

ACCOUNTING TREATMENT OF THE MERGER

The merger will be accounted for as a “purchase,” as that term is used under generally accepted accounting principles, for accounting and financial reporting purposes. Under purchase accounting, the assets (including identifiable intangible assets) and liabilities (including executory contracts and other commitments) of National City as of the effective time of the merger will be recorded at their respective fair values and added to those of PNC. Any excess of purchase price over the fair values is recorded as goodwill. Consolidated financial statements of PNC issued after the merger would reflect these fair values and would not be restated retroactively to reflect the historical consolidated financial position or results of operations of National City.

UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER

The following general discussion sets forth the anticipated material United States federal income tax consequences of the merger to U.S. holders (as defined below) of National City common stock that exchange their shares of National City common stock for shares of PNC common stock in the merger. This discussion does not address any tax consequences arising under the laws of any state, local or foreign jurisdiction, or under any United States federal laws other than those pertaining to income tax. This discussion is based upon the Internal Revenue Code of 1986, as amended, or the “Code”, the regulations promulgated under the Code and court and administrative rulings and decisions, all as in effect on the date of this document. These laws may change, possibly retroactively, and any change could affect the accuracy of the statements and conclusions set forth in this discussion.

This discussion addresses only those National City stockholders that hold their shares of National City common stock as a capital asset within the meaning of Section 1221 of the Code. Further, this discussion does not address all aspects of United States federal income taxation that may be relevant to you in light of your particular circumstances or that may be applicable to you if you are subject to special treatment under the United States federal income tax laws, including if you are:

- a financial institution;
- a tax-exempt organization;
- an S corporation or other pass-through entity (or an investor in an S corporation or other pass-through entity);
- an insurance company;
- a mutual fund;
- a dealer or broker in stocks and securities, or currencies;
- a trader in securities that elects mark-to-market treatment;
- a holder of National City common stock subject to the alternative minimum tax provisions of the Code;
- a holder of National City common stock that received National City common stock through the exercise of an employee stock option, through a tax qualified retirement plan or otherwise as compensation;
- a person that is not a U.S. holder (as defined below);
- a person that has a functional currency other than the U.S. dollar;
- a holder of National City common stock that holds National City common stock as part of a hedge, straddle, constructive sale, conversion or other integrated transaction; or
- a United States expatriate.

Determining the actual tax consequences of the merger to you may be complex. They will depend on your specific situation and on factors that are not within our control. You should consult with your own tax

advisor as to the tax consequences of the merger in your particular circumstances, including the applicability and effect of the alternative minimum tax and any state, local, foreign or other tax laws and of changes in those laws.

For purposes of this discussion, the term “U.S. holder” means a beneficial owner of National City common stock that is for United States federal income tax purposes (i) an individual citizen or resident of the United States, (ii) a corporation, or entity treated as a corporation, organized in or under the laws of the United States or any state thereof or the District of Columbia, (iii) a trust if (a) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust or (b) such trust has made a valid election to be treated as a U.S. person for U.S. federal income tax purposes or (iv) an estate, the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source.

The United States federal income tax consequences to a partner in an entity or arrangement treated as a partnership, for United States federal income tax purposes, that holds National City common stock generally will depend on the status of the partner and the activities of the partnership. Partners in a partnership holding National City common stock should consult their own tax advisors.

Tax Consequences of the Merger Generally

The parties intend for the merger to be treated as a reorganization for United States federal income tax purposes. It is a condition to PNC’s obligation to complete the merger that PNC receive an opinion from Wachtell, Lipton, Rosen & Katz, dated the closing date of the merger, substantially to the effect that the merger will be treated as a reorganization within the meaning of Section 368(a) of the Code. It is a condition to National City’s obligation to complete the merger that National City receive an opinion from Sullivan & Cromwell LLP, dated the closing date of the merger, substantially to the effect that the merger will be treated as a reorganization within the meaning of Section 368(a) of the Code. In addition, in connection with the filing of the registration statement of which this document is a part, each of Wachtell, Lipton, Rosen & Katz and Sullivan & Cromwell LLP has delivered an opinion to PNC and National City, respectively, to the same effect as the opinions described above. These opinions will be based on representation letters provided by PNC and National City and on customary factual assumptions. None of the opinions described above will be binding on the Internal Revenue Service. PNC and National City have not sought and will not seek any ruling from the Internal Revenue Service regarding any matters relating to the merger, and as a result, there can be no assurance that the Internal Revenue Service will not assert, or that a court would not sustain, a position contrary to any of the conclusions set forth below. In addition, if any of the representations or assumptions upon which those opinions are based are inconsistent with the actual facts, the United States federal income tax consequences of the merger could be adversely affected. The remainder of this discussion assumes that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Code.

Accordingly, and on the basis of the foregoing opinions, as a result of the merger being treated as a reorganization within the meaning of Section 368(a) of the Code, upon exchanging your National City common stock for PNC common stock, you generally will not recognize gain or loss, except with respect to cash received instead of fractional shares of PNC common stock (as discussed below). The aggregate tax basis in the shares of PNC common stock that you receive in the merger, including any fractional share interests deemed received and redeemed as described below, will equal your aggregate adjusted tax basis in the National City common stock you surrender. Your holding period for the shares of PNC common stock that you receive in the merger (including a fractional share interest deemed received and sold as described below) will include your holding period for the shares of National City common stock that you surrender in the exchange. If you acquired different blocks of National City common shares at different times or at different prices, the PNC common stock you receive will be allocated pro rata to each block of National City common stock, and the basis and holding period of each block of PNC common stock you receive will be determined on a block-for-block basis depending on the basis and holding period of the blocks of National City common stock exchanged for such block of PNC common stock.

Cash Instead of a Fractional Share

If you receive cash instead of a fractional share of PNC common stock, you will be treated as having received the fractional share of PNC common stock pursuant to the merger and then as having sold that fractional share of PNC common stock for cash. As a result, you generally will recognize gain or loss equal to the difference between the amount of cash received and the basis in your fractional share of PNC common stock as set forth above. This gain or loss generally will be capital gain or loss, and will be long-term capital gain or loss if, as of the effective date of the merger, the holding period for the shares (including the holding period of National City common stock surrendered therefor) is greater than one year. The deductibility of capital losses is subject to limitations.

Backup Withholding

If you are a non-corporate holder of National City common stock you may be subject to information reporting and backup withholding (currently at a rate of 28%) on any cash payments you receive. You generally will not be subject to backup withholding, however, if you:

- furnish a correct taxpayer identification number, certify that you are not subject to backup withholding on the substitute Form W-9 or successor form included in the election form/letter of transmittal you will receive and otherwise comply with all the applicable requirements of the backup withholding rules; or
- provide proof that you are otherwise exempt from backup withholding.

Any amounts withheld under the backup withholding rules will generally be allowed as a refund or credit against your United States federal income tax liability, provided you timely furnish the required information to the Internal Revenue Service.

IRS Notice 2008-83

On or about September 30, 2008, the Internal Revenue Service and the Treasury Department issued Notice 2008-83, which provides that any U.S. federal income tax deduction properly allowed after an ownership change (generally defined as a greater than 50 percentage point increase in ownership by five-percent shareholders in any three year period) to a bank with respect to losses on loans or bad debts (including any reasonable addition to a reserve for bad debts) will not be treated as “built-in loss” or a deduction that is attributable to periods before the change date. In the case of the combination of PNC and National City, Notice 2008-83 does not have a direct incremental impact on the combined company’s financial statements and does not impact the unaudited pro forma financial statements included under “Unaudited Pro Forma Condensed Combined Financial Statements.” However, depending on when the built-in losses in the National City loan book actually occur, Notice 2008-83 may permit us to deduct more than the anticipated annual Section 382 limitation that would otherwise apply. We estimate that the time value of money benefit associated with the maximum bad debt deductions that could be taken earlier for tax purposes as a result of Notice 2008-83 would result in a net present value of no more than approximately \$725 million, and it may be substantially smaller. If the built-in losses in the National City loan book actually realized in the first year following the merger exceeds our estimate by more than \$1 billion (i.e. approximately 20% above our estimate), Notice 2008-83 could provide a permanent benefit in addition to the time value of money benefit described above. The PNC board of directors was aware of the fact that the issuance of IRS Notice 2008-83 did have a modest positive impact on the economics of the combination, but it was not a significant factor in the board’s decision to enter into the merger agreement.

COMPARISON OF SHAREHOLDERS’ RIGHTS

PNC is incorporated in Pennsylvania and National City is incorporated in Delaware. Your rights as a National City stockholder are governed by the DGCL, the National City restated certificate of incorporation, as amended, and the National City bylaws. Upon completion of the merger, as a PNC shareholder your rights will be governed by the Pennsylvania Business Corporation Law (referred to as the PBCL), the PNC amended and restated articles of incorporation and the PNC bylaws.