STERLING FINANCIAL CORP /PA/
Form 425
December 12, 2007

Filed by The PNC Financial Services Group, Inc.
Pursuant to Rule 425 under the Securities Act of 1933
and deemed
filed pursuant to Rule 14a-12 of the
Securities Exchange Act of 1934
Subject Company: Sterling Financial Corporation
Commission File No. 000-16276

James
E,
Rohr,
Chairman
and
Chief
Executive
Officer
of
The
PNC
Financial
Services
Group,
Inc.
(PNC),
gave
a
presentation
to investors on December
12, 2007 at the Goldman Sachs Financial
Services
CEO
Conference.
This
presentation
was
accompanied
by
a series of electronic
slides
that
included
information
pertaining
to
the
financial
results
and

business strategies of PNC. The following slides and related material were posted on PNC s website on Wednesday, December 12, 2007.

The PNC Financial Services Group, Inc.
Goldman Sachs
Financial Services CEO Conference 2007
New York
December 12, 2007

This
presentation
contains
forward-looking
statements
regarding
our

outlook
or
expectations
relating
to
PNC s
future
business,
operations,
financial
condition,
financial
performance
and
asset
quality.
Forward-looking
statements
are
necessarily
subject
to
numerous
assumptions,
risks
and
uncertainties,
which
change
over
time.
The
forward-looking
statements
in
this
presentation
are
qualified
by
the
factors
affecting
forward-looking
statements
identified
in
the
more
detailed

Cautionary Statement included in the Appendix, which is included in the version of the presentation materials posted on our corporate website at www.pnc.com/investorevents. We provide greater detail regarding these factors in our 2006 Form 10-K, including in the Risk Factors and Risk Management sections, and in our current quarter 2007

Form 10-Q and other SEC reports (accessible on the SEC s website at www.sec.gov and on or through our corporate website). Future events or circumstances may change our outlook or expectations and may also affect the nature of the assumptions, risks and uncertainties to which our forward-looking statements are subject. The forward-looking statements in this presentation speak only as of the date of this presentation. We do not assume any duty and do not undertake to update those statements. In this presentation, we will sometimes refer to adjusted results to help illustrate the impact of the deconsolidation of BlackRock near the end of third quarter 2006 and the impact of certain types of items. Adjusted results reflect, as applicable, the following types of adjustments: (1) 2006 and earlier periods reflect the impact of the deconsolidation of BlackRock by adjusting as if we had recorded our BlackRock investment on the equity method

prior
to
its
deconsolidation;
(2)
adjusting
the
2006
periods
to
exclude
the
impact
of
the
third
quarter
2006
gain
on
the
BlackRock/MLIM
transaction
and
losses
on
the
repositioning
of
PNC s
securities
and
mortgage
loan
portfolios;
(3)
adjusting
fourth
quarter
2006
and
the
2007
periods
to
exclude
the
net
mark-to-market
adjustments

on PNC s remaining BlackRock LTIP shares obligation and, as applicable, the gain PNC recognized in first quarter 2007 in connection with the company s transfer of BlackRock shares to satisfy a portion of its BlackRock LTIP shares obligation; (4) adjusting all 2007 and 2006 periods to exclude, as applicable, integration costs related to acquisitions and to the BlackRock/MLIM transaction; and (5) adjusting, as appropriate, for the tax impact of these adjustments. We have provided these adjusted amounts and reconciliations so that investors, analysts, regulators and others will be better able to evaluate the impact of these items on our results for the periods presented, in addition to providing a basis of comparability for the impact of the BlackRock deconsolidation given the magnitude of the impact of deconsolidation on various components of our income statement and balance sheet. We believe that information as adjusted for the impact of the specified items may be useful due to the extent to which these items are not indicative of our ongoing operations as the result of our management activities on those operations. While we have not provided other adjustments for the periods discussed, this is not intended to imply that there could not have been other similar types of adjustments, but any such adjustments would not have been similar in magnitude to the amount of the adjustments shown. In certain discussions, we may also provide revenue information on a taxable-equivalent basis by increasing the interest income earned on tax-exempt assets to make it fully equivalent to interest income earned on taxable investments. We believe this adjustment may be useful when comparing yields and margins for all earning assets. This presentation may also include a discussion of other non-GAAP financial measures, which, to the extent not so qualified therein or in the Appendix, is qualified by

GAAP
reconciliation
information
available
on
our
corporate
website
at
www.pnc.com
under
 About PNC
Investor Relations.
Cautionary Statement Regarding Forward-Looking
Information and Adjusted Information

Performance validates business model
Investing for the future
Differentiation to drive growth
PNC s Differentiation

Growing Our Balance Sheet
As of September 30
$77B
$93B
$98B
$131B
Peer

net
loan CAGR
14%
(1) Peer reflects CAGR of the average of the super-regional banks identified in the Appendix other than PNC.
$51B
$42B
$60B
$50B
$65B
$48B
$78B
$65B
Peer
deposit
CAGR
10%
Peer
asset
CAGR
11%
Net loans
Deposits
Assets
1
1
1

2004
2005
2006
2007
Delivering the Bottom Line
2004
2005

2006
2007
For the Nine Months
Ended September 30
$890MM
$970MM
$1.12B
(as adjusted,
$2.22B as reported)
$1.34B
(as adjusted,
$1.29B as reported)
(1)
As adjusted. As reported net income CAGR 13%; diluted earnings per share CAGR 7%. Adjusted net income and diluted earnings per share for the nine months ended September 30, 2006 and 2007 are reconciled to GAAP figures

in
the
Appendix.
(2)
Peer
reflects
CAGR
of
the
average
of
the
super-regional
banks
identified
in
the
Appendix
other
than
PNC.
Peer
net
income CAGR
7%
For the Nine Months
Ended September 30
$3.13
$3.35
$3.77
(as adjusted,
$7.46 as reported)
$4.00
(as adjusted,
$3.85 as reported)
Peer
diluted
EPS CAGR
1%
Diluted Earnings Per Share
Net Income
2
2

$0
$1
$2
$3
$4
$5
$6

$7
2004
2005
2006
Revenue
9%
Creating Positive Operating Leverage
Generating Capital by Growing Revenues Faster Than Expenses
billions
Compound Annual
Growth Rate
(2004
2006)
Adjusted Revenue
(as reported
$5.5 billion, $6.3 billion, $8.6 billion for 2004, 2005, 2006, respectively)
Adjusted Noninterest
Expense
(as reported $3.7 billion, $4.3 billion, $4.4 billion for 2004, 2005, 2006, respectively)
Adjusted Net Income
(as reported $1.2 billion, $1.3 billion, $2.6 billion for 2004, 2005, 2006, respectively)
Net Income
12%
$1.2
$1.3
$1.5
Expense
7%

Revenue	+20%
Expense	+15%
Net Income	+19%

Trend Continues[1]
(1) As reported: revenue (28%), expense (11%), net income (42%).
Adjusted amounts are reconciled to GAAP in the Appendix.
Nine months ended September 30, as adjusted
2007 vs 2006

WB
0.19 %
RF
0.27
PNC
0.30
CMA

0.32
STI
0.35
KEY
0.35
BBT
0.41
USB
0.54
NCC
0.54
FITB
0.60
WFC
1.02
USB
318 %
PNC
251
RF
182
CMA
176
BBT
171
KEY
168
WFC
142
WB
117
FITB
117
NCC
113
STI
93
Credit Discipline Reflected in
Reserves and Losses
Proactively Assessing Credits
For the three months ended September 30, 2007. Source: SNL DataSource, PNC as reported
3Q07
Managing the Risk
3Q07
Net Charge-offs to Average Loans
Reserves to Nonperforming Assets

PNC
58 %
USB
52
FITB
48
WFC

46
WB
42
STI
42
BBT
42
KEY
41
RF
39
NCC
37
CMA
30
Building a Diversified Business Mix
High Fee Income Contribution
YTD07
(1) For the nine months ended September 30, 2007. (2) As of September 30, 2007. (3) Reconciled to GAAP in the Appendix.
DataSource, PNC as reported
Less Net Interest Income Dependent
Noninterest Income to Total Revenue[1]
50%
without
PFPC and
BlackRock[3]
PNC
84 %
RF
101
STI
104
BBT
104
WB
106
KEY
108
WFC
108
FITB
110
NCC
114
CMA
118
USB
121
Loans to Deposits[2]
3Q07

Performance validates business model
Investing for the future
Differentiation to drive growth
PNC s Differentiation

Projected 5-Year Population Growth
$60,949
$56,250
$69,270
$54,620
$73,965
$69,363

$66,273
Median Household Income
Improving Our Demographics
3.7%
6.0%
2.0%
3.4%
8.4%
10.0%
3.9%
2003
Proforma
Acquisitions
2003
Proforma
Acquisitions
Amounts
based
on
data
at
time
of
acquisition
announcement.
United
Trust
data
reflects
demographics
of
footprint
counties
weighted
by
households.
Mercantile,
Yardville
and
Sterling
data
reflect
demographics
of
footprint
counties
of
that
company,
or

by MSA in the case of Riggs, weighted by deposits. PNC 2003 and PNC Proforma amounts reflect demographics, weighted by deposits, of PNC s 68 county footprint and 105 county footprint, respectively, including the impact of PNC s ongoing branch optimization process. PNC and Mercantile headquarter offices excluded for purposes of deposit

weighting.
Source:
SNL
DataSource.
*Pending.

$0
$4
$8
$12
$16
$20
1Q06

3Q07
Asset Management
Service Charges
Brokerage
Corporate Services
Consumer and Other
Executing in the Greater Washington
Area (GWA)
40.5%
43.6%
0
25
50
75
100
125
Deepening Relationships and Growing Noninterest Income*
GWA noninterest income
to total revenue
PNC -
GWA Retail Relationships
(1) Riggs transaction completed May 2005
PNC GWA Region
*Excludes the impact of Mercantile
June 30
2005[1]
Sept 30
2007
PNC -
GWA Fee Growth
+14%
+48%
+45%
+96%
+38%
GWA business checking relationships
GWA consumer checking relationships
1Q06
3Q07

Transforming the Business Model
High Growth Product Focus
Albridge Solutions, Inc.
To
Integrated
Provider
Leveraging Our Global Fund Servicing

Platform
From
Processor
Unified client views
Performance reporting
$0
$100
$200
$300
$400
$500
$600
$700
Emerging Product
Revenue
Core Product
Revenue
Sept 04
Sept 07
21%
28%
72%
79%
Emerging product
revenue
3-yr CAGR 18%
For the nine months ended

Leveraging Corporate & Institutional
Relationships to Grow Noninterest Income
$0
$200
$400
$600
$800

Major Product Revenue[1]
(1) Represents consolidated PNC amounts
2006
2007
For the nine months ended
Capital Markets
Treasury Management
Midland Loan Services
Commercial Loan Servicing
CMBS Servicing Portfolio
Institutional Servicing Portfolio
Agency Servicing Portfolio
Construction Loan Administration
Government Services
Foreign exchange
Derivatives
Loan syndications
M&A advisory services
Securities underwriting
Securities sales and trading
Cash and investment management
Receivables management
Disbursement services
Funds transfer services
Information reporting
Global trade services
Deepening Relationships with Fee Based Products and Services

Leveraging Corporate & Institutional Banking
Channels to Grow Low Cost Deposits
3Q06
4Q06
3Q07
Corporate & Institutional Banking
Average Deposits

Total deposits
$13.6 billion
Treasury
Management
74%
Midland
25%
Other
1%
Midland
40%
Treasury
Management
59%
For the three months ended
$10.5B
$11.8B
$13.6B
Noninterest bearing
$7.2 billion

$0
$10
$20
$30
$40
$50
Nov Dec Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov

2006
CMBS Originations
A Strategic Business with
Unprecedented Liquidity Issues and Spread Widening
Focused on risk adjusted returns,
supports our servicing activity
High quality HFS credit portfolio
consistent with moderate risk
profile
Unprecedented market volatility
across entire non-government and
non-agency markets
As of November 30, 2007,
commercial mortgages held for
sale were approximately $1.5B
with $55 million of losses
Committed to the business
0
25
50
75
100
125
Market Volatility Impact on CMBS
10 Year, AAA Spread
over swaps, bps
CMBS Spreads
Nov 07
+121
2001 2002 2003 2004 2005 2006 2007
US CMBS Securitizations
Context
Sept 07
+65
Source: Commercial Mortgage Alert
2007

Performance validates business model
Investing for the future
Differentiation to drive growth
PNC s Differentiation

Foster
Innovation
Strengthen
the brand
Engage
Employees
Create a

sense of
urgency
PNC s Differentiation
Focus on
Execution

Brand Equity Contribution to Market Cap
Home
Appliances
Motor
Vehicles
Restaurants
Toiletries/

Cosmetics
Retailers
Banks
16.1%
14.8%
13.3%
13.3%
11.5%
6.8%
Source: CoreBrand

Foster
Innovation
Strengthen
the brand
Engage
Employees
Create a

sense of
urgency
PNC s Differentiation
Focus on
Execution

Performance validates business model
Investing for the future
Differentiation to drive growth
Summary

Cautionary Statement Regarding
Forward-Looking Information
Appendix
We
make
statements
in

this
presentation,
and
we
may
from
time
to
time
make
other
statements,
regarding
our
outlook
or
expectations
for
earnings,
revenues,
expenses
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. Because forward-looking statements are subject to assumptions and uncertainties, 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 in our Form 10-K for the year ended December 31, 2006, including in the Risk Factors and Risk Management sections of that report, and in our current quarter 2007 Form 10-Q and other SEC reports. Our forward-looking statements may also be subject to other risks and uncertainties, including those that we may discuss elsewhere in this presentation or in our filings with the SEC, accessible on the SEC s website at www.sec.gov and on or through our corporate website at www.pnc.com under About PNC

Investor Relations

Financial Information. 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 global financial markets could impact our performance, both directly by affecting our revenues and the value of our assets and liabilities and indirectly by affecting the economy generally.

Our operating results are affected by our liability to provide shares of BlackRock common stock to help fund certain BlackRock long-term incentive plan (LTIP) programs, as our LTIP liability is adjusted quarterly (marked-to-market) based on changes in BlackRock s common stock price and the number of remaining committed shares, and we recognize gain or loss on such shares at such times as shares are transferred for payouts under the LTIP programs.

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
ability
to
implement
our
business
initiatives

and strategies could affect our financial performance over the next several years.

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: (a) the unfavorable resolution of legal proceedings or regulatory and other governmental inquiries; (b) increased litigation risk from recent regulatory and other governmental developments; (c) the results of the regulatory examination process, our failure to satisfy the requirements of agreements with governmental agencies, and regulators future use of supervisory and enforcement tools; (d) legislative and regulatory reforms, including changes to laws and regulations involving tax, pension, education lending, and the protection of confidential customer information; and (e) changes in accounting policies and principles.

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.

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.

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 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
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in
BlackRock,
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are
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in
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2006
Form
10-K,
including
in
the
Risk
Factors
section,
and
in
BlackRock s
other
filings
with
the
SEC,
accessible
on
the
SEC s
website
and
on
or
through

BlackRock s website at www.blackrock.com. We grow our business from time to time by acquiring other financial services companies, including our pending Sterling Financial Corporation (Sterling) acquisition. Acquisitions in general present us with risks other than those presented by the nature of the business acquired. In particular, 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 related 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 arising as a result of those issues. Any annualized, proforma, estimated, third party or consensus numbers in this presentation are used for illustrative or comparative purposes only and may not reflect actual results. Any consensus earnings estimates are calculated based on the earnings projections made by analysts who cover that company. The analysts opinions, estimates or forecasts (and therefore the consensus earnings estimates) are theirs alone, are not

those
of
PNC
or
its
management,
and
may
not
reflect
PNC s,
Sterling s
or
other
company s
actual
or
anticipated
results.
Cautionary Statement Regarding
Forward-Looking Information (continued)
Appendix

The
PNC
Financial
Services
Group,
Inc.
and

Sterling Financial Corporation will be filing a proxy statement/prospectus and other relevant documents concerning the merger with the United States Securities and Exchange Commission (the SEC). WE URGE INVESTORS TO READ THE PROXY STATEMENT/PROSPECTUS AND ANY OTHER DOCUMENTS TO BE FILED WITH THE SEC IN CONNECTION WITH THE MERGER OR

INCORPORATED BY REFERENCE IN THE PROXY STATEMENT/PROSPECTUS BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION. Investors will be able to obtain these documents free of charge at the SEC s web site at http://www.sec.gov. In addition, documents filed with the SEC by The PNC Financial Services Group, Inc. will be available free of charge from Shareholder Relations at (800) 843-2206. Documents filed with the SEC by Sterling Financial Corporation will be available free of charge from Sterling Financial Corporation by contacting Shareholder Relations at (877) 248-6420. The directors, executive officers, and certain other members of management and employees of Sterling Financial Corporation are participants in the solicitation of proxies in favor of the merger from the shareholders of Sterling Financial Corporation. Information about the directors and executive officers of Sterling Financial Corporation is included in the proxy statement for its May 8, 2007 annual meeting of shareholders, which was filed with the SEC on April 2, 2007. Additional information regarding the interests of such participants will be included in the proxy statement/prospectus and the other relevant documents filed with the SEC when they become available.

Additional Information About The PNC/Sterling Financial Corporation Transaction

Appendix

CMBS Supplemental Information
Appendix
PNC CMBS Portfolio
Spread Volatility
0
2
4

6
8
10
12
14
10 Year, AAA CMBS vs swaps, bps
Weekly CMBS Spread Volatility
(03/29/05
12/04/07)
2005
2006 2007
Source: JPMorgan
08/01/07
11/19/07
High quality portfolio
-Internal assessment of 85%+
AAA equivalent
-Modest level of kick-outs
-Weighted average loan to
value of 72% with
conservative escrows
-Average debt service
coverage of 1.3x with 90%+
amortizing loans versus
common trend of extended
term interest-only financing

Non-GAAP to GAAP
Reconcilement
Earnings Summary
Nine Months Ended
Appendix
NINE MONTHS ENDED
In millions, except per share data

Adjustments,
Net
Diluted
Adjustments,
Net
Diluted
Pretax
Income
EPS
Pretax
Income
EPS
Net income, as reported
$1,289
$3.85
$2,219
$7.46
Adjustments:
BlackRock LTIP (a)
$(1)
(1)

Integration costs (b)
72

49

.15

$91
39

.13

Gain on BlackRock/MLIM transaction (c)
(2,078)
(1,293)

(4.35)

Securities portfolio rebalancing loss (c)
196
127

.43

Mortgage loan portfolio repositioning loss (c)
48
31

.10

Net income, as adjusted
$1,337
$4.00
$1,123
$3.77
September 30
NINE MONTHS ENDED
2004
2005
2006
2007
CAGR
Net income, as reported
$890
$970
$2,219
$1,289
13%
Net income, as adjusted
890
970
1,123
1,337
15%
Diluted earnings per share, as reported
3.13
3.35
7.46
3.85
7%
Diluted earnings per share, as adjusted
$3.13
$3.35
$3.77
$4.00
9%
(c) Included in noninterest income on a pretax basis.
September 30, 2007
September 30, 2006
(a)
Includes
the
impact
of
the
gain
recognized
in

connection with PNC's transfer of BlackRock shares to satisfy a portion of PNC's BlackRock LTIP shares obligation and the net mark-to-market adjustment on PNC's remaining BlackRock LTIP shares obligation.

(b) In addition to acquisition integration costs related to recent or pending PNC acquisitions reflected in the 2007 period presented, both the 2007 and the 2006 periods presented include BlackRock/MLIM transaction integration costs. BlackRock/MLIM transaction integration costs recognized by PNC for the first nine months of 2007 were included in noninterest income as a negative component of the "Asset management" line item, which includes the impact of PNC's equity earnings from PNC's investment in BlackRock. The first nine months of 2006 BlackRock/MLIM transaction integration costs were included in noninterest expens

Non-GAAP to GAAP
Reconcilement
Income Statement Summary
For the Nine Months Ended September 30
Appendix
NINE MONTHS ENDED
In millions

As Reported
Adjustments
As Adjusted (a)
As Reported
Adjustments
As Adjusted (b)
Net interest income
$2,122
$2,122
$1,679
($10)
$1,669
Net interest income:
% Change As
Reported
% Change As
Adjusted
Loans
806

806

682

(10)

672

18%
20%
Deposits
1,316

1,316

997

997

32%
32%
Noninterest Income
2,956

$4
2,960

5,358

(2,777)

2,581

(45%)
15%
Total revenue
5,078

4

5,082

7,037

(2,787)

4,250

(28%)
20%
Loan net interest income as a % of total revenue
15.9%
15.9%
9.7%
15.8%
Deposit net interest income as a % of total revenue
25.9%
25.9%
14.2%
23.5%
Noninterest income as a % of total revenue
58.2%
58.2%
76.1%
60.7%
Provision for credit losses
127
127
82
82
Noninterest income
2,956
4

2,960
5,358
(2,777)

2,581
Noninterest expense

3,083
(67)
3,016
3,474
(856)
2,618
(11%)
15%
Income before minority interest
and income taxes
1,868
71

1,939
3,481
(1,931)
1,550
Minority interest in income
of BlackRock
47
(47)
Income taxes
579
23
602
1,215
(788)
427
Net income
$1,289
$48
$1,337
$2,219
($1,096)
$1,123
(42%)
19%
OPERATING LEVERAGE - NINE MONTHS ENDED
As Reported
As Adjusted
Total revenue
(28%)
20%
Noninterest expense
(11%)
15%
Operating leverage
(17%)
5%
(a)

Amounts adjusted to exclude the impact of the following pretax items: (1) the gain of $83 million recognized in connection with PNC's transfer of BlackRock shares to satisfy a portion of our BlackRock LTIP shares obligation, (2) the net mark-to-market adjustment totaling $82 million on our remaining BlackRock LTIP shares obligation, and (3) acquisition and BlackRock/MLIM transaction integration costs totaling $72 million. The net tax impact of these items is reflected in the adjustment to income tax

(b) Amounts adjusted to exclude the impact of the following pretax items: (1) the gain of $2.078 billion on the BlackRock/MLIM transaction, (2) the loss of $196 million on the securities portfolio rebalancing, (3) BlackRock/MLIM transaction integration costs of $91 million for the first nine months of 2006, and (4) the mortgage loan portfolio repositioning loss of $48 million. The net tax impact of these items is reflected in the adjustment to income taxes. We believe that information as adjusted for the impact of these items may be useful due to the extent to which these items are not indicative of our ongoing operations as the result of our management activities. Additionally, the amounts are also adjusted as if we had recorded our investment in BlackRock on the equity method. We believe that providing amounts adjusted as if we had recorded our investment

in
BlackRock
on
the
equity
method
for
all
periods
presented
helps
provide
a basis of comparability for the impact of the BlackRock deconsolidation given the magnitude of the impact on various compo
2006 to 2007 Change
September 30, 2007
September 30, 2006

Non-GAAP to GAAP
Reconcilement
Income Statement Summary
For the Three Months Ended
Appendix
For the three months ended September 30, 2007
PNC

PNC
In millions
As Reported
Adjustments (a)
As Adjusted
Reported
Adjusted
Net interest income
$761
$761
Loan net interest income
294
294
5%
5%
Deposit net interest income
467
467
2%
2%
Provision for credit losses
65
65
Net interest income less provision for credit losses
696
696
Asset management
204
$2
206
Other
786
50
836
Total noninterest income
990
52
1,042
2%
7%
Compensation and benefits
553
(16)
537
Other
546
(25)
521
Total noninterest expense
1,099

(41)
1,058
6%
3%
Income before income taxes
587
93
680
Income taxes
180
31
211
Net income
$407
$62
$469
(4%)
8%
For the three months ended June 30, 2007
PNC
PNC
In millions
As Reported
Adjustments (b)
As Adjusted
Net interest income
$738
$738
Loan net interest income
280
280
Deposit net interest income
458
458
Provision for credit losses
54
54
Net interest income less provision for credit losses
684
684
Asset management
190
$1
191
Other
785
1
786
Total noninterest income
975

2
977
Compensation and benefits
544
(9)
535
Other
496
(6)
490
Total noninterest expense
1,040
(15)
1,025
Income before income taxes
619
17
636
Income taxes
196
6
202
Net income
$423
$11
$434
% Change vs. June 30, 2007
(a)
Includes
the
impact
of
the
following
items
on
a
pretax
basis:
$50
million
net
loss
related
to
our
BlackRock
LTIP
shares
obligation

and $43 million of acquisition and BlackRock/MLIM transaction integration costs. The net tax impact of these items is reflected in the adjustment to income taxe

(b) Includes the impact of the following items on a pretax basis: $16 million of acquisition and BlackRock/MLIM transaction integration costs and $1 million net loss related to our BlackRock LTIP shares obligation. The net tax impact of these items is reflected in the adjustment to income tax

Non-GAAP to GAAP
Reconcilement
Income Statement Summary
2004 to 2006
Appendix
BlackRock
For the year ended December 31, 2006

PNC
Deconsolidation and
BlackRock
PNC
In millions
As Reported
Adjustments (a)
Other Adjustments
Equity Method
As Adjusted
Net interest income
$2,245
$(10)
$2,235
Provision for credit losses
124
124
Noninterest income
6,327
$(1,812)
(1,087)
$144
3,572
Noninterest expense
4,443
(91)
(765)
3,587
Income before minority interest and income taxes
4,005
(1,721)
(332)
144
2,096
Minority interest in income of BlackRock
47
18
(65)
Income taxes
1,363
(658)
(130)
7
582
Net income
$2,595
$(1,081)
$(137)
$137
$1,514

For the year ended December 31, 2005
BlackRock
PNC
Deconsolidation and
BlackRock
PNC
In millions
As Reported
Other Adjustments
Equity Method
As Adjusted
Net interest income
$2,154
$(12)
$2,142
Provision for credit losses
21
21
Noninterest income
4,173
(1,214)
$163
3,122
Noninterest expense
4,306
(853)
3,453
Income before minority interest and income taxes
2,000
(373)
163
1,790
Minority interest in income of BlackRock
71
(71)
Income taxes
604
(150)
11
465
Net income
$1,325
$(152)
$152
$1,325
(a)
Includes
the
impact
of

the following items, all on a pretax basis, and adjustment for the tax impact thereof: $2,078 million gain on BlackRock/MLIM transaction, $196 million securities portfolio rebalancing loss, $101 million of BlackRock/MLIM transaction integration costs, $48 million mortgage loan portfolio repositioning loss, and $12 million net loss related to our BlackRock LTIP shares obligation.

Non-GAAP to GAAP
Reconcilement
Income Statement Summary
2004 to 2006 (continued)
Appendix
For the year ended December 31, 2004
BlackRock

PNC
Deconsolidation and
BlackRock
PNC
In millions
As Reported
Other Adjustments
Equity Method
As Adjusted
Net interest income
$1,969
$(14)
$1,955
Provision for credit losses
52
52
Noninterest income
3,572
(745)
$101
2,928
Noninterest expense
3,712
(564)
3,148
Income before minority interest and income taxes
1,777
(195)
101
1,683
Minority interest in income of BlackRock
42
(42)
Income taxes
538
(59)
7
486
Net income
$1,197
$(94)
$94
$1,197
CAGR
In millions
2004
2005
2006
As Adjusted
Adjusted net interest income

$1,955
$2,142
$2,235
Adjusted noninterest income
2,928
3,122
3,572
Adjusted total revenue
4,883
5,264
5,807
9%
Adjusted noninterest expense
3,148
3,453
3,587
7%
Adjusted net income
$1,197
$1,325
$1,514
12%
In millions
2004
2005
2006
CAGR
Net interest income, as reported
$1,969
$2,154
$2,245
Noninterest income, as reported
3,572
4,173
6,327
Total revenue, as reported
5,541
6,327
8,572
24%
Noninterest expense, as reported
3,712
4,306
4,443
9%
Net income, as reported
$1,197
$1,325
$2,595
47%

Non-GAAP to GAAP
Reconcilement
Business Segments
Appendix
Nine Months Ending September 30, 2007
Dollars in millions
Retail

Banking
Corporate &
Institutional
Banking
Other
Banking and
Other
BlackRock
PFPC
Total
Net interest income (expense)
$1,517
$571
$48
$2,136
($14)
$2,122
Noninterest income
1,280

558

260

2,098

$227
631

2,956

Total Revenue
$2,797
$1,129
$308
$4,234
$227
$617
$5,078
Noninterest income as a % of
total revenue
46%
49%
84%
50%
100%
102%
58%
Dollars in millions
2007

% of Segments
2006
% Change
Retail Banking
$678
53%
$581
17%
Corporate & Institutional Banking
341
26%
328
4%
BlackRock (a)
176
14%
137
28%
PFPC
96
7%
93
3%
Total business segment earnings
1,291
1,139
Other (a)(b)
(2)
1,080
Total consolidated net income
$1,289
$2,219
Nine Months Ending September 30
Earnings (Loss)
(a)
For
our
segment
reporting
presentation
in
management's
discussion
and
analysis,
after-tax
BlackRock/MLIM
transaction
integration
costs

totaling $4 million and $56 million for the nine months ended September 30, 2007 and September 30, 2006 have been reclassified from BlackRock to "Other." "Other" for the first nine months of 2007 also includes $45 million of after-tax Mercantile acquisition integration costs.

(b) "Other" for the first nine months of 2006 included the $2,078 million pre-tax, or $1,293 million after-tax, gain on the Black
transaction recorded in the third quarter of 2006.

The PNC Financial Services Group, Inc.
PNC
BB&T Corporation
BBT
Comerica
CMA
Fifth Third Bancorp

FITB
KeyCorp
KEY
National City Corporation
NCC
Regions Financial
RF
SunTrust Banks, Inc.
STI
U.S. Bancorp
USB
Wachovia Corporation
WB
Wells Fargo & Company
WFC
Ticker
Peer Group of
Super-Regional Banks
Appendix