).

(c) Disputes. If there is a dispute regarding payment of the Final Award, PNC will settle the undisputed portion of the award, if any, within the time frame set forth in the applicable subsection of Section 7.2(a), and will settle any remaining portion as soon as practicable after such dispute is finally resolved but in any event within the time period permitted under Section 409A of the Internal Revenue Code.

(13) Section 7.3 is amended by adding the following phrase to the end of the second sentence of the first paragraph of that section: “at the time specified in the applicable subsection of Section 7.2”.

(14) The definition of Annual Potential Payout Calculation Schedule in Section 15.4 is amended by inserting the phrase “as applicable” after the phrase “pursuant to Section 3.2” in that section.

(15) The definition of CIC Payout Percentage in Section 15.13 is amended by changing the section reference therein from “Section 6.1(a)(iii)” to “Section 6.1(a)(iv)”.

(16) The definition of Disabled in Section 15.20 is amended and restated in its entirety to read as follows:

“15.20 “Disabled” or “Disability” means, except as may otherwise be required by Section 409A, that Grantee either (i) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or (ii) is, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving (and has received for at least three months) income replacement benefits under any Corporation-sponsored disability benefit plan. If Grantee has been determined to be eligible for Social Security disability benefits, Grantee shall be presumed to be Disabled as defined herein."

(17) The definition of EPS in Section 15.22 is amended and restated in its entirety to read as follows:

"15.22 "EPS" for PNC or another Peer, for purposes of the Agreement, is calculated, for a given full year or shorter 3, 6, or 9 month period, as: (a) the publicly-reported diluted earnings per share of such Peer for that year (or shorter 3, 6, or 9 month period) prepared in accordance with GAAP; then (b) adjusted, where applicable, on an after-tax basis, for the impact of any extraordinary items, discontinued operations, acquisition costs and merger integration costs, and stock splits (whether in the form of a stock split or a stock dividend), all as determined on the basis of publicly-reported financial information; provided, however, that for purposes of the 2007-2009 Incentive Performance Units and this Agreement only, EPS for the full year 2006 or shorter 3, 6, or 9 month period of 2006, shall be further adjusted, on an after-tax basis, (1) for the impact of the following significant 2006 items: (i) gain on the BlackRock / Merrill Lynch Investment Managers transaction; (ii) securities portfolio rebalancing loss; and (iii) mortgage loan portfolio repositioning loss; and (2) as if PNC had recorded its investment in BlackRock on the equity method for all of 2006, all as determined from financial information publicly disclosed by PNC; and provided, further, that for purposes of calculating EPS Growth or EPS Growth performance with respect to PNC or another Peer for any full or partial 2008 or 2009 period only, EPS, as defined in this Section 15.22, for 2007, 2008 and 2009 periods as applicable shall be further adjusted, where applicable, on an after-tax basis, for the impact of any item for which such impact was the result of a change in tax law and for the impact of certain Visa-related items (as described below).

All of the preceding terms, other than acquisition costs and merger integration costs where applicable, the additional 2006 adjustments set forth above where applicable, and certain Visa-related items where applicable, will have the meanings assigned to such terms in accordance with GAAP. All after-tax adjustments for PNC and for all other Peers will be calculated using the same methodology for making such adjustments on an after-tax basis. EPS, as used in the Agreement, will include adjustments, where otherwise applicable, for the impact of any item for which such impact was the result of a change in tax law, for the impact of any acquisition costs and merger integration costs, and for the impact of certain Visa-related items (as described below) only where such amounts, including with respect to PNC, can be reasonably determined from publicly-disclosed financial information. EPS will be rounded to the nearest one cent (*e.g.*, $0.00, with $0.005 being rounded upward to $0.01).

"Certain Visa-related items" for PNC or another Peer will mean, as applicable, (1) the expenses or charges recorded by PNC or another Peer that is a financial institution member of Visa U.S.A. Inc. card association or its affiliates ("Visa") for obligations to Visa with respect to the costs of specified litigation or the gains / reversal of expense recognized by PNC or such other Peer in connection with the satisfaction of such obligations and (2) any other gains recognized by PNC or such other Peer on the redemption or sale of their Visa shares with proceeds of Visa's initial public offering.

The Committee may, in its discretion, direct management to provide additional information to the Committee on the impact that other specified adjustments, applied on a consistent basis to the EPS of each member of the Peer Group, would have had on relative EPS Growth performance, but no such other adjustments will have the effect of increasing the Calculated Maximum Potential Payout Amount or the Final Award."

(18) The definition of EPS Growth or EPS Growth performance in Section 15.23 is amended by inserting the phrase "(calculated as set forth in Section 15.22)" after the term EPS each time the term EPS appears in Section 15.23, and by replacing the phrase "dividing the resulting number by the EPS" at the beginning of clause (2) of that definition with the phrase "dividing the resulting number by the absolute value of the EPS".

(19) The definition of Final Potential Payout Percentage in Section 15.27 is amended and restated in its entirety to read as follows:

"15.27 "Final Potential Payout Percentage."

Where a Final Award determination is made pursuant to Section 5, the term "Final Potential Payout Percentage" will have the meaning set forth in (a) or (b) below, whichever is applicable in the circumstances.

(a) Where the Performance Period specified by the applicable section of the Agreement is the full three-year period commencing January 1, 2007 through and including December 31, 2009, then the Final Potential Payout Percentage will be the percentage that is the average (but in no event greater than 200%) of the Annual Potential Payout Percentages for the three full covered years in the Performance Period (*i.e.*, one-third ($^1/_3$rd) of the sum of the annual percentages for the full years 2007, 2008 and 2009). If all of the Annual Potential Payout Percentages are 0%, then the Final Potential Payout Percentage will be 0%.

(b) Where the applicable performance measurement date specified by the Agreement is a quarter-end or year-end date other than December 31, 2009, then the Final Potential Payout Percentage will be a Limited-Period Final Potential Payout Percentage and will be calculated as set forth in Section 15.34.

Where a Final Award is deemed to be awarded pursuant to Section 6 by reason of the occurrence of a Change in Control, the payout calculation will be as set forth in the applicable subsection of Section 6."

(20) Clause (a) of the definition of Limited-Period Final Potential Payout Percentage in Section 15.34 is amended by revising clause (a)(ii) to read as follows: "(ii) the number of full completed quarters in the partial year of the applicable limited Performance Period, times the Limited-Year Annual Potential Payout Percentage for that partial year;".

(21) The definition of Retires or Retirement in Section 15.48 is amended and restated in its entirety to read as follows:

"15.48 "Retires" or "Retirement". Grantee "Retires" if his or her employment with the Corporation terminates (a) at any time on or after the first (1st) day of the first (1st) month coincident with or next following the date on which Grantee attains age fifty-five (55) and completes five (5) years of service (where a year of service is determined in the same manner as the determination of a year of Vesting Service under the provisions of The PNC Financial Services Group, Inc. Pension Plan) with the Corporation and (b) for a reason other than termination by reason of Grantee's death or by the Corporation for Cause or, unless the Committee or its delegate determines otherwise, termination in connection with a divestiture of assets or a divestiture of one or more subsidiaries. If Grantee "Retires" as defined herein, the termination of Grantee's employment with the Corporation is sometimes referred to as "Retirement"."

(22) The definition of ROCE in Section 15.49 is amended and restated in its entirety to read as follows:

"15.49 "ROCE". For purposes of calculating ROCE performance with respect to PNC or another Peer under the Agreement for any given 2007 period only, ROCE shall be calculated, on the basis of publicly-reported financial information, as the percentage obtained by (1) dividing (x) the annualized net income of such Peer, as adjusted, on an after-tax basis, for the impact of any extraordinary items, discontinued operations, and acquisition costs and merger integration costs, as applicable, by (y) average annualized common shareholders' equity, as adjusted by excluding, on an after-tax basis, the impact of any goodwill, cumulative effects of accounting changes, extraordinary items, discontinued operations, and acquisition costs and merger integration costs, and (2) expressing the resulting amount as a percent, rounded to the nearest one-hundredth (*e.g.*, 0.00%, with 0.005% being rounded upward to 0.01%).

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For purposes of calculating ROCE with respect to PNC or another Peer under the Agreement for any given 2008 or 2009 period only, ROCE shall be calculated, on the basis of publicly-reported financial information, as the percentage obtained by (1) dividing (x) the annualized net income of such Peer, as adjusted, on an after-tax basis, for the impact of any item for which such impact was the result of a change in tax law, for the impact of any extraordinary items, discontinued operations, acquisition costs and merger integration costs, and certain Visa-related items (as described below), as applicable, by (y) average annualized common shareholders' equity, as adjusted by excluding the impact of any goodwill, and (2) expressing the resulting amount as a percent, rounded to the nearest one-hundredth (*e.g.*, 0.00%, with 0.005% being rounded upward to 0.01%).

"Certain Visa-related items" for PNC or another Peer will mean, as applicable, (1) the expenses or charges recorded by PNC or another Peer that is a financial institution member of Visa U.S.A. Inc. card association or its affiliates ("Visa") for obligations to Visa with respect to the costs of specified litigation or the gains / reversal of expense recognized by PNC or such other Peer on the redemption or sale of their Visa shares in connection with the satisfaction of such obligations and (2) any other gains recognized by PNC or such other Peer on the redemption or sale of their Visa shares with proceeds of Visa's initial public offering.

Where the Agreement requires a measurement of ROCE with respect to PNC and the other Peers for a given period that is a partial rather than a full year, ROCE for purposes of the Agreement will be calculated in the same manner as set forth above but using net income, as adjusted, for such 3, 6 or 9 month period in place of annualized net income, as adjusted, and using average common shareholders' equity for that year-to-date period, as adjusted, in place of average annualized common shareholders' equity, as adjusted, all on the basis of publicly-reported financial information and all adjusted for the impact of the same items, if any, as set forth above, and expressed as a percent, rounded to the nearest one-hundredth (*e.g.*, 0.00%, with 0.005% being rounded upward to 0.01%).

All of the preceding terms used in this definition of ROCE, other than acquisition costs and merger integration costs where applicable and certain Visa-related items (as described above) where applicable, will have the meanings assigned to such terms in accordance with GAAP. All after-tax adjustments for PNC and for all other Peers will be calculated using the same methodology for making such adjustments on an after-tax basis. ROCE, as used in the Agreement, will include adjustments, where otherwise applicable, for the impact of any item for which such impact was the result of a change in tax law, for the impact of any acquisition costs and merger integration costs, and for the impact of certain Visa-related items only where such amounts, including with respect to PNC, can be reasonably determined from publicly-disclosed financial information.

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The Committee may, in its discretion, direct management to provide additional information to the Committee on the impact that other specified adjustments, applied on a consistent basis to the ROCE of each member of the Peer Group, would have had on relative ROCE performance, but no such other adjustments will have the effect of increasing the Calculated Maximum Potential Payout Amount or the Final Award."

(23) The definition of Transition Factor in Section 15.57 is deleted in its entirety.

19. Amendment to 2006-2008 Incentive Performance Unit Agreement The terms and conditions of the 2006-2008 Incentive Performance Unit Agreement between Grantee and PNC are hereby amended as follows.

(1) Section 4.1 is amended by replacing the phrase in the last sentence of the fourth paragraph of that section that begins "except …" and ends "…Agreement" with the following phrase: "except that in the case of death, the determination and payment of said award, if any, shall be accelerated if so indicated in accordance with the applicable provisions of Section 5 or Section 6, as applicable, and Section 7."

(2) Section 4.2 is amended by adding the following phrase to the end of the last sentence of the last paragraph of that section: "and payable in accordance with Section 7".

(3) Section 4.3 is amended by: replacing the phrase "that the Committee may" in the proviso clause in the first paragraph of that section with the phrase "that PNC may"; replacing the phrase "eligible for consideration for a prorated award" in the second paragraph of that section with the phrase "eligible for Committee consideration of a prorated award"; replacing the phrase "the Committee will consider an award for Grantee and make an award determination and any such award will be paid during the year" in the fourth paragraph of that section with the following: "the Committee may consider an award for Grantee and make an award determination with respect to Grantee (either to award a specified amount or not to authorize any award). Any such award determination will be made and such award, if any, will be calculated in accordance with Section 5.1(c) as described above but will be paid in accordance with Section 7 during the year"; and adding the phrase "and payable in accordance with Section 7" to the end of the last sentence of the last paragraph of that section.

(4) Section 4.4 is amended by: replacing the phrase "that the Committee may" in the proviso clause in the first paragraph of that section with the phrase "that PNC may"; replacing the phrase "the Committee will consider an award for Grantee and make an award determination and any such award will be paid during the year" in the fourth paragraph of that section with the following: "the Committee may consider an award for Grantee and make an award determination with respect to Grantee (either to award a specified amount or not to authorize any award). Any such award determination will be made and such award, if any, will be paid in accordance with Section 7 during the year"; and adding the phrase "and payable in accordance with Section 7" to the end of the last sentence of the last paragraph of that section.

(5) Section 4.5 is amended by deleting the phrase "by the Committee" from the first paragraph of that section, and by adding the following sentence to the end of the third paragraph of that section: "Any such award will be payable in accordance with Section 7".

(6) Section 5.1(b)(iii) is amended by adding the phrase "will be a Limited-Period Final Potential Payout Percentage and" after the phrase "the applicable Final Potential Payout Percentage" at the beginning of that subsection, and by adding the phrase "specified above" after "applicable Performance Period" in the last line of that subsection. Section 5.1(b)(iv) is amended by inserting "Limited-Period" after the words "the applicable" at the beginning of clause (x) of that subsection, and by adding the phrase "specified above" after "applicable Performance Period" in clause (y) of that subsection.

(7) Section 5.1(c) is amended by: adding the phrase "but in no event later than December 31, 2008" to the end of subsection 5.1(c)(i); by replacing the phrase "applicable Performance Period" in the last line of subsection 5.1(c)(iii) with the phrase "applicable limited Performance Period specified above"; and by replacing the phrase "through the applicable performance measurement date)" at the end of subsection 5.1(c)(iv) with the phrase "through the quarter-end date that is the applicable performance measurement date specified above)".

(8) Section 5.1(d) is amended and restated in its entirety to read as follows:

"(d) Disability. Except as set forth in the following paragraph, in the event that Grantee becomes Disabled prior to the regularly scheduled award date for non-exceptional circumstances in early 2009 but Grantee has met the conditions for a qualifying disability termination set forth in Section 4.4 and the Grant remains outstanding, PNC will present information to the Committee for purposes of this Section 5.1 for consideration of an award on the same basis as that set forth in Section 5.1(a) for a continuing employee of the Corporation, together with such information as the Committee may request concerning the timing and circumstances of the disability. The scheduled award-determination period will occur in early 2009 as provided in Section 7.1.

If Grantee dies after a qualifying disability termination but prior to the award date and the Grant remains outstanding, Grantee will be eligible for consideration for an award at the time and up to the maximum amount of the award Grantee could have received had he or she died while an employee of the Corporation."

(9) Section 5.2(a) is amended by combining the last two sentences of the first paragraph of that subsection into one sentence by replacing the first period with a semicolon.

(10) Section 6 is amended and restated in its entirety to read as follows:

"6. Change in Control Prior to a Committee-Determined Award Date.

6.1 Final Award Calculation.

Notwithstanding anything in the Agreement to the contrary, upon the occurrence of a Change in Control at any time prior to a Committee-determined Award Date pursuant to Section 5.2, (i) the Performance Period, if not already ended, will be limited and will end on the last day of the last full quarter completed prior to the day the Change in Control occurs, or, if the Change in Control occurs on a quarter-end date, on the day the Change in Control occurs, but in no event later than December 31, 2008, (ii) if Dividend Adjustment Share Units were otherwise still accruing at the time, no further Dividend Adjustment Share Units will accrue and be added to the number of Adjusted Target Share Units after the last day of the Performance Period as so limited, and (iii) Grantee will be deemed to have been awarded a Final Award in an amount determined as set forth in this Section 6, payable to Grantee or Grantee's legal representative at the time and in the manner set forth in Section 7, provided that the Grant is outstanding as of the end of the day immediately preceding the day on which the Change in Control occurs and has not already terminated or been terminated in accordance with the terms of Section 4.

If this Section 6 is applicable and a Final Award is deemed to be awarded pursuant to Section 6, the day the Change in Control occurs will be considered the Award Date for purposes of the Agreement. This date is sometimes referred to in the Agreement as the "Change-in-Control-determined Award Date" (as set forth in Section 15.5).

(a) Standard CIC Payout Calculation. Provided that Grantee is an employee of the Corporation and the Grant is outstanding as of the end of the day immediately preceding the day on which the Change in Control occurs such that Grantee remains eligible for an award, Grantee's Final Award will be determined as follows:

(i) the applicable performance measurement date will be the last day of the last full quarter completed prior to the day the Change in Control occurs, or, if the Change in Control occurs on a quarter-end date, the day the Change in Control occurs, but in no event later than December 31, 2008;

(ii) the applicable Performance Period will be the period commencing on January 1, 2006 and ending on the applicable performance measurement date, and will consist of the full and partial years in that period;

(iii) the scheduled award-determination period will occur as soon as practicable after the occurrence of the Change in Control; and

(iv) a Final Award will be calculated in two parts (Part A and Part B), and the Final Award amount will be the sum of the amounts calculated for the Part A Award and the Part B Award as set forth below; provided, however, that the Part B Award is subject to Section 6.3 and that the Part B Award is not applicable in the limited circumstance where the Change in Control occurs on or after December 31, 2008 and the Part A Award is not prorated.

Part A Award: The Part A Award amount will be the number of Share Units equal to:

(1) the “CIC Payout Percentage” (calculated as set forth below) of the Adjusted Target Share Units, with adjustments calculated through the quarter-end date that is the applicable performance measurement date specified above, then, except where the Change in Control occurs on or after December 31, 2008 and therefore the applicable Performance Period covers a full three years,

(2) prorated (as defined in Section 15.45) based on the number of full quarters in the applicable limited Performance Period (*i.e.*, in the period from January 1, 2007 through the quarter-end date that is the applicable performance measurement date specified above).

The “CIC Payout Percentage” will be (a) or (b) below, as applicable, (but in no event greater than 200%):

(a) if the Change in Control occurs prior to December 31, 2008, such that the Performance Period is less than three full years, the CIC Payout Percentage will be the higher of (1) 100% and (2) a Limited-Period Final Potential Payout Percentage calculated as set forth in Section 15.34 for the applicable limited Performance Period specified above; and

(b) if the Change in Control occurs on or after December 31, 2008, the CIC Payout Percentage will be the average of the Annual Potential Payout Percentages for the full years 2006, 2007 and 2008.

Part B Award: Subject to Section 6.3, the Part B Award amount will be the number of Share Units equal to:

(1) 100% of the Adjusted Target Share Units, with adjustments calculated through the quarter-end date that is the applicable performance measurement date specified above, multiplied by

(2) the fraction equal to 1.00 minus the fraction used for the proration by quarters in the calculation of the Part A Award above.

If the calculation of the Part A Award above does not include a proration factor, the Part B Award will not be applicable.

If Grantee dies after the Change in Control occurs, Grantee's Final Award determined pursuant to this Section 6.1(a) will be paid to Grantee's legal representative, as determined in good faith by the Committee, in accordance with Section 10.

(b) Death. If Grantee died while an employee of the Corporation and a Final Award determination (either to award a specified amount or not to authorize any award) was made by the Committee pursuant to Section 5.2 prior to the Change in Control, no further or different award determination will be made pursuant to this Section 6.1.

In the event the Grantee died while an employee of the Corporation and qualified for consideration for an award pursuant to Section 4.2 but the Committee had not yet made an award determination (either to award a specified amount or not to authorize any award) with respect to Grantee at the time the Change in Control occurs such that Grantee remains eligible for an award, then the scheduled award-determination period will occur as soon as practicable after the occurrence of the Change in Control, and the amount of Grantee's Final Award (payable to Grantee's legal representative, as determined in good faith by the Committee, in accordance with Section 10) will be determined on the following basis, as applicable.

(1) If Grantee died in the calendar year prior to the Change in Control but the Committee had not yet made an award determination (either to award a specified amount or not to authorize any award) with respect to Grantee at the time the Change in Control occurs, Grantee's Final Award will be in the amount of the Calculated Maximum Potential Payout Amount determined in the same manner as set forth in Section 5.1(b) but with no Committee discretion to reduce the amount of the award.

(2) If Grantee died in the same calendar year as the Change in Control, Grantee's Final Award will be in the amount of the award that would have been payable to Grantee pursuant to the calculations set forth in Section 6.1(a), but substituting a Part B Award of zero Share Units for any Part B Award amount calculated pursuant to that section, had Grantee not died but had been an employee of the Corporation as of the end of day immediately preceding the day the Change in Control occurred.

(c) Qualifying Retirement. In the event that Grantee Retired prior to the day the Change in Control occurs but Grantee has met the conditions for a qualifying retirement termination set forth in Section 4.3 and the Grant has not been terminated by PNC prior to the Change in Control pursuant to Section 4.3 for Detrimental Conduct and is outstanding as of the end of the day immediately preceding the day on which the Change in Control occurs such that Grantee remains eligible for an award, Grantee's Final Award will be in the amount of the lesser of:

(1) the Calculated Maximum Potential Payout Amount determined in the same manner as set forth in Section 5.1(c) but with no Committee discretion to reduce the amount of the award; and

(2) the amount of the award that would have been payable to Grantee pursuant to the calculations set forth in Section 6.1(a), but substituting a Part B Award of zero Share Units for any Part B Award amount calculated pursuant to that section, had Grantee not Retired but had been an employee of the Corporation as of the end of the day immediately preceding the day the Change in Control occurred.

The scheduled award-determination period will occur as soon as practicable after the occurrence of the Change in Control.

If Grantee died while a qualified Retiree and a Final Award determination (either to award a specified amount or not to authorize any award) was made by the Committee pursuant to Section 5.2 prior to the Change in Control, no further or different award determination will be made pursuant to this Section 6.1.

If no such Final Award determination was made prior to the Change in Control, Grantee's Final Award determined pursuant to this Section 6.1(c) will be paid to Grantee's legal representative, as determined in good faith by the Committee, in accordance with Section 10.

(d) Disability. In the event that Grantee became Disabled and Grantee's employment with the Corporation terminated prior to the day the Change in Control occurs but Grantee has met the conditions for a qualifying disability termination set forth in Section 4.4 and the Grant has not been terminated by PNC prior to the Change in Control pursuant to Section 4.4 for Detrimental Conduct and is outstanding as of the end of the day immediately preceding the day on which the Change in Control occurs such that Grantee remains eligible for an award, Grantee's Final Award will be in the amount of the award that would have been payable to Grantee pursuant to the calculations set forth in Section 6.1(a), but substituting a Part B Award of zero Share Units for any Part B Award amount calculated pursuant to that section, had Grantee still been an employee of the Corporation as of the end of the day immediately preceding the day the Change in Control occurred. The scheduled award-determination period will occur as soon as practicable after the occurrence of the Change in Control.

If Grantee died while qualified to receive an award and a Final Award determination (either to award a specified amount or not to authorize any award) was made by the Committee pursuant to Section 5.2 prior to the Change in Control, no further or different award determination will be made pursuant to this

Section 6.1. If no such Final Award determination was made prior to the Change in Control, Grantee's Final Award (payable to Grantee's legal representative, as determined in good faith by the Committee, in accordance with Section 10) will be an award determined in accordance with Section 6.1(b) as if Grantee had died while an employee of the Corporation and prior to the Change in Control.

(e) Qualifying Termination in Anticipation of a Change in Control. In the event that Grantee's termination of employment satisfies all of the conditions set forth in Section 4.5 and Section 15.46 for a qualifying termination in anticipation of a change in control such that the Grant is outstanding at the time the Change in Control occurs and Grantee remains eligible for an award, Grantee will receive a Final Award on the following basis, as applicable.

(1) If the Change in Control occurs within three (3) months of Grantee's Termination Date, Grantee will receive a Final Award on the same basis as a continuing employee of the Corporation as set forth in Section 6.1(a).

(2) If the Change in Control occurs more than three (3) months after Grantee's Termination Date but the Grant is outstanding because Grantee's termination of employment qualifies under Section 4.5 and Section 15.46 by, among other conditions, having occurred after or within three months prior to a CIC Triggering Event, Grantee will receive a Final Award on the same basis as a qualifying Retiree as set forth in Section 6.1(c).

If Grantee died while qualified to receive an award and a Final Award determination (either to award a specified amount or not to authorize any award) was made by the Committee pursuant to Section 5.2 prior to the Change in Control, no further or different award determination will be made pursuant to this Section 6.1. If no such Final Award determination was made prior to the Change in Control, Grantee's Final Award (payable to Grantee's legal representative, as determined in good faith by the Committee, in accordance with Section 10) will be the same amount as the Final Award that would have been paid to Grantee pursuant to this Section 6.1(e) had Grantee still been alive on the Change-in-Control-determined Award Date.

6.2 No Committee Discretion. The Committee may not exercise any negative discretion pursuant to Section 5.2(b) or otherwise exercise discretion pursuant to the Agreement in any way that would serve to reduce an award deemed to be made to Grantee pursuant to this Section 6.

6.3 Conditions for Final Award Calculation Part B Award. Certain subsections of Section 6.1 specify that a Final Award will be calculated in two parts: Part A Award and Part B Award. The Part B Award portion, where otherwise applicable pursuant to Section 6.1, is subject to the condition that Grantee have entered into a new change of control employment agreement with PNC after January 1, 2008.

Notwithstanding anything in Section 6.1 to the contrary, unless and until Grantee has entered into such an agreement, the calculation of a Final Award pursuant to Section 6.1 shall in no event include a Part B Award."

(11) Section 7.1 is amended and restated in its entirety to read as follows:

"7.1 Delivery of Final Award Determined by the Committee. Any Final Award determined by the Committee pursuant to Section 5.2 will be settled by delivery of whole shares of PNC common stock and, if applicable, cash share-equivalents that together equal the number of share units denominated in the Final Award, subject to the payment of applicable withholding taxes as set forth in Section 11.

(a) Form of Payment. Except where the Committee awards a prorated Final Award to Grantee as a qualifying Retiree or in the event of Grantee's death, any Final Award determined by the Committee pursuant to Section 5.2 will be settled by delivery of that number of whole shares of PNC common stock equal to the number of share units denominated in the Final Award up to a number of shares equal to the number specified in the Grant as the Target Share Units number (which number, without regard to any additions for Dividend Adjustment Share Units but after any capital adjustments pursuant to Section 9, is also the maximum number of shares of PNC common stock that may be paid with respect to this Grant). If the number of share units denominated in the Final Award exceeds that maximum number of shares, then any excess of such number of share units will be settled in cash (sometimes referred to in the Agreement as "cash share-equivalents") in an amount equal to such excess number of share units multiplied by the Fair Market Value (as defined in Section 15.24) of a share of PNC common stock on the Award Date or as otherwise provided in Section 9, if applicable.

In the event that a Final Award determined by the Committee is a prorated award and is made to Grantee as a qualifying Retiree or in the event of Grantee's death, then the form of payment of any such Final Award will be determined as follows. The Final Award will be settled by delivery of whole shares of PNC common stock up to a number of shares equal to the product of the proration factor used in calculating the award and the number specified in the Grant as the Target Share Units number, rounded down to the nearest whole number, and any remainder will be settled in cash as cash share-equivalents.

(b) Timing. Determination of eligibility for an award, calculation of the maximum permitted award amount, and a decision by the Committee on whether or not to authorize an award and, if so, the size of such Final Award (the "scheduled award-determination process") and then payment of any such Final Award will all generally occur in the first quarter of 2009 or as soon thereafter as practicable after the final Peer data necessary for the Committee to make its award determination is available. In general, it is expected that the Award Date will occur in 2009 and no later than the end of the second quarter of that year, and that payment of a Final Award, if any, will be made as soon as practicable after the Award Date. Except as otherwise provided below, in no event will payment be made earlier than January 1, 2009 or later than December 31, 2009 other than in unusual circumstances where a further delay thereafter would be permitted under Section 409A of the Internal Revenue Code, and if such a delay is permissible, as soon as practicable within such limits.

In the event of Grantee's death prior to the Award Date where Grantee has satisfied all of the conditions of Section 4.2, 4.3, 4.4 or 4.5 of the Agreement and otherwise meets all applicable criteria as set forth in the Agreement for consideration for an award, (a) the scheduled award-determination process will occur at the same time and in the same manner as set forth above for grantees of 2006-2008 Incentive Performance Units who remain employees of the Corporation, provided that if the death occurs prior to 2008, the scheduled award-determination process will occur in the calendar year immediately following Grantee's death, and (b) payment of a Final Award, if any, will be made during the calendar year immediately following the year in which Grantee died if the death occurs on or prior to December 31, 2008, or in 2009 if Grantee dies in 2009, provided, that, in no event will payment occur later than December 31st of the calendar year so specified as the year for payment, other than in unusual circumstances where a further delay thereafter would be permitted under Section 409A of the Internal Revenue Code, and if such a delay is permissible, as soon as practicable within such limits.

Otherwise, in the event that Grantee is no longer employed by the Corporation but has satisfied all of the conditions of Section 4.3, 4.4 or 4.5 of the Agreement and otherwise meets all applicable criteria as set forth in the Agreement for consideration for an award, (a) the scheduled award-determination process will occur at the same time and in the same manner as set forth above for grantees of 2006-2008 Incentive Performance Units who remain employees of the Corporation, generally in 2010 during the first quarter of that year, and (b) once the Committee has made its award determination, payment of a Final Award, if any, will be made as soon as practicable after the Award Date, provided, that, in no event will payment be made earlier than January 1, 2009 or later than December 31, 2009, other than in unusual circumstances where a further delay thereafter would be permitted under Section 409A of the Internal Revenue Code, and if such a delay is permissible, as soon as practicable within such limits.

(c) Dividend Record Dates. In the event that one or more record dates for dividends on PNC common stock occur after December 31, 2008 (or, in the event of Grantee's death prior to 2008, after the end of the applicable Performance Period) but before the date the Final Award, if any, is paid pursuant to this Section 7.1, PNC will make a cash payment to Grantee in an amount equivalent to the amount of the dividends Grantee would have received had the number of share units specified in the Final Award been that number of shares of PNC common stock and had such shares been issued and outstanding on January 1, 2009 (or, in the event of Grantee's death prior to 2008, on the January 1st immediately following the last day of the applicable Performance Period) and had remained outstanding on the record date or dates for such dividends. Any such payment will be made at the same time as payment of the Final Award, if any.

(d) Disputes. If there is a dispute regarding payment of the Final Award, PNC will settle the undisputed portion of the award, if any, within the time frame set forth above in this Section 7.1, and will settle any remaining portion as soon as practicable after such dispute is finally resolved but in any event within the time period permitted under Section 409A of the Internal Revenue Code."

(12) Section 7.2 is amended and restated in its entirety to read as follows:

"7.2 Delivery of Final Award Determined by Section 6. If a Final Award is deemed to be made pursuant to Section 6 rather than determined by the Committee pursuant to Section 5.2, the Final Award is fully vested as of the date of the Change in Control. The size of the Final Award in Share Units will be calculated as of the date of the Change in Control once the final data necessary for the award determination is available, and the Final Award will be paid as set forth below.

(a) Timing. Payment of the Final Award will be made by PNC at the time set forth in subsection (a)(1) of this Section 7.2 unless payment at such time would be a noncompliant payment under Section 409A of the Internal Revenue Code, and otherwise, at the time set forth in subsection (a)(2) of this Section 7.2, in either case as further described below.

(1) If, under the circumstances, the Change in Control is a permissible payment event under Section 409A of the Internal Revenue Code, payment of the Final Award will be made by PNC as soon as practicable after the date the Change in Control occurs and the amount of the Final Award is determinable and determined in accordance with Section 6, but in no event later than December 31st of the calendar year in which the Change in Control occurs or, if later, by the 15th day of the third calendar month following the date on which the Change in Control occurs, other than in unusual circumstances where a further delay thereafter would be permitted under Section 409A of the Internal Revenue Code, and if such a delay is permissible, as soon as practicable within such limits.

(2) If, under the circumstances, payment at the time of the Change in Control would not comply with Section 409A of the Internal Revenue Code, then payment will be made as soon as practicable after January 1, 2009, but in no event later than December 31, 2009.

(b) Form of Payment.

(1) If, under the circumstances, the Change in Control is a permissible payment event under Section 409A of the Internal Revenue Code and payment of the Final Award is made at the time specified in Section 7.2(a)(1), then the Final Award will be settled in Shares and cash Share-equivalents in the same proportions as specified in Section 7.1(a) for Committee-determined awards, except that payment will be made entirely in cash if so provided in the circumstances pursuant to Section 9.2.

In the event that one or more record dates for dividends on PNC common stock occur on or after the date of the Change in Control but before the date the Final Award is paid pursuant to Section 7.2(a)(1), PNC will also make a cash payment to Grantee in an amount equivalent to the amount of the dividends Grantee would have received had the number of share units specified in the Final Award been that number of shares of PNC common stock and had such shares been issued and outstanding on the date of the Change in Control and remained outstanding on the record date or dates for such dividends. Any such payment will be made at the same time as payment of the Final Award, and will be applicable only in the event that the Change in Control is a permissible payment event under Section 409A of the Internal Revenue Code and payment of the Final Award is made at the time specified in Section 7.2(a)(1).

(2) If, under the circumstances, payment at the time of the Change in Control would not comply with Section 409A of the Internal Revenue Code and payment of the Final Award is made at the time specified in Section 7.2(a)(2), then the Final Award will be paid entirely in cash and will be in an amount equal to the base amount described below in subsection (A) of this Section 7.2(b)(2) plus the phantom investment amount described below in subsection (B) of this Section 7.2(b)(2).

(A) The base amount will be an amount equal to the number of share units specified in the Final Award multiplied by the Fair Market Value (as defined in Section 15.25) of a share of PNC common stock on the date of the Change in Control or as otherwise provided in Section 9, if applicable.

(B) The phantom investment amount will be either (i) or (ii), whichever is larger: (i) interest on the base amount described in Section 7.2(b)(2)(A) from the date of the Change in Control through the payment date at the short-term, mid-term or long-term Federal rate under Internal Revenue Code Section 1274 (b)(2)(B), as applicable depending on the term until payment, compounded semi-annually; or (ii) a phantom investment amount with respect to said base amount that reflects, if positive, the performance of the PNC stock or other consideration received by a PNC common shareholder in the Change in Control transaction, with dividends reinvested in such stock, from the date of the Change in Control through the payment date. PNC may, at its option, provide other phantom investment alternatives in addition to those referenced in the preceding sentence and may permit Grantee to make a phantom investment election from among such alternatives under and in accordance with procedures established by PNC, but any such alternatives must provide for at least the two phantom investments set forth in Section 7.2(b)(2)(B)(i) and (ii) at a minimum. The phantom investment amount will be applicable only in the event that payment at the time of the Change in Control would not comply with Section 409A of the Internal Revenue Code and thus payment is made at the time specified in Section 7.2(a)(2) rather than at the time specified in Section 7.2(a)(1).

(c) Disputes. If there is a dispute regarding payment of the Final Award, PNC will settle the undisputed portion of the award, if any, within the time frame set forth in the applicable subsection of Section 7.2(a), and will settle any remaining portion as soon as practicable after such dispute is finally resolved but in any event within the time period permitted under Section 409A of the Internal Revenue Code.

(13) Section 7.3 is amended by adding the following phrase to the end of the second sentence of the first paragraph of that section: ", at the time specified in the applicable subsection of Section 7.2".

(14) Section 9.1 is amended by: replacing the word "occurs" in the fourth line of the first paragraph with "occur"; replacing the word "will" in the fifth line of the first paragraph with "shall"; replacing the phrase "in the number and class" in the sixth line of the first paragraph with the phrase "in the number, class or kind"; adding the phrase "in its discretion" after the word "appropriate" in the seventh line of the first paragraph; and adding the following as the second paragraph of Section 9.1: All determinations hereunder shall be made by the Committee in its sole discretion and shall be final, binding and conclusive for all purposes on all parties, including without limitation Grantee." Section 9.2 is amended by: replacing the phrase "the number and class of the Target Share Units" in clause (a) with the phrase "the number, class and kind of the Target Share Units"; and replacing the word "that" in the parenthetical in clause (c) with "than".

(15) The definition of Annual Potential Payout Schedule in Section 15.4 is amended by inserting the phrase "as applicable" after the phrase "pursuant to Section 3.2" in that section.

(16) The definition of CIC Payout Percentage in Section 15.13 is amended by changing the section reference therein from "Section 6.1(a)(iii)" to "Section 6.1(a)(iv)".

(17) The definition of Disabled in Section 15.19 is amended and restated in its entirety to read as follows:

"15.19 "Disabled" or "Disability" means, except as may otherwise be required by Section 409A, that Grantee either (i) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or (ii) is, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving (and has received for at least three months) income replacement benefits under any Corporation-sponsored disability benefit plan. If Grantee has been determined to be eligible for Social Security disability benefits, Grantee shall be presumed to be Disabled as defined herein."

(18) The definition of EPS in Section 15.21 is amended and restated in its entirety to read as follows:

"15.21 "EPS" for PNC or another Peer, for purposes of the Agreement, is calculated, for a given full year or shorter 3, 6, or 9 month period, as: (a) the publicly-reported diluted earnings per share of such Peer for that year (or shorter 3, 6, or 9 month period) prepared in accordance with GAAP; then (b) adjusted, where applicable, on an after-tax basis, for the impact of any extraordinary items, discontinued operations, acquisition costs and merger integration costs, and stock splits (whether in the form of a stock split or a stock dividend), all as determined on the basis of publicly-reported financial information; provided, however, that for purposes of calculating EPS Growth with respect to PNC or another Peer for any full or partial 2008 period only, EPS, as defined in this Section 15.21, for 2007 and 2008 periods as applicable shall be further adjusted, where applicable, on an after-tax basis, for the impact of any item for which such impact was the result of a change in tax law and for the impact of certain Visa-related items (as described below).

All of the preceding terms, other than acquisition costs and merger integration costs where applicable and certain Visa-related items where applicable, will have the meanings assigned to such terms in accordance with GAAP. All after-tax adjustments for PNC and for all other Peers will be calculated using the same methodology for making such adjustments on an after-tax basis. EPS, as used in the Agreement, will include adjustments, where otherwise applicable, for the impact of any item for which such impact was the result of a change in tax law, for the impact of any acquisition costs and merger integration costs, and for the impact of certain Visa-related items (as described below) only where such amounts, including with respect to PNC, can be reasonably determined from publicly-disclosed financial information. EPS will be rounded to the nearest one cent (*e.g.*, $0.00, with $0.005 being rounded upward to $0.01).

"Certain Visa-related items" for PNC or another Peer will mean, as applicable, (1) the expenses or charges recorded by PNC or another Peer that is a financial institution member of Visa U.S.A. Inc. card association or its affiliates ("Visa") for obligations to Visa with respect to the costs of specified litigation or the gains / reversal of expense recognized by PNC or such other Peer in connection with the satisfaction of such obligations and (2) any other gains recognized by PNC or such other Peer on the redemption or sale of their Visa shares with proceeds of Visa's initial public offering.

The Committee may, in its discretion, direct management to provide additional information to the Committee on the impact that other specified adjustments, applied on a consistent basis to the EPS of each member of the Peer Group, would have had on relative EPS Growth performance, but no such other adjustments will have the effect of increasing the Calculated Maximum Potential Payout Amount or the Final Award."

(19) The definition of EPS Growth in Section 15.22 is amended by inserting the phrase "(calculated as set forth in Section 15.21)" after the term EPS each time the term EPS appears in Section 15.22, and by replacing the phrase "dividing the resulting number by the EPS" at the beginning of clause (2) of that definition with the phrase "dividing the resulting number by the absolute value of the EPS".

(20) The definition of Final Potential Payout Percentage in Section 15.26 is amended and restated in its entirety to read as follows:

"15.26 "Final Potential Payout Percentage."

Where a Final Award determination is made pursuant to Section 5, the term "Final Potential Payout Percentage" will have the meaning set forth in (a) or (b) below, whichever is applicable in the circumstances.

(a) Where the Performance Period specified by the applicable section of the Agreement is the full three-year period commencing January 1, 2006 through and including December 31, 2008, then the Final Potential Payout Percentage will be the percentage that is the average (but in no event greater than 200%) of the Annual Potential Payout Percentages for the three full covered years in the Performance Period (*i.e.*, one-third ($^1/_3$rd) of the sum of the annual percentages for the full years 2006, 2007 and 2008). If all of the Annual Potential Payout Percentages are 0%, then the Final Potential Payout Percentage will be 0%.

(b) Where the applicable performance measurement date specified by the Agreement is a quarter-end or year-end date other than December 31, 2008, then the Final Potential Payout Percentage will be a Limited-Period Final Potential Payout Percentage and will be calculated as set forth in Section 15.33.

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Where a Final Award is deemed to be awarded pursuant to Section 6 by reason of the occurrence of a Change in Control, the payout calculation will be as set forth in the applicable subsection of Section 6."

(21) Clause (a) of the definition of Limited-Period Final Potential Payout Percentage in Section 15.33 is amended by revising clause (a)(ii) to read as follows: "(ii) the number of full completed quarters in the partial year of the applicable limited Performance Period, times the Limited-Year Annual Potential Payout Percentage for that partial year;".

(22) The definition of Limited-Year Annual Potential Payout Percentage in Section 15.34 is amended by replacing the phrase "in the last paragraph" with the phrase "in the last two paragraphs".

(23) The definition of Retires or Retirement in Section 15.48 is amended and restated in its entirety to read as follows:

"15.48 "Retires" or "Retirement". Grantee "Retires" if his or her employment with the Corporation terminates (a) at any time on or after the first (1st) day of the first (1st) month coincident with or next following the date on which Grantee attains age fifty-five (55) and completes five (5) years of service (where a year of service is determined in the same manner as the determination of a year of Vesting Service under the provisions of The PNC Financial Services Group, Inc. Pension Plan) with the Corporation and (b) for a reason other than termination by reason of Grantee's death or by the Corporation for Cause or, unless the Committee or its delegate determines otherwise, termination in connection with a divestiture of assets or a divestiture of one or more subsidiaries. If Grantee "Retires" as defined herein, the termination of Grantee's employment with the Corporation is sometimes referred to as "Retirement"."

(24) The definition of ROCE in Section 15.49 is amended and restated in its entirety to read as follows:

"15.49 "ROCE". For purposes of calculating ROCE performance with respect to PNC or another Peer under the Agreement for any given 2006 or 2007 period only, ROCE shall be calculated, on the basis of publicly-reported financial information, as the percentage obtained by (1) dividing the annualized net income of such Peer by average annualized common shareholders' equity as adjusted by excluding goodwill, all adjusted as applicable for the cumulative effects of accounting changes, extraordinary items, discontinued operations, and acquisition costs and merger integration costs, and (2) expressing the resulting amount as a percent, rounded to the nearest one-hundredth (*e.g.*, 0.00%, with 0.005% being rounded upward to 0.01%).

For purposes of calculating ROCE with respect to PNC or another Peer under the Agreement for any given 2008 period only, ROCE shall be calculated, on the basis of publicly-reported financial information, as the percentage obtained by (1) dividing (x) the annualized net income of such Peer, as adjusted, on an after-tax basis, for the impact of any item for which such impact was the result of a change in tax law, for the impact of any extraordinary items, discontinued operations, acquisition costs and merger integration costs, and certain Visa-related items (as described below), as applicable, by (y) average annualized common shareholders' equity, as adjusted by excluding the impact of any goodwill, and (2) expressing the resulting amount as a percent, rounded to the nearest one-hundredth (*e.g.*, 0.00%, with 0.005% being rounded upward to 0.01%).

"Certain Visa-related items" for PNC or another Peer will mean, as applicable, (1) the expenses or charges recorded by PNC or another Peer that is a financial institution member of Visa U.S.A. Inc. card association or its affiliates ("Visa") for obligations to Visa with respect to the costs of specified litigation or the gains / reversal of expense recognized by PNC or such other Peer on the redemption or sale of their Visa shares in connection with the satisfaction of such obligations and (2) any other gains recognized by PNC or such other Peer on the redemption or sale of their Visa shares with proceeds of Visa's initial public offering.

Where the Agreement requires a measurement of ROCE with respect to PNC and the other Peers for a given period that is a partial rather than a full year, ROCE for purposes of the Agreement will be calculated in the same manner as set forth above but using net income, as adjusted, for such 3, 6 or 9 month period in place of annualized net income, as adjusted, and using average common shareholders' equity for that year-to-date period, as adjusted, in place of average annualized common shareholders' equity, as adjusted, all on the basis of publicly-reported financial information and all adjusted for the impact of the same items, if any, as set forth above, and expressed as a percent, rounded to the nearest one-hundredth (*e.g.*, 0.00%, with 0.005% being rounded upward to 0.01%).

All of the preceding terms used in this definition of ROCE, other than acquisition costs and merger integration costs where applicable and certain Visa-related items (as described above) where applicable, will have the meanings assigned to such terms in accordance with GAAP. All after-tax adjustments for PNC and for all other Peers will be calculated using the same methodology for making such adjustments on an after-tax basis. ROCE, as used in the Agreement, will include adjustments, where otherwise applicable, for the impact of any item for which such impact was the result of a change in tax law, for the impact of any acquisition costs and merger integration costs, and for the impact of certain Visa-related items only where such amounts, including with respect to PNC, can be reasonably determined from publicly-disclosed financial information.

The Committee may, in its discretion, direct management to provide additional information to the Committee on the impact that other specified adjustments, applied on a consistent basis to the ROCE of each member of the

Peer Group, would have had on relative ROCE performance, but no such other adjustments will have the effect of increasing the Calculated Maximum Potential Payout Amount or the Final Award."

(25) The definition of Transition Factor in Section 15.57 is deleted in its entirety.

20. Acceptance of Grant; PNC Right to Cancel; Effectiveness of Agreement.

If Grantee does not accept the Grant by executing and delivering a copy of the Agreement to PNC, without altering or changing the terms thereof in any way, within thirty (30) days of receipt by Grantee of a copy of the Agreement, PNC may, in its sole discretion, withdraw its offer and cancel the Grant at any time prior to Grantee's delivery to PNC of a copy of the Agreement executed by Grantee. Otherwise, upon execution and delivery of the Agreement by both PNC and Grantee, the Agreement is effective.

IN WITNESS WHEREOF, PNC has caused the Agreement to be signed on its behalf as of the Grant Date.

THE PNC FINANCIAL SERVICES GROUP, INC.

By: ______________________________

Chairman and Chief Executive Officer

ATTEST:

By: ______________________________

Corporate Secretary

ACCEPTED AND AGREED TO by GRANTEE

____

Grantee

January 2008

2008 SCHEDULES

FOR

2008-2010 INCENTIVE PERFORMANCE UNITS AGREEMENT,
2007-2009 INCENTIVE PERFORMANCE UNITS AGREEMENT,
AND
2006-2008 INCENTIVE PERFORMANCE UNIT AGREEMENT

* * *

2008 ANNUAL PEER GROUP

* * *

The Peer Group for 2008 consists of the following members:

BB&T Corporation

Comerica Inc.

Fifth Third Bancorp

KeyCorp

National City Corporation

PNC

Regions Financial Corporation

SunTrust Banks, Inc.

U.S. Bancorp

Wachovia Corporation

Wells Fargo & Company

January 2008

* * *

2008 ANNUAL POTENTIAL PAYOUT CALCULATION SCHEDULE

* * *

The Annual Potential Payout Percentage for 2008 ("2008 Annual Potential Payout Percentage") will be the average of the 2008 potential payout percentage for EPS Growth performance and the 2008 potential payout percentage for ROCE performance, rounded to the nearest one-hundredth percent (*e.g.*, 0.00%, with 0.005% being rounded upward to 0.01%).

If the 2008 potential payout percentage with respect to either EPS Growth performance or ROCE performance is 0% but is a positive number with respect to the other performance standard, the 2008 Annual Potential Payout Percentage will be the percentage that is one-half ($^1/_2$) of that positive number. If the 2008 potential payout percentage with respect to both EPS Growth performance and ROCE performance is 0%, the 2008 Annual Potential Payout Percentage will be 0%.

The 2008 potential payout percentages for EPS Growth performance and ROCE performance, respectively, will be determined by reference to the chart set forth in Item (1) below for the percentage or percentage range, as applicable, and then, where the result is a percentage range, that range will be refined in accordance with Item (2) below to determine the specific percentage within the range, all subject to Committee negative discretion as specified in Item (3) below.

(1) Percentage Range. The 2008 potential payout percentage for each of EPS Growth performance and ROCE performance will be the percentage that corresponds to PNC's ranking with respect to that performance standard in the following chart. Where the chart indicates a percentage range rather than a specific percentage, the specific percentage within that range will depend on PNC's performance relative to that of the Peers ranked immediately above and below PNC ("Peer A" and "Peer B," respectively), and will be calculated as set forth in Item (2) below.

Peer Group Position with respect to EPS Growth Performance or ROCE Performance	Potential Payout Percentage
Top Performer	200%
#2	170-190%
#3	150-170%
#4	130-150%
#5	110-130%
#6	90-110%
#7	70-90%
#8	50-70%
#9	30-50%
#10	0%
#11	0%

January 2008

Peer Group positions in the chart will be determined by calculating, using the definitions set forth in the applicable grant agreement (the 2008-2010 Incentive Performance Units Agreement, the 2007-2009 Incentive Performance Units Agreement, or the 2006-2008 Incentive Performance Unit Agreement, as the case may be), the EPS Growth performance or ROCE performance, as the case may be, achieved for 2008 by each then existing member of the 2008 Peer Group and then ranking each such member of the 2008 Peer Group by that performance, with the Peer with the best 2008 performance being ranked the Top Performer, the Peer with the second best 2008 performance being ranked #2, and so on. The potential payout percentages or percentage ranges in the chart by Peer Group position will remain unchanged even if the number of Peers in the Peer Group by the end of 2008 has been reduced, due, for example, to consolidations, mergers, or other material corporate reorganizations.

(2) Refinements Within Percentage Range. If PNC achieves Top Performer ranking, the 2008 potential payout percentage for that performance standard will be 200%, subject to Item (3) below. If PNC's 2008 performance compared to the 2008 performance of the other then existing Peers ranks PNC as #10 or lower, the 2008 potential payout percentage for that performance standard will be 0%. Otherwise, subject to Item (3) below, the 2008 potential payout percentage with respect to a given performance standard will be equal to the following sum ((i) plus (ii)):

(i) the percentage that is the lowest percentage number of the range that corresponds to PNC's ranking as set forth in the chart,

plus

(ii) X%, where "X" is the product of 20 (the size of the range) and a fraction equal to "Y" divided by "Z", where:

"Y" is the difference between PNC's 2008 performance and Peer B's 2008 performance,

and

"Z" is the difference between Peer A's 2008 performance and Peer B's 2008 performance.

If there is no Peer B by the end of 2008, then the 2008 potential payout percentage for that performance standard will be the percentage that is the midpoint of the percentage range set forth in the chart for PNC's ranking.

(3) Committee Negative Discretion. Once the specific potential payout percentages for PNC's 2008 EPS Growth performance and 2008 ROCE performance have been determined by reference to the chart in accordance with Items (1) and (2) above, the Committee may, in its discretion, decide to reduce either or both of those percentages (as long as such decision is not made during a CIC Coverage Period, as defined in the applicable grant agreement) but may not increase them.

January 2008

2007 SCHEDULES

FOR

2007-2009 INCENTIVE PERFORMANCE UNITS AGREEMENT
AND
2006-2008 INCENTIVE PERFORMANCE UNIT AGREEMENT

* * *

2007 ANNUAL PEER GROUP

* * *

The Peer Group for 2007 consists of the following members:

BB&T Corporation

Comerica Inc.

Fifth Third Bancorp

KeyCorp

National City Corporation

PNC

Regions Financial Corporation

SunTrust Banks, Inc.

U.S. Bancorp

Wachovia Corporation

Wells Fargo & Company

January 2008

* * *

2007 ANNUAL POTENTIAL PAYOUT CALCULATION SCHEDULE

* * *

The Annual Potential Payout Percentage for 2007 (“2007 Annual Potential Payout Percentage”) will be the average of the 2007 potential payout percentage for EPS Growth performance and the 2007 potential payout percentage for ROCE performance, rounded to the nearest one-hundredth percent (*e.g.*, 0.00%, with 0.005% being rounded upward to 0.01%).

If the 2007 potential payout percentage with respect to either EPS Growth performance or ROCE performance is 0% but is a positive number with respect to the other performance standard, the 2007 Annual Potential Payout Percentage will be the percentage that is one-half ($^1/_2$) of that positive number. If the 2007 potential payout percentage with respect to both EPS Growth performance and ROCE performance is 0%, the 2007 Annual Potential Payout Percentage will be 0%.

The 2007 potential payout percentages for EPS Growth performance and ROCE performance, respectively, will be determined as follows.

(1) Percentage Range. The 2007 potential payout percentage for each of EPS Growth performance and ROCE performance will be the percentage that corresponds to PNC’s ranking with respect to that performance standard in the following chart. Where the chart indicates a percentage range rather than a specific percentage, the specific percentage within that range will depend on PNC’s performance relative to that of the Peers ranked immediately above and below PNC (“Peer A” and “Peer B,” respectively), and will be calculated as set forth in Item (2) below.

Peer Group Position with respect to EPS Growth Performance or ROCE Performance	**Potential Payout Percentage**
Top Performer	200%
#2	170-190%
#3	150-170%
#4	130-150%
#5	110-130%
#6	90-110%
#7	70-90%
#8	50-70%
#9	30-50%
#10	0%
#11	0%

January 2008

Peer Group positions in the chart will be determined by calculating, using the definitions set forth in [the applicable grant agreement: the 2007-2009 Incentive Performance Units Agreement or the 2006-2008 Incentive Performance Unit Agreement, as the case may be], the EPS Growth performance or ROCE performance, as the case may be, achieved for 2007 by each then existing member of the 2007 Peer Group and then ranking each such member of the 2007 Peer Group by that performance, with the Peer with the best 2007 performance being ranked the Top Performer, the Peer with the second best 2007 performance being ranked #2, and so on. The potential payout percentages or percentage ranges in the chart by Peer Group position will remain unchanged even if the number of Peers in the Peer Group by the end of 2007 has been reduced, due, for example, to consolidations, mergers, or other material corporate reorganizations.

(2) Refinements Within Percentage Range. If PNC achieves Top Performer ranking, the 2007 potential payout percentage for that performance standard will be 200%, subject to Item (3) below. If PNC's 2007 performance compared to the 2007 performance of the other then existing Peers ranks PNC as #10 or lower, the 2007 potential payout percentage for that performance standard will be 0%. Otherwise, subject to Item (3) below, the 2007 potential payout percentage with respect to a given performance standard will be equal to the following sum ((i) plus (ii)):

(i) the percentage that is the lowest percentage number of the range that corresponds to PNC's ranking as set forth in the chart,

plus

(ii) X%, where "X" is the product of 20 (the size of the range) and a fraction equal to "Y" divided by "Z", where:

"Y" is the difference between PNC's 2007 performance and Peer B's 2007 performance,

and

"Z" is the difference between Peer A's 2007 performance and Peer B's 2007 performance.

If there is no Peer B by the end of 2007, then the 2007 potential payout percentage for that performance standard will be the percentage that is the midpoint of the percentage range set forth in the chart for PNC's ranking.

(3) Committee Negative Discretion. Once the specific potential payout percentages for PNC's 2007 EPS Growth performance and 2007 ROCE performance have been determined by reference to the chart in accordance with Items (1) and (2) above, the Committee may, in its discretion, decide to reduce either or both of those percentages (as long as such decision is not made during a CIC Coverage Period, as

defined in [the applicable grant agreement: the 2007-2009 Incentive Performance Units Agreement or the 2006-2008 Incentive Performance Unit Agreement, as the case may be]) but may not increase them.

2006 SCHEDULES

FOR

2006-2008 INCENTIVE PERFORMANCE UNIT AGREEMENT

*** * ***

2006 ANNUAL PEER GROUP

*** * ***

The Peer Group for 2006 consists of the following members:

BB&T Corporation

Bank of New York Company, Inc.

Fifth Third Bancorp

KeyCorp

National City Corporation

PNC

Regions Financial Corporation

SunTrust Banks, Inc.

U.S. Bancorp

Wachovia Corporation

Wells Fargo & Company

January 2008

* * *

2006 ANNUAL POTENTIAL PAYOUT SCHEDULE

* * *

The Annual Potential Payout Percentage for 2006 (“2006 Annual Potential Payout Percentage”) will be the average of the 2006 potential payout percentage for EPS Growth performance and the 2006 potential payout percentage for ROCE performance, rounded to the nearest one-hundredth percent (*e.g.*, 0.00%, with 0.005% being rounded upward to 0.01%).

If the 2006 potential payout percentage with respect to either EPS Growth performance or ROCE performance is 0% but is a positive number with respect to the other performance standard, the 2006 Annual Potential Payout Percentage will be the percentage that is one-half (1/2) of that positive number. If the 2006 potential payout percentage with respect to both EPS Growth performance and ROCE performance is 0%, the 2006 Annual Potential Payout Percentage will be 0%.

The 2006 potential payout percentages for EPS Growth performance and ROCE performance, respectively, will be determined as follows.

(1) Percentage Range. The 2006 potential payout percentage for each of EPS Growth performance and ROCE performance will be the percentage that corresponds to PNC’s ranking with respect to that performance standard in the following chart. Where the chart indicates a percentage range rather than a specific percentage, the specific percentage within that range will depend on PNC’s performance relative to that of the Peers ranked immediately above and below PNC (“Peer A” and “Peer B,” respectively), and will be calculated as set forth in Item (2) below.

Peer Group Position with respect to EPS Growth Performance or ROCE Performance	Potential Payout Percentage
Top Performer	200%
#2	170-190%
#3	150-170%
#4	130-150%
#5	110-130%
#6	90-110%
#7	70-90%
#8	50-70%
#9	30-50%
#10	0%
#11	0%

Peer Group positions in the chart will be determined by calculating, using the definitions set forth in the 2006-2008 Incentive Performance Unit Agreement, the EPS Growth performance or ROCE performance, as the case may be, achieved for 2006 by each then existing member of the 2006 Peer Group and then ranking each such member of the 2006 Peer Group by that performance, with the Peer with the best 2006 performance being ranked the Top Performer, the Peer with the second best 2006 performance being ranked #2, and so on. The potential payout percentages or percentage ranges in the chart by Peer Group position will remain unchanged even if the number of Peers in the Peer Group by the end of 2006 has been reduced, due, for example, to consolidations, mergers, or other material corporate reorganizations.

(2) Refinements Within Percentage Range. If PNC achieves Top Performer ranking, the 2006 potential payout percentage for that performance standard will be 200%, subject to Item (3) below. If PNC's 2006 performance compared to the 2006 performance of the other then existing Peers ranks PNC as #10 or lower, the 2006 potential payout percentage for that performance standard will be 0%. Otherwise, subject to Item (3) below, the 2006 potential payout percentage with respect to a given performance standard will be equal to the following sum ((i) plus (ii)):

(i) the percentage that is the lowest percentage number of the range that corresponds to PNC's ranking as set forth in the chart,

plus

(ii) X%, where "X" is the product of 20 (the size of the range) and a fraction equal to "Y" divided by "Z", where:

"Y" is the difference between PNC's 2006 performance and Peer B's 2006 performance,

and

"Z" is the difference between Peer A's 2006 performance and Peer B's 2006 performance.

If there is no Peer B by the end of 2006, then the 2006 potential payout percentage for that performance standard will be the percentage that is the midpoint of the percentage range set forth in the chart for PNC's ranking.

(3) Committee Negative Discretion. Once the specific potential payout percentages for PNC's 2006 EPS Growth performance and 2006 ROCE performance have been determined by reference to the chart in accordance with Items (1) and (2) above, the Committee may, in its discretion, decide to reduce either or both of those percentages (as long as such decision is not made during a CIC Coverage Period, as defined in the 2006-2008 Incentive Performance Unit Agreement) but may not increase them.

FORM OF PERFORMANCE UNITS AGREEMENT

2008 Performance Units Grant
Performance Period: January 1, 2008—December 31, 2010 (3 Years)
Performance Criteria: Annual Levels of Financial Return from Investing Activities
Achieved by PNC's A&L Unit Relative to Benchmark Index
100% Vests on Final Award

THE PNC FINANCIAL SERVICES GROUP, INC.
2006 INCENTIVE AWARD PLAN

* * *

2008 PERFORMANCE UNITS AGREEMENT

* * *

GRANTEE:	[Name]
GRANT DATE:	February 13, 2008
TARGET SHARE UNITS:	47,000 Share Units

1. Definitions. Certain terms used in this 2008 Performance Units Agreement ("Agreement") are defined in Section 14 or elsewhere in the Agreement, and such definitions will apply except where the context otherwise indicates.

In the Agreement, "PNC" means The PNC Financial Services Group, Inc., "Corporation" means PNC and its Consolidated Subsidiaries, and "Plan" means The PNC Financial Services Group, Inc. 2006 Incentive Award Plan.

2. Grant of 2008 Performance Units. Pursuant to the Plan and subject to the terms and conditions of the Agreement, PNC hereby grants to the grantee named above ("Grant" and "Grantee") a Share-denominated incentive award opportunity of Performance Units with the number of target Share Units set forth above ("Target Share Units").

The Grant is subject to the corporate performance conditions, employment conditions, and other terms and conditions of this Agreement and to the Plan, to final award determination, and to Grantee's acceptance of the Grant in accordance with Section 19. Payment of any Final Award (as defined in Section 14.23) authorized pursuant to the Agreement will generally be made in cash in an amount equal to the number of Share Units specified in the Final Award multiplied by the per share price of PNC common stock on the award date (sometimes referred to in the Agreement as payment in "cash Share-equivalents").

In general, the Grant is an opportunity for Grantee to receive, at the end of the applicable performance period, an award in cash Share-equivalents based on the degree to which specified corporate performance criteria for PNC's Asset & Liability Unit ("A&L Unit") have been achieved, as determined by the Committee (defined in Section 14.15) and subject to its negative discretion, or otherwise in accordance with the terms of the Agreement, provided that Grantee satisfies the employment conditions specified in the Agreement (or qualifies for a specified exception and is deemed to have satisfied those employment conditions) and the other conditions of the Agreement are met.

The potential maximum award payout that Grantee will be eligible to receive will be denominated in Share Units and will be expressed as a percentage of the Target Share Units. The number of Target Share Units for this Grant is set forth on page 1 of the Agreement. The potential maximum award payout percentage will be determined by the levels of financial return from investing activities that the A&L Unit achieves relative to benchmark performance (in basis points) for each of the three years in the overall performance period and by the potential award payout calculation schedules established by the Committee, giving equal weight to each of the three covered years, subject to certain limitations or adjustments if there is an early termination or limitation of the performance measurement period (*e.g.*, if Grantee dies or has a qualifying retirement or if there is a Change in Control, as defined herein, during a performance measurement period).

Absent a Change in Control (as defined herein), the Committee will determine the Final Award, if any, that Grantee receives within this calculated maximum potential payout amount, generally in early 2011 (or early in 2009 or 2010 in the event of Grantee's death prior to that time). The Committee may adjust the Final Award downward, but not upward, from this calculated performance-based amount. This potential award payout amount could be as high as 200% of the Target Share Units for A&L Unit performance significantly above the applicable benchmark index as specified by the Agreement for each year of the three-year performance period and if Grantee remains an employee of the Corporation throughout the full three-year performance period, or it could be zero if the A&L Unit fails to achieve at least the threshold level of performance specified for an award in the Agreement schedules with respect to such performance standards and years.

Any Final Award payout authorized pursuant to this Grant will generally be paid in cash Share-equivalents. The Grant must still be outstanding at the time a Final Award determination is made for Grantee to be eligible to receive an award, and any Final Award and payment thereof is subject to the terms and conditions set forth in the Agreement and to the Plan.

February 2008

The Agreement also provides a formula for calculation of the Final Award in the event of a Change in Control of PNC and for the form and timing of payment of any such award.

3. Corporate Performance Conditions. The Grant is subject to the following corporate performance conditions.

3.1 Performance Criteria. The corporate performance standards established by the Committee as the performance criteria for the Performance Units are the levels of financial return from investing activities achieved by the A&L Unit relative to applicable Benchmark Performance Index, as defined in Section 14.5. This A&L Unit investment performance is measured annually for each year (or shorter partial-year period where required by the Agreement) in the Performance Period, as defined in Section 14.35.

3.2 Benchmark Performance Indices and Annual Potential Payout Calculation Schedules. The Committee has determined that the Benchmark Performance Index for each year (or shorter partial-year period where required by the Agreement) in the Performance Period will be the same benchmark performance index that PNC uses internally to evaluate the investment performance of the A&L Unit as in effect as of March 30 of that year, so that, for example, 2008 performance will be compared to PNC's internal performance benchmark index for the A&L Unit in effect on March 30, 2008, 2009 performance will be compared to PNC's internal performance benchmark index for the A&L Unit in effect on March 30, 2009, *etc*.

The Committee also establishes the applicable Annual Potential Payout Calculation Schedules (as defined in Section 14.3) with respect to this Grant for the full years, and/or portion of a year where a limited-year calculation applies, in the Performance Period. The Schedule established by the Committee at the time it authorized this Grant shall apply to all full and partial covered years in the Performance Period unless and until amended prospectively by the Committee.

3.3 Calculation of Applicable Annual Potential Payout Percentages. After the end of each year of the Performance Period, PNC will: (1) determine the level of financial return from investing activities achieved by the A&L Unit for the applicable period and the comparison in basis points of such performance to the applicable Benchmark Performance Index; and (2) calculate the Annual Potential Payout Percentage, as defined in Section 14.2, achieved by the A&L Unit for that year. Such results will be presented to the Committee.

Where the Agreement requires the calculation of an Annual Potential Payout Percentage for a given period that is less than a full year (*e.g.*, upon certain qualifying terminations or Change in Control), PNC will determine the level of financial return from investing activities achieved by the A&L Unit relative to benchmark for that limited period and the Limited-Year Annual Potential Payout Percentage for that limited period as so required by the Agreement.

4. Grantee Service Requirement and Limitation of Potential Award; Early Termination of Grant. The Grant is subject to the following employment conditions.

4.1 Eligibility for an Award; Employment Conditions and Early Termination of Grant. Grantee will not be eligible to receive a Final Award unless the Grant remains outstanding on the Committee-determined Award Date (as defined in Section 14.4) or as of the end of the day immediately preceding the day on which a Change in Control occurs, if earlier.

The Grant will automatically terminate on Grantee's Termination Date (as defined in Section 14.49) unless an exception is available as set forth in Section 4.2, Section 4.3, Section 4.4 or Section 4.5. Where one or more of the conditions to an exception are post-employment conditions, the Grant will terminate upon the failure of any of those conditions.

In the event that Grantee's employment is terminated by the Corporation for Cause (as defined in Section 14.8), the Grant will automatically terminate on Grantee's Termination Date whether or not the termination might otherwise have qualified for an exception as a retirement or a disability termination pursuant to Section 4.3 or Section 4.4.

In the limited circumstances where the Grant remains outstanding notwithstanding Grantee's termination of employment with the Corporation, Grantee will be eligible for consideration for an award, subject to limitation as set forth in the applicable section of the Agreement. Said award, if any, will be determined and payable at the same time that such an award would have been determined and payable had Grantee remained a Corporation employee, except that in the case of death, the determination and payment of said award, if any, shall be accelerated if so indicated in accordance with the applicable provisions of Section 5 or Section 6, as applicable, and Section 7.

Any award that the Committee may determine to make after Grantee's death will be paid to Grantee's legal representative, as determined in good faith by the Committee, in accordance with Section 9.

Notwithstanding anything in Section 4 or Section 5 to the contrary, if a Change in Control (as defined in Section 14.10) occurs prior to the time the Committee makes a Final Award determination pursuant to Section 5.2 (that is, prior to the Committee-determined Award Date), an award will be determined in accordance with Section 6.

4.2 Death While an Employee. If Grantee dies while an employee of the Corporation and prior to the Committee-determined Award Date, the Grant will remain outstanding and Grantee will be eligible for consideration for a prorated award calculated in accordance with Section 5.1(b), with an applicable performance measurement date (as defined in Section 5.1) of the earlier of the last day of the year in which the death occurred and December 31, 2010, and payable in accordance with Section 7.

Any such award will be subject to Committee determination pursuant to Section 5.2, and may be reduced or eliminated by the Committee in the exercise of its negative discretion unless such determination occurs during a CIC Coverage Period (as defined in Section 14.11).

In the event that a Change in Control occurs prior to the time the Committee makes an award determination with respect to Grantee (either to award a specified amount or not to authorize any award), an award will be deemed to be made pursuant to Section 6, calculated as specified in Section 6.1(b) and payable in accordance with Section 7.

4.3 Qualifying Retirement. If Grantee Retires (as defined in Section 14.43) prior to the Committee-determined Award Date and the termination of employment is not also a termination by the Corporation for Cause, the Grant will remain outstanding post-employment; provided, however, that PNC may terminate the Grant at any time prior to the Award Date, other than during a CIC Coverage Period, upon determination that Grantee has engaged in Detrimental Conduct (as defined in Section 14.19). If Grantee is Disabled (as defined in Section 14.20) at the time of Retirement and Section 4.4 is also applicable to Grantee, that subsection will govern rather than this Section 4.3.

Provided that the Grant has not been terminated prior to the award date for Detrimental Conduct and is still outstanding at that time, Grantee will be eligible for Committee consideration of a prorated award at the time that such an award, if any, would have been considered had Grantee remained a Corporation employee, calculated in accordance with Section 5.1(c) with a performance measurement date of the last day of the last full quarter completed on or prior to Grantee’s Retirement date, but in no event later than December 31, 2010, and payable in accordance with Section 7.

Any such award will be subject to Committee determination pursuant to Section 5.2, and may be reduced or eliminated by the Committee in the exercise of its negative discretion unless such determination occurs during a CIC Coverage Period.

If Grantee dies after a qualifying Retirement but before the time set forth above for consideration of an award and provided that the Grant has not been terminated for Detrimental Conduct and is still outstanding at the time of Grantee’s death, the Committee may consider an award for Grantee and make an award determination with respect to Grantee (either to award a specified amount or not to authorize any award). Any such award determination will be made and such award, if any, will be calculated in accordance with Section 5.1(c) as described above but will be paid in accordance with Section 7 during the calendar year immediately following the year in which Grantee’s death occurs, if the death occurs on or prior to December 31, 2010, or in 2011 if the death occurs in 2011 but prior to the Award Date.

In the event that a Change in Control occurs prior to a Committee-determined Award Date, an award will be deemed to be made pursuant to Section 6, calculated as specified in Section 6.1(c) and payable in accordance with Section 7.

4.4 Qualifying Disability Termination. If Grantee's employment with the Corporation is terminated by reason of Disability (as defined in Section 14.20) prior to the Committee-determined Award Date and the termination of employment is not also a termination by the Corporation for Cause, the Grant will remain outstanding post-employment; provided, however, that PNC may terminate the Grant at any time prior to the Award Date, other than during a CIC Coverage Period, upon determination that Grantee has engaged in Detrimental Conduct (as defined in Section 14.19).

Provided that the Grant is still outstanding at that time, Grantee will be eligible for Committee consideration of a full award at the time that such an award, if any, would have been considered had Grantee remained a Corporation employee, calculated in accordance with Section 5.1(d) and payable in accordance with Section 7.

Any such award will be subject to Committee determination pursuant to Section 5.2, and may be reduced or eliminated by the Committee in the exercise of its negative discretion unless such determination occurs during a CIC Coverage Period. Although Grantee will be eligible for consideration for a full award (Standard Payout Calculation) at the scheduled time, it is anticipated that the Committee will take into account the timing and circumstances of the disability when deciding whether and the extent to which to exercise its negative discretion.

If Grantee dies after a qualifying disability termination but before the time set forth above for consideration of an award and provided that the Grant has not been terminated for Detrimental Conduct and is still outstanding at the time of Grantee's death, the Committee may consider an award for Grantee and make an award determination with respect to Grantee (either to award a specified amount or not to authorize any award). Any such award determination will be made and such award, if any, will be paid in accordance with Section 7 during the year immediately following the year in which Grantee's death occurs, if the death occurs on or prior to December 31, 2010, or in 2011 if the death occurs in 2011 but prior to the Award Date; provided, however, that the maximum award that may be approved in these circumstances is the award that could have been authorized had Grantee died while an employee of the Corporation.

In the event that a Change in Control occurs prior to a Committee-determined Award Date, an award will be deemed to be made pursuant to Section 6, calculated as specified in Section 6.1(d) and payable in accordance with Section 7.

4.5 Qualifying Termination in Anticipation of a Change in Control. If Grantee's termination of employment satisfies the conditions set forth in Section 14.41 such that it is a Qualifying Termination in Anticipation of a Change in Control, then the Grant will remain outstanding notwithstanding Grantee's termination of employment with the Corporation and the Grant will not be subject to termination for Detrimental Conduct.

To the extent that the conditions set forth in Section 14.41 are conditions that must be satisfied during a stated post-employment period, the Grant will remain outstanding during that period until it is determined that such conditions either have or have not been satisfied. If the conditions are not satisfied, the Grant will terminate unless Grantee meets one of the other exceptions set forth in this Section 4.

If all of the conditions set forth in Section 14.41 are satisfied, Grantee will be eligible for consideration for an award pursuant to Section 5.2, calculated in accordance with Section 5.1(e), or will receive an award pursuant to Section 6, calculated as specified in Section 6.1(e), as applicable. Any such award will be payable in accordance with Section 7.

If Grantee dies after a Qualifying Termination in Anticipation of a Change in Control but prior to the time the Committee makes an award determination pursuant to Section 5.2 or a Change-in-Control-determined Award Date, Grantee will be eligible for Committee consideration of an award of the greater of the award Grantee could have received had he died while an employee of the Corporation or an award determined as set forth in Section 5.1(e). If a Change in Control occurs prior to a Committee-determined Award Date, Grantee will be deemed to receive an award in accordance with Section 6.

5. Certification of Performance Results; Calculation of Maximum Potential Payout Amount; and Final Award Determination

5.1 Certification of Level of Achievement of A&L Unit Performance with Respect to Performance Criteria; Calculation of Final Potential Payout Percentage and Calculated Maximum Potential Payout Amount. As soon as practicable after December 31, 2010, or after the earlier relevant date if the applicable performance measurement date and potential award date are earlier under the circumstances, PNC will present information to the Committee concerning the following: (1) the levels of financial return from investing activities achieved by the A&L Unit for each of the applicable full and partial years for which performance is being measured under the circumstances, and the comparison, in basis points, of such performance to applicable Benchmark Performance Index for each such period; (2) the calculated Annual Potential Payout Percentages determined in accordance with the applicable Schedules on the basis of the performance achieved by the A&L Unit compared to applicable benchmark for such periods; and (3) the calculated Final Potential Payout Percentage.

Subsections (a), (b), (c), (d) and (e) below set forth additional criteria for the certifications and calculations to be made pursuant to this Section 5.1 under varying circumstances. The last day of the applicable performance measurement period is sometimes referred to as the “performance measurement date”. The time when the certification, calculation and Final Award determination process will take place is sometimes referred to as the “scheduled award determination period”, and the date when a Final Award, if any, is determined and made by the Committee is sometimes referred to as the “Committee-determined Award Date” (as set forth in Section 14.4).

Notwithstanding anything in this Section 5 to the contrary, if a Change in Control has occurred, Section 6 will apply.

(a) Non-Exceptional Circumstances – Standard Payout Calculation. Provided that Grantee remains an employee of the Corporation and the Grant remains outstanding such that Grantee remains eligible for consideration for an award, and that a Change in Control has not occurred, the Performance Period will run through December 31, 2010 and the process of certification of the levels of achievement of A&L Unit performance with respect to the Performance Criteria, the calculation of the Final Potential Payout Percentage and the Calculated Maximum Potential Payout Amount, and the determination of the Final Award, if any, will occur in early 2011.

Under the circumstances set forth in this subsection (a) above ("non-exceptional circumstances"), PNC will present information to the Committee for purposes of this Section 5.1 on the following basis:

(i) the applicable performance measurement date will be December 31, 2010;

(ii) the applicable Performance Period will consist of the full years 2008, 2009 and 2010;

(iii) the applicable Final Potential Payout Percentage will be the percentage that is the average of the Annual Potential Payout Percentages for 2008, 2009 and 2010, but in no event greater than 200%;

(iv) the applicable Calculated Maximum Potential Payout Amount will be the number of Share Units equal to the Final Potential Payout Percentage of the Target Share Units; and

(v) the scheduled award determination period will occur in early 2011.

(b) Death While an Employee. In the event that Grantee dies while an employee of the Corporation and prior to the regularly scheduled award date for non-exceptional circumstances in early 2011 and the Grant remains outstanding pursuant to Section 4.2, PNC will present information to the Committee for purposes of this Section 5.1 on the following basis:

(i) the applicable performance measurement date will be the earlier of the last day of the year in which the death occurred and December 31, 2010;

(ii) the applicable Performance Period will be the period commencing on January 1, 2008 and ending on the applicable performance measurement date, and will consist of the one, two or three full years, as the case may be, in that period;

(iii) the applicable Final Potential Payout Percentage will be a Limited-Period Final Potential Payout Percentage and will be the percentage that is the average of the Annual Potential Payout Percentages for the full years in the applicable Performance Period specified above, but in no event greater than 200%;

(iv) the applicable Calculated Maximum Potential Payout Amount will be the number of Share Units equal to (x) the applicable Limited-Period Final Potential Payout Percentage of the Target Share Units, then (y) prorated (as defined in Section 14.40) based on the number of full years in the applicable Performance Period specified above, including the year of death if prior to 2011; and

(v) the scheduled award-determination period will occur during the year immediately following the year in which Grantee died (*i.e.*, early in 2009, 2010, or 2011, as the case may be) unless Grantee dies after December 31, 2010 but prior to the award date, in which case the scheduled award-determination period will occur in 2011.

(c) Retirement. In the event that Grantee Retires prior to the regularly scheduled award date for non-exceptional circumstances in early 2011 but Grantee has met the conditions for a qualifying retirement termination set forth in Section 4.3 and the Grant has not been terminated by PNC prior to the award date pursuant to Section 4.3 for Detrimental Conduct and remains outstanding, PNC will present information to the Committee for purposes of this Section 5.1 on the following basis:

(i) the applicable performance measurement date will be the last day of the last full quarter completed prior to Grantee's Retirement date or, if the Retirement date is a quarter-end date, that quarter-end date, but in no event later than December 31, 2010;

(ii) the applicable limited Performance Period will be the period commencing on January 1, 2008 and ending on the applicable performance measurement date, and will consist of the full and partial years in that period;

(iii) the applicable Final Potential Payout Percentage will be a Limited-Period Final Potential Payout Percentage and will be the percentage that is the weighted average of the Annual Potential Payout Percentages for the full years, if any, and the Limited-Year Annual Potential Payout Percentage for the partial year, if any, in the applicable limited Performance Period specified above, calculated as set forth in Section 14.31;

(iv) the applicable Calculated Maximum Potential Payout Amount will be the number of Share Units equal to (x) the applicable Limited-Period Final Potential Payout Percentage of the Target Share Units, then (y) prorated (as defined in Section 14.40) based on the number of full quarters in the applicable limited Performance Period (*i.e.*, in the period from January 1, 2008 through the quarter-end date that is the applicable performance measurement date specified above); and

(v) the scheduled award determination period will occur in early 2011 as provided in Section 7.1, unless Grantee dies after Retirement but before the beginning of 2010, in which case the scheduled award-determination period will occur in early 2009 (if the death occurred in 2008) or early 2010 (if the death occurred in 2009), as the case may be.

In the event that Grantee is Disabled at the time of Retirement and Section 4.4 is also applicable to Grantee, then Section 5.1(d) will govern rather than this Section 5.1(c).

(d) Disability. Except as set forth in the following paragraph, in the event that Grantee becomes Disabled prior to the regularly scheduled award date for non-exceptional circumstances in early 2011 but Grantee has met the conditions for a qualifying disability termination set forth in Section 4.4 and the Grant has not been terminated by PNC prior to the award date pursuant to Section 4.4 for Detrimental Conduct and remains outstanding, PNC will present information to the Committee for purposes of this Section 5.1 for consideration of an award on the same basis as that set forth in Section 5.1(a) for a continuing employee of the Corporation, together with such information as the Committee may request concerning the timing and circumstances of the disability. The scheduled award-determination period will occur in early 2011 as provided in Section 7.1.

If Grantee dies after a qualifying disability termination but prior to the award date and the Grant remains outstanding, Grantee will be eligible for Committee consideration of an award at the time and up to the maximum amount of the award Grantee could have received had he died while an employee of the Corporation.

(e) Termination in Anticipation of a Change in Control. In the event that Grantee ceases to be an employee of the Corporation prior to the regularly scheduled award date for non-exceptional circumstances in early 2011 but Grantee has met the conditions for a Qualifying Termination in Anticipation of a Change in Control set forth in Section 4.5 and the Grant remains outstanding, but a Change in Control has not yet occurred, then:

(1) If a CIC Triggering Event (as defined in Section 14.14) has occurred and has not yet failed (as CIC Failure is defined herein) such that a Change in Control transaction is pending at the regularly scheduled award date, the Grant will remain outstanding and Grantee will be eligible to receive an award pursuant to Section 5.2 on the same basis as that set forth in Section 5.1(c) for a qualifying Retiree and the Committee will have no discretion to reduce the size of such award; and

(2) If the CIC Triggering Event fails prior to the regularly scheduled award date (as CIC Failure is defined in Section 14.12), the Grant will remain outstanding and the Committee will have discretion to authorize an award, pursuant to Section 5.2, to Grantee up to a maximum permitted award calculated on the same basis as that set forth in Section 5.1(c) for a qualifying Retiree, but the Committee will also have discretion to reduce the award as set forth in Section 5.2(b).

If Grantee dies after a Qualifying Termination in Anticipation of a Change in Control but prior to the time the Committee makes an award determination pursuant to Section 5.2 or a Change-in-Control-determined Award Date, Grantee will be eligible for Committee consideration of an award of up to the greater of the award Grantee could have received had he died while an employee of the Corporation or an award determined as set forth above in this Section 5.1(e).

If a Change in Control occurs prior to a Committee-determined Award Date, Grantee will be deemed to receive an award in accordance with Section 6.

5.2 Final Award Determination by Committee.

(a) The Committee will have the authority to award to Grantee ("award") as a Final Award such amount, denominated as a specified number of Share Units, as may be determined by the Committee, subject to the limitations set forth in the following paragraph, provided, that, the Grant is still outstanding, that Grantee is either still an employee of the Corporation or qualifies for an exception to the employment condition pursuant to Section 4.2, 4.3, 4.4 or 4.5, and that the Final Potential Payout Percentage is greater than zero.

The Final Award may not exceed the applicable Calculated Maximum Potential Payout Amount, as determined in accordance with the applicable subsection of Section 5.1, and is subject to the exercise of negative discretion by the Committee pursuant to Section 5.2(b), if applicable. The Committee will not have authority to exercise negative discretion if a CIC Coverage Period has commenced and has not yet ended; if there has been a Change in Control, the Committee's authority is subject to Section 6.

The date on which the Committee makes its determination as to whether or not it will authorize an award and, if so, the size of a Final Award, if any, it authorizes within the Calculated Maximum Potential Payout Amount determined pursuant to the Agreement is sometimes referred to in the Agreement as the "Committee-determined Award Date" (as set forth in Section 14.4).

Payment of the Final Award, if any, will be made in cash in accordance with Section 7. If Grantee dies after a Final Award is determined but before payment is made, payment of the Final Award will be made to Grantee's legal representative, as determined in good faith by the Committee, in accordance with Section 9.

(b) Except during a CIC Coverage Period or after the occurrence of a Change in Control, the Committee may exercise negative discretion with respect to the Grant and may determine, in light of such Corporation or individual performance or other factors as the Committee may deem appropriate, that notwithstanding the levels of financial return from investing activities achieved by the A&L Unit relative to benchmark, the Committee will not award Grantee the full Calculated Maximum Potential Payout Amount that the Committee is authorized to award pursuant to Section 5.2(a), or any of such amount.

It is anticipated that the Committee will take into account such factors as absolute A&L Unit financial performance, absolute proprietary trading results, cumulative performance relative to benchmark, adherence to risk parameters, and Grantee's contributions to the success of other PNC businesses when deciding whether and the extent to which to exercise its negative discretion.

If the Committee so determines to exercise its negative discretion pursuant to this Section 5.2(b), the Final Award, if any, will be reduced accordingly; provided, however, that the Committee may not exercise such negative discretion upon or after the occurrence of a Change in Control (or during the period after the occurrence of a CIC Triggering Event but before such triggering event either results in a Change in Control or a CIC Failure of such event occurs).

(c) If a Change in Control occurs prior to the Committee-determined Award Date, the Final Award will be determined in accordance with Section 6 rather than being determined by the Committee pursuant to Section 5.2 and will not be subject to the Committee's negative discretion.

6. Change in Control Prior to a Committee-Determined Award Date.

6.1 Final Award Calculation.

Notwithstanding anything in the Agreement to the contrary, upon the occurrence of a Change in Control at any time prior to a Committee-determined Award Date pursuant to Section 5.2, (i) the Performance Period, if not already ended, will be limited and will end on the last day of the last full quarter completed prior to the day the Change in Control occurs or, if the Change in Control occurs on a quarter-end date, on the day the Change in Control occurs, but in no event later than December 31, 2010, and (ii) Grantee will be deemed to have been awarded a Final Award in an amount determined as set forth in this Section 6, payable to Grantee or Grantee's legal representative at the time and in the manner set forth in Section 7, provided that the Grant is outstanding as of the end of the day immediately preceding the day on which the Change in Control occurs and has not already terminated or been terminated in accordance with the terms of Section 4.

If this Section 6 is applicable and a Final Award is deemed to be awarded pursuant to Section 6, the day the Change in Control occurs will be considered the Award Date for purposes of the Agreement. This date is sometimes referred to in the Agreement as the "Change-in-Control-determined Award Date" (as set forth in Section 14.4).

(a) Standard CIC Payout Calculation. Provided that Grantee is an employee of the Corporation and the Grant is outstanding as of the end of the day immediately preceding the day on which the Change in Control occurs such that Grantee remains eligible for an award, Grantee's Final Award will be determined as follows:

(i) the applicable performance measurement date will be the last day of the last full quarter completed prior to the day the Change in Control occurs, or, if the Change in Control occurs on a quarter-end date, the day the Change in Control occurs, but in no event later than December 31, 2010;

(ii) the applicable Performance Period will be the period commencing on January 1, 2008 and ending on the applicable performance measurement date, and will consist of the full and partial years in that period;

(iii) the scheduled award-determination period will occur as soon as practicable after the occurrence of the Change in Control; and

(iv) a Final Award will be calculated in two parts (Part A and Part B), and the Final Award amount will be the sum of the amounts calculated for the Part A Award and the Part B Award as set forth below; provided, however, that the Part B Award is subject to Section 6.3 and that the Part B Award is not applicable in the limited circumstance where the Change in Control occurs on or after December 31, 2010 and the Part A Award is not prorated.

Part A Award: The Part A Award amount will be the number of Share Units equal to:

(1) the "CIC Payout Percentage" (calculated as set forth below) of the Target Share Units, then, except where the Change in Control occurs on or after December 31, 2010 and therefore the applicable Performance Period covers a full three years,

(2) prorated (as defined in Section 14.40) based on the number of full quarters in the applicable limited Performance Period (*i.e.*, in the period from January 1, 2008 through the quarter-end date that is the applicable performance measurement date specified above).

The "CIC Payout Percentage" will be (a) or (b) below, as applicable, (but in no event greater than 200%):

(a) If the Change in Control occurs prior to December 31, 2010, such that the Performance Period is less than three full years, the CIC Payout Percentage will be the higher of (1) 100% and (2) a Limited-Period Final Potential Payout Percentage calculated as set forth in Section 14.31 for the applicable limited Performance Period specified above; and

(b) If the Change in Control occurs on or after December 31, 2010, the CIC Payout Percentage will be the average of the Annual Potential Payout Percentages for the full years 2008, 2009 and 2010.

Part B Award: Subject to Section 6.3, the Part B Award amount will be the number of Share Units equal to:

(1) 100% of the Target Share Units, multiplied by

(2) the fraction equal to 1.00 minus the fraction used for the proration by quarters in the calculation of the Part A Award above.

If the calculation of the Part A Award above does not include a proration factor, the Part B Award will not be applicable.

If Grantee dies after the Change in Control occurs, Grantee's Final Award determined pursuant to this Section 6.1(a) will be paid to Grantee's legal representative, as determined in good faith by the Committee, in accordance with Section 9.

(b) Death. If Grantee died while an employee of the Corporation and a Final Award determination (either to award a specified amount or not to authorize any award) was made by the Committee pursuant to Section 5.2 prior to the Change in Control, no further or different award determination will be made pursuant to this Section 6.1.

In the event the Grantee died while an employee of the Corporation and qualified for consideration for an award pursuant to Section 4.2 but the Committee had not yet made an award determination (either to award a specified amount or not to authorize any award) with respect to Grantee at the time the Change in Control occurs such that Grantee remains eligible for an award, then the scheduled award-determination period will occur as soon as practicable after the occurrence of the Change in Control, and the amount of Grantee's Final Award (payable to Grantee's legal representative, as determined in good faith by the Committee, in accordance with Section 9) will be determined on the following basis, as applicable.

(1) If Grantee died in the calendar year prior to the Change in Control but the Committee had not yet made an award determination (either to award a specified amount or not to authorize any award) with respect to Grantee at the time the Change in Control occurs, Grantee's Final Award will be in the amount of the Calculated Maximum Potential Payout Amount determined in the same manner as set forth in Section 5.1(b) but with no Committee discretion to reduce the amount of the award.

(2) If Grantee died in the same calendar year as the Change in Control, Grantee's Final Award will be in the amount of the award that would have been payable to Grantee pursuant to the calculations set forth in Section 6.1(a), but substituting a Part B Award of zero Share Units for any Part B Award amount calculated pursuant to that section, had Grantee not died but had been an employee of the Corporation as of the end of day immediately preceding the day the Change in Control occurred.

(c) Qualifying Retirement. In the event that Grantee Retired prior to the day the Change in Control occurs but Grantee has met the conditions for a qualifying retirement termination set forth in Section 4.3 and the Grant has not been terminated by PNC prior to the Change in Control pursuant to Section 4.3 for Detrimental Conduct and is outstanding as of the end of the day immediately preceding the day on which the Change in Control occurs such that Grantee remains eligible for an award, Grantee's Final Award will be in the amount of the lesser of:

(1) the Calculated Maximum Potential Payout Amount determined in the same manner as set forth in Section 5.1(c) but with no Committee discretion to reduce the amount of the award; and

(2) the amount of the award that would have been payable to Grantee pursuant to the calculations set forth in Section 6.1(a), but substituting a Part B Award of zero Share Units for any Part B Award amount calculated pursuant to that section, had Grantee not Retired but had been an employee of the Corporation as of the end of the day immediately preceding the day the Change in Control occurred.

The scheduled award-determination period will occur as soon as practicable after the occurrence of the Change in Control.

If Grantee died while a qualified Retiree and a Final Award determination (either to award a specified amount or not to authorize any award) was made by the Committee pursuant to Section 5.2 prior to the Change in Control, no further or different award determination will be made pursuant to this Section 6.1.

If no such Final Award determination was made prior to the Change in Control, Grantee's Final Award determined pursuant to this Section 6.1(c) will be paid to Grantee's legal representative, as determined in good faith by the Committee, in accordance with Section 9.

(d) Disability. In the event that Grantee became Disabled and Grantee's employment with the Corporation terminated prior to the day the Change in Control occurs but Grantee has met the conditions for a qualifying disability termination set forth in Section 4.4 and the Grant has not been terminated by PNC prior to the Change in Control pursuant to Section 4.4 for Detrimental Conduct and is outstanding as of the end of the day immediately preceding the day on which the Change in Control occurs such that Grantee remains eligible for an award, Grantee's Final Award will be in the amount of the award that would have been payable to Grantee pursuant to the calculations set forth in Section 6.1(a), but substituting a Part B Award of zero Share Units for any Part B Award amount calculated pursuant to that section, had Grantee still been an employee of the Corporation as of the end of the day immediately preceding the day the Change in Control occurred. The scheduled award-determination period will occur as soon as practicable after the occurrence of the Change in Control.

If Grantee died while qualified to receive an award and a Final Award determination (either to award a specified amount or not to authorize any award) was made by the Committee pursuant to Section 5.2 prior to the Change in Control, no further or different award determination will be made pursuant to this Section 6.1. If no such Final Award determination was made prior to the Change in Control, Grantee's Final Award (payable to Grantee's legal representative, as determined in good faith by the Committee, in accordance with Section 9) will be an award determined in accordance with Section 6.1(b) as if Grantee had died while an employee of the Corporation and prior to the Change in Control.

(e) Qualifying Termination in Anticipation of a Change in Control. In the event that Grantee's termination of employment satisfies all of the conditions set forth in Section 4.5 and Section 14.41 for a qualifying termination in anticipation of a change in control such that the Grant is outstanding at the time the Change in Control occurs and Grantee remains eligible for an award, Grantee will receive a Final Award on the following basis, as applicable.

(1) If the Change in Control occurs within three (3) months of Grantee's Termination Date, Grantee will receive a Final Award on the same basis as a continuing employee of the Corporation as set forth in Section 6.1(a).

(2) If the Change in Control occurs more than three (3) months after Grantee's Termination Date but the Grant is outstanding because Grantee's termination of employment qualifies under Section 4.5 and Section 14.41 by, among other conditions, having occurred after or within three months prior to a CIC Triggering Event, Grantee will receive a Final Award on the same basis as a qualifying Retiree as set forth in Section 6.1(c).

If Grantee died while qualified to receive an award and a Final Award determination (either to award a specified amount or not to authorize any award) was made by the Committee pursuant to Section 5.2 prior to the Change in Control, no further or different award determination will be made pursuant to this Section 6.1. If no such Final Award determination was made prior to the Change in Control, Grantee's Final Award (payable to Grantee's legal representative, as determined in good faith by the Committee, in accordance with Section 9) will be in the same amount as the Final Award that would have been paid to Grantee pursuant to this Section 6.1(e) had Grantee still been alive on the Change-in-Control-determined Award Date.

6.2 No Committee Discretion. The Committee may not exercise any negative discretion pursuant to Section 5.2(b) or otherwise exercise discretion pursuant to the Agreement in any way that would serve to reduce an award deemed to be made to Grantee pursuant to this Section 6.

6.3 Conditions for Final Award Calculation Part B Award. Certain subsections of Section 6.1 specify that a Final Award will be calculated in two parts: Part A Award and Part B Award. The Part B Award portion, where otherwise applicable pursuant to Section 6.1, is subject to the condition that Grantee have entered into a new change of control employment agreement with PNC after January 1, 2008.

Notwithstanding anything in Section 6.1 to the contrary, unless and until Grantee has entered into such an agreement, the calculation of a Final Award pursuant to Section 6.1 shall in no event include a Part B Award.

7. Payment of Final Award; Termination of Grant as to Any Unawarded Performance Units.

7.1 Payment of Final Award Determined by the Committee.

(a) Form of Payment. Payment of any Final Award determined by the Committee pursuant to Section 5.2 will be made in cash in an amount equal to the number of Share Units specified in the Final Award multiplied by the Fair Market Value (as defined in Section 14.22) on the Award Date of a share of PNC common stock or as otherwise provided in Section 8, if applicable.

(b) Timing. Determination of eligibility for an award, calculation of the maximum permitted award amount, and a decision by the Committee on whether or not to authorize an award and, if so, the size of such Final Award (the "scheduled award-determination process") and then payment of any such Final Award will all generally occur in the first quarter of 2011 or as soon thereafter as practicable after the final data necessary for the Committee to make its award determination is available.

In general, it is expected that the Award Date will occur in 2011 and no later than the end of the second quarter of that year, and that payment of a Final Award, if any, will be made as soon as practicable after the Award Date. Except as otherwise provided below, in no event will payment be made earlier than January 1, 2011 or later than December 31, 2011, other than in unusual circumstances where a further delay thereafter would be permitted under Section 409A of the Internal Revenue Code, and if such a delay is permissible, as soon as practicable within such limits.

In the event of Grantee's death prior to the Award Date where Grantee has satisfied all of the conditions of Section 4.2, 4.3, 4.4 or 4.5 of the Agreement and otherwise meets all applicable criteria as set forth in the Agreement for consideration for an award, (a) the scheduled award-determination process will occur at the same time and in the same manner that such process would have occurred had Grantee remained an employee of the Corporation, provided that if the death occurs prior to 2010, the scheduled award-determination process will occur in the calendar year immediately following Grantee's death, and (b) payment of a Final Award, if any, will be made during the calendar year immediately following the year in which Grantee died if the death occurs on or prior to December 31, 2010, or in 2011 if Grantee dies in 2011, provided, that, in no event will payment occur later than December 31st of the calendar year so specified as the year for payment, other than in unusual circumstances where a further delay thereafter would be permitted under Section 409A of the Internal Revenue Code, and if such a delay is permissible, as soon as practicable within such limits.

Otherwise, in the event that Grantee is no longer employed by the Corporation but has satisfied all of the conditions of Section 4.3, 4.4 or 4.5 of the Agreement and otherwise meets all applicable criteria as set forth in the Agreement for consideration for an award, (a) the scheduled award-determination process will occur at the same time and in the same manner that such process would have occurred had Grantee remained an employee of the Corporation, generally in 2011 during the first quarter of that year, and

(b) once the Committee has made its award determination, payment of a Final Award, if any, will be made as soon as practicable after the Award Date, provided, that, in no event will payment be made earlier than January 1, 2011 or later than December 31, 2011, other than in unusual circumstances where a further delay thereafter would be permitted under Section 409A of the Internal Revenue Code, and if such a delay is permissible, as soon as practicable within such limits.

(c) Disputes. If there is a dispute regarding payment of the Final Award, PNC will settle the undisputed portion of the award, if any, within the time frame set forth above in this Section 7.1, and will settle any remaining portion as soon as practicable after such dispute is finally resolved but in any event within the time period permitted under Section 409A of the Internal Revenue Code.

7.2 Payment of Final Award Determined by Section 6. If a Final Award is deemed to be made pursuant to Section 6 rather than determined by the Committee pursuant to Section 5.2, the Final Award is fully vested as of the date of the Change in Control. The size of the Final Award in Share Units will be calculated as of the date of the Change in Control once the final data necessary for the award determination is available, and the Final Award will be paid in cash as set forth below.

(a) Timing. Payment of the Final Award will be made by PNC at the time set forth in subsection (a)(1) of this Section 7.2 unless payment at such time would be a noncompliant payment under Section 409A of the Internal Revenue Code, and otherwise, at the time set forth in subsection (a)(2) of this Section 7.2, in either case as further described below.

(1) If, under the circumstances, the Change in Control is a permissible payment event under Section 409A of the Internal Revenue Code, payment of the Final Award will be made in cash as soon as practicable after the date the Change in Control occurs and the amount of the Final Award is determinable and determined in accordance with Section 6, but in no event later than December 31st of the calendar year in which the Change in Control occurs or, if later, by the 15th day of the third calendar month following the date on which the Change in Control occurs, other than in unusual circumstances where a further delay thereafter would be permitted under Section 409A of the Internal Revenue Code, and if such a delay is permissible, as soon as practicable within such limits.

(2) If, under the circumstances, payment at the time of the Change in Control would not comply with Section 409A of the Internal Revenue Code, then payment will be made in cash as soon as practicable after January 1, 2011, but in no event later than December 31, 2011.

(b) Form of Payment. The Final Award will be paid in cash.

If, under the circumstances, the Change in Control is a permissible payment event under Section 409A of the Internal Revenue Code and payment of the Final Award is made at the time specified in Section 7.2(a)(1), then the Final Award will be in an amount equal to the base amount described below in subsection (A) of this Section 7.2(b).

If, under the circumstances, payment at the time of the Change in Control would not comply with Section 409A of the Internal Revenue Code and payment of the Final Award is made at the time specified in Section 7.2(a)(2), then the Final Award will be in an amount equal to the base amount described below in subsection (A) of this Section 7.2(b) plus the phantom investment amount described below in subsection (B) of this Section 7.2(b).

(A) The base amount will be an amount equal to the number of Share Units specified in the Final Award multiplied by the Fair Market Value (as defined in Section 14.22) of a share of PNC common stock on the date of the Change in Control or as otherwise provided in Section 8, if applicable.

(B) The phantom investment amount will be either (i) or (ii), whichever is larger: (i) interest on the base amount described in Section 7.2(b)(A) from the date of the Change in Control through the payment date at the short-term, mid-term or long-term Federal rate under Internal Revenue Code Section 1274 (b)(2)(B), as applicable depending on the term until payment, compounded semi-annually; or (ii) a phantom investment amount with respect to said base amount that reflects, if positive, the performance of the PNC stock or other consideration received by a PNC common shareholder in the Change in Control transaction, with dividends reinvested in such stock, from the date of the Change in Control through the payment date. PNC may, at its option, provide other phantom investment alternatives in addition to those referenced in the preceding sentence and may permit Grantee to make a phantom investment election from among such alternatives under and in accordance with procedures established by PNC, but any such alternatives must provide for at least the two phantom investments set forth in Section 7.2(b)(B)(i) and (ii) at a minimum. The phantom investment amount will be applicable only in the event that payment at the time of the Change in Control would not comply with Section 409A of the Internal Revenue Code and thus payment is made at the time specified in Section 7.2(a)(2) rather than at the time specified in Section 7.2(a)(1).

(c) Disputes. If there is a dispute regarding payment of the Final Award, PNC will settle the undisputed portion of the award, if any, within the time frame set forth in the applicable subsection of Section 7.2(a), and will settle any remaining portion as soon as practicable after such dispute is finally resolved but in any event within the time period permitted under Section 409A of the Internal Revenue Code.

7.3 Final Award Fully Vested. The Final Award, if any, will be fully vested at the Committee-determined Award Date or as of the date of the Change in Control, as applicable. PNC will deliver any cash payable pursuant to this Section 7 to, or at the proper direction of, Grantee or Grantee's legal representative, as determined in good faith by the Committee, at the time specified in the applicable subsection of Section 7.2.

In the event that Grantee is deceased, payment will be delivered to the executor or administrator of Grantee's estate or to Grantee's other legal representative, as determined in good faith by the Committee.

7.4 Termination of Grant as to Any Unawarded Performance Units Once an award determination has been made by the Committee pursuant to Section 5.2 or a Final Award is deemed to have been made by virtue of the application of Section 6, the Share-denominated incentive award opportunity represented by this Grant of Performance Units will terminate as to any portion of the Performance Units not so awarded.

Termination of all or a portion of the Grant pursuant to this Section 7.4, or pursuant to Section 4, if applicable, will in no way affect Grantee's covenants or the other provisions of Sections 15 and 16.

8. Capital Adjustments.

8.1 Except as otherwise provided in Section 8.2, if applicable, in the event that a corporate transaction or transactions (including, without limitation, stock dividends, stock splits, spin-offs, split-offs, recapitalizations, mergers, consolidations or reorganizations of or by PNC (each, a "Corporate Transaction")) occur prior to the time a Final Award, if any, is paid, the Committee shall make those adjustments, if any, in the number, class or kind of the Target Share Units that it deems appropriate in its discretion to reflect the Corporate Transaction(s) such that the rights of Grantee are neither enlarged nor diminished as a result of such Corporate Transaction or Transactions, including without limitation measuring the value per Share Unit of any share-denominated award authorized for payment to Grantee by reference to the per share value of the consideration payable to a PNC common shareholder in connection with such Corporate Transaction or Transactions.

All determinations hereunder shall be made by the Committee in its sole discretion and shall be final, binding and conclusive for all purposes on all parties, including without limitation Grantee.

8.2 Upon the occurrence of a Change in Control (or during the period after the occurrence of a CIC Triggering Event and before such triggering event results in a Change in Control or a CIC Failure of such event occurs), (a) the number, class and kind of the Target Share Units will automatically be adjusted to reflect the same changes as are made to outstanding shares of PNC common stock generally, and (b) the value per Share Unit of any share-denominated award that is deemed to be awarded to Grantee in accordance with Section 6 will be measured by reference to the per share value of the consideration payable to a PNC common shareholder in connection with such Corporate Transaction or Transactions.

9. Prohibitions Against Sale, Assignment, etc.; Payment to Legal Representative.

(a) The Grant of Performance Units made hereunder may not be sold, assigned, transferred, exchanged, pledged, hypothecated or otherwise encumbered.

(b) If Grantee is deceased at the time any Final Award authorized by this Agreement is to be paid, such payment shall be made to the executor or administrator of Grantee's estate or to Grantee's other legal representative as determined in good faith by the Committee.

(c) Any payment made in good faith by PNC to Grantee's executor, administrator or other legal representative shall extinguish all right to payment hereunder.

10. Withholding Taxes; Payment Upon Inclusion Under Section 409A.

Where Grantee has not previously satisfied all applicable withholding tax obligations, PNC will, at the time the tax withholding obligation arises in connection herewith, retain an amount sufficient to satisfy the minimum amount of taxes then required to be withheld by the Corporation in connection therewith from any Final Award then payable to Grantee.

If Grantee desires to have an additional amount withheld above the required minimum, up to Grantee's W-4 obligation if higher, and if PNC so permits, Grantee may elect to satisfy this additional withholding by payment of cash. If Grantee's W-4 obligation does not exceed the required minimum withholding in connection with the Final Award, no additional withholding may be made.

It is the intention of the parties that the Grant and the Agreement comply with the provisions of Section 409A to the extent, if any, that such provisions are applicable to the Agreement. In the event that, notwithstanding such intention, the arrangement fails to meet the requirements of Section 409A and the regulations promulgated thereunder, then PNC may at that time permit the acceleration of the time for payment to Grantee under the Agreement notwithstanding any of the other provisions of the Agreement, but any such accelerated payment may not exceed the amount required to be included in Grantee's income as a result of the failure to comply with the requirements of Section 409A and the regulations promulgated thereunder. For purposes of this provision, an amount will be deemed to have been included in Grantee's income if the amount is timely reported on Form W-2 or Form 1099-MISC, as appropriate.

11. Employment. Neither the Grant of Performance Units nor the calculation, determination and payment of any Final Award hereunder nor any term or provision of the Agreement shall constitute or be evidence of any understanding, expressed or implied, on the part of PNC or any subsidiary to employ Grantee for any period or in any way alter Grantee's status as an employee at will.

12. Subject to the Plan and the Committee. In all respects the Grant and the Agreement are subject to the terms and conditions of the Plan, which has been made available to Grantee and is incorporated herein by reference; provided, however, the

terms of the Plan shall not be considered an enlargement of any benefits under the Agreement. Further, the Grant and the Agreement are subject to any interpretation of, and any rules and regulations issued by, the Committee or its delegate or under the authority of the Committee, whether made or issued before or after the Grant Date.

13. Headings; Entire Agreement. Headings used in the Agreement are provided for reference and convenience only, shall not be considered part of the Agreement, and shall not be employed in the construction of the Agreement.

The Agreement constitutes the entire agreement between Grantee and PNC, and supersedes all other discussions, negotiations, correspondence, representations, understandings and agreements between the parties, with respect to the subject matter hereof.

14. Certain Definitions. Except where the context otherwise indicates, the following definitions apply for purposes of the Agreement.

14.1 "A&L Unit" means the Asset & Liability unit of PNC.

14.2 "Annual Potential Payout Percentage." The Annual Potential Payout Percentage for a given full covered year within the Performance Period (*i.e.*, for 2008, 2009 or 2010) is the percentage determined in accordance with the Annual Potential Payout Calculation Schedule applicable for that year on the basis of the level of financial return from investing activities achieved by the A&L Unit compared to applicable Benchmark Performance Index for that year, rounded to the nearest one-hundredth percent.

Where the Agreement requires the calculation of an Annual Potential Payout Percentage for a given period that is less than a full year (sometimes referred to as a "partial year" or a "limited year" or "limited period"), then the Annual Potential Payout Percentage for that covered period is sometimes referred to as a "Limited-Year Annual Potential Payout Percentage".

A "Limited-Year Annual Potential Payout Percentage" will be calculated in the same manner as the Annual Potential Payout Percentage for a full covered year except that it will be based on the level of financial return from investing activities achieved by the A&L Unit compared to applicable Benchmark Performance Index for the year-to-date period (using full quarters only) beginning on January 1 of the given partial year and ending on the performance measurement date specified by the Agreement.

14.3 "Annual Potential Payout Calculation Schedule" or "Schedule" for a given full or partial covered year means the schedule established by the Committee with respect to this Grant as applicable for that year and setting forth the method by which the Annual Potential Payout Percentage will be calculated for that full covered year on the basis of the level of financial return from investing activities achieved by the A&L Unit compared to applicable Benchmark Performance Index for that year. The Limited-Year Annual

Potential Payout Percentage will be calculated for that partial covered year, if a partial or limited year calculation is required by the Agreement, on the basis of the level of financial return from investing activities achieved by the A&L Unit compared to applicable Benchmark Performance Index for the year-to-date period (using full quarters only) beginning on January 1 of that partial year and ending on the performance measurement date specified by the Agreement.

14.4 "Award Date" means: (1) the date on which the Committee makes its determination as to whether or not it will authorize an award, and if so, as to the size of the Final Award, if any, it authorizes pursuant to Section 5.2 within the permitted Calculated Maximum Potential Payout Amount determined in accordance with the Agreement (sometimes referred to as the "Committee-determined Award Date"); or (2) if a Change in Control has occurred and Grantee is deemed to have been awarded a Final Award pursuant to Section 6, the Award Date will be the date the Change in Control occurs (sometimes referred to as the "Change-in-Control-determined Award Date").

14.5 "Benchmark Performance Index". The Benchmark Performance Index for each year in the Performance Period will be the same benchmark performance index that PNC uses internally to evaluate the investment performance of the A&L Unit as in effect as of March 30 of that year, so that, for example, 2008 performance will be compared to PNC's internal performance benchmark index for the A&L Unit in effect on March 30, 2008, 2009 performance will be compared to PNC's internal performance benchmark index for the A&L Unit in effect on March 30, 2009, *etc*.

Where the Agreement requires the measurement of performance for a given period that is less than a full year, then the applicable Benchmark Performance Index for that limited period will be the benchmark performance index that PNC uses internally to evaluate the investment performance of the A&L Unit as in effect as of March 30 of the calendar year in which the limited period occurs.

14.6 "Board" means the Board of Directors of PNC.

14.7 "Calculated Maximum Potential Payout Amount" means the maximum size of the award, denominated as a specified number of Share Units, that the Committee may award to Grantee based on the degree to which the specified corporate Performance Criteria have been achieved by the A&L Unit and the applicable Annual Potential Payout Calculation Schedules established by the Committee and on Grantee's level of satisfaction, or deemed satisfaction, of the service requirements set forth in Section 4, including any limitations on the maximum potential payout amount that may apply in the circumstances (*e.g.*, in the case of a qualifying retirement).

14.8 "Cause".

(a) "Cause" during a CIC Coverage Period. If a termination of Grantee's employment with the Corporation occurs during a CIC Coverage Period, then, for purposes of the Agreement, "Cause" means:

(i) the willful and continued failure of Grantee to substantially perform Grantee's duties with the Corporation (other than any such failure resulting from incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to Grantee by the Board or the CEO which specifically identifies the manner in which the Board or the CEO believes that Grantee has not substantially performed Grantee's duties; or

(ii) the willful engaging by Grantee in illegal conduct or gross misconduct that is materially and demonstrably injurious to PNC or any of its subsidiaries.

For purposes of the preceding clauses (i) and (ii), no act or failure to act, on the part of Grantee, shall be considered willful unless it is done, or omitted to be done, by Grantee in bad faith and without reasonable belief that Grantee's action or omission was in the best interests of the Corporation. Any act, or failure to act, based upon the instructions or prior approval of the Board, the CEO, or Grantee's superior or based upon the advice of counsel for the Corporation, shall be conclusively presumed to be done, or omitted to be done, by Grantee in good faith and in the best interests of the Corporation.

The cessation of employment of Grantee will be deemed to be a termination of Grantee's employment with the Corporation for Cause for purposes of the Agreement only if and when there shall have been delivered to Grantee, as part of the notice of Grantee's termination, a copy of a resolution duly adopted by the affirmative vote of not less than a majority of the entire membership of the Board, at a Board meeting called and held for the purpose of considering such termination, finding on the basis of clear and convincing evidence that, in the good faith opinion of the Board, Grantee is guilty of conduct described in clause (i) or clause (ii) above and, in either case, specifying the particulars thereof in detail. Such resolution shall be adopted only after (1) reasonable notice of such Board meeting is provided to Grantee, together with written notice that PNC believes that Grantee is guilty of conduct described in clause (i) or clause (ii) above and, in either case, specifying the particulars thereof in detail, and (2) Grantee is given an opportunity, together with counsel, to be heard before the Board.

(b) "Cause" other than during a CIC Coverage Period. If a termination of Grantee's employment with the Corporation occurs other than during a CIC Coverage Period, then, for purposes of the Agreement, "Cause" means:

(i) the willful and continued failure of Grantee to substantially perform Grantee's duties with the Corporation (other than any such failure resulting from incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to Grantee by PNC that specifically identifies the manner in which it is believed that Grantee has not substantially performed Grantee's duties;

(ii) a material breach by Grantee of (1) any code of conduct of PNC or any code of conduct of a subsidiary of PNC that is applicable to Grantee or (2) other written policy of PNC or other written policy of a subsidiary of PNC that is applicable to Grantee, in either case required by law or established to maintain compliance with applicable law;

(iii) any act of fraud, misappropriation, material dishonesty, or embezzlement by Grantee against PNC or any of its subsidiaries or any client or customer of PNC or any of its subsidiaries;

(iv) any conviction (including a plea of guilty or of *nolo contendere*) of Grantee for, or entry by Grantee into a pre-trial disposition with respect to, the commission of a felony; or

(v) entry of any order against Grantee, by any governmental body having regulatory authority with respect to the business of PNC or any of its subsidiaries, that relates to or arises out of Grantee's employment or other service relationship with the Corporation.

The cessation of employment of Grantee will be deemed to have been a termination of Grantee's employment with the Corporation for Cause for purposes of the Agreement only if and when the CEO or his or her designee (or, if Grantee is the CEO, the Board) determines that Grantee is guilty of conduct described in clause (i), (ii) or (iii) above or that an event described in clause (iv) or (v) above has occurred with respect to Grantee and, if so, determines that the termination of Grantee's employment with the Corporation will be deemed to have been for Cause.

14.9 "CEO" means the chief executive officer of PNC.

14.10 "Change in Control" means a change of control of PNC of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or in response to any similar item on any similar schedule or form) promulgated under the Exchange Act, whether or not PNC is then subject to such reporting requirement; provided, however, that without limitation, a Change in Control will be deemed to have occurred if:

(a) any Person, excluding employee benefits plans of the Corporation, is or becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act or any successor provisions thereto), directly or indirectly, of securities of PNC representing twenty percent (20%) or more of the combined voting power of PNC's then outstanding securities; provided, however, that such an acquisition of beneficial ownership representing between twenty percent (20%) and forty percent (40%), inclusive, of such voting power will not be considered a Change in Control if the Board approves such acquisition either prior to or immediately after its occurrence;

(b) PNC consummates a merger, consolidation, share exchange, division or other reorganization or transaction of PNC (a "Fundamental Transaction") with any other corporation, other than a Fundamental Transaction that results in the voting securities of PNC outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least sixty percent (60%) of the combined voting power immediately after such Fundamental Transaction of (i) PNC's outstanding securities, (ii) the surviving entity's outstanding securities, or (iii) in the case of a division, the outstanding securities of each entity resulting from the division;

(c) the shareholders of PNC approve a plan of complete liquidation or winding-up of PNC or an agreement for the sale or disposition (in one transaction or a series of transactions) of all or substantially all of PNC's assets;

(d) as a result of a proxy contest, individuals who prior to the conclusion thereof constituted the Board (including for this purpose any new director whose election or nomination for election by PNC's shareholders in connection with such proxy contest was approved by a vote of at least two-thirds ($^2/_3$rds) of the directors then still in office who were directors prior to such proxy contest) cease to constitute at least a majority of the Board (excluding any Board seat that is vacant or otherwise unoccupied);

(e) during any period of twenty-four (24) consecutive months, individuals who at the beginning of such period constituted the Board (including for this purpose any new director whose election or nomination for election by PNC's shareholders was approved by a vote of at least two-thirds ($^2/_3$rds) of the directors then still in office who were directors at the beginning of such period) cease for any reason to constitute at least a majority of the Board (excluding any Board seat that is vacant or otherwise unoccupied); or

(f) the Board determines that a Change in Control has occurred.

Notwithstanding anything to the contrary herein, a divestiture or spin-off of a subsidiary or division of PNC or any of its subsidiaries shall not by itself constitute a Change in Control.

14.11 "CIC Coverage Period" means a period (a) commencing on the earlier to occur of (i) the date of a CIC Triggering Event and (ii) the date of a Change in Control and (b) ending on the date that is three (3) years after the date of the Change in Control; provided, however, that in the event that a CIC Coverage Period commences on the date of a CIC Triggering Event, such CIC Coverage Period will terminate upon the earlier to occur of (x) the date of a CIC Failure and (y) the date that is three (3) years after the date of the Change in Control triggered by the CIC Triggering Event. After the termination of any CIC Coverage Period, another CIC Coverage Period will commence upon the earlier to occur of clause (a)(i) and clause (a)(ii) in the preceding sentence.

14.12 "CIC Failure" means the following:

(a) with respect to a CIC Triggering Event described in Section 14.14(a), PNC's shareholders vote against the transaction approved by the Board or the agreement to consummate the transaction is terminated; or

(b) with respect to a CIC Triggering Event described in Section 14.14(b), the proxy contest fails to replace or remove a majority of the members of the Board.

14.13 "CIC Payout Percentage" has the meaning set forth in Section 6.1(a)(iv).

14.14 "CIC Triggering Event" means the occurrence of either of the following:

(a) the Board or PNC's shareholders approve a transaction described in Subsection (b) of the definition of Change in Control contained in Section 14.10; or

(b) the commencement of a proxy contest in which any Person seeks to replace or remove a majority of the members of the Board.

14.15 "Committee" means the Personnel and Compensation Committee of the Board, or such person or persons as may be designated or appointed by that committee as its delegate or designee.

14.16 "Competitive Activity" means any participation in, employment by, ownership of any equity interest exceeding one percent (1%) in, or promotion or organization of, any Person other than PNC or any of its subsidiaries (a) engaged in business activities similar to some or all of the business activities of PNC or any subsidiary as of Grantee's Termination Date or (b) engaged in business activities which Grantee knows PNC or any subsidiary intends to enter within the first twelve (12) months after Grantee's Termination Date or, if later and if applicable, after the date specified in clause (ii) of Section 14.19(a), in either case whether Grantee is acting as agent, consultant, independent contractor, employee, officer, director, investor, partner, shareholder, proprietor or in any other individual or representative capacity therein.

14.17 "Consolidated Subsidiary" means a corporation, bank, partnership, business trust, limited liability company or other form of business organization that (1) is a consolidated subsidiary of PNC under generally accepted accounting principles and (2) satisfies the definition of "service recipient" under Section 409A.

14.18 "Corporation" means PNC and its Consolidated Subsidiaries.

14.19 "Detrimental Conduct" means:

(a) Grantee has engaged, without the prior written consent of PNC (with consent to be given at PNC's sole discretion), in any Competitive Activity in the continental United States at any time during the period commencing on Grantee's Termination Date and extending through (and including) the first (1st) anniversary of the later of (i) Grantee's Termination Date and, if different, (ii) the first date after Grantee's Termination Date as of which Grantee ceases to be engaged by the Corporation in any capacity for which Grantee receives compensation from the Corporation, including but not limited to acting for compensation as a consultant, independent contractor, employee, officer, director or advisory director;

(b) any act of fraud, misappropriation, or embezzlement by Grantee against PNC or one of its subsidiaries or any client or customer of PNC or one of its subsidiaries; or

(c) any conviction (including a plea of guilty or of *nolo contendere*) of Grantee for, or any entry by Grantee into a pre-trial disposition with respect to, the commission of a felony that relates to or arises out of Grantee's employment or other service relationship with the Corporation.

Grantee will be deemed to have engaged in Detrimental Conduct for purposes of the Agreement only if and when the Committee or its delegate (if Grantee was an "executive officer" of PNC as defined in SEC Regulation S-K when he ceased to be an employee of the Corporation) or the CEO (if Grantee was not such an executive officer) determines that Grantee has engaged in conduct described in clause (a) or clause (b) above or that an event described in clause (c) above has occurred with respect to Grantee and, if so, determines that Grantee will be deemed to have engaged in Detrimental Conduct.

14.20 "Disabled" or "Disability" means, except as may otherwise be required by Section 409A, that Grantee either (i) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or (ii) is, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving (and has received for at least three months) income replacement benefits under any Corporation-sponsored disability benefit plan. If Grantee has been determined to be eligible for Social Security disability benefits, Grantee shall be presumed to be Disabled as defined herein.

14.21 "Exchange Act" means the Securities Exchange Act of 1934 as amended, and the rules and regulations promulgated thereunder.

14.22 "Fair Market Value" as it relates to a share of PNC common stock as of any given date means the average of the reported high and low trading prices on the New York Stock Exchange (or such successor reporting system as PNC may select) for a share of PNC common stock on such date, or, if no PNC common stock trades have been reported on such exchange for that day, the average of such prices on the next preceding day and the next following day for which there were reported trades.

14.23 "Final Award" means the amount, if any, (a) awarded to Grantee by the Committee in accordance with Section 5.2, or (b) deemed to be awarded to Grantee pursuant to Section 6. The Final Award will be denominated as a specified number of Share Units and will be payable in cash in accordance with Section 7.

14.24 "Final Potential Payout Percentage."

Where a Final Award determination is made pursuant to Section 5, the term "Final Potential Payout Percentage" will have the meaning set forth in (a) or (b) below, whichever is applicable in the circumstances.

(a) Where the Performance Period specified by the applicable section of the Agreement is the full three-year period commencing January 1, 2008 through and including December 31, 2010, then the Final Potential Payout Percentage will be the percentage that is the average (but in no event greater than 200%) of the Annual Potential Payout Percentages for the three full covered years in the Performance Period (*i.e.*, one-third ($^1/_3$rd) of the sum of the annual percentages for the full years 2008, 2009 and 2010). If all of the Annual Potential Payout Percentages are 0%, then the Final Potential Payout Percentage will be 0%.

(b) Where the applicable performance measurement date specified by the Agreement is a quarter-end or year-end date other than December 31, 2010, then the Final Potential Payout Percentage will be a Limited-Period Final Potential Payout Percentage and will be calculated as set forth in Section 14.31.

Where a Final Award is deemed to be awarded pursuant to Section 6 by reason of the occurrence of a Change in Control, the payout calculation will be as set forth in the applicable subsection of Section 6.

14.25 "GAAP" or "generally accepted accounting principles" means accounting principles generally accepted in the United States of America.

14.26 "Good Reason" means:

(a) the assignment to Grantee of any duties inconsistent in any respect with Grantee's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities immediately prior to either the CIC Triggering Event or the Change in Control, or any other action by the Corporation which results in a diminution in any respect in such position, authority, duties or responsibilities, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith that is remedied by the Corporation promptly after receipt of notice thereof given by Grantee;

(b) a reduction by the Corporation in Grantee's annual base salary as in effect on the Grant Date, as the same may be increased from time to time;

(c) the Corporation's requiring Grantee to be based at any office or location that is more than fifty (50) miles from Grantee's office or location immediately prior to either the CIC Triggering Event or the Change in Control;

(d) the failure by the Corporation (i) to continue in effect any bonus, stock option or other cash or equity-based incentive plan or program in which Grantee participates immediately prior to either the CIC Triggering Event or the Change in Control that is material to Grantee's total compensation, unless a substantially equivalent arrangement (embodied in an ongoing substitute or alternative plan or program) has been made with respect to such plan or program, or (ii) to continue Grantee's participation in such plan or program (or in such substitute or alternative plan or program) on a basis at least as favorable, both in terms of the amount of benefits provided and the level of Grantee's participation relative to other participants, as existed immediately prior to the CIC Triggering Event or the Change in Control; or

(e) the failure by the Corporation to continue to provide Grantee with benefits substantially similar to those received by Grantee under any of the Corporation's pension (including, but not limited to, tax-qualified plans), life insurance, health, accident, disability or other welfare plans or programs in which Grantee was participating, at costs substantially similar to those paid by Grantee, immediately prior to the CIC Triggering Event or the Change in Control.

14.27 "Grant" means the grant, pursuant to Section 2, to Grantee of a Share-denominated incentive award opportunity of Performance Units with the number of Target Share Units specified in the Agreement, subject to the corporate performance conditions, employment conditions, and other terms and conditions of the Agreement and to the Plan.

14.28 "Grant Date" means the Grant Date set forth on page 1 of the Agreement, and is the date as of which the Committee authorized the Grant of the Performance Units in accordance with the Plan.

14.29 "Grantee" means the person to whom the Grant is made, and is identified as Grantee on page 1 of the Agreement.

14.30 "Internal Revenue Code" means the Internal Revenue Code of 1986 as amended, and the rules and regulations promulgated thereunder.

14.31 "Limited-Period Final Potential Payout Percentage". Where the Agreement requires the calculation of a Limited-Period Final Potential Payout Percentage and the applicable performance measurement date specified by the Agreement is a quarter-end date other than December 31st of 2008 or 2009, and thus the applicable Performance Period consists of one or more full years and/or a partial year, then the Limited-Period Final Potential Payout Percentage will be the percentage that is the weighted average of the Annual Potential Payout Percentages for the full years, if any, and the Limited-Year Annual Potential Payout Percentage for the partial year in the applicable limited Performance Period calculated as follows:

(a) the sum of (i) four times the sum of the Annual Potential Payout Percentages for the full years in the period, if any, and (ii) the number of full completed quarters in the partial year of the applicable limited Performance Period, times the Limited-Year Annual Potential Payout Percentage for that partial year;

divided by

(b) the total number of quarters in the applicable limited Performance Period.

Where the Agreement requires the calculation of a Limited-Period Final Potential Payout Percentage and the applicable performance measurement date specified by the Agreement is December 31st of 2008 or 2009 and thus the applicable Performance Period consists of one or more full years (and no partial years), then the Limited-Period Final Potential Payout Percentage will be the percentage that is the average (but in no event greater than 200%) of the Annual Potential Payout Percentages for the covered years in the Performance Period (*e.g.*, one-half (1/2) of the sum of the two annual percentages if the applicable Performance Period is limited to the full years 2008 and 2009). If all of the Annual Potential Payout Percentages are 0%, then the Limited-Period Final Potential Payout Percentage will be 0%.

14.32 "Limited-Year Annual Potential Payout Percentage" has the meaning set forth in the last two paragraphs of the definition of Annual Potential Payout Percentage in Section 14.2.

14.33 "Performance Criteria" means the corporate performance standards established by the Committee as the performance criteria for the Performance Units as set forth in Section 3.1.

14.34 "Performance measurement date" has the meaning set forth in Section 5.1 and refers to the last day of the relevant performance measurement period.

14.35 "Performance Period" means the period during which corporate performance will be measured against the performance standards established by the Committee in accordance with the Agreement. The Performance Period will be the period commencing January 1, 2008 through (and including) the applicable performance measurement date specified in the Agreement.

Subject to early termination or limitation where so indicated in the Agreement by specifying an earlier performance measurement date, the performance measurement date will be December 31, 2010 and the Performance Period will be the period commencing January 1, 2008 through (and including) December 31, 2010.

If the Performance Period is terminated early or limited pursuant to the terms of the Agreement, it is sometimes referred to as the "limited performance period". The three full years in the full Performance Period (2008, 2009 and 2010), or, if applicable, the full and partial years in the limited performance period, are sometimes referred to as "covered years".

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14.36 "Performance Units" means the Share-denominated incentive award opportunity performance units granted to Grantee in this Grant in accordance with Article 10.3 of the Plan.

14.37 "Person" has the meaning given in Section 3(a)(9) of the Exchange Act and also includes any syndicate or group deemed to be a person under Section 13(d)(3) of the Exchange Act.

14.38 "Plan" means The PNC Financial Services Group, Inc. 2006 Incentive Award Plan as amended from time to time.

14.39 "PNC" means The PNC Financial Services Group, Inc.

14.40 "Prorate" or "Prorated" means multiplying by a fraction, sometimes referred to as the "proration factor", not to exceed 1 and determined as follows.

If the Agreement specifies "prorating by years", the proration factor is the fraction equal to (a) the number of full years in the applicable Performance Period, (b) divided by three, which is the number of years in the full 3-year period from January 1, 2008 through December 31, 2010.

If the Agreement specifies "prorating by quarters", the proration factor is the fraction equal to (a) the number of full quarters in the applicable Performance Period, (b) divided by twelve, which is the number of quarters in the full 3-year period from January 1, 2008 through December 31, 2010.

14.41 "Qualifying Termination in Anticipation of a Change in Control" Grantee's termination of employment with the Corporation will be deemed to have been a "Qualifying Termination in Anticipation of a Change in Control" for purposes of the Agreement if Grantee's employment was terminated (other than by reason of Grantee's death) by the Corporation without Cause or by Grantee for Good Reason and the circumstances of such termination fall within one of the following:

(1) such termination of employment by the Corporation without Cause or by Grantee for Good Reason occurred after the occurrence of a CIC Triggering Event but before such triggering event resulted in a Change in Control or a CIC Failure of such event occurred;

(2) such termination of employment was (a) by the Corporation without Cause, and (b) was either (i) at the request of a third party that had taken steps reasonably calculated to effect a Change in Control or (ii) otherwise arose in anticipation of a Change in Control, and (c) a CIC Coverage Period commences (by reason of the occurrence of either a CIC Triggering Event or a Change in Control) within three (3) months of Grantee's Termination Date; or

(3) such termination of employment was (a) by Grantee for Good Reason, and (b) the circumstance or event that constitutes Good Reason either (i) occurred at the request of a third party that had taken steps reasonably calculated to effect a Change in Control or (ii) otherwise arose in anticipation of a Change in Control, and (c) a CIC Coverage Period commences (by reason of the occurrence of either a CIC Triggering Event or a Change in Control) within three (3) months of Grantee's Termination Date.

If Grantee is relying on clause (2) or clause (3) to meet the condition of this definition, Grantee will have the burden of proving that the requirements of such clause have been met and the standard of proof to be met by Grantee will be clear and convincing evidence.

For purposes of clause (2) and clause (3) of this Section 14.41 only, the definition of Change in Control in Section 14.10 will exclude the proviso in Section 14.10(a).

14.42 "Retiree". Grantee is sometimes referred to as a "Retiree" if Grantee Retires, as defined in Section 14.43.

14.43 "Retires" or "Retirement". Grantee "Retires" if his employment with the Corporation terminates (a) at any time on or after the first (1st) day of the first (1st) month coincident with or next following the date on which Grantee attains age fifty-five (55) and completes five (5) years of service (where a year of service is determined in the same manner as the determination of a year of Vesting Service under the provisions of The PNC Financial Services Group, Inc. Pension Plan) with the Corporation and (b) for a reason other than termination by reason of Grantee's death or by the Corporation for Cause or, unless the Committee or its delegate determines otherwise, termination in connection with a divestiture of assets or a divestiture of one or more subsidiaries. If Grantee "Retires" as defined herein, the termination of Grantee's employment with the Corporation is sometimes referred to as "Retirement".

14.44 "Schedules" means the Annual Potential Payout Calculation Schedules established by the Committee with respect to this Grant, as described in Section 14.3.

14.45 "SEC" means the United States Securities and Exchange Commission.

14.46 "Section 409A" means Section 409A of the Internal Revenue Code.

14.47 "Share" means a share of PNC common stock.

14.48 "Target Share Units" means the number of Share Units specified on page 1 of the Agreement as Target Share Units, subject to capital adjustments pursuant to Section 8, if any.

14.49 "Termination Date" means Grantee's last date of employment with the Corporation. If Grantee is employed by a Consolidated Subsidiary that ceases to be a subsidiary of PNC or ceases to be a consolidated subsidiary of PNC under generally accepted accounting principles and Grantee does not continue to be employed by PNC or a Consolidated Subsidiary, then for purposes of the Agreement, Grantee's employment with the Corporation terminates effective at the time this occurs.

15. Grantee Covenants.

15.1 General. Grantee and PNC acknowledge and agree that Grantee has received adequate consideration with respect to enforcement of the provisions of Sections 15 and 16 by virtue of receiving this Grant of an award opportunity of Performance Units (regardless of whether a Final Award is ultimately determined and delivered or of the size of such Final Award, if any); that such provisions are reasonable and properly required for the adequate protection of the business of PNC and its subsidiaries; and that enforcement of such provisions will not prevent Grantee from earning a living.

15.2 Non-Solicitation; No-Hire. Grantee agrees to comply with the provisions of subsections (a) and (b) of this Section 15.2 while employed by the Corporation and for a period of twelve (12) months after Grantee's Termination Date regardless of the reason for such termination of employment.

(a) Non-Solicitation. Grantee shall not, directly or indirectly, either for Grantee's own benefit or purpose or for the benefit or purpose of any Person other than PNC or any of its subsidiaries, solicit, call on, do business with, or actively interfere with PNC's or any subsidiary's relationship with, or attempt to divert or entice away, any Person that Grantee should reasonably know (i) is a customer of PNC or any subsidiary for which PNC or any subsidiary provides any services as of the Termination Date, or (ii) was a customer of PNC or any subsidiary for which PNC or any subsidiary provided any services at any time during the twelve (12) months preceding the Termination Date, or (iii) was, as of the Termination Date, considering retention of PNC or any subsidiary to provide any services.

(b) No-Hire. Grantee shall not, directly or indirectly, either for Grantee's own benefit or purpose or for the benefit or purpose of any Person other than PNC or any of its subsidiaries, employ or offer to employ, call on, or actively interfere with PNC's or any subsidiary's relationship with, or attempt to divert or entice away, any employee of PNC or any of its subsidiaries, nor shall Grantee assist any other Person in such activities.

Notwithstanding the above, if Grantee's employment with the Corporation is terminated by the Corporation without Cause or by Grantee with Good Reason and such Termination Date occurs during a CIC Coverage Period (as defined in Section 14.11), then commencing immediately after such Termination Date, the provisions of subsections (a) and (b) of this Section 15.2 shall no longer apply and will be replaced with the following subsection (c):

(c) No-Hire. Grantee agrees that Grantee shall not, for a period of twelve (12) months after the Termination Date, employ or offer to employ, solicit, actively interfere with PNC's or any PNC affiliate's relationship with, or attempt to divert or entice away, any officer of PNC or any PNC affiliate.

15.3 Confidentiality. During Grantee's employment with the Corporation, and thereafter regardless of the reason for termination of such employment, Grantee will not disclose or use in any way any confidential business or technical information or trade secret acquired in the course of such employment, all of which is the exclusive and valuable property of the Corporation whether or not conceived of or prepared by Grantee, other than (a) information generally known in the Corporation's industry or acquired from public sources, (b) as required in the course of employment by the Corporation, (c) as required by any court, supervisory authority, administrative agency or applicable law, or (d) with the prior written consent of PNC.

15.4 Ownership of Inventions. Grantee shall promptly and fully disclose to PNC any and all inventions, discoveries, improvements, ideas or other works of inventorship or authorship, whether or not patentable, that have been or will be conceived and/or reduced to practice by Grantee during the term of Grantee's employment with the Corporation, whether alone or with others, and that are (a) related directly or indirectly to the business or activities of PNC or any of its subsidiaries or (b) developed with the use of any time, material, facilities or other resources of PNC or any subsidiary ("Developments"). Grantee agrees to assign and hereby does assign to PNC or its designee all of Grantee's right, title and interest, including copyrights and patent rights, in and to all Developments. Grantee shall perform all actions and execute all instruments that PNC or any subsidiary shall deem necessary to protect or record PNC's or its designee's interests in the Developments. The obligations of this Section 15.4 shall be performed by Grantee without further compensation and will continue beyond Grantee's Termination Date.

16. Enforcement Provisions. Grantee understands and agrees to the following provisions regarding enforcement of the Agreement.

16.1 Governing Law and Jurisdiction. The Agreement is governed by and construed under the laws of the Commonwealth of Pennsylvania, without reference to its conflict of laws provisions. Any dispute or claim arising out of or relating to the Agreement or claim of breach hereof shall be brought exclusively in the federal court for the Western District of Pennsylvania or in the Court of Common Pleas of Allegheny County, Pennsylvania. By execution of the Agreement, Grantee and PNC hereby consent to the exclusive jurisdiction of such courts, and waive any right to challenge jurisdiction or venue in such courts with regard to any suit, action, or proceeding under or in connection with the Agreement.

16.2 Equitable Remedies. A breach of the provisions of any of Sections 15.2, 15.3 or 15.4 will cause the Corporation irreparable harm, and the Corporation will therefore be entitled to issuance of immediate, as well as permanent, injunctive relief restraining Grantee, and each and every person and entity acting in concert or participating with Grantee, from initiation and/or continuation of such breach.

16.3 Tolling Period. If it becomes necessary or desirable for the Corporation to seek compliance with the provisions of Section 15.2 by legal proceedings, the period during which Grantee shall comply with said provisions will extend for a period of twelve (12) months from the date the Corporation institutes legal proceedings for injunctive or other relief.

16.4 No Waiver. Failure of PNC to demand strict compliance with any of the terms, covenants or conditions of the Agreement will not be deemed a waiver of such term, covenant or condition, nor will any waiver or relinquishment of any such term, covenant or condition on any occasion or on multiple occasions be deemed a waiver or relinquishment of such term, covenant or condition.

16.5 Severability. The restrictions and obligations imposed by Sections 15.2, 15.3 and 15.4 are separate and severable, and it is the intent of Grantee and PNC that if any restriction or obligation imposed by any of these provisions is deemed by a court of competent jurisdiction to be void for any reason whatsoever, the remaining provisions, restrictions and obligations will remain valid and binding upon Grantee.

16.6 Reform. In the event any of Sections 15.2, 15.3 and 15.4 are determined by a court of competent jurisdiction to be unenforceable because unreasonable either as to length of time or area to which said restriction applies, it is the intent of Grantee and PNC that said court reduce and reform the provisions thereof so as to apply the greatest limitations considered enforceable by the court.

16.7 Waiver of Jury Trial. Each of Grantee and PNC hereby waives any right to trial by jury with regard to any suit, action or proceeding under or in connection with any of Sections 15.2, 15.3 and 15.4.

16.8 Applicable Law. Notwithstanding anything in the Agreement, PNC will not be required to comply with any term, covenant or condition of the Agreement if and to the extent prohibited by law, including but not limited to federal banking and securities regulations, or as otherwise directed by one or more regulatory agencies having jurisdiction over PNC or any of its subsidiaries. Further, to the extent, if any, applicable to Grantee, Grantee agrees to reimburse PNC for any amounts Grantee may be required to reimburse PNC or its subsidiaries pursuant to Section 304 of the Sarbanes-Oxley Act of 2002, and agrees that PNC need not comply with any term, covenant or condition of the Agreement to the extent that doing so would require that Grantee reimburse PNC or its subsidiaries for such amounts pursuant to Section 304 of the Sarbanes-Oxley Act of 2002.

16.9. Compliance with Internal Revenue Code Section 409A. It is the intention of the parties that the Grant and the Agreement comply with the provisions of Section 409A to the extent, if any, that such provisions are applicable to the Agreement, and the Agreement will be administered by PNC in a manner consistent with this intent.

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If any payments or benefits hereunder may be deemed to constitute nonconforming deferred compensation subject to taxation under the provisions of Section 409A, Grantee agrees that PNC may, without the consent of Grantee, modify the Agreement to the extent and in the manner PNC deems necessary or advisable or take such other action or actions, including an amendment or action with retroactive effect, that PNC deems appropriate in order either to preclude any such payments or benefits from being deemed "deferred compensation" within the meaning of Section 409A or to provide such payments or benefits in a manner that complies with the provisions of Section 409A such that they will not be taxable thereunder.

17. Amendment to 2007 Performance Units Agreement. The terms and conditions of the 2007 Performance Units Agreement between Grantee and PNC are hereby amended as follows.

(1) Section 3.2 is amended by restating the heading to read "Benchmark Performance Indices and Annual Potential Payout Calculation Schedules" and by replacing the second paragraph of that section with the following:

> "The Committee also establishes the applicable Annual Potential Payout Calculation Schedules (as defined in Section 14.3) with respect to this Grant for the full years, and/or portion of a year where a limited-year calculation applies, in the Performance Period. The Schedule established by the Committee at the time it authorized this Grant shall apply to 2007. The revised Schedule established by the Committee at the time it amended the schedule for this Grant shall apply beginning with the year 2008 to all other full and partial covered years in the Performance Period unless and until amended prospectively by the Committee."

(2) Section 4.1 is amended by replacing the phrase in the last sentence of the fourth paragraph of that section that begins "except …" and ends "…Agreement" with the following phrase: "except that in the case of death, the determination and payment of said award, if any, shall be accelerated if so indicated in accordance with the applicable provisions of Section 5 or Section 6, as applicable, and Section 7."

(3) Section 4.2 is amended by adding the following phrase to the end of the last sentence of the last paragraph of that section: "and payable in accordance with Section 7".

(4) Section 4.3 is amended by: replacing the phrase "that the Committee may" in the proviso clause in the first paragraph of that section with the phrase "that PNC may"; deleting the phrase "by the Committee" in the first line of the second paragraph of that section; replacing the phrase "eligible for consideration for a prorated award" in the third line of the second paragraph of that section with the phrase "eligible for Committee consideration of a prorated award"; replacing the phrase "determined and payable" in the

fourth line of the second paragraph of that section with “considered”; replacing the phrase “terminated by the Committee for” in the first sentence of the fourth paragraph of that section with the phrase “terminated for”; replacing the phrase “the Committee will consider” in the first sentence of the fourth paragraph of that section with the phrase “the Committee may consider”; replacing the phrase “Such award, if any, will be paid during the year” at the beginning of the last sentence of the fourth paragraph of that section with the phrase “Any such award determination will be made and such award, if any, will be calculated in accordance with Section 5.1(c) as described above but will be paid in accordance with Section 7 during the calendar year”; and adding the phrase “and payable in accordance with Section 7” to the end of the last sentence of the last paragraph of that section.

(5) Section 4.4 is amended by: replacing the phrase “that the Committee may” in the proviso clause in the first paragraph of that section with the phrase “that PNC may”; restating the second paragraph of that section to read “Provided that the Grant is still outstanding at that time, Grantee will be eligible for Committee consideration of a full award at the time that such an award, if any, would have been considered had Grantee remained a Corporation employee, calculated in accordance with Section 5.1(d) and payable in accordance with Section 7.”; replacing the phrase “terminated by the Committee for” in the first sentence of the fourth paragraph of that section with the phrase “terminated for”; replacing the phrase “the Committee will consider” in the first sentence of the fourth paragraph of that section with the phrase “the Committee may consider”; replacing the phrase “Such award, if any, will be paid during the year” at the beginning of the last sentence of the fourth paragraph of that section with the phrase “Any such award determination will be made and such award, if any, will be paid in accordance with Section 7 during the year”; and adding the phrase “and payable in accordance with Section 7” to the end of the last paragraph of that section.

(6) Section 4.5 is amended by deleting the phrase “by the Committee” from the first paragraph of that section, and by adding the following sentence to the end of the third paragraph of that section: “Any such award will be payable in accordance with Section 7.”

(7) Section 5.1 is amended by replacing the phrase “the calculated Annual Potential Payout Percentages for such full and partial years” in clause (2) of the first paragraph of that section with the phrase “the calculated Annual Potential Payout Percentages determined in accordance with the applicable Schedules”.

(8) Section 5.1(b)(iii) is amended by adding the phrase “will be a Limited-Period Final Potential Payout Percentage and” after the phrase “the applicable Final Potential Payout Percentage” at the beginning of that subsection, and by adding the phrase “specified above” after “applicable Performance Period” in the last line of that subsection. Section 5.1(b)(iv) is amended by inserting “Limited-Period” after the words “the applicable” at the beginning of clause (x) of that subsection, and by adding the phrase “specified above” after “applicable Performance Period” in clause (y) of that subsection.

(9) Section 5.1(c) is amended by: replacing the phrase "by the Committee prior to the award date" in the first sentence of that Section 5.1(c) with the phrase "by PNC prior to the award date"; by replacing the phrase "applicable Performance Period" in the last two lines of subsection 5.1(c)(iii) with the phrase "applicable limited Performance Period specified above"; and by replacing the phrase "through the applicable performance measurement date)" at the end of subsection 5.1(c)(iv) with the phrase "through the quarter-end date that is the applicable performance measurement date specified above)".

(10) Section 5.1(d) is amended and restated in its entirety to read as follows:

"(d) Disability. Except as set forth in the following paragraph, in the event that Grantee becomes Disabled prior to the regularly scheduled award date for non-exceptional circumstances in early 2010 but Grantee has met the conditions for a qualifying disability termination set forth in Section 4.4 and the Grant has not been terminated by PNC prior to the award date pursuant to Section 4.4 for Detrimental Conduct and remains outstanding, PNC will present information to the Committee for purposes of this Section 5.1 for consideration of an award on the same basis as that set forth in Section 5.1(a) for a continuing employee of the Corporation, together with such information as the Committee may request concerning the timing and circumstances of the disability. The scheduled award-determination period will occur in early 2010 as provided in Section 7.1.

If Grantee dies after a qualifying disability termination but prior to the award date and the Grant remains outstanding, Grantee will be eligible for Committee consideration of an award at the time and up to the maximum amount of the award Grantee could have received had he died while an employee of the Corporation."

(11) The second full paragraph of Section 5.1(e) is amended to read as follows:

"If Grantee dies after a Qualifying Termination in Anticipation of a Change in Control but prior to the time the Committee makes an award determination pursuant to Section 5.2 or a Change-in-Control-determined Award Date, Grantee will be eligible for Committee consideration of an award of up to the greater of the award Grantee could have received had he died while an employee of the Corporation or an award determined as set forth above in this Section 5.1(e)."

(12) The first paragraph of Section 5.2(a) is replaced with the following two paragraphs:

"(a) The Committee will have the authority to award to Grantee ("award") as a Final Award such amount, denominated as a specified number of

Share Units, as may be determined by the Committee, subject to the limitations set forth in the following paragraph, provided that the Grant is still outstanding, that Grantee is either still an employee of the Corporation or qualifies for an exception to the employment condition pursuant to Section 4.2, 4.3, 4.4 or 4.5, and that the Final Potential Payout Percentage is greater than zero.

The Final Award may not exceed the applicable Calculated Maximum Potential Payout Amount, as determined in accordance with the applicable subsection of Section 5.1, and is subject to the exercise of negative discretion by the Committee pursuant to Section 5.2(b), if applicable. The Committee will not have authority to exercise negative discretion if a CIC Coverage Period has commenced and has not yet ended; if there has been a Change in Control, the Committee's authority is subject to Section 6."

(13) The second paragraph of Section 5.2(b) is replaced with the following:

"It is anticipated that the Committee will take into account such factors as absolute A&L Unit financial performance, absolute proprietary trading results, cumulative performance relative to benchmark, adherence to risk parameters, and Grantee's contributions to the success of other PNC businesses when deciding whether and the extent to which to exercise its negative discretion."

(14) Section 5.2(c) is amended by replacing the phrase "under Section 5.2" with the phrase "pursuant to Section 5.2".

(15) Section 6 is amended and restated in its entirety to read as follows:

"6. Change in Control Prior to a Committee-Determined Award Date.

6.1 Final Award Calculation.

Notwithstanding anything in the Agreement to the contrary, upon the occurrence of a Change in Control at any time prior to a Committee-determined Award Date pursuant to Section 5.2, (i) the Performance Period, if not already ended, will be limited and will end on the last day of the last full quarter completed prior to the day the Change in Control occurs or, if the Change in Control occurs on a quarter-end date, on the day the Change in Control occurs, but in no event later than December 31, 2009, and (ii) Grantee will be deemed to have been awarded a Final Award in an amount determined as set forth in this Section 6, payable to Grantee or Grantee's legal representative at the time and in the manner set forth in Section 7, provided that the Grant is outstanding as of the end of the day immediately preceding the day on which the Change in Control occurs and has not already terminated or been terminated in accordance with the terms of Section 4.

If this Section 6 is applicable and a Final Award is deemed to be awarded pursuant to Section 6, the day the Change in Control occurs will be considered the

Award Date for purposes of the Agreement. This date is sometimes referred to in the Agreement as the "Change-in-Control-determined Award Date" (as set forth in Section 14.4).

(a) Standard CIC Payout Calculation. Provided that Grantee is an employee of the Corporation and the Grant is outstanding as of the end of the day immediately preceding the day on which the Change in Control occurs such that Grantee remains eligible for an award, Grantee's Final Award will be determined as follows:

(i) the applicable performance measurement date will be the last day of the last full quarter completed prior to the day the Change in Control occurs, or, if the Change in Control occurs on a quarter-end date, the day the Change in Control occurs, but in no event later than December 31, 2009;

(ii) the applicable Performance Period will be the period commencing on January 1, 2007 and ending on the applicable performance measurement date, and will consist of the full and partial years in that period;

(iii) the scheduled award-determination period will occur as soon as practicable after the occurrence of the Change in Control; and

(iv) a Final Award will be calculated in two parts (Part A and Part B), and the Final Award amount will be the sum of the amounts calculated for the Part A Award and the Part B Award as set forth below; provided, however, that the Part B Award is subject to Section 6.3 and that the Part B Award is not applicable in the limited circumstance where the Change in Control occurs on or after December 31, 2009 and the Part A Award is not prorated.

Part A Award: The Part A Award amount will be the number of Share Units equal to:

(1) the "CIC Payout Percentage" (calculated as set forth below) of the Target Share Units, then, except where the Change in Control occurs on or after December 31, 2009 and therefore the applicable Performance Period covers a full three years,

(2) prorated (as defined in Section 14.40) based on the number of full quarters in the applicable limited Performance Period (*i.e.*, in the period from January 1, 2007 through the quarter-end date that is the applicable performance measurement date specified above).

The "CIC Payout Percentage" will be (a) or (b) below, as applicable, (but in no event greater than 200%):

(a) If the Change in Control occurs prior to December 31, 2009, such that the Performance Period is less than three full years, the CIC Payout Percentage will be the higher of (1) 100% and (2) a Limited-Period Final Potential Payout Percentage calculated as set forth in Section 14.31 for the applicable limited Performance Period specified above; and

(b) If the Change in Control occurs on or after December 31, 2009, the CIC Payout Percentage will be the average of the Annual Potential Payout Percentages for the full years 2007, 2008 and 2009.

Part B Award: Subject to Section 6.3, the Part B Award amount will be the number of Share Units equal to:

(1) 100% of the Target Share Units, multiplied by

(3) the fraction equal to 1.00 minus the fraction used for the proration by quarters in the calculation of the Part A Award above.

If the calculation of the Part A Award above does not include a proration factor, the Part B Award will not be applicable.

If Grantee dies after the Change in Control occurs, Grantee's Final Award determined pursuant to this Section 6.1(a) will be paid to Grantee's legal representative, as determined in good faith by the Committee, in accordance with Section 9.

(b) Death. If Grantee died while an employee of the Corporation and a Final Award determination (either to award a specified amount or not to authorize any award) was made by the Committee pursuant to Section 5.2 prior to the Change in Control, no further or different award determination will be made pursuant to this Section 6.1.

In the event the Grantee died while an employee of the Corporation and qualified for consideration for an award pursuant to Section 4.2 but the Committee had not yet made an award determination (either to award a specified amount or not to authorize any award) with respect to Grantee at the time the Change in Control occurs such that Grantee remains eligible for an award, then the scheduled award-determination period will occur as soon as practicable after the occurrence of the Change in Control, and the amount of Grantee's Final Award (payable to Grantee's legal representative, as determined in good faith by the Committee, in accordance with Section 9) will be determined on the following basis, as applicable.

(1) If Grantee died in the calendar year prior to the Change in Control but the Committee had not yet made an award determination (either to award a specified amount or not to authorize any award) with respect to Grantee at the time the Change in Control occurs, Grantee's Final Award will be in the amount of the Calculated Maximum Potential Payout Amount determined in the same manner as set forth in Section 5.1(b) but with no Committee discretion to reduce the amount of the award.

(2) If Grantee died in the same calendar year as the Change in Control, Grantee's Final Award will be in the amount of the award that would have been payable to Grantee pursuant to the calculations set forth in Section 6.1(a), but substituting a Part B Award of zero Share Units for any Part B Award amount calculated pursuant to that section, had Grantee not died but had been an employee of the Corporation as of the end of day immediately preceding the day the Change in Control occurred.

(c) Qualifying Retirement. In the event that Grantee Retired prior to the day the Change in Control occurs but Grantee has met the conditions for a qualifying retirement termination set forth in Section 4.3 and the Grant has not been terminated by PNC prior to the Change in Control pursuant to Section 4.3 for Detrimental Conduct and is outstanding as of the end of the day immediately preceding the day on which the Change in Control occurs such that Grantee remains eligible for an award, Grantee's Final Award will be in the amount of the lesser of:

(1) the Calculated Maximum Potential Payout Amount determined in the same manner as set forth in Section 5.1(c) but with no Committee discretion to reduce the amount of the award; and

(2) the amount of the award that would have been payable to Grantee pursuant to the calculations set forth in Section 6.1(a), but substituting a Part B Award of zero Share Units for any Part B Award amount calculated pursuant to that section, had Grantee not Retired but had been an employee of the Corporation as of the end of the day immediately preceding the day the Change in Control occurred.

The scheduled award-determination period will occur as soon as practicable after the occurrence of the Change in Control.

If Grantee died while a qualified Retiree and a Final Award determination (either to award a specified amount or not to authorize any award) was made by the Committee pursuant to Section 5.2 prior to the Change in Control, no further or different award determination will be made pursuant to this Section 6.1.

If no such Final Award determination was made prior to the Change in Control, Grantee's Final Award determined pursuant to this Section 6.1(c) will be paid to Grantee's legal representative, as determined in good faith by the Committee, in accordance with Section 9.

(d) Disability. In the event that Grantee became Disabled and Grantee's employment with the Corporation terminated prior to the day the Change in Control occurs but Grantee has met the conditions for a qualifying disability termination set forth in Section 4.4 and the Grant has not been terminated by PNC prior to the Change in Control pursuant to Section 4.4 for

Detrimental Conduct and is outstanding as of the end of the day immediately preceding the day on which the Change in Control occurs such that Grantee remains eligible for an award, Grantee's Final Award will be in the amount of the award that would have been payable to Grantee pursuant to the calculations set forth in Section 6.1(a), but substituting a Part B Award of zero Share Units for any Part B Award amount calculated pursuant to that section, had Grantee still been an employee of the Corporation as of the end of the day immediately preceding the day the Change in Control occurred. The scheduled award-determination period will occur as soon as practicable after the occurrence of the Change in Control.

If Grantee died while qualified to receive an award and a Final Award determination (either to award a specified amount or not to authorize any award) was made by the Committee pursuant to Section 5.2 prior to the Change in Control, no further or different award determination will be made pursuant to this Section 6.1. If no such Final Award determination was made prior to the Change in Control, Grantee's Final Award (payable to Grantee's legal representative, as determined in good faith by the Committee, in accordance with Section 9) will be an award determined in accordance with Section 6.1(b) as if Grantee had died while an employee of the Corporation and prior to the Change in Control.

(e) Qualifying Termination in Anticipation of a Change in Control. In the event that Grantee's termination of employment satisfies all of the conditions set forth in Section 4.5 and Section 14.41 for a qualifying termination in anticipation of a change in control such that the Grant is outstanding at the time the Change in Control occurs and Grantee remains eligible for an award, Grantee will receive a Final Award on the following basis, as applicable.

(1) If the Change in Control occurs within three (3) months of Grantee's Termination Date, Grantee will receive a Final Award on the same basis as a continuing employee of the Corporation as set forth in Section 6.1(a).

(2) If the Change in Control occurs more than three (3) months after Grantee's Termination Date but the Grant is outstanding because Grantee's termination of employment qualifies under Section 4.5 and Section 14.41 by, among other conditions, having occurred after or within three months prior to a CIC Triggering Event, Grantee will receive a Final Award on the same basis as a qualifying Retiree as set forth in Section 6.1(c).

If Grantee died while qualified to receive an award and a Final Award determination (either to award a specified amount or not to authorize any award) was made by the Committee pursuant to Section 5.2 prior to the Change in Control, no further or different award determination will be made pursuant to this Section 6.1. If no such Final Award determination was made prior to the Change in Control, Grantee's Final Award (payable to Grantee's legal representative, as determined in good faith by the Committee, in accordance with Section 9) will be in the same amount as the Final Award that would have been paid to Grantee pursuant to this Section 6.1(e) had Grantee still been alive on the Change-in-Control-determined Award Date.

6.2 No Committee Discretion. The Committee may not exercise any negative discretion pursuant to Section 5.2(b) or otherwise exercise discretion pursuant to the Agreement in any way that would serve to reduce an award deemed to be made to Grantee pursuant to this Section 6.

6.3 Conditions for Final Award Calculation Part B Award. Certain subsections of Section 6.1 specify that a Final Award will be calculated in two parts: Part A Award and Part B Award. The Part B Award portion, where otherwise applicable pursuant to Section 6.1, is subject to the condition that Grantee have entered into a new change of control employment agreement with PNC after January 1, 2008.

Notwithstanding anything in Section 6.1 to the contrary, unless and until Grantee has entered into such an agreement, the calculation of a Final Award pursuant to Section 6.1 shall in no event include a Part B Award."

(16) Section 7.1 is amended and restated in its entirety to read as follows:

"7.1 Payment of Final Award Determined by the Committee.

(a) Form of Payment. Payment of any Final Award determined by the Committee pursuant to Section 5.2 will be made in cash in an amount equal to the number of Share Units specified in the Final Award multiplied by the Fair Market Value (as defined in Section 14.22) on the Award Date of a share of PNC common stock or as otherwise provided in Section 8, if applicable.

(b) Timing. Determination of eligibility for an award, calculation of the maximum permitted award amount, and a decision by the Committee on whether or not to authorize an award and, if so, the size of such Final Award (the "scheduled award-determination process") and then payment of any such Final Award will all generally occur in the first quarter of 2010 or as soon thereafter as practicable after the final data necessary for the Committee to make its award determination is available.

In general, it is expected that the Award Date will occur in 2010 and no later than the end of the second quarter of that year, and that payment of a Final Award, if any, will be made as soon as practicable after the Award Date. Except as otherwise provided below, in no event will payment be made earlier than January 1, 2010 or later than December 31, 2010, other than in unusual circumstances where a further delay thereafter would be permitted under Section 409A of the Internal Revenue Code, and if such a delay is permissible, as soon as practicable within such limits.

In the event of Grantee's death prior to the Award Date where Grantee has satisfied all of the conditions of Section 4.2, 4.3, 4.4 or 4.5 of the Agreement and otherwise meets all applicable criteria as set forth in the Agreement for consideration for an award, (a) the scheduled award-determination process will occur at the same time and in the same manner that such process would have occurred had Grantee remained an employee of the Corporation, provided that if the death occurs prior to 2009, the scheduled award-determination process will occur in the calendar year immediately following Grantee's death, and (b) payment of a Final Award, if any, will be made during the calendar year immediately following the year in which Grantee died if the death occurs on or prior to December 31, 2009, or in 2010 if Grantee dies in 2010, provided, that, in no event will payment occur later than December 31st of the calendar year so specified as the year for payment, other than in unusual circumstances where a further delay thereafter would be permitted under Section 409A of the Internal Revenue Code, and if such a delay is permissible, as soon as practicable within such limits.

Otherwise, in the event that Grantee is no longer employed by the Corporation but has satisfied all of the conditions of Section 4.3, 4.4 or 4.5 of the Agreement and otherwise meets all applicable criteria as set forth in the Agreement for consideration for an award, (a) the scheduled award-determination process will occur at the same time and in the same manner that such process would have occurred had Grantee remained an employee of the Corporation, generally in 2010 during the first quarter of that year, and (b) once the Committee has made its award determination, payment of a Final Award, if any, will be made as soon as practicable after the Award Date, provided, that, in no event will payment be made earlier than January 1, 2010 or later than December 31, 2010, other than in unusual circumstances where a further delay thereafter would be permitted under Section 409A of the Internal Revenue Code, and if such a delay is permissible, as soon as practicable within such limits.

(c) Disputes. If there is a dispute regarding payment of the Final Award, PNC will settle the undisputed portion of the award, if any, within the time frame set forth above in this Section 7.1, and will settle any remaining portion as soon as practicable after such dispute is finally resolved but in any event within the time period permitted under Section 409A of the Internal Revenue Code."

(17) Section 7.2 is amended and restated in its entirety to read as follows:

"7.2 Payment of Final Award Determined by Section 6. If a Final Award is deemed to be made pursuant to Section 6 rather than determined by the Committee pursuant to Section 5.2, the Final Award is fully vested as of the date of the Change in Control. The size of the Final Award in Share Units will be calculated as of the date of the Change in Control once the final data necessary for the award determination is available, and the Final Award will be paid in cash as set forth below.

(a) Timing. Payment of the Final Award will be made by PNC at the time set forth in subsection (a)(1) of this Section 7.2 unless payment at such time would be a noncompliant payment under Section 409A of the Internal Revenue Code, and otherwise, at the time set forth in subsection (a)(2) of this Section 7.2, in either case as further described below.

(1) If, under the circumstances, the Change in Control is a permissible payment event under Section 409A of the Internal Revenue Code, payment of the Final Award will be made in cash as soon as practicable after the date the Change in Control occurs and the amount of the Final Award is determinable and determined in accordance with Section 6, but in no event later than December 31st of the calendar year in which the Change in Control occurs or, if later, by the 15th day of the third calendar month following the date on which the Change in Control occurs, other than in unusual circumstances where a further delay thereafter would be permitted under Section 409A of the Internal Revenue Code, and if such a delay is permissible, as soon as practicable within such limits.

(2) If, under the circumstances, payment at the time of the Change in Control would not comply with Section 409A of the Internal Revenue Code, then payment will be made in cash as soon as practicable after January 1, 2010, but in no event later than December 31, 2010.

(b) Form of Payment. The Final Award will be paid in cash.

If, under the circumstances, the Change in Control is a permissible payment event under Section 409A of the Internal Revenue Code and payment of the Final Award is made at the time specified in Section 7.2(a)(1), then the Final Award will be in an amount equal to the base amount described below in subsection (A) of this Section 7.2(b).

If, under the circumstances, payment at the time of the Change in Control would not comply with Section 409A of the Internal Revenue Code and payment of the Final Award is made at the time specified in Section 7.2(a)(2), then the Final Award will be in an amount equal to the base amount described below in subsection (A) of this Section 7.2(b) plus the phantom investment amount described below in subsection (B) of this Section 7.2(b).

(A) The base amount will be an amount equal to the number of Share Units specified in the Final Award multiplied by the Fair Market Value (as defined in Section 14.22) of a share of PNC common stock on the date of the Change in Control or as otherwise provided in Section 8, if applicable.

(B) The phantom investment amount will be either (i) or (ii), whichever is larger: (i) interest on the base amount described in Section 7.2(b)(A) from the date of the Change in Control through the payment date at the short-term, mid-term or long-term Federal rate under Internal Revenue Code Section 1274 (b)(2)(B), as applicable depending on the term until payment, compounded semi-annually; or (ii) a phantom investment amount with respect to said base amount that reflects, if positive, the performance of the PNC stock or other consideration received by a PNC common shareholder in the Change in Control transaction, with dividends reinvested in such stock, from the date of the Change in Control through the payment date. PNC may, at its option, provide other phantom investment alternatives in addition to those referenced in the preceding sentence and may permit Grantee to make a phantom investment election from among such alternatives under and in accordance with procedures established by PNC, but any such alternatives must provide for at least the two phantom investments set forth in Section 7.2(b)(B)(i) and (ii) at a minimum. The phantom investment amount will be applicable only in the event that payment at the time of the Change in Control would not comply with Section 409A of the Internal Revenue Code and thus payment is made at the time specified in Section 7.2(a)(2) rather than at the time specified in Section 7.2(a)(1).

(c) Disputes. If there is a dispute regarding payment of the Final Award, PNC will settle the undisputed portion of the award, if any, within the time frame set forth in the applicable subsection of Section 7.2(a), and will settle any remaining portion as soon as practicable after such dispute is finally resolved but in any event within the time period permitted under Section 409A of the Internal Revenue Code."

(18) Section 7.3 is amended by adding the following phrase to the end of the first paragraph of that section: ", at the time specified in the applicable subsection of Section 7.2."

(19) The definition of Annual Potential Payout Percentage in Section 14.2 is amended by inserting the phrase "applicable for that year" after the phrase "Annual Potential Payout Calculation Schedule" in the first paragraph of that section.

(20) The definition of Annual Potential Payout Calculation Schedule or Schedule in Section 14.3 is amended and restated in its entirety to read as follows:

"14.3 "Annual Potential Payout Calculation Schedule" or "Schedule" for a given full or partial covered year means the schedule established by the Committee with respect to this Grant as applicable for that year and setting forth the method by which the Annual Potential Payout Percentage will be calculated for that full covered year on the basis of the level of financial return from investing activities achieved by the A&L Unit compared to applicable Benchmark Performance Index for that year. The Limited-Year Annual Potential Payout Percentage will be calculated for that partial covered year, if a partial or limited year calculation is required by the Agreement, on the basis of the level of financial return from investing activities achieved by the A&L Unit compared to applicable Benchmark Performance Index for the year-to-date period (using full quarters only) beginning on January 1 of that partial year and ending on the performance measurement date specified by the Agreement."

(21) The definition of Calculated Maximum Potential Payout Amount in Section 14.7 is amended by replacing the phrase "and the Annual Potential Payout Calculation Schedule established by the Committee" with the phrase "and the applicable Annual Potential Payout Calculation Schedules established by the Committee" in that section.

(22) The definition of CIC Payout Percentage in Section 14.13 is amended by changing the section reference therein from "Section 6.1(a)(iii)" to "Section 6.1(a)(iv)".

(23) The definition of Disabled in Section 14.20 is amended and restated in its entirety to read as follows:

"14.20 "Disabled" or "Disability" means, except as may otherwise be required by Section 409A, that Grantee either (i) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or (ii) is, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving (and has received for at least three months) income replacement benefits under any Corporation-sponsored disability benefit plan. If Grantee has been determined to be eligible for Social Security disability benefits, Grantee shall be presumed to be Disabled as defined herein."

(24) The definition of Final Potential Payout Percentage in Section 14.24 is amended and restated in its entirety to read as follows:

"14.24 "Final Potential Payout Percentage."

Where a Final Award determination is made pursuant to Section 5, the term "Final Potential Payout Percentage" will have the meaning set forth in (a) or (b) below, whichever is applicable in the circumstances.

(a) Where the Performance Period specified by the applicable section of the Agreement is the full three-year period commencing January 1, 2007 through and including December 31, 2009, then the Final Potential Payout Percentage will be the percentage that is the average (but in no event greater than 200%) of the Annual Potential Payout Percentages for the three full covered years in the Performance Period (*i.e.*, one-third ($^1/_3$rd) of the sum of the annual percentages for the full years 2007, 2008 and 2009). If all of the Annual Potential Payout Percentages are 0%, then the Final Potential Payout Percentage will be 0%.

(b) Where the applicable performance measurement date specified by the Agreement is a quarter-end or year-end date other than December 31, 2009, then the Final Potential Payout Percentage will be a Limited-Period Final Potential Payout Percentage and will be calculated as set forth in Section 14.31.

Where a Final Award is deemed to be awarded pursuant to Section 6 by reason of the occurrence of a Change in Control, the payout calculation will be as set forth in the applicable subsection of Section 6."

(25) Clause (a) of the first paragraph of the definition of Limited-Period Final Potential Payout Percentage in Section 14.31 is amended by revising clause (a)(ii) to read as follows: "(ii) the number of full completed quarters in the partial year of the applicable limited Performance Period, times the Limited-Year Annual Potential Payout Percentage for that partial year;".

(26) The definition of Retires or Retirement in Section 14.43 is amended and restated in its entirety to read as follows:

"14.43 "Retires" or "Retirement". Grantee "Retires" if his employment with the Corporation terminates (a) at any time on or after the first (1st) day of the first (1st) month coincident with or next following the date on which Grantee attains age fifty-five (55) and completes five (5) years of service (where a year of service is determined in the same manner as the determination of a year of Vesting Service under the provisions of The PNC Financial Services Group, Inc. Pension Plan) with the Corporation and (b) for a reason other than termination by reason of Grantee's death or by the Corporation for Cause or, unless the Committee or its delegate determines otherwise, termination in connection with a divestiture of assets or a divestiture of one or more subsidiaries. If Grantee "Retires" as defined herein, the termination of Grantee's employment with the Corporation is sometimes referred to as "Retirement"."

(27) The definition of Schedule in Section 14.44 is amended by replacing the word "Schedule" with "Schedules" in that section.

18. Amendment to 2006 Performance Unit Agreement. The terms and conditions of the 2006 Performance Unit Agreement between Grantee and PNC are hereby amended as follows.

(1) Section 2 is amended by: replacing the phrase "level of financial returns from investing and proprietary trading activities" in the second sentence of the third paragraph of that section with the phrase "level of financial return from investing activities"; adding the phrase " or if the Committee exercises its negative discretion" to the end of the fourth paragraph of that section; and by restating the last sentence of the fifth paragraph

of that section to read as follows: "The Grant must still be outstanding at the time a Final Award determination is made for Grantee to be eligible to receive an award, and any Final Award and payment thereof is subject to the terms and conditions set forth in the Agreement and to the Plan."

(2) In the introductory sentences of Section 3 and Section 4, the verb "will be" is replaced with the verb "is".

(3) Section 3.1 is amended by restating the first sentence of that section to read as follows: "The corporate Performance Goals established by the Committee for this Grant are the levels of financial return from investing activities achieved by the A&L Unit relative to applicable Benchmark Performance Index, as defined in Section 14.5, for each applicable period."

(4) Section 3.2 is amended by restating the heading to read "Benchmark Performance Indices and Annual Potential Payout Calculation Schedules" and by replacing the second paragraph of that section with the following:

> "The Committee also establishes the applicable Annual Potential Payout Calculation Schedules (as defined in Section 14.3) with respect to this Grant for the full years, and/or portion of a year where a limited-year calculation applies, in the Performance Period. The Schedule established by the Committee at the time it authorized this Grant shall apply to 2006 and 2007. The revised Schedule established by the Committee at the time it amended the schedule for this Grant shall apply to the year 2008 or any applicable portion thereof."

(5) Section 3.3 is amended by: replacing the phrase "the level of financial returns from investing and proprietary trading activities" in the first and second paragraphs of that section with the phrase "the level of financial return from investing activities"; and restating subclause (2) in the first paragraph of that section to read as follows: "calculate the Annual Potential Payout Percentage, as defined in Section 14.2, achieved by the A&L Unit for that year."

(6) Section 4.1 is amended by: replacing the reference to Section 14.47 in the second paragraph of that section with a reference to Section 14.48; replacing the phrase in the last sentence of the fourth paragraph of that section that begins "except …" and ends "…Agreement" with the following phrase: "except that in the case of death, the determination and payment of said award, if any, shall be accelerated if so indicated in accordance with the applicable provisions of Section 5 or Section 6, as applicable, and Section 7."; restating the fifth paragraph of that section to read as follows: "Any award that the Committee may determine to make after Grantee's death will be paid to Grantee's legal representative, as determined in good faith by the Committee, in accordance with Section 9."; replacing the phrase "Committee determines Final Awards" in the last paragraph of that section with the phrase "Committee makes a Final Award determination"; and replacing the phrase "awards will be determined" in the last paragraph of that section with the phrase "an award will be determined".

(7) Section 4.2 is amended by restating the last paragraph of that section to read as follows: “In the event that a Change in Control occurs prior to the time the Committee makes an award determination with respect to Grantee (either to award a specified amount or not to authorize any award), an award will be deemed to be made pursuant to Section 6, calculated as specified in Section 6.1(b), and payable in accordance with Section 7.”

(8) Section 4.3 is amended by: replacing the phrase “that the Committee may” in the proviso clause in the first paragraph of that section with the phrase “that PNC may”; replacing the phrase “eligible for consideration for a prorated award” in the second paragraph of that section with the phrase “eligible for Committee consideration of a prorated award”; replacing the phrase “would have been determined and payable” in the second paragraph of that section with the phrase “would have been considered”; adding the phrase “but in no event later than December 31, 2008” after “Grantee’s Retirement date” in the second paragraph of that section; replacing the portion of the fourth paragraph of that section that appears after the clause that begins “If Grantee dies …” and ends “… at the time of Grantee’s death,” with the following: “the Committee may consider an award for Grantee and make an award determination with respect to Grantee (either to award a specified amount or not to authorize any award). Any such award determination will be made and such award, if any, will be calculated in accordance with Section 5.1(c) as described above but will be paid in accordance with Section 7 during the calendar year immediately following the year in which Grantee’s death occurs, if the death occurs on or prior to December 31, 2008, or in 2009 if the death occurs in 2009 but prior to the Award Date.”; and adding the phrase “and payable in accordance with Section 7” to the end of the last sentence of the last paragraph of that section.

(9) Section 4.4 is amended by: replacing the phrase “that the Committee may” in the proviso clause in the first paragraph of that section with the phrase “that PNC may”; restating the second paragraph of that section to read as follows: “Provided that the Grant is still outstanding at that time, Grantee will be eligible for Committee consideration of a full award at the time that such an award, if any, would have been considered had Grantee remained a Corporation employee, calculated in accordance with Section 5.1(d) and payable in accordance with Section 7.”; replacing the portion of the fourth paragraph of that section that appears after the clause that begins “If Grantee dies …” and ends “… at the time of Grantee’s death,” with the following: “the Committee may consider an award for Grantee and make an award determination with respect to Grantee (either to award a specified amount or not to authorize any award). Any such award determination will be made and such award, if any, will be paid in accordance with Section 7 during the year immediately following the year in which Grantee’s death occurs, if the death occurs on or prior to December 31, 2008, or in 2009 if the death occurs in 2009 but prior to the Award Date; provided, however, that the maximum award that may be approved in these circumstances is the award that could have been authorized had Grantee died while an employee of the Corporation.”; and adding the phrase “and payable in accordance with Section 7” to the end of the last paragraph of that section.

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(10) Section 4.5 is amended by deleting the phrase "by the Committee" from the first paragraph of that section, and by adding the following sentence to the end of the third paragraph of that section: "Any such award will be payable in accordance with Section 7."

(11) Section 5.1 is amended by: replacing the word "Attainment" in the heading with the phrase "Level of Achievement"; replacing the phrase "financial returns from investing and proprietary trading activities" in clause (1) of the first paragraph of that section with the phrase "financial return from investing activities"; replacing the phrase "the Annual Potential Payout Percentages determined in accordance with Schedule I for such full and partial years" in clause (2) of the first paragraph of that section with the phrase "the calculated Annual Potential Payout Percentages determined in accordance with the applicable Schedules"; and inserting the word "calculated" before the word "Final" in clause (3) of the first paragraph of that section.

(12) Section 5.1(a) is amended by replacing the phrase "the attainment of Performance Goals" with the phrase "the level of achievement of the corporate Performance Goals" in the first paragraph of that Section 5.1(a).

(13) Section 5.1(b)(iii) is amended by adding the phrase "will be a Limited-Period Final Potential Payout Percentage and" after the phrase "the applicable Final Potential Payout Percentage" at the beginning of that subsection, and by adding the phrase "specified above" after "applicable Performance Period" in the last line of that subsection.
Section 5.1(b)(iv) is amended by inserting "Limited-Period" after the words "the applicable" at the beginning of clause (x) of that subsection, and by adding the phrase "specified above" after "applicable Performance Period" in clause (y) of that subsection.

(14) Section 5.1(c) is amended by: replacing the phrase "by the Committee prior to the Award Date" in the first sentence of that Section 5.1(c) with the phrase "by PNC prior to the Award Date"; by replacing the phrase "applicable Performance Period" in the last two lines of subsection 5.1(c)(iii) with the phrase "applicable limited Performance Period specified above"; and by replacing the phrase "through the applicable performance measurement date)" at the end of subsection 5.1(c)(iv) with the phrase "through the quarter-end date that is the applicable performance measurement date specified above)".

(15) Section 5.1(d) is amended and restated in its entirety to read as follows:

"(d) Disability. Except as set forth in the following paragraph, in the event that Grantee becomes Disabled prior to the regularly scheduled award date for non-exceptional circumstances in early 2009 but Grantee has met the conditions for a qualifying disability termination set forth in Section 4.4 and the Grant has not been terminated by PNC prior to the Award Date pursuant to Section 4.4 for Detrimental Conduct and remains outstanding, PNC will present information to the Committee for purposes of this Section 5.1 for consideration of an award on the same basis as that set forth in Section 5.1(a) for a continuing employee of the Corporation, together with such information as the Committee may request concerning the timing and circumstances of the disability. The scheduled award-determination period will occur in early 2009 as provided in Section 7.1.

If Grantee dies after a qualifying disability termination but prior to the Award Date and the Grant remains outstanding, Grantee will be eligible for Committee consideration of an award at the time and up to the maximum amount of the award Grantee could have received had he died while an employee of the Corporation."

(16) The second full paragraph of Section 5.1(e) is amended to read as follows:

"If Grantee dies after a Qualifying Termination in Anticipation of a Change in Control but prior to the time the Committee makes an award determination pursuant to Section 5.2 or a Change-in-Control-determined Award Date, Grantee will be eligible for Committee consideration of an award of up to the greater of the award Grantee could have received had he died while an employee of the Corporation or an award determined as set forth above in this Section 5.1(e)."

(17) The heading of Section 5.2 is amended by replacing the word "Determinations" with "Determination". The first paragraph of Section 5.2(a) is replaced with the following two paragraphs:

"(a) The Committee will have the authority to award to Grantee ("award") as a Final Award such share-denominated amount as may be determined by the Committee, subject to the limitations set forth in the following paragraph, provided that the Grant is still outstanding, that Grantee is either still an employee of the Corporation or qualifies for an exception to the employment condition pursuant to Section 4.2, 4.3, 4.4 or 4.5, and that the Final Potential Payout Percentage is greater than zero.

The Final Award may not exceed the applicable Calculated Maximum Potential Payout Amount, as determined in accordance with the applicable subsection of Section 5.1, and is subject to the exercise of negative discretion by the Committee pursuant to Section 5.2(b), if applicable. The Committee will not have authority to exercise negative discretion if a CIC Coverage Period has commenced and has not yet ended; if there has been a Change in Control, the Committee's authority is subject to Section 6."

(18) The last paragraph of Section 5.2(a) is amended by inserting the phrase ", as determined in good faith by the Committee," after the phrase "Grantee's legal representative". The first paragraph of Section 5.2(b) is amended by replacing the phrase "financial returns from investing and proprietary trading activities" with the phrase "financial return from investing activities".

(19) The second paragraph of Section 5.2(b) is replaced with the following:

"It is anticipated that the Committee will take into account such factors as absolute A&L Unit financial performance, absolute proprietary trading results, cumulative performance relative to benchmark, adherence to risk parameters, and Grantee's contributions to the success of other PNC businesses when deciding whether and the extent to which to exercise its negative discretion."

(20) Section 5.2(c) is amended by replacing the phrase "under Section 5.2" with the phrase "pursuant to Section 5.2".

(21) Section 6 is amended and restated in its entirety to read as follows:

"6. Change in Control Prior to a Committee-Determined Award Date.

6.1 Final Award Calculation.

Notwithstanding anything in the Agreement to the contrary, upon the occurrence of a Change in Control at any time prior to a Committee-determined Award Date pursuant to Section 5.2, (i) the Performance Period, if not already ended, will be limited and will end on the last day of the last full quarter completed prior to the day the Change in Control occurs or, if the Change in Control occurs on a quarter-end date, on the day the Change in Control occurs, but in no event later than December 31, 2008, and (ii) Grantee will be deemed to have been awarded a Final Award in an amount determined as set forth in this Section 6, payable to Grantee or Grantee's legal representative at the time and in the manner set forth in Section 7, provided that the Grant is outstanding as of the end of the day immediately preceding the day on which the Change in Control occurs and has not already terminated or been terminated in accordance with the terms of Section 4.

If this Section 6 is applicable and a Final Award is deemed to be awarded pursuant to Section 6, the day the Change in Control occurs will be considered the Award Date for purposes of the Agreement. This date is sometimes referred to in the Agreement as the "Change-in-Control-determined Award Date" (as set forth in Section 14.4).

(a) Standard CIC Payout Calculation. Provided that Grantee is an employee of the Corporation and the Grant is outstanding as of the end of the day immediately preceding the day on which the Change in Control occurs such that Grantee remains eligible for an award, Grantee's Final Award will be determined as follows:

(i) the applicable performance measurement date will be the last day of the last full quarter completed prior to the day the Change in Control occurs, or, if the Change in Control occurs on a quarter-end date, the day the Change in Control occurs, but in no event later than December 31, 2008;

(ii) the applicable Performance Period will be the period commencing on January 1, 2006 and ending on the applicable performance measurement date, and will consist of the full and partial years in that period;

(iii) the scheduled award-determination period will occur as soon as practicable after the occurrence of the Change in Control; and

(iv) a Final Award will be calculated in two parts (Part A and Part B), and the Final Award amount will be the sum of the amounts calculated for the Part A Award and the Part B Award as set forth below; provided, however, that the Part B Award is subject to Section 6.3 and that the Part B Award is not applicable in the limited circumstance where the Change in Control occurs on or after December 31, 2008 and the Part A Award is not prorated.

Part A Award: The Part A Award amount will be the number of share units equal to:

(1) the "CIC Payout Percentage" (calculated as set forth below) of the Target Share Units, then, except where the Change in Control occurs on or after December 31, 2008 and therefore the applicable Performance Period covers a full three years,

(2) prorated (as defined in Section 14.39) based on the number of full quarters in the applicable limited Performance Period (*i.e.*, in the period from January 1, 2006 through the quarter-end date that is the applicable performance measurement date specified above).

The "CIC Payout Percentage" will be (a) or (b) below, as applicable, (but in no event greater than 200%):

(a) If the Change in Control occurs prior to December 31, 2008, such that the Performance Period is less than three full years, the CIC Payout Percentage will be the higher of (1) 100% and (2) a Limited-Period Final Potential Payout Percentage calculated as set forth in Section 14.30 for the applicable limited Performance Period specified above; and

(b) If the Change in Control occurs on or after December 31, 2008, the CIC Payout Percentage will be the average of the Annual Potential Payout Percentages for the full years 2006, 2007 and 2008.

Part B Award: Subject to Section 6.3, the Part B Award amount will be the number of share units equal to:

(1) 100% of the Target Share Units, multiplied by

(4) the fraction equal to 1.00 minus the fraction used for the proration by quarters in the calculation of the Part A Award above.

If the calculation of the Part A Award above does not include a proration factor, the Part B Award will not be applicable.

If Grantee dies after the Change in Control occurs, Grantee's Final Award determined pursuant to this Section 6.1(a) will be paid to Grantee's legal representative, as determined in good faith by the Committee, in accordance with Section 9.

(b) Death. If Grantee died while an employee of the Corporation and a Final Award determination (either to award a specified amount or not to authorize any award) was made by the Committee pursuant to Section 5.2 prior to the Change in Control, no further or different award determination will be made pursuant to this Section 6.1.

In the event the Grantee died while an employee of the Corporation and qualified for consideration for an award pursuant to Section 4.2 but the Committee had not yet made an award determination (either to award a specified amount or not to authorize any award) with respect to Grantee at the time the Change in Control occurs such that Grantee remains eligible for an award, then the scheduled award-determination period will occur as soon as practicable after the occurrence of the Change in Control, and the amount of Grantee's Final Award (payable to Grantee's legal representative, as determined in good faith by the Committee, in accordance with Section 9) will be determined on the following basis, as applicable.

(1) If Grantee died in the calendar year prior to the Change in Control but the Committee had not yet made an award determination (either to award a specified amount or not to authorize any award) with respect to Grantee at the time the Change in Control occurs, Grantee's Final Award will be in the amount of the Calculated Maximum Potential Payout Amount determined in the same manner as set forth in Section 5.1(b) but with no Committee discretion to reduce the amount of the award.

(2) If Grantee died in the same calendar year as the Change in Control, Grantee's Final Award will be in the amount of the award that would have been payable to Grantee pursuant to the calculations set forth in Section 6.1(a), but substituting a Part B Award of zero Share Units for any Part B Award amount calculated pursuant to that section, had Grantee not died but had been an employee of the Corporation as of the end of day immediately preceding the day the Change in Control occurred.

(c) Qualifying Retirement. In the event that Grantee Retired prior to the day the Change in Control occurs but Grantee has met the conditions for a qualifying retirement termination set forth in Section 4.3 and the Grant has not been terminated by PNC prior to the Change in Control pursuant to Section 4.3 for Detrimental Conduct and is outstanding as of the end of the day immediately preceding the day on which the Change in Control occurs such that Grantee remains eligible for an award, Grantee's Final Award will be in the amount of the lesser of:

(1) the Calculated Maximum Potential Payout Amount determined in the same manner as set forth in Section 5.1(c) but with no Committee discretion to reduce the amount of the award; and

(2) the amount of the award that would have been payable to Grantee pursuant to the calculations set forth in Section 6.1(a), but substituting a Part B Award of zero Share Units for any Part B Award amount calculated pursuant to that section, had Grantee not Retired but had been an employee of the Corporation as of the end of the day immediately preceding the day the Change in Control occurred.

The scheduled award-determination period will occur as soon as practicable after the occurrence of the Change in Control.

If Grantee died while a qualified Retiree and a Final Award determination (either to award a specified amount or not to authorize any award) was made by the Committee pursuant to Section 5.2 prior to the Change in Control, no further or different award determination will be made pursuant to this Section 6.1.

If no such Final Award determination was made prior to the Change in Control, Grantee's Final Award determined pursuant to this Section 6.1(c) will be paid to Grantee's legal representative, as determined in good faith by the Committee, in accordance with Section 9.

(d) Disability. In the event that Grantee became Disabled and Grantee's employment with the Corporation terminated prior to the day the Change in Control occurs but Grantee has met the conditions for a qualifying disability termination set forth in Section 4.4 and the Grant has not been terminated by PNC prior to the Change in Control pursuant to Section 4.4 for Detrimental Conduct and is outstanding as of the end of the day immediately preceding the day on which the Change in Control occurs such that Grantee remains eligible for an award, Grantee's Final Award will be in the amount of the award that would have been payable to Grantee pursuant to the calculations set forth in Section 6.1(a), but substituting a Part B Award of zero Share Units for any Part B Award amount calculated pursuant to that section, had Grantee still been an employee of the Corporation as of the end of the day immediately preceding the day the Change in Control occurred. The scheduled award-determination period will occur as soon as practicable after the occurrence of the Change in Control.

If Grantee died while qualified to receive an award and a Final Award determination (either to award a specified amount or not to authorize any award) was made by the Committee pursuant to Section 5.2 prior to the Change in Control, no further or different award determination will be made pursuant to this Section 6.1. If no such Final Award determination was made prior to the Change in Control, Grantee's Final Award (payable to Grantee's legal representative, as determined in good faith by the Committee, in accordance with Section 9) will be an award determined in accordance with Section 6.1(b) as if Grantee had died while an employee of the Corporation and prior to the Change in Control.

(e) Qualifying Termination in Anticipation of a Change in Control. In the event that Grantee's termination of employment satisfies all of the conditions set forth in Section 4.5 and Section 14.40 for a qualifying termination in anticipation of a change in control such that the Grant is outstanding at the time the Change in Control occurs and Grantee remains eligible for an award, Grantee will receive a Final Award on the following basis, as applicable.

(1) If the Change in Control occurs within three (3) months of Grantee's Termination Date, Grantee will receive a Final Award on the same basis as a continuing employee of the Corporation as set forth in Section 6.1(a).

(2) If the Change in Control occurs more than three (3) months after Grantee's Termination Date but the Grant is outstanding because Grantee's termination of employment qualifies under Section 4.5 and Section 14.40 by, among other conditions, having occurred after or within three months prior to a CIC Triggering Event, Grantee will receive a Final Award on the same basis as a qualifying Retiree as set forth in Section 6.1(c).

If Grantee died while qualified to receive an award and a Final Award determination (either to award a specified amount or not to authorize any award) was made by the Committee pursuant to Section 5.2 prior to the Change in Control, no further or different award determination will be made pursuant to this Section 6.1. If no such Final Award determination was made prior to the Change in Control, Grantee's Final Award (payable to Grantee's legal representative, as determined in good faith by the Committee, in accordance with Section 9) will be in the same amount as the Final Award that would have been paid to Grantee pursuant to this Section 6.1(e) had Grantee still been alive on the Change-in-Control-determined Award Date.

6.2 No Committee Discretion. The Committee may not exercise any negative discretion pursuant to Section 5.2(b) or otherwise exercise discretion pursuant to the Agreement in any way that would serve to reduce an award deemed to be made to Grantee pursuant to this Section 6.

6.3 Conditions for Final Award Calculation Part B Award. Certain subsections of Section 6.1 specify that a Final Award will be calculated in two parts: Part A Award and Part B Award. The Part B Award portion, where otherwise applicable pursuant to Section 6.1, is subject to the condition that Grantee have entered into a new change of control employment agreement with PNC after January 1, 2008.

Notwithstanding anything in Section 6.1 to the contrary, unless and until Grantee has entered into such an agreement, the calculation of a Final Award pursuant to Section 6.1 shall in no event include a Part B Award."

(22) Section 7.1 is amended and restated in its entirety to read as follows:

"7.1 Payment of Final Award Determined by the Committee.

(a) Form of Payment. Payment of any Final Award determined by the Committee pursuant to Section 5.2 will be made in cash in an amount equal to the number of share units denominated in the Final Award multiplied by the Fair Market Value (as defined in Section 14.21) on the Award Date of a share of PNC common stock or as otherwise provided in Section 8, if applicable.

(b) Timing. Determination of eligibility for an award, calculation of the maximum permitted award amount, and a decision by the Committee on whether or not to authorize an award and, if so, the size of such Final Award (the "scheduled award-determination process") and then payment of any such Final Award will all generally occur in the first quarter of 2009 or as soon thereafter as practicable after the final data necessary for the Committee to make its award determination is available.

In general, it is expected that the Award Date will occur in 2009 and no later than the end of the second quarter of that year, and that payment of a Final Award, if any, will be made as soon as practicable after the Award Date. Except as otherwise provided below, in no event will payment be made earlier than January 1, 2009 or later than December 31, 2009, other than in unusual circumstances where a further delay thereafter would be permitted under Section 409A of the Internal Revenue Code, and if such a delay is permissible, as soon as practicable within such limits.

In the event of Grantee's death prior to the Award Date where Grantee has satisfied all of the conditions of Section 4.2, 4.3, 4.4 or 4.5 of the Agreement and otherwise meets all applicable criteria as set forth in the Agreement for consideration for an award, (a) the scheduled award-determination process will occur at the same time and in the same manner that such process would have occurred had Grantee remained an employee of the Corporation, provided that if the death occurs prior to 2008, the scheduled award-determination process will occur in the calendar year immediately following Grantee's death, and (b) payment of a Final Award, if any, will be made during the calendar year immediately following the year in which Grantee died if the death occurs on or prior to December 31, 2008, or in 2009 if Grantee dies in 2009provided, that, in no event will payment occur later than December 31st of the calendar year so specified as the year for payment, other than in unusual circumstances where a further delay thereafter would be permitted under Section 409A of the Internal Revenue Code, and if such a delay is permissible, as soon as practicable within such limits.

Otherwise, in the event that Grantee is no longer employed by the Corporation but has satisfied all of the conditions of Section 4.3, 4.4 or 4.5 of the Agreement and otherwise meets all applicable criteria as set forth in the Agreement for consideration for an award, (a) the scheduled award-determination process will occur at the same time and in the same manner that such process would have occurred had Grantee remained an employee of the Corporation, generally in 2009 during the first quarter of that year, and (b) once the Committee has made its award determination, payment of a Final Award, if any, will be made as soon as practicable after the Award Date, provided, that, in no event will payment be made earlier than January 1, 2009 or later than December 31, 2009, other than in unusual circumstances where a further delay thereafter would be permitted under Section 409A of the Internal Revenue Code, and if such a delay is permissible, as soon as practicable within such limits.

(c) Disputes. If there is a dispute regarding payment of the Final Award, PNC will settle the undisputed portion of the award, if any, within the time frame set forth above in this Section 7.1, and will settle any remaining portion as soon as practicable after such dispute is finally resolved but in any event within the time period permitted under Section 409A of the Internal Revenue Code."

(23) Section 7.2 is amended and restated in its entirety to read as follows:

"7.2 Payment of Final Award Determined by Section 6. If a Final Award is deemed to be made pursuant to Section 6 rather than determined by the Committee pursuant to Section 5.2, the Final Award is fully vested as of the date of the Change in Control. The size of the Final Award denominated in share units will be calculated as of the date of the Change in Control once the final data necessary for the award determination is available, and the Final Award will be paid in cash as set forth below.

(a) Timing. Payment of the Final Award will be made by PNC at the time set forth in subsection (a)(1) of this Section 7.2 unless payment at such time would be a noncompliant payment under Section 409A of the Internal Revenue Code, and otherwise, at the time set forth in subsection (a)(2) of this Section 7.2, in either case as further described below.

(1) If, under the circumstances, the Change in Control is a permissible payment event under Section 409A of the Internal Revenue Code, payment of the Final Award will be made in cash as soon as practicable after the date the Change in Control occurs and the amount of the Final Award is determinable and determined in accordance with Section 6, but in no event later than December 31st of the calendar year in which the Change in Control occurs or, if later, by the 15th day of the third calendar month following the date on which the Change in Control occurs, other than in unusual circumstances where a further delay thereafter would be permitted under Section 409A of the Internal Revenue Code, and if such a delay is permissible, as soon as practicable within such limits.

(2) If, under the circumstances, payment at the time of the Change in Control would not comply with Section 409A of the Internal Revenue Code, then payment will be made in cash as soon as practicable after January 1, 2009, but in no event later than December 31, 2009.

(b) Form of Payment. The Final Award will be paid in cash.

If, under the circumstances, the Change in Control is a permissible payment event under Section 409A of the Internal Revenue Code and payment of the Final Award is made at the time specified in Section 7.2(a)(1), then the Final Award will be in an amount equal to the base amount described below in subsection (A) of this Section 7.2(b).

If, under the circumstances, payment at the time of the Change in Control would not comply with Section 409A of the Internal Revenue Code and payment of the Final Award is made at the time specified in Section 7.2(a)(2), then the Final Award will be in an amount equal to the base amount described below in subsection (A) of this Section 7.2(b) plus the phantom investment amount described below in subsection (B) of this Section 7.2(b).

(A) The base amount will be an amount equal to the number of Share Units specified in the Final Award multiplied by the Fair Market Value (as defined in Section 14.21) of a share of PNC common stock on the date of the Change in Control or as otherwise provided in Section 8, if applicable.

(B) The phantom investment amount will be either (i) or (ii), whichever is larger: (i) interest on the base amount described in Section 7.2(b)(A) from the date of the Change in Control through the payment date at the short-term, mid-term or long-term Federal rate under Internal Revenue Code Section 1274 (b)(2)(B), as applicable depending on the term until payment, compounded semi-annually; or (ii) a phantom investment amount with respect to said base amount that reflects, if positive, the performance of the PNC stock or other consideration received by a PNC common shareholder in the Change in Control transaction, with dividends reinvested in such stock, from the date of the Change in Control through the payment date. PNC may, at its option, provide other phantom investment alternatives in addition to those referenced in the preceding sentence and may permit Grantee to make a phantom investment election from among such alternatives under and in accordance with procedures established by PNC, but any such alternatives must provide for at least the two phantom investments set forth in Section 7.2(b)(B)(i) and (ii) at a minimum. The phantom investment amount will be applicable only in the event that payment at the time of the Change in Control would not comply with Section 409A of the Internal Revenue Code and thus payment is made at the time specified in Section 7.2(a)(2) rather than at the time specified in Section 7.2(a)(1).

(c) Disputes. If there is a dispute regarding payment of the Final Award, PNC will settle the undisputed portion of the award, if any, within the time frame set forth in the applicable subsection of Section 7.2(a), and will settle any remaining portion as soon as practicable after such dispute is finally resolved but in any event within the time period permitted under Section 409A of the Internal Revenue Code."

(24) Section 7.3 is amended by: restating the heading thereof to read "Final Award Fully Vested"; adding the phrase ", if any," after "Final Award" in the first sentence of that section; and adding the following phrase to the end of the first paragraph of that section: ", at the time specified in the applicable subsection of Section 7.2."

(25) The definition of Annual Potential Payout Percentage in Section 14.2 is amended by: replacing the phrase "Annual Potential Payout Schedule set forth in Schedule I of the Agreement" with the phrase "Annual Potential Payout Calculation Schedule applicable for that year" in the first paragraph of that section; and replacing the phrase "financial returns from investing and proprietary trading activities" with the phrase "financial return from investing activities" in the first and third paragraphs of that section.

(26) The definition in Section 14.3 is amended and restated in its entirety to read as follows:

"14.3 "Annual Potential Payout Calculation Schedule" or "Schedule" for a given full or partial covered year means the schedule established by the Committee with respect to this Grant as applicable for that year and setting forth the method by which the Annual Potential Payout Percentage will be calculated for that full covered year on the basis of the level of financial return from investing activities achieved by the A&L Unit compared to applicable Benchmark Performance Index for that year. The Limited-Year Annual Potential Payout Percentage will be calculated for that partial covered year, if a partial or limited year calculation is required by the Agreement, on the basis of the level of financial return from investing activities achieved by the A&L Unit compared to applicable Benchmark Performance Index for the year-to-date period (using full quarters only) beginning on January 1 of that partial year and ending on the performance measurement date specified by the Agreement."

(27) The definition of Calculated Maximum Potential Payout Amount in Section 14.7 is amended by replacing the phrase "and the Annual Potential Payout Schedule established by the Committee" with the phrase "and the applicable Annual Potential Payout Calculation Schedules established by the Committee" in that section.

(28) The definition of CIC Payout Percentage in Section 14.13 is amended by changing the section reference therein from "Section 6.1(a)(iii)" to "Section 6.1(a)(iv)".

(29) The definition of Disabled in Section 14.19 is amended and restated in its entirety to read as follows:

"14.19 "Disabled" or "Disability" means, except as may otherwise be required by Section 409A, that Grantee either (i) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or (ii) is, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving (and has received for at least three months) income replacement benefits under any Corporation-sponsored disability benefit plan. If Grantee has been determined to be eligible for Social Security disability benefits, Grantee shall be presumed to be Disabled as defined herein."

(30) The definition of Final Potential Payout Percentage in Section 14.23 is amended and restated in its entirety to read as follows:

"14.23 "Final Potential Payout Percentage."

Where a Final Award determination is made pursuant to Section 5, the term "Final Potential Payout Percentage" will have the meaning set forth in (a) or (b) below, whichever is applicable in the circumstances.

(a) Where the Performance Period specified by the applicable section of the Agreement is the full three-year period commencing January 1, 2006 through and including December 31, 2008, then the Final Potential Payout Percentage will be the percentage that is the average (but in no event greater than 200%) of the Annual Potential Payout Percentages for the three full covered years in the Performance Period (*i.e.*, one-third (1/3rd) of the sum of the annual percentages for the full years 2006, 2007 and 2008). If all of the Annual Potential Payout Percentages are 0%, then the Final Potential Payout Percentage will be 0%.

(b) Where the applicable performance measurement date specified by the Agreement is a quarter-end or year-end date other than December 31, 2008, then the Final Potential Payout Percentage will be a Limited-Period Final Potential Payout Percentage and will be calculated as set forth in Section 14.30.

Where a Final Award is deemed to be awarded pursuant to Section 6 by reason of the occurrence of a Change in Control, the payout calculation will be as set forth in the applicable subsection of Section 6."

(31) Clause (a) of the first paragraph of the definition of Limited-Period Final Potential Payout Percentage in Section 14.30 is amended by revising clause (a)(ii) to read as follows: "(ii) the number of full completed quarters in the partial year of the applicable limited Performance Period, times the Limited-Year Annual Potential Payout Percentage for that partial year;".

(32) The first sentence of Section 14.34 is restated to read as follows: " "Performance Period" means the period during which corporate performance will be measured against the performance standard established by the Committee in accordance with the Agreement."

(33) The definition of Retires or Retirement in Section 14.42 is amended and restated in its entirety to read as follows:

"14.42 "Retires" or "Retirement". Grantee "Retires" if his employment with the Corporation terminates (a) at any time on or after the first (1st) day of the first (1st) month coincident with or next following the date on which Grantee attains age fifty-five (55) and completes five (5) years of service (where a year of service is determined in the same manner as the determination of a year of Vesting Service under the provisions of The PNC Financial Services Group, Inc. Pension Plan) with the Corporation and (b) for a reason other than termination by reason of Grantee's death or by the Corporation for Cause or, unless the Committee or its delegate determines otherwise, termination in connection with a divestiture of assets or a divestiture of one or more subsidiaries. If Grantee "Retires" as defined herein, the termination of Grantee's employment with the Corporation is sometimes referred to as "Retirement"."

(34) A new definition is added as Section 14.43 and the remaining definitions are renumbered accordingly:

"14.43 "Schedules" means the Annual Potential Payout Calculation Schedules established by the Committee with respect to this Grant, as described in Section 14.3."

(35) The definition of Target Share Units, redesignated Section 14.47, is amended by adding the following phrase to the end of that definition: ", subject to capital adjustments pursuant to Section 8, if any."

19. Acceptance of Grant; PNC Right to Cancel; Effectiveness of Agreement.

If Grantee does not accept the Grant by executing and delivering a copy of the Agreement to PNC, without altering or changing the terms thereof in any way, within thirty (30) days of receipt by Grantee of a copy of the Agreement, PNC may, in its sole discretion, withdraw its offer and cancel the Grant at any time prior to Grantee's delivery to PNC of a copy of the Agreement executed by Grantee. Otherwise, upon execution and delivery of the Agreement by both PNC and Grantee, the Agreement is effective.

IN WITNESS WHEREOF, PNC has caused the Agreement to be signed on its behalf as of the Grant Date.

THE PNC FINANCIAL SERVICES GROUP, INC.

By: ______________________________

Chairman and Chief Executive Officer

ATTEST:

By: ______________________________

Corporate Secretary

ACCEPTED AND AGREED TO by GRANTEE

____

Grantee

February 2008

SCHEDULES

* * *

ANNUAL POTENTIAL PAYOUT CALCULATION SCHEDULE
FOR
2008 PERFORMANCE UNITS

Final Award determination pursuant to Section 5 of the 2008 Performance Units Agreement (the “Agreement”) requires the calculation of the Final Potential Payout Percentage and the Calculated Maximum Potential Payout Amount, each as defined in the Agreement. Final Award calculation pursuant to Section 6 of the Agreement, if applicable, requires the calculation of the CIC Payout Percentage and the calculated final award.

Those calculations, in turn, take into account the levels of performance achieved by the A&L Unit with respect to the Performance Criteria, as measured annually and expressed as the Annual Potential Payout Percentages for each of the years and/or shorter partial-year period where required by the Agreement (*e.g.*, in the case of certain qualifying terminations of employment or change in control) in the overall Performance Period.

Unless and until amended prospectively by the Committee, this Schedule will be applied in order to determine the full Annual Potential Payout Percentage for each full year in the Performance Period and, where applicable, the Limited-Year Annual Potential Payout Percentage for any partial year period where there is a limitation of the overall performance period required by the Agreement and such limited performance period includes a partial year.

This Schedule assigns an Annual Potential Payout Percentage (ranging from 0% up through 200%) to levels of annual performance relative to the benchmark performance index as set forth in the following table, with percentages interpolated for performance between the points indicated on the table, rounded to the nearest one-hundredth percent (*e.g.*, 0.00%, with 0.005% being rounded upward to 0.01%). In no event will an Annual Potential Payout Percentage be greater than 200% or less than 0%.

February 2008

Annual Performance Relative to Benchmark Performance Index	Annual Potential Payout Percentage
+40 basis points or higher	200%
+20 basis points	150%
0 basis points (at benchmark) to -25 basis points	100%
-35 basis points	40%
-40 basis points or below	0%

The annual performance referred to in the table above for a given full year is the level of financial return from investing activities achieved by the A&L Unit for that year as compared to the applicable Benchmark Performance Index as defined by the Agreement for that year. This annual performance is expressed as the number of basis points by which the specified A&L Unit performance exceeds or falls short of benchmark index performance, with 0 basis points indicating performance at the benchmark index level.

Where a Limited-Year Annual Potential Payout Percentage is required by the Agreement, the "annual performance" referred to in the table above is the level of financial return from investing activities achieved by the A&L Unit for the year-to-date period (using full quarters only) beginning on January 1 of the given partial year and ending on the performance measurement date specified by the Agreement as compared to the Benchmark Performance Index applicable in accordance with the Agreement.

Committee Negative Discretion. Once the annual potential payout percentage for A&L Unit performance achieved for the relevant full year or partial-year period has been determined by reference to the table above, including interpolation where required, the Committee may decide, in its discretion, to reduce that percentage (as long as such decision is not made during a CIC Coverage Period, as defined in the Agreement) but may not increase it.

February 2008

* * *

2007 PERFORMANCE UNITS

* * *

2007 ANNUAL POTENTIAL PAYOUT CALCULATION SCHEDULE
FOR
2007 PERFORMANCE UNITS

Final Award determination pursuant to Section 5 of the 2007 Performance Units Agreement (the "2007 Agreement") requires the calculation of the Final Potential Payout Percentage and the Calculated Maximum Potential Payout Amount, each as defined in the 2007 Agreement. Final Award calculation pursuant to Section 6 of the 2007 Agreement, if applicable, requires the calculation of the CIC Payout Percentage and the calculated final award.

Those calculations, in turn, take into account the level of performance achieved by the A&L Unit with respect to the Performance Criteria, as measured annually and expressed as the Annual Potential Payout Percentages for each of the three years and/or shorter partial-year period where required by the 2007 Agreement (*e.g.*, in the case of certain qualifying terminations of employment or change in control) in the overall Performance Period.

This Schedule will be applied in order to determine the Annual Potential Payout Percentage for 2007.

This Schedule assigns an Annual Potential Payout Percentage (ranging from 0% up through 200%) to levels of annual performance relative to the benchmark index as set forth in the following table, with interpolated percentages for performance between the indicated points on the table rounded to the nearest one-hundredth percent (*e.g.*, 0.00%, with 0.005% being rounded upward to 0.01%) so that the payout calculation schedule operates on a sliding scale; provided, however, that in no event will an Annual Potential Payout Percentage be greater than 200% or less than 0%.

February 2008

Annual Performance Relative to Benchmark Index	Annual Potential Payout Percentage
40 basis points or higher	200%
20 basis points	150%
0 basis points (at benchmark)	100%
-10 basis points	40%
-15 basis points or below	0%

The annual performance referred to in the table above is the level of financial return from investing activities achieved by the A&L Unit for the given year as compared to the applicable Benchmark Performance Index as defined by the 2007 Agreement for that year. This annual performance is expressed as the number of basis points by which the specified A&L Unit performance exceeds or falls short of benchmark index performance, with 0 basis points indicating performance at the benchmark index level.

Where a Limited-Year Annual Potential Payout Percentage is required by the 2007 Agreement, the "annual performance" referred to in the table above is the level of financial return from investing activities achieved by the A&L Unit as compared to the Benchmark Performance Index applicable in accordance with the 2007 Agreement for the year-to-date period (using full quarters only) beginning on January 1 of the given partial year and ending on the performance measurement date specified by the 2007 Agreement.

Committee Negative Discretion. Once the annual potential payout percentage for A&L Unit performance achieved for the relevant year or partial-year period has been determined by reference to the table above, including interpolation where required, the Committee may decide, in its discretion, to reduce that percentage (as long as such decision is not made during a CIC Coverage Period, as defined in the 2007 Agreement) but may not increase it.

February 2008

REVISED ANNUAL POTENTIAL PAYOUT CALCULATION SCHEDULE
FOR
2007 PERFORMANCE UNITS

Final Award determination pursuant to Section 5 of the 2007 Performance Units Agreement (the "2007 Agreement") requires the calculation of the Final Potential Payout Percentage and the Calculated Maximum Potential Payout Amount, each as defined in the 2007 Agreement. Final Award calculation pursuant to Section 6 of the 2007 Agreement, if applicable, requires the calculation of the CIC Payout Percentage and the calculated final award.

Those calculations, in turn, take into account the levels of performance achieved by the A&L Unit with respect to the Performance Criteria, as measured annually and expressed as the Annual Potential Payout Percentages for each of the years and/or shorter partial-year period where required by the 2007 Agreement (*e.g.*, in the case of certain qualifying terminations of employment or change in control) in the overall Performance Period.

The Schedule established by the Committee at the time it authorized the 2007 Performance Units grant applies to the 2007 performance year. Beginning with the year 2008 and unless and until further amended prospectively by the Committee, this revised Schedule will be applied in order to determine the full Annual Potential Payout Percentage for all other full years in the Performance Period and, where applicable, the Limited-Year Annual Potential Payout Percentage for any partial year period where there is a limitation of the overall performance period required by the 2007 Agreement and such limited performance period includes a partial year.

This Schedule assigns an Annual Potential Payout Percentage (ranging from 0% up through 200%) to levels of annual performance relative to the benchmark performance index as set forth in the following table, with percentages interpolated for performance between the points indicated on the table, rounded to the nearest one-hundredth percent (*e.g.*, 0.00%, with 0.005% being rounded upward to 0.01%). In no event will an Annual Potential Payout Percentage be greater than 200% or less than 0%.

February 2008

Annual Performance Relative to Benchmark Performance Index	Annual Potential Payout Percentage
+40 basis points or higher	200%
+20 basis points	150%
0 basis points (at benchmark) to -25 basis points	100%
-35 basis points	40%
-40 basis points or below	0%

The annual performance referred to in the table above for a given full year is the level of financial return from investing activities achieved by the A&L Unit for that year as compared to the applicable Benchmark Performance Index as defined by the 2007 Agreement for that year. This annual performance is expressed as the number of basis points by which the specified A&L Unit performance exceeds or falls short of benchmark index performance, with 0 basis points indicating performance at the benchmark index level.

Where a Limited-Year Annual Potential Payout Percentage is required by the 2007 Agreement, the "annual performance" referred to in the table above is the level of financial return from investing activities achieved by the A&L Unit for the year-to-date period (using full quarters only) beginning on January 1 of the given partial year and ending on the performance measurement date specified by the 2007 Agreement as compared to the Benchmark Performance Index applicable in accordance with the 2007 Agreement.

Committee Negative Discretion. Once the annual potential payout percentage for A&L Unit performance achieved for the relevant full year or partial-year period has been determined by reference to the table above, including interpolation where required, the Committee may decide, in its discretion, to reduce that percentage (as long as such decision is not made during a CIC Coverage Period, as defined in the 2007 Agreement) but may not increase it.

February 2008

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2006 PERFORMANCE UNITS

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2006 AND 2007 ANNUAL POTENTIAL PAYOUT SCHEDULE
FOR
2006 PERFORMANCE UNITS

Final Award determination pursuant to Section 5 of the 2006 Performance Unit Agreement (the "2006 Agreement) requires the calculation of the Final Potential Payout Percentage and the Calculated Maximum Potential Payout Amount, each as defined in the 2006 Agreement. Final Award calculation pursuant to Section 6 of the 2006 Agreement, if applicable, requires the calculation of the CIC Payout Percentage and the calculated final award.

Those calculations, in turn, take into account the degree to which the corporate Performance Goals have been achieved by the A&L Unit, as measured annually and expressed as the Annual Potential Payout Percentages for each of the three years and/or shorter partial-year period where required by the 2006 Agreement (*e.g.*, in the case of certain qualifying terminations of employment or change in control) in the overall Performance Period.

This Schedule will be applied in order to determine the Annual Potential Payout Percentages for 2006 and 2007.

This Schedule assigns an Annual Potential Payout Percentage (ranging from 0% up through 200%) to levels of annual performance relative to benchmark as set forth in the following table, with interpolated percentages for performance between the indicated points on the table rounded to the nearest one-hundredth percent (*e.g.*, 0.00%, with 0.005% being rounded upward to 0.01%) so that the payout schedule operates on a sliding scale; provided, however, that in no event will an Annual Potential Payout Percentage be greater than 200% or less than 0%.

February 2008

Annual Performance Relative to Benchmark	**Annual Potential Payout Percentage**
40 basis points or higher	200%
20 basis points	150%
0 basis points (at Benchmark)	100%
-10 basis points	40%
-15 basis points or below	0%

The annual performance referred to in the table above is the level of financial returns from investing and proprietary trading activities achieved by the A&L Unit for the given year as compared to the applicable Benchmark Performance Index as defined by the 2006 Agreement for that year. This annual performance is expressed as the number of basis points by which the specified A&L Unit performance exceeds or falls short of benchmark performance, with 0 basis points indicating performance at the benchmark level.

Where a Limited-Year Annual Potential Payout Percentage is required by the 2006 Agreement, the "annual performance" referred to in the table above is the level of financial returns from investing and proprietary trading activities achieved by the A&L Unit as compared to the Benchmark Performance Index applicable in accordance with the 2006 Agreement for the year-to-date period (using full quarters only) beginning on January 1 of the given partial year and ending on the performance measurement date specified by the 2006 Agreement.

Committee Negative Discretion. Once the annual potential payout percentage for A&L Unit performance achieved for the relevant year or partial-year period has been determined by reference to the table above, including interpolation where required, the Committee may (other than during a CIC Coverage Period) decide, in its discretion, to reduce that percentage but may not increase it.

REVISED ANNUAL POTENTIAL PAYOUT CALCULATION SCHEDULE
FOR
2006 PERFORMANCE UNITS

Final Award determination pursuant to Section 5 of the 2006 Performance Unit Agreement (the “2006 Agreement”) requires the calculation of the Final Potential Payout Percentage and the Calculated Maximum Potential Payout Amount, each as defined in the 2006 Agreement. Final Award calculation pursuant to Section 6 of the 2006 Agreement, if applicable, requires the calculation of the CIC Payout Percentage and the calculated final award.

Those calculations, in turn, take into account the degree to which the corporate Performance Goals have been achieved by the A&L Unit, as measured annually and expressed as the Annual Potential Payout Percentages for each of the years and/or shorter partial-year period where required by the 2006 Agreement (*e.g.*, in the case of certain qualifying terminations of employment or change in control) in the overall Performance Period.

The Schedule established by the Committee at the time it authorized the 2006 Performance Units grant applies to the 2006 and 2007 performance years. This revised Schedule will be applied in order to determine the Annual Potential Payout Percentage for 2008.

This Schedule assigns an Annual Potential Payout Percentage (ranging from 0% up through 200%) to levels of annual performance relative to the benchmark performance index as set forth in the following table, with percentages interpolated for performance between the points indicated on the table, rounded to the nearest one-hundredth percent (*e.g.*, 0.00%, with 0.005% being rounded upward to 0.01%). In no event will an Annual Potential Payout Percentage be greater than 200% or less than 0%.

February 2008

Annual Performance Relative to Benchmark Performance Index	Annual Potential Payout Percentage
+40 basis points or higher	200%
+20 basis points	150%
0 basis points (at benchmark) to -25 basis points	100%
-35 basis points	40%
-40 basis points or below	0%

The annual performance referred to in the table above for a given full year is the level of financial return from investing activities achieved by the A&L Unit for that year as compared to the applicable Benchmark Performance Index as defined by the 2006 Agreement for that year. This annual performance is expressed as the number of basis points by which the specified A&L Unit performance exceeds or falls short of benchmark index performance, with 0 basis points indicating performance at the benchmark index level.

Where a Limited-Year Annual Potential Payout Percentage is required by the 2006 Agreement, the "annual performance" referred to in the table above is the level of financial return from investing activities achieved by the A&L Unit for the year-to-date period (using full quarters only) beginning on January 1 of the given partial year and ending on the performance measurement date specified by the 2006 Agreement as compared to the Benchmark Performance Index applicable in accordance with the 2006 Agreement.

Committee Negative Discretion. Once the annual potential payout percentage for A&L Unit performance achieved for the relevant full year or partial-year period has been determined by reference to the table above, including interpolation where required, the Committee may decide, in its discretion, to reduce that percentage (as long as such decision is not made during a CIC Coverage Period, as defined in the 2006 Agreement) but may not increase it.

February 2008

TIME SHARING AGREEMENT

This Time Sharing Agreement (the “Agreement”) is effective as of [date] by and between The PNC Financial Services Group, Inc., a Pennsylvania corporation, with offices at [address] (“Lessor”), and [employee’s name], with a business address of [address] (“Lessee”);

RECITALS

WHEREAS, Lessor is the [owner]/[lessee] of that certain [aircraft model description(s)] aircraft bearing the United States Registration Number [registration number(s)] and Manufacturer’s Serial Number [serial number(s)] (being referred to as [registration number(s)] or the “Aircraft”);

WHEREAS, Lessor employs a fully qualified flight crew to operate the Aircraft; and

WHEREAS, Lessor and Lessee desire to lease said Aircraft with flight crew on a non-exclusive time-sharing basis as defined in Section 91.501 (c) (1) of the Federal Aviation Regulations (“FAR”);

The parties agree as follows:

1. Lessor agrees to lease the Aircraft to Lessee pursuant to the provisions of FAR 91.501 (c) (1) and to provide a fully qualified flight crew for all operations. This Agreement shall commence on a date to be specified by Lessor and communicated to the Lessee in writing (the “Effective Date”), and continue for the remaining portion of the Calendar Year (“Calendar Year” being defined as the period beginning January 1st of each year and ending December 31st of the same year). Thereafter, this Agreement may be renewed by Lessor upon the designation of a new Effective Date (the “New Effective Date”), in each subsequent Calendar Year, in which case this Agreement shall continue on from the New Effective Date for the remaining portion of that Calendar Year. Except as otherwise provided in Section 9, either party may at any time terminate this Agreement upon thirty (30) days written notice to the other party.

2. Lessee shall pay Lessor the actual expenses of each flight conducted under this Agreement, but NO MORE THAN the actual expenses of each specific flight as authorized by FAR Part 91.501 (d). Such expenses will include:

(a) Fuel, oil, lubricants, and other additives;

(b) Travel expenses of the crew, including food, lodging and ground transportation;

(c) Hangar and tie down costs away from the Aircraft's base of operation;

(d) Insurance obtained for the specific flight;

(e) Landing fees, airport taxes, and similar assessments;

(f) Customs, foreign permit, and similar fees directly related to the flight;

(g) In-flight food and beverages;

(h) Passenger ground transportation; and

(i) Flight planning and weather contract services.

3. Lessor will pay all expenses related to the operation of the Aircraft when incurred, and will provide an invoice to Lessee for the expenses enumerated in paragraph 2 above within ten business days of the last day of the month in which any flight or flights for the account of Lessee occur. Lessee shall pay Lessor for said expenses within thirty (30) calendar days of receipt of the invoice therefor.

4. Lessee will provide Lessor with requests for flight time and proposed flight schedules as far in advance of any given flight as possible, and in any case, at least twenty-four (24) hours in advance of Lessee's planned departure. Requests for flight time shall be in a form, whether written or oral, mutually convenient to, and agreed upon by the parties. In addition to the proposed schedules and flight times, Lessee shall provide at least the following information for each proposed flight at some time prior to scheduled departure as required by the Lessor or Lessor's flight crew:

(a) proposed departure point;

(b) destination;

(c) date and time of flight;

(d) the number of anticipated passengers;

(e) the nature and extent of luggage and/or cargo to be carried;

(f) the date and time of return flight, if any; and

(g) any other information concerning the proposed flight that may be pertinent or required by Lessor or Lessor's flight crew.

5. Lessor shall have final authority over the scheduling of the Aircraft; provided, that Lessor will use its best efforts to accommodate Lessee's needs and to avoid conflicts in scheduling, consistent with the Lessor's use of the Aircraft in connection with its business operations. Lessor shall have no obligation under this Agreement to arrange for or to provide air travel in the event that the Aircraft is unavailable to satisfy Lessee's requests for flight time.

6. Lessor shall be solely responsible for securing repairs, maintenance, preventive maintenance and required or otherwise necessary inspections of the Aircraft, and shall take such requirements into account in scheduling the Aircraft. No repair, period of maintenance, preventive maintenance, or inspection shall be delayed or postponed for the purpose of scheduling the Aircraft, unless said repair, maintenance, or inspection can be safely conducted at a later time in compliance with all applicable laws and regulations, and within the sound discretion of the pilot in command. The pilot in command shall have final and complete authority to delay or cancel any flight for any reason or condition which in his judgment would compromise the safety of the flight. No such action of the pilot in command shall create or support any liability for loss, injury, damage, or delay to Lessee or any other person.

7. Lessor shall employ, pay for and provide to Lessee a qualified flight crew for each flight undertaken under this Agreement.

8. In accordance with applicable FAR, the qualified flight crew provided by Lessor will exercise all of its duties and responsibilities in regard to the safety of each flight conducted hereunder. Lessee specifically agrees that the flight crew, in its sole discretion, may terminate any flight, refuse to commence any flight, or take other action which in the considered judgment of the pilot in command is necessitated by considerations of safety. No such action of the pilot in command shall create or support any liability for loss, injury, damage, or delay to Lessee or any other person. The parties further agree that Lessor shall not be liable for delay or failure to furnish the Aircraft and crew pursuant to this Agreement when such failure is caused by the demands of the Lessor's business operations requiring its use of the Aircraft, government regulation or authority, mechanical difficulty, war, civil commotion, strikes or labor disputes, weather conditions, or acts of God.

9. At all times during the term of this Lease, Lessor shall maintain the following insurance coverages from insurance carriers acceptable to Lessee:

(a) Aircraft Physical Damage insurance in an amount at least equal to the fair market value of the aircraft; and

(b) Aircraft Liability Insurance – Combined Single Limit Bodily Injury and Property Damage, Including Passengers, of at least $100,000,000 for each occurrence. Such coverage shall:

i. Be primary, non-contributing with any insurance maintained by Lessee;

ii. Name Lessee and his guests as additional insureds;

iii. Expressly waive subrogation against Lessee; and

iv. Provide at least thirty (30) days advance written notice to Lessee of any material changes, cancellation, or non-renewal.

Lessor shall furnish Lessee with duly executed certificates evidencing all required insurance coverages, limits and requirements, together with satisfactory evidence of the premium payment as of the effective date of this Agreement. Lessor shall provide certificates of insurance upon each renewal no less than thirty (30) days prior to coverage expiration. Lessee's acceptance of such certificates is not to be construed as any waiver of Lessee's rights to the insurance required. Further, if Lessee fails for any reason to receive certificates or other evidence of insurance from Lessor, such failure shall not be deemed a waiver of required coverage. Lessee retains the right to terminate this Agreement immediately if Lessor fails to provide adequate and proper evidence of required insurance.

Lessor shall also bear the cost of paying any deductible amount on any policy of insurance in the event of a claim or loss.

Each liability policy shall be primary without right of contribution from any other insurance which is carried by Lessee or Lessor and shall expressly provide that all of the provisions thereof, except the limits of liability, shall operate in the same manner as if there were a separate policy covering each insured.

Lessor warrants that this Agreement has been reviewed by the insurance carrier for each policy of insurance on the Aircraft and that the relevant terms and conditions of this Agreement are acceptable to each such carrier.

10. Lessee warrants that:

(a) He will use the Aircraft for and on account of his and his guests' personal travel needs and will not use the Aircraft for the purpose of providing transportation of passengers or cargo in air commerce for compensation or hire; and

(b) He will refrain from incurring any mechanics or other lien and shall not attempt to convey, mortgage, assign or lease the Aircraft or create any kind of lien or security interest involving the Aircraft or do anything or take any action that might mature into such a lien.

11. For purposes of this Agreement, the permanent base of operation of the Aircraft shall be [address].

12. Neither this Agreement nor any party's interest herein shall be assignable. This Agreement shall inure to the benefit of and be binding upon the parties hereto, their representatives and successors. This Agreement constitutes the entire understanding between the parties, and any change or modification must be in writing and signed by both parties.

13. All communications and notices provided for herein shall be in writing and shall become effective when delivered by facsimile transmission (to Lessor at [fax number] or to Lessee at [fax number]) or by Federal Express or other overnight courier or four (4) days following deposit in the United States mail, with correct postage for first-class mail prepaid, addressed to Lessor or Lessee at their respective addresses set forth above, or else as otherwise directed by the other party from time to time in writing.

14. This Agreement is entered into under, and is to be construed in accordance with, the laws of the Commonwealth of Pennsylvania and the applicable FAR.

15. TRUTH IN LEASING STATEMENT

THE AIRCRAFT, A [aircraft model description(s)], MANUFACTURER'S SERIAL NUMBER [serial number(s)], CURRENTLY REGISTERED WITH THE FEDERAL AVIATION ADMINISTRATION AS [registration number(s)], HAS BEEN MAINTAINED AND INSPECTED UNDER FAR PART 91 DURING THE 12 MONTH PERIOD PRECEDING THE DATE OF THIS LEASE.

THE AIRCRAFT WILL BE MAINTAINED AND INSPECTED UNDER FAR PART 91 FOR OPERATIONS TO BE CONDUCTED UNDER THIS LEASE. DURING THE DURATION OF THIS LEASE, THE PNC FINANCIAL SERVICES GROUP, INC. [address], IS CONSIDERED RESPONSIBLE FOR OPERATIONAL CONTROL OF THE AIRCRAFT UNDER THIS LEASE.

AN EXPLANATION OF FACTORS BEARING ON OPERATIONAL CONTROL AND PERTINENT FEDERAL AVIATION REGULATIONS CAN BE OBTAINED FROM THE NEAREST FAA FLIGHT STANDARDS DISTRICT OFFICE.

THE "INSTRUCTIONS FOR COMPLIANCE WITH TRUTH IN LEASING REQUIREMENTS" ATTACHED HERETO IN EXHIBIT A ARE INCORPORATED HEREIN BY REFERENCE.

THE UNDERSIGNED, AS A DULY AUTHORIZED OFFICER OF THE PNC FINANCIAL SERVICES GROUP, INC., [address], CERTIFIES THAT IT IS RESPONSIBLE FOR OPERATIONAL CONTROL OF THE AIRCRAFT AND THAT IT UNDERSTANDS ITS RESPONSIBILITIES FOR COMPLIANCE WITH APPLICABLE FEDERAL AVIATION REGULATIONS.

[SIGNATURE BLOCK IS ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties have executed this Agreement, intending to be legally bound.

THE PNC FINANCIAL SERVICES GROUP, INC.
(LESSOR)

By: ______________________________
Name:
Title:
Date:

[EMPLOYEE NAME]
(LESSEE)

____
Date:

EXHIBIT A

INSTRUCTIONS FOR COMPLIANCE
WITH "TRUTH IN LEASING" REQUIREMENTS

1. Mail a copy of the lease to the following address via certified mail, return receipt requested, immediately upon execution of the lease (14 C.F.R. 91.23 requires that the copy be sent within twenty-four hours after it is signed):

   Federal Aviation Administration
   [address]

2. Telephone the nearest Flight Standards District Office at least forty-eight hours prior to the first flight under this lease.

3. Carry a copy of the lease in the aircraft at all times.

Exhibit 12.1

The PNC Financial Services Group, Inc. and Subsidiaries
Computation of Ratio of Earnings
to Fixed Charges (1)

Dollars in millions	Year Ended December 31 2008	2007	2006	2005	2004
Earnings					
Pretax income from continuing operations before adjustment for minority interests in consolidated subsidiaries or income or loss from equity investees	$1,063	$1,806	$3,913	$1,962	$1,745
Add:					
Distributed income of equity investees	157	124	20		
Fixed charges excluding interest on deposits	1,076	1,267	841	662	357
Less:					
Minority interest in pretax income of subsidiaries that have not incurred fixed charges	122	101	33	20	10
Earnings excluding interest on deposits	2,174	3,096	4,741	2,604	2,092
Interest on deposits	1,485	2,053	1,590	981	484
Total earnings	$3,659	$5,149	$6,331	$3,585	$2,576
Fixed charges					
Interest on borrowed funds	$1,004	$1,197	$ 777	$ 599	$ 298
Interest component of rentals	71	69	64	63	58
Amortization of notes and debentures	1	1			1
Distributions on mandatorily redeemable capital securities of subsidiary trusts					
Fixed charges excluding interest on deposits	1,076	1,267	841	662	357
Interest on deposits	1,485	2,053	1,590	981	484
Total fixed charges	$2,561	$3,320	$2,431	$1,643	$ 841
Ratio of earnings to fixed charges					
Excluding interest on deposits	2.02x	2.44x	5.64x	3.93x	5.86x
Including interest on deposits	1.43	1.55	2.60	2.18	3.06

(1) As defined in Item 503(d) of Regulation S-K.

Exhibit 12.2

The PNC Financial Services Group, Inc. and Subsidiaries
Computation of Ratio of Earnings
to Fixed Charges and Preferred Stock Dividends (1)

Dollars in millions	Year Ended December 31 2008	2007	2006	2005	2004
Earnings					
Pretax income from continuing operations before adjustment for minority interests in consolidated subsidiaries or income or loss from equity investees	$1,063	$1,806	$3,913	$1,962	$1,745
Add:					
Distributed income of equity investees	157	124	20		
Fixed charges and preferred stock dividends excluding interest on deposits	1,109	1,268	842	663	358
Less:					
Minority interest in pretax income of subsidiaries that have not incurred fixed charges	122	101	33	20	10
Preferred stock dividend requirements	33	1	1	1	1
Earnings excluding interest on deposits	2,174	3,096	4,741	2,604	2,092
Interest on deposits	1,485	2,053	1,590	981	484
Total earnings	$3,659	$5,149	$6,331	$3,585	$2,576
Fixed charges and preferred stock dividends					
Interest on borrowed funds	$1,004	$1,197	$ 777	$ 599	$ 298
Interest component of rentals	71	69	64	63	58
Amortization of notes and debentures	1	1			1
Distributions on mandatorily redeemable capital securities of subsidiary trusts					
Preferred stock dividend requirements	33	1	1	1	1
Fixed charges and preferred stock dividends excluding interest on deposits	1,109	1,268	842	663	358
Interest on deposits	1,485	2,053	1,590	981	484
Total fixed charges and preferred stock dividends	$2,594	$3,321	$2,432	$1,644	$ 842
Ratio of earnings to fixed charges and preferred stock dividends					
Excluding interest on deposits	1.96x	2.44x	5.63x	3.93x	5.84x
Including interest on deposits	1.41	1.55	2.60	2.18	3.06

(1) As defined in Item 503(d) of Regulation S-K.

Exhibit 21

THE PNC FINANCIAL SERVICES GROUP, INC.
SCHEDULE OF CERTAIN SUBSIDIARIES
(As of December 31, 2008)

Name	State or Other Jurisdiction of Incorporation or Organization
PNC Bancorp, Inc. (1)	Delaware
PNC Bank, Delaware (1)	Delaware
PNC Bank, National Association (1)	United States
PNC REIT Corp.	Delaware
PNC Bank Capital Securities, LLC	Delaware
PNC Capital Leasing, LLC	Delaware
PNC Preferred Funding LLC	Delaware
PNC Holding, LLC (1)	Delaware
PNC Global Investment Servicing Inc. (1)	Delaware
PNC Funding Corp	Pennsylvania
PNC Investment Corp. (1)	Delaware
PNC Venture Corp	Delaware
National City Bank (1)	United States

(1) The names of the subsidiaries of the indicated entities are omitted because such subsidiaries, considered in the aggregate as a single subsidiary, would not constitute a significant subsidiary.

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on

- Form S-3 (No. 333-136807, No. 333-50651, No. 333-50651-01, No. 333-50651-02, No. 333-50651-03, No. 333-50651-04, No. 333-130744, No. 333-139912, No. 333-139912-01, No. 333-139913, No. 333-139913-04, No. 333-139913-03, No. 333-139913-02, No. 333-139913-01 and No. 333-156345)
- Form S-4 (No. 333-149076, No. 333-149333, No. 333-155248)
- Form S-8 (No. 33-28828, No. 33-54960, No. 333-53806, No. 333-110758, No. 333-25867, No. 33-25140, No. 333-03901, No. 333-65042, No. 333-139347, No. 333-18069, No.333-65040, No. 333-136808, No. 333-74666, No. 333-115388, No. 333-134169, No. 333-139345, No. 333-143182, , No. 333-156540, No. 333-156886, No. 333-156527, and No. 333-149076)

of The PNC Financial Services Group, Inc. of our report dated March 2, 2009 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Annual Report on Form 10-K.

/s/ PricewaterhouseCoopers LLP
Pittsburgh, Pennsylvania
March 2, 2009

Exhibit 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference of our report dated March 1, 2007, February 4, 2008, as to the effects of the restatement discussed in Note 1 (which report expresses an unqualified opinion and includes explanatory paragraphs relating to the restatement discussed in Note 1, the Corporation's adoption of Statement of Financial Accounting Standard No. 158, "*Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans—an amendment of FASB Statements No. 87, 88, 106, and 132(R)"* and the Corporation's use of the equity method of accounting to recognize its investment in BlackRock, Inc.) relating to the consolidated financial statements of The PNC Financial Services Group, Inc. (the "Corporation") appearing in this Annual Report on Form 10-K of the Corporation for the year ended December 31, 2008 in the following Registration Statements:

- Forms S-8 relating to the Corporation's 1997 Long-Term Incentive Award Plan (formerly the Corporation's 1987 Senior Executive Long-Term Incentive Award Plan, as amended, the 1992 Long-Term Incentive Award Plan) (Nos. 33-28828, 33-54960, 333-53806, and 333-110758)
- Forms S-3 relating to the Corporation's Dividend Reinvestment and Stock Purchase Plan (Nos. 333-136807 and 333-156345)
- Forms S-8 relating to the Corporation's Employee Stock Purchase Plan (Nos. 333-25867 and 333-156540)
- Forms S-8 relating to the Corporation's Incentive Savings Plan (formerly The PNC Financial Services Group, Inc. Incentive Savings Plan and PNC Retirement Savings Plan) (Nos. 33-25140, 333-03901, 333-65042, and 333-139347)
- Forms S-8 relating to the Corporation's Supplemental Incentive Savings Plan and the Corporation and Affiliates' Deferred Compensation Plan (Nos. 333-18069, 333-65040, and 333-136808)
- Form S-8 relating to the National City Savings and Investment Plan, the Corporation's Supplemental Incentive Savings Plan, and the Corporation and Affiliates' Deferred Compensation Plan (No. 333-156886)
- Forms S-3 relating to the shelf registration of capital securities of PNC Capital Trust C, PNC Capital Trust D, PNC Capital Trust E and PNC Capital Trust F, fully and unconditionally guaranteed, to the extent described therein, by the Corporation (Nos. 333-50651, 333-50651-01, 333-50651-02, 333-50651-03, and 333-50651-04)
- Form S-8 relating to the Corporation's 1996 Executive Incentive Award Plan (No. 333-74666)
- Form S-8 relating to the PFPC Inc. Retirement Savings Plan (No. 333-115388)
- Form S-3 relating to the shelf registration of securities of the Corporation that may be offered for sale from time to time by shareholders of the Corporation who acquired those shares in connection with the Corporation's acquisition of Harris Williams & Co. (No. 333-130744)
- Forms S-8 relating to the Corporation's 2006 Incentive Award Plan (Nos. 333-134169, 333-139345, and 333-143182)
- Form S-3 relating to the shelf registration of debt securities and warrants to be issued by PNC Funding Corp and common stock, preferred stock, purchase contracts, units, warrants, guarantees, and depository shares to be issued by the Corporation (Nos. 333-139912 and 333-139912-01)
- Form S-3 relating to the shelf registration of capital securities of PNC Capital Trusts E, F, G and H (Nos. 333-139913, 333-139913-04, 333-139913-03, 333-139913-02, and 333-139913-01)
- Form S-4 relating to the Corporation's acquisition of National City Corporation (No. 333-155248)
- Form S-8 relating to various National City plans (No. 333-156527)
- Form S-4 relating to the Corporation's acquisition of Sterling Financial Corporation (No. 333-149076)
- Form S-8 relating to the Sterling Financial Corporation 1996 Stock Incentive Plan (No. 333-149076)
- Form S-4 relating to Yardville Capital Trust II (No. 333-149333)

/s/ Deloitte & Touche LLP
Pittsburgh, Pennsylvania
March 2, 2009

Exhibit 23.3

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference of our report dated February 27, 2009, relating to the consolidated financial statements of BlackRock, Inc. appearing in the Annual Report on Form 10-K of BlackRock, Inc. for the year ended December 31, 2008, which is incorporated by reference in the Annual Report on Form 10-K of The PNC Financial Services Group, Inc. (the "Corporation") for the year ended December 31, 2008, in the following Registration Statements of the Corporation:

- Forms S-8 relating to the Corporation's 1997 Long-Term Incentive Award Plan (formerly the Corporation's 1987 Senior Executive Long-Term Incentive Award Plan, as amended, the 1992 Long-Term Incentive Award Plan) (Nos. 33-28828, 33-54960, 333-53806, and 333-110758)
- Forms S-3 relating to the Corporation's Dividend Reinvestment and Stock Purchase Plan (Nos. 333-136807 and 333-156345)
- Forms S-8 relating to the Corporation's Employee Stock Purchase Plan (Nos. 333-25867 and 333-156540)
- Forms S-8 relating to the Corporation's Incentive Savings Plan (formerly The PNC Financial Services Group, Inc. Incentive Savings Plan and PNC Retirement Savings Plan) (Nos. 33-25140, 333-03901, 333-65042, and 333-139347)
- Forms S-8 relating to the Corporation's Supplemental Incentive Savings Plan and the Corporation and Affiliates' Deferred Compensation Plan (Nos. 333-18069, 333-65040, and 333-136808)
- Form S-8 relating to the National City Savings and Investment Plan, the Corporation's Supplemental Incentive Savings Plan, and the Corporation and Affiliates' Deferred Compensation Plan (No. 333-156886)
- Forms S-3 relating to the shelf registration of capital securities of PNC Capital Trust C, PNC Capital Trust D, PNC Capital Trust E and PNC Capital Trust F, fully and unconditionally guaranteed, to the extent described therein, by the Corporation (Nos. 333-50651, 333-50651-01, 333-50651-02, 333-50651-03, and 333-50651-04)
- Form S-8 relating to the Corporation's 1996 Executive Incentive Award Plan (No. 333-74666)
- Form S-8 relating to the PFPC Inc. Retirement Savings Plan (No. 333-115388)
- Form S-3 relating to the shelf registration of securities of the Corporation that may be offered for sale from time to time by shareholders of the Corporation who acquired those shares in connection with the Corporation's acquisition of Harris Williams & Co. (No. 333-130744)
- Forms S-8 relating to the Corporation's 2006 Incentive Award Plan (Nos. 333-134169, 333-139345 and 333-143182)
- Form S-3 relating to the shelf registration of debt securities and warrants to be issued by PNC Funding Corp and common stock, preferred stock, purchase contracts, units, warrants, guarantees, and depository shares to be issued by the Corporation (Nos. 333-139912 and 333-139912-01)
- Form S-3 relating to the shelf registration of capital securities of PNC Capital Trusts E, F, G and H (Nos. 333-139913, 333-139913-04, 333-139913-03, 333-139913-02, and 333-139913-01)
- Form S-4 relating to the Corporation's acquisition of National City Corporation (No. 333-155248)
- Form S-8 relating to various National City plans (No. 333-156527)
- Form S-4 relating to the Corporation's acquisition of Sterling Financial Corporation (No. 333-149076)
- Form S-8 relating to the Sterling Financial Corporation 1996 Stock Incentive Plan (No. 333-149076)
- Form S-4 relating to Yardville Capital Trust II (No. 333-149333)

/s/ Deloitte & Touche LLP
New York, New York
February 27, 2009

Exhibit 24

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each of the undersigned Directors of The PNC Financial Services Group, Inc. (the "Corporation"), a Pennsylvania corporation, hereby names, constitutes and appoints Richard J. Johnson, Samuel R. Patterson, George P. Long, III and Karen M. Barrett, and each of them, as such person's true and lawful attorney-in-fact with power of substitution and resubstitution to sign in his or her name, place and stead, in any and all capacities, and to do any and all things and execute any and all instruments that such attorney may deem necessary or advisable under the Securities Exchange Act of 1934, as amended, and any rules, regulations and requirements of the Securities and Exchange Commission (the "Commission"), in connection with the filing with the Commission of an Annual Report on Form 10-K of the Corporation for the fiscal year ended December 31, 2008 (the "Form 10-K"); including specifically, but without limiting the generality of the foregoing, the power and authority to sign his or her name in his or her capacity as a member of the Board of Directors of the Corporation to the Form 10-K and such other form or forms as may be appropriate to be filed with the Commission as he or she may deem appropriate, together with all exhibits thereto, and to any and all amendments or supplements thereto and to any other documents filed with the Commission, as fully for all intents and purposes as he or she might or could do in person, and hereby ratifies and confirms that said attorney-in-fact and agent, acting alone may lawfully do or cause to be done by virtue hereof.

WITNESS the due execution hereof by the following persons in the capacities indicated as of this 2nd day of March, 2009.

Name/Signature	Capacity
/s/ James E. Rohr James E. Rohr	Chairman, Chief Executive Officer (Principal Executive Officer) and Director
/s/ Richard J. Johnson Richard J. Johnson	Chief Financial Officer (Principal Financial Officer)
/s/ Samuel R. Patterson Samuel R. Patterson	Controller (Principal Accounting Officer)

/s/ Richard O. Berndt Richard O. Berndt	Director
/s/ Charles E. Bunch Charles E. Bunch	Director
/s/ Paul W. Chellgren Paul W. Chellgren	Director
/s/ Robert N. Clay Robert N. Clay	Director
/s/ George A. Davidson, Jr. George A. Davidson, Jr.	Director
/s/ Kay Coles James Kay Coles James	Director
/s/ Richard B. Kelson Richard B. Kelson	Director
/s/ Bruce C. Linday Bruce C. Lindsay	Director
/s/ Anthony A. Massaro Anthony A. Massaro	Director
/s/ Jane G. Pepper Jane G. Pepper	Director
/s/ Donald J. Shepard Donald J. Shepard	Director
/s/ Lorene K. Steffes Lorene K. Steffes	Director
/s/ Dennis F. Strigl Dennis F. Strigl	Director
/s/ Stephen G. Thieke Stephen G. Thieke	Director
/s/ Thomas J. Usher Thomas J. Usher	Director
/s/ George H. Walls, Jr. George H. Walls, Jr.	Director
/s/ Helge H. Wehmeier Helge H. Wehmeier	Director

EXHIBIT 31.1

Insofar as it relates to internal control over financial reporting, including that portion of disclosure controls and procedures that relates to internal control over financial reporting, this Certification does not include internal control over financial reporting related to the former National City Corporation which PNC acquired on December 31, 2008 in a purchase business combination. National City Corporation was merged into PNC in the acquisition transaction, and its assets became assets of PNC as of the acquisition date. The total assets of National City Corporation represented $136 billion of PNC's consolidated total assets at December 31, 2008.

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, James E. Rohr, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2008 of The PNC Financial Services Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

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

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

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

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

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

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

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

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

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

Date: March 2, 2009

/s/ JAMES E. ROHR

James E. Rohr
Chairman and Chief Executive Officer

Insofar as it relates to internal control over financial reporting, including that portion of disclosure controls and procedures that relates to internal control over financial reporting, this Certification does not include internal control over financial reporting related to the former National City Corporation which PNC acquired on December 31, 2008 in a purchase business combination. National City Corporation was merged into PNC in the acquisition transaction, and its assets became assets of PNC as of the acquisition date. The total assets of National City Corporation represented $136 billion of PNC's consolidated total assets at December 31, 2008.

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Richard J. Johnson, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2008 of The PNC Financial Services Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

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

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

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

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

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

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

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

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

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

Date: March 2, 2009

/s/ RICHARD J. JOHNSON

Richard J. Johnson
Chief Financial Officer

EXHIBIT 32.1

**CERTIFICATION BY CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report on Form 10-K for the year ended December 31, 2008 of The PNC Financial Services Group, Inc. (Corporation) as filed with the Securities and Exchange Commission on the date hereof (Report), I, James E. Rohr, Chairman and Chief Executive Officer of the Corporation, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

(1) The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation for the dates and periods covered by the Report.

This certificate is being made for the exclusive purpose of compliance by the Chief Executive Officer of the Corporation with the requirements of Section 906 of the Sarbanes-Oxley Act of 2002, and may not be used by any person or for any reason other than as specifically required by law.

/s/ JAMES E. ROHR

James E. Rohr
Chairman and Chief Executive Officer
March 2, 2009

EXHIBIT 32.2

CERTIFICATION BY CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K for the year ended December 31, 2008 of The PNC Financial Services Group, Inc. (Corporation) as filed with the Securities and Exchange Commission on the date hereof (Report), I, Richard J. Johnson, Chief Financial Officer of the Corporation, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

(1) The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation for the dates and periods covered by the Report.

This certificate is being made for the exclusive purpose of compliance by the Chief Financial Officer of the Corporation with the requirements of Section 906 of the Sarbanes-Oxley Act of 2002, and may not be used by any person or for any reason other than as specifically required by law.

/s/ RICHARD J. JOHNSON

Richard J. Johnson
Chief Financial Officer
March 2, 2009