



The PNC Financial Services Group, Inc.

Fourth Quarter 2007
Earnings Conference Call

January 17, 2008

Cautionary Statement Regarding Forward-Looking Information and Adjusted Information

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 third 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 at www.pnc.com/secfilings).

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 2006 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; (5) adjusting 2007 periods, as applicable, for the fourth quarter 2007 Visa litigation charge; and (6) 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."

2007 Performance Leaves PNC Well-Positioned for the Future

Execution Results in a Good Year Despite a Difficult Environment

- ▶ Strong organic client growth
- ▶ Expenses well-contained
- ▶ Solid business segment results in an uncertain time
- ▶ Asset quality migrating, as expected, and at a manageable pace
- ▶ Well-positioned balance sheet
- ▶ Successful Mercantile integration
- ▶ Unprecedented market volatility impacts 4Q07 results
- ▶ 2008 - Focus on maximizing the franchise

Executing on Our Strategy Delivers Differentiated Results

Key Take-Aways

	<u>4Q07</u>	<u>2007</u>
Reported diluted EPS	\$0.52	\$4.35
Adjusted diluted EPS ¹	\$1.07	\$5.05

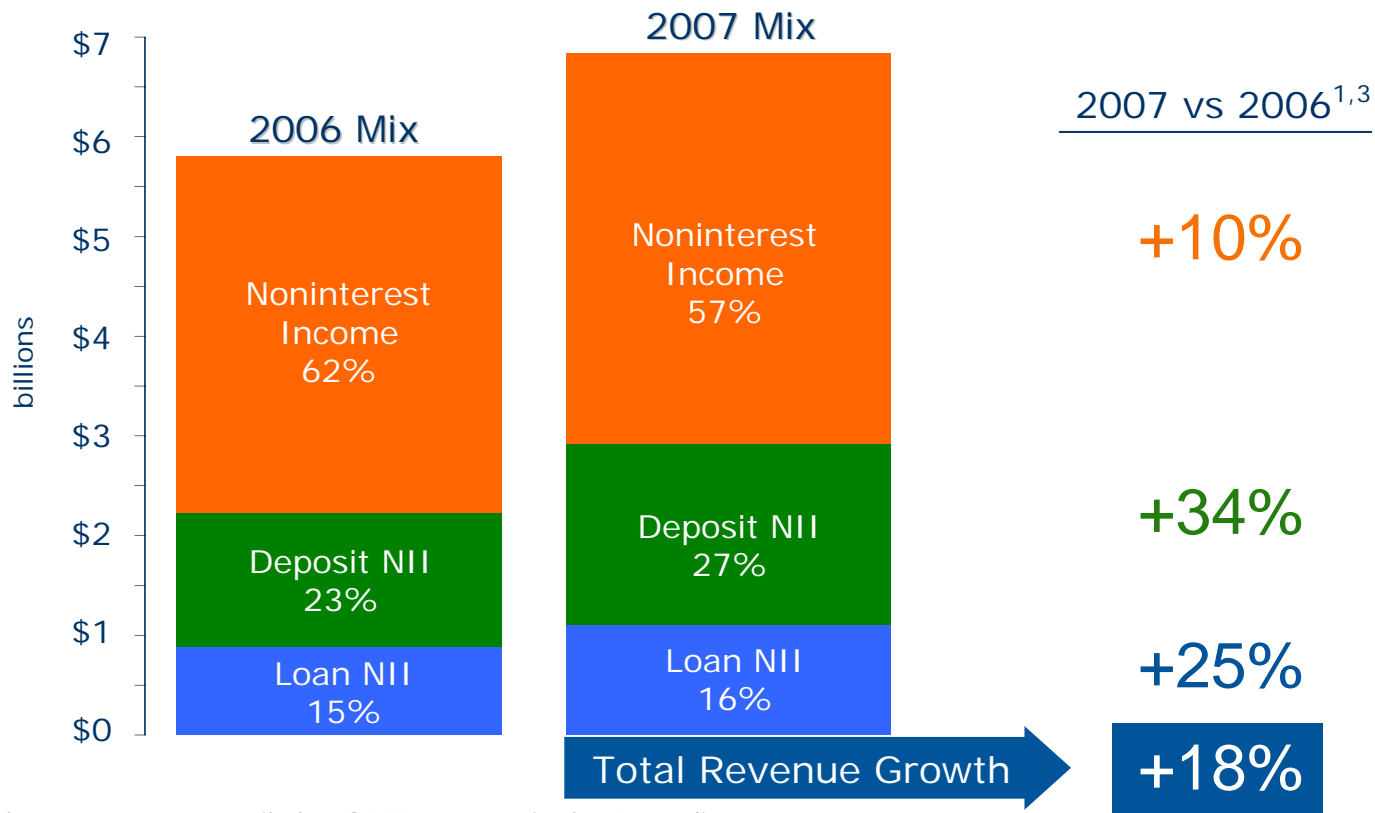
- ▶ Delivered solid results with diverse revenue streams in a period of extreme market volatility
- ▶ Continued to create positive operating leverage on a full year adjusted basis²
- ▶ Maintained a moderate risk profile and balance sheet flexibility

(1) Adjusted fourth quarter 2007 and full year 2007 earnings are reconciled to GAAP earnings in the Appendix.

(2) GAAP basis operating leverage for the full year 2007 period was negative primarily due to the impact of the 2006 gain from the BlackRock/MLIM transaction and is reconciled in the Appendix.

Growing High Quality, Diverse Revenue Streams

Adjusted Revenue Mix for the Year Ended^{1,2}



(1) Adjusted amounts are reconciled to GAAP amounts in the Appendix.

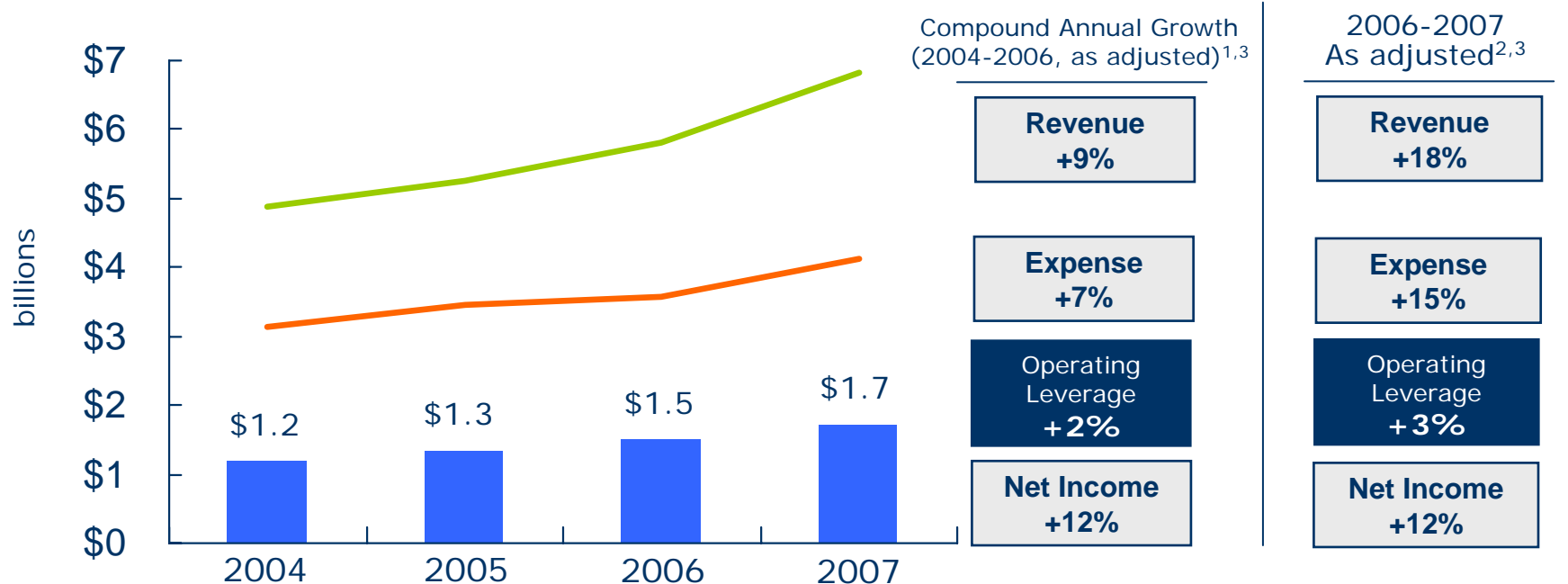
(2) Unadjusted 2006 mix: noninterest income 74%, deposit net interest income 16%, loan net interest income 10%.

Unadjusted 2007 mix: noninterest income 56%, deposit net interest income 27%, loan net interest income 17%.

(3) Unadjusted % change: total revenue (22%), noninterest income (40%), deposit net interest income 34%, loan net interest income 24%.

Creating Positive Operating Leverage

Growing Revenues Faster Than Expenses



- Adjusted Revenue (as reported \$5.5 billion, \$6.3 billion, \$8.6 billion, \$6.7 billion for 2004, 2005, 2006, 2007, respectively)
- Adjusted Noninterest Expense (as reported \$3.7 billion, \$4.3 billion, \$4.4 billion, \$4.3 billion for 2004, 2005, 2006, 2007, respectively)
- Adjusted Net Income (as reported \$1.2 billion, \$1.3 billion, \$2.6 billion, \$1.5 billion for 2004, 2005, 2006, 2007, respectively)

(1) As reported: revenue 24%, expense 9%, operating leverage 15%, net income 47%.
 (2) As reported: revenue (22%), expense (3%), operating leverage (19%), net income (43%).
 (3) Adjusted amounts are reconciled to GAAP amounts in the Appendix.

Maintaining a Moderate Risk Profile

Asset Quality	Interest Rate Risk	Capital Management
<ul style="list-style-type: none">▶ Credit decisions driven by risk-adjusted returns▶ Minimal exposure to subprime mortgages, high-yield bridge and leveraged finance loans▶ Relatively low commercial real estate exposure▶ Highly granular portfolio▶ Credit quality migrating at a manageable pace	<ul style="list-style-type: none">▶ Active balance sheet management style▶ Duration of equity of 2.1 years▶ Very liquid balance sheet▶ Low loans to deposits ratio with a low cost deposit base▶ Relatively large securities book▶ High fee income to total revenue	<ul style="list-style-type: none">▶ Shift to Tier 1 capital benchmark▶ Earnings growth creates capital flexibility▶ Dividends▶ Share repurchase, where appropriate▶ Access to capital markets

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 third 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/secfilings.

- 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.

Cautionary Statement Regarding Forward-Looking Information

(continued)

Appendix

- 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 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.

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 in addition to 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.

Additional Information About The PNC/Sterling Financial Corporation Transaction

Appendix

The PNC Financial Services Group, Inc. and Sterling Financial Corporation (“Sterling”) 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 will be available free of charge from Sterling by contacting Shareholder Relations at (877) 248-6420.

The directors, executive officers, and certain other members of management and employees of Sterling are participants in the solicitation of proxies in favor of the merger from the shareholders of Sterling. Information about the directors and executive officers of Sterling 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.

Non-GAAP to GAAP Reconciliation

Appendix

Earnings Summary

THREE MONTHS ENDED

In millions, except per share data

	December 31, 2007			September 30, 2007			December 31, 2006		
	Adjustments, Pretax	Net Income	Diluted EPS	Adjustments, Pretax	Net Income	Diluted EPS	Adjustments, Pretax	Net Income	Diluted EPS
Net income, as reported		\$178	\$0.52		\$407	\$1.19		\$376	\$1.27
Adjustments:									
BlackRock LTIP (a)	\$128	84	.24	\$50	32	.09	\$12	7	.02
Visa indemnification (b)	82	53	.16						
Integration costs (c)	79	50	.15	43	30	.09	10	8	.03
Net income, as adjusted		<u>\$365</u>	<u>\$1.07</u>		<u>\$469</u>	<u>\$1.37</u>		<u>\$391</u>	<u>\$1.32</u>

YEAR ENDED

In millions, except per share data

	December 31, 2007			December 31, 2006		
	Adjustments, Pretax	Net Income	Diluted EPS	Adjustments, Pretax	Net Income	Diluted EPS
Net income, as reported		\$1,467	\$4.35		\$2,595	\$8.73
Adjustments:						
BlackRock LTIP (a)	\$127	83	.24	\$12	7	.02
Visa indemnification (b)	82	53	.16			
Integration costs (c)	151	99	.30	101	47	.16
Gain on BlackRock/MLIM transaction (d)				(2,078)	(1,293)	(4.36)
Securities portfolio rebalancing loss (d)				196	127	.43
Mortgage loan portfolio repositioning loss (d)				48	31	.10
Net income, as adjusted		<u>\$1,702</u>	<u>\$5.05</u>		<u>\$1,514</u>	<u>\$5.08</u>

(a) Includes the impact of the gain recognized in connection with PNC's transfer of BlackRock shares to satisfy a portion of our BlackRock LTIP shares obligation and the net mark-to-market adjustment on our remaining BlackRock LTIP shares obligation, as applicable.

(b) 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 in contemplation of its initial public offering ("IPO") currently anticipated in the first quarter of 2008 (the "Visa Reorganization"). As part of the Visa Reorganization, we received our proportionate share of a class of Visa Inc. common stock allocated to the U.S. members. Visa expects that a portion of these shares will be redeemed for cash out of the proceeds of the IPO. The U.S. members are obligated to indemnify Visa for judgments and settlements related to specified litigation. Visa will set aside a portion of the proceeds from the IPO in an escrow account for the benefit of the U.S. 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. In accordance with GAAP, we recorded a liability and operating expense totaling \$82 million before taxes in the fourth quarter of 2007 representing our estimate of the fair value of our indemnification obligation for potential losses arising from this litigation. Our estimate is based on publicly available information and other information made available to all of the affected Visa members and does not reflect any direct knowledge of the relative strengths and weaknesses of the litigation still pending or the status of any on-going settlement discussions. We believe that the IPO will be completed and cash will be available through the escrow to satisfy litigation settlements. In addition, based on estimates provided by Visa regarding its planned IPO, we believe that our ownership interest in Visa has a value significantly in excess of our indemnification liability. Our Visa shares will not generally 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.

(c) In addition to integration costs related to recent or pending PNC acquisitions reflected in the 2007 periods, the first three quarters of 2007 and all 2006 periods include BlackRock/MLIM integration costs. BlackRock/MLIM integration costs recognized by PNC in the first three quarters of 2007 and the fourth quarter of 2006 were included in noninterest income as a negative component of the "Asset management" line item, which includes the impact of our equity earnings from our investment in BlackRock. For the first nine months of 2006, BlackRock/MLIM transaction integration costs were included in noninterest expense.

(d) Included in noninterest income on a pretax basis.

Non-GAAP to GAAP Reconciliation

Appendix

Income Statement Summary – For the year ended

<i>Year ended</i> <i>In millions</i>	December 31, 2007			December 31, 2006			% Change As Reported	% Change As Adjusted
	As Reported	Adjustments	As Adjusted (a)	As Reported	Adjustments	As Adjusted (b)		
Net interest income	\$2,915		\$2,915	\$2,245	(\$10)	\$2,235		
Net interest income:								
Loans	1,110		1,110	895	(10)	885	24%	25%
Deposits	1,805		1,805	1,350		1,350	34%	34%
Noninterest income	3,790	\$131	3,921	6,327	(2,755)	3,572	(40%)	10%
Total revenue	6,705	131	6,836	8,572	(2,765)	5,807	(22%)	18%
Loan net interest income as a % of total revenue	16.6%		16.2%	10.4%		15.2%		
Deposit net interest income as a % of total revenue	26.9%		26.4%	15.7%		23.2%		
Noninterest income as a % of total revenue	56.5%		57.4%	73.8%		61.5%		
Provision for credit losses	315	(45)	270	124		124		
Noninterest income	3,790	131	3,921	6,327	(2,755)	3,572		
Noninterest expense	4,296	(184)	4,112	4,443	(856)	3,587	(3%)	15%
Income before minority interest and income taxes	2,094	360	2,454	4,005	(1,909)	2,096		
Minority interest in income of BlackRock				47	(47)			
Income taxes	627	125	752	1,363	(781)	582		
Net income	\$1,467	\$235	\$1,702	\$2,595	(\$1,081)	\$1,514	(43%)	12%

(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 \$210 million on our remaining BlackRock LTIP shares obligation, (3) acquisition integration costs totaling \$151 million, and (4) Visa indemnification charge of \$82 million. The net tax impact of these items is reflected in the adjustment to income taxes.

(b) Amounts adjusted to exclude the impact of the following pretax items: \$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. The net tax impact of these items is reflected in the adjustment to income taxes.

<i>Operating Leverage - Year Ended</i>	2006 to 2007 Change	
	As Reported	As Adjusted
Total revenue	(22%)	18%
Noninterest expense	(3%)	15%
Operating leverage	(19%)	3%

Non-GAAP to GAAP Reconciliation

Appendix

Income Statement Summary – For the three months ended

For the three months ended December 31, 2007					
<i>In millions</i>	PNC As Reported	Adjustments (a)	PNC As Adjusted	% Change vs. Sept 30, 2007	
				Reported	Adjusted
Net interest income	\$793		\$793		
Loan net interest income	304		304	3%	3%
Deposit net interest income	489		489	5%	5%
Provision for credit losses	188	(\$45)	143		
Net interest income less provision for credit losses	605	(45)	650		
Asset management	225	(1)	224		
Other	609	128	737		
Total noninterest income	834	127	961	(16%)	(8%)
Compensation and benefits	553	(10)	543		
Other	660	(107)	553		
Total noninterest expense	1,213	(117)	1,096	10%	4%
Income before income taxes	226	289	515		
Income taxes	48	102	150		
Net income	\$178	\$187	\$365	(56%)	(22%)

For the three months ended September 30, 2007					
<i>In millions</i>	PNC As Reported	Adjustments (b)	PNC As Adjusted		
Net interest income	\$761		\$761		
Loan net interest income	294		294		
Deposit net interest income	467		467		
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		
Compensation and benefits	553	(16)	537		
Other	546	(25)	521		
Total noninterest expense	1,099	(41)	1,058		
Income before income taxes	587	93	680		
Income taxes	180	31	211		
Net income	\$407	\$62	\$469		

(a) Amounts adjusted to exclude the impact of the following items on a pretax basis: \$128 million net loss related to our BlackRock/LTIP shares obligation, \$82 million Visa indemnification charge, and \$79 million of acquisition integration costs. The net tax impact of these items is reflected in the adjustment to income taxes.

(b) Amounts adjusted to exclude 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 integration costs. The net tax impact of these items is reflected in the adjustment to income taxes.

Non-GAAP to GAAP Reconciliation

Appendix

Income Statement Summary – 2004 to 2007

<i>For the year ended December 31, 2007</i>			
<i>In millions</i>	PNC As Reported	Adjustments (a)	PNC As Adjusted
Net interest income	\$2,915		\$2,915
Provision for credit losses	315	\$(45)	270
Noninterest income	3,790	131	3,921
Noninterest expense	4,296	(184)	4,112
Income before income taxes	2,094	360	2,454
Income taxes	627	125	752
Net income	\$1,467	\$235	\$1,702

(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 \$210 million on our remaining BlackRock LTIP shares obligation, (3) acquisition integration costs totaling \$151 million, and (4) Visa indemnification charge of \$82 million. The net tax impact of these items is reflected in the adjustment to income taxes.

<i>For the year ended December 31, 2006</i>					
<i>In millions</i>	PNC As Reported	Adjustments (a)	BlackRock Deconsolidation and Other Adjustments	BlackRock Equity Method	PNC 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

(a) Includes the impact of the following pretax items: \$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. The net tax impact of these items is reflected in the adjustment to income taxes.

Non-GAAP to GAAP Reconciliation

Appendix

Income Statement Summary – 2004 to 2007 (continued)

For the year ended December 31, 2005

<i>In millions</i>	PNC	BlackRock	BlackRock	PNC
	As Reported	Deconsolidation and 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

For the year ended December 31, 2004

<i>In millions</i>	PNC	BlackRock	BlackRock	PNC
	As Reported	Deconsolidation and 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

Non-GAAP to GAAP Reconciliation

Appendix

Income Statement Summary – 2004 to 2007 (continued)

<i>In millions</i>	For the year ended December 31, as adjusted				2004-2006 CAGR	% Change 2006-2007
	2004	2005	2006	2007		
Adjusted net interest income	\$1,955	\$2,142	\$2,235	\$2,915		
Adjusted noninterest income	2,928	3,122	3,572	3,921		
Adjusted total revenue	4,883	5,264	5,807	6,836	9%	18%
Adjusted noninterest expense	3,148	3,453	3,587	4,112	7%	15%
Adjusted net income	1,197	1,325	1,514	1,702	12%	12%
Adjusted operating leverage					2%	3%

<i>In millions</i>	For the year ended December 31, as reported				2004-2006 CAGR	% Change 2006-2007
	2004	2005	2006	2007		
Net interest income, as reported	\$1,969	\$2,154	\$2,245	\$2,915		
Noninterest income, as reported	3,572	4,173	6,327	3,790		
Total revenue, as reported	5,541	6,327	8,572	6,705	24%	(22%)
Noninterest expense, as reported	3,712	4,306	4,443	4,296	9%	(3%)
Net income, as reported	1,197	1,325	2,595	1,467	47%	(43%)
Operating leverage, as reported					15%	(19%)