McRae Eric S
Form 4
May 16, 2018

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL	
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(Print or Type Responses)

1. Name and Address of Reporting Person *
McRae Eric S
(Last) (First) (Middle)
1421 CHARLESTON AVE
(Street)
MATTOON, IL 61938
(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
FIRST MID ILLINOIS BANCSHARES INC [FMBH]

3. Date of Earliest Transaction (Month/Day/Year)
05/15/2018

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer
(Check all applicable)
_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
Executive Vice President

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	05/15/2018		A		55.277	A	$ 36.6	3,759.34	I	By Deferred Compensation Plan
Common Stock								15,125.404	D	
Common Stock								3,530.726	I	By 401k Plan
Common Stock								2,364.5317	I	By Ira

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Owne Follo Repo Trans (Instr
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares		

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
McRae Eric S 1421 CHARLESTON AVE MATTOON, IL 61938			Executive Vice President	

Signatures

/s/ Michael L. Taylor, attorney-in-fact for Mr. McRae	05/16/2018
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. 146;s financial results. Junior subordinated debt of $206 million owed by PNC to this Trust is included in PNC s balance sheet, with the related service cost included in interest expense. The $50 million of acquired capital securities are included as securities available for sale, with the related dividends included in interest income. PNC has delivered redemption notices to the related trustee to redeem all of these securities on March 15, 2007.

At December 31, 2006, PNC s junior subordinated debt of $1.1 billion represented debentures issued by PNC and 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 4 Regulatory Matters.

NOTE 15 SHAREHOLDERS EQUITY

Information related to preferred stock is as follows:

December 31 Shares in thousands	Liquidation value per share	Preferred Shares **2006**	 2005
Authorized			
$1 par value		**17,012**	17,030
Issued and outstanding			
Series A	$40	**7**	7
Series B	40	**2**	2
Series C	20	**144**	152
Series D	20	**196**	206
Total issued and outstanding		**349**	367

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

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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.

During 2000, our Board of Directors adopted a shareholder rights plan providing for issuance of share purchase rights. The rights plan provided that, except as otherwise provided in the plan, if a person or group becomes beneficial owner of 10% or more of PNC outstanding common stock, all holders of the rights, other than such person or group, may purchase our common stock or equivalent preferred stock at half of market value. On February 14, 2007, our Board of Directors agreed to amend the existing rights agreement for the shareholder rights plan in order to accelerate the final expiration date of the outstanding share purchase rights issued under the plan from May 25, 2010 to February 28, 2007. The effect of this amendment is that the outstanding share purchase rights expired on February 28, 2007, and the shareholder rights plan pursuant to which the rights were issued is of no further force or effect after that date.

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: 535,394 shares in 2006, 688,665 shares in 2005 and 744,266 shares in 2004.

At December 31, 2006, we had reserved approximately 44.3 million common shares to be issued in connection with certain stock plans and the conversion of certain debt and equity securities.

In February 2005, our Board of Directors authorized the purchase of up to 20 million shares of our common stock in open market or privately negotiated transactions. The 2005 repurchase authorization was a replacement and continuation of the 2004 repurchase program. The 2005 program will remain in effect until fully utilized or until modified, superseded or terminated. During 2006, we purchased 5 million common shares at a total cost of $354 million under the 2005 program. During 2005, we purchased .5 million common shares at a total cost of $26 million under both the 2005 and 2004 common stock repurchase programs, all of which occurred during the first quarter.

Note 16 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 and total return swaps, interest rate caps, floors and futures derivative contracts to hedge designated commercial mortgage loans held for sale, commercial loans, bank notes, 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 income, interest expense or noninterest income depending on the hedged item.

Cash Flow Hedging Strategy

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 interest rate changes on future interest income. We are hedging 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. When the hedged transaction culminates, any unrealized gains or losses related to these swap contracts are reclassified from accumulated other comprehensive income (loss) into earnings in the same period or periods during which the hedged forecasted transaction affects earnings and are included in interest income. Ineffectiveness of the strategy, as defined by risk management policies and procedures, if any, is reported in interest income.

During the next twelve months, we expect to reclassify to earnings $30 million of pretax net losses, or $19 million after-tax, on cash flow hedge derivatives currently reported in accumulated other comprehensive income (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, 2006. These net losses 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, 2006 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.

For those hedge relationships that require testing for ineffectiveness, any ineffectiveness present in the hedge relationship is recognized in current earnings. The ineffective portion of the change in value of these derivatives resulted in a $4 million net loss in 2006 compared with a net loss of $3 million in 2005.

During the third quarter of 2006, we recognized a $20 million pretax loss charged to other noninterest income associated with our application of the short-cut method of fair value hedge accounting for trust preferred securities.

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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 trading 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 and basis swaps, total return swaps, interest rate caps and floors, credit default swaps, option 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 pegged 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 and sell credit default swaps to mitigate the economic impact of credit losses on specifically identified existing lending relationships or to generate revenue from proprietary trading activities. The fair value of these derivatives typically is 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 mortgage interest rate lock commitments is economically hedged with pay-fixed interest rate swaps and forward sales agreements. These contracts mitigate the impact on earnings of exposure to a certain referenced rate.

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.

Derivative Counterparty Credit Risk

By purchasing and writing derivative contracts we are exposed to credit risk if the counterparties fail to perform. Our credit risk is equal to the fair value gain in the derivative contract. We 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.

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 not included in derivatives. Agreements entered into subsequent to June 30, 2003 are included in the derivative 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, 2006 we held cash and US government and mortgage-backed securities with a fair value of $109 million and pledged cash with a fair value of $151 million under these agreements.

The total notional or contractual amounts, estimated net fair value and credit risk for derivatives were as follows:

	December 31, 2006			December 31, 2005		
In millions			Credit risk	Notional/	Estimated net	Credit risk

	Notional/ Contract amount	Estimated net fair value		Contract amount	fair value	
Accounting hedges						
Fair value hedges	**$4,996**	**$(1)**	**$51**	$5,900	$78	$108
Cash flow hedges	**7,815**	**62**	**72**	2,926	(9)	5
Total	**$12,811**	**$61**	**$123**	$8,826	$69	$113
Free-standing derivatives						
Interest rate contracts	**$101,749**	**$21**	**$533**	$70,404	$39	$372
Equity contracts	**2,393**	**(63)**	**134**	2,744	(79)	347
Foreign exchange contracts	**7,203**		**61**	4,687	4	60
Credit derivatives	**3,626**	**(11)**	**5**	1,353		7
Options	**97,669**	**68**	**306**	51,383	32	168
Risk participation agreements	**786**			461		
Commitments related to mortgage-related assets	**2,723**	**10**	**15**	1,695	1	6
Other	**20**			254	5	9
Total	**$216,169**	**$25**	**$1,054**	$132,981	$2	$969

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NOTE 17 EMPLOYEE BENEFIT PLANS

PENSION AND POSTRETIREMENT PLANS

We have a noncontributory, qualified defined benefit 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.

We also maintain nonqualified supplemental retirement plans for certain employees. 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.

During the second quarter of 2005, we acquired a frozen defined benefit pension plan as a result of the Riggs acquisition. Plan assets and projected benefit obligations of the Riggs plan were approximately $107 million and $116 million, respectively, at acquisition date. The $9 million funding deficit was recognized as part of the Riggs acquisition purchase price allocation. For determining contribution amounts to the plan, deficits are calculated using ERISA-mandated rules, and on this basis we contributed approximately $16 million to the Riggs plan during the third quarter of 2005. We integrated the Riggs plan into the PNC plan on December 30, 2005.

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 and nonqualified pension plans and postretirement benefit plans as well as the change in plan assets for the qualified pension plan is as follows:

	Qualified Pension		Nonqualified Pension		Postretirement Benefits	
December 31 (Measurement Date) in millions	**2006**	2005	**2006**	2005	**2006**	2005
Accumulated benefit obligation at end of year	**$1,186**	$1,232	**$73**	$69		
Projected benefit obligation at beginning of year	**$1,290**	$1,166	**$73**	$72	**$270**	$276
Riggs acquisition		116		1		26
Service cost	**34**	33	**1**	1	**2**	2
Interest cost	**68**	65	**4**	4	**13**	14
Amendments	**2**					1
Actuarial loss (gain) (including changes in assumptions)	**(47)**		**3**	2	**(30)**	(28)
Participant contributions					**7**	7
Federal Medicare subsidy on benefits paid					**2**	
Benefits paid	**(102)**	(90)	**(5)**	(7)	**(29)**	(28)
Projected benefit obligation at end of year	**$1,245**	$1,290	**$76**	$73	**$235**	$270
Fair value of plan assets at beginning of year	**$1,627**	$1,492				
Riggs acquisition		107				
Actual return on plan assets	**221**	102				
Employer contribution		16	**$5**	$7	**$20**	$21
Participant contributions					**7**	7
Federal Medicare subsidy on benefits paid					**2**	
Benefits paid	**(102)**	(90)	**(5)**	(7)	**(29)**	(28)
Fair value of plan assets at end of year	**$1,746**	$1,627				
Funded status	**$501**	$337	**$(76)**	$(73)	**$(235)**	$(270)
Unrecognized net actuarial loss		340		26		64
Unrecognized prior service cost (credit)		(1)		1		(38)
Net amount recognized on the balance sheet	**$501**	$676	**$(76)**	$(46)	**$(235)**	$(244)
Amounts recognized in the Consolidated Balance Sheet consist of:						

Other assets (Other liabilities)	**$501**		**$(76)**		**$(235)**	
Prepaid (accrued) pension cost		$676		$(46)		$(244)
Additional minimum liability				(23)		
Intangible asset				1		
Accumulated other comprehensive loss				22		
Net amount recognized in the Consolidated Balance Sheet	**$501**	$676	**$(76)**	$(46)	**$(235)**	$(244)
Amounts recognized in accumulated other comprehensive income consist of:						
Prior service cost (credit)	**2**				**(31)**	
Net actuarial loss	**184**		**28**		**33**	
Amount recognized in AOCI	**$186**		**$28**		**$2**	

The fair value of the qualified pension plan assets exceeds 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 benefit obligations, asset values, funded status and balance sheet impacts are shown in the above table.

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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 or preferred stock or any 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 November 29, 2005.

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 allocations for the Trust at the end of 2006 and 2005, and the target allocation for 2007, by asset category, are as follows:

	Target Allocation 2007	Allowable Range	Percentage of Plan Assets at December 31 **2006**	2005
Asset Category				
Domestic Equity	35%	32-38%	**39.3%**	39.0%
International Equity	20%	17-23%	**21.3%**	19.6%
Private Equity	5%	0-8%	**1.5%**	.9%
Total Equity	60%		**62.1%**	59.5%
Domestic Fixed Income	30%	27-33%	**28%**	30.7%
High Yield Fixed Income	5%	0-8%	**4.9%**	6.7%
Total Fixed Income	35%		**32.9%**	37.4%
Real Estate	5%	0-8%	**4.8%**	2.5%
Other	0%	0-1%	**.2%**	.6%
Total	100%		**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.

The slight overweight in domestic equity at year-end 2005 and 2006 was attributable to the targeted allocation in Private Equity, which continues to be committed but which is funded over time as suitable opportunities for private equity investment are identified and as calls for funding are made. The Investment Policy Statement provides that, from time to time, domestic equity may serve as a proxy (substitute) for private equity. Additionally, target allocation changes, which were effective November 29, 2005, included reducing the High Yield Fixed Income allocation from 10% to 5% and creating a new Real Estate allocation of 5%. This transition was completed during 2006.

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.

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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, PFPC and our Retail Banking business segment 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.

The following table provides information regarding our estimated future cash flows related to our various plans:

Estimated Cash Flows

			Postretirement Benefits	
In millions	Qualified Pension	Nonqualified Pension	Gross PNC Benefit Payments	Reduction in PNC Benefit Payments Due to Medicare Part D Subsidy
Estimated 2007 employer contributions	None	$8	$24	$2
Estimated future benefit payments				
2007	$107	$8	$24	$2
2008	111	9	24	2
2009	117	9	24	2
2010	116	10	24	2
2011	121	9	24	2
2012 2016	589	34	113	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 pension and postretirement benefit cost/(income) were as follows:

	Qualified Pension Plan			Nonqualified Pension Plan			Postretirement Benefits		
Year ended December 31 in millions	**2006**	2005	2004	**2006**	2005	2004	**2006**	2005	2004
Service cost	**$34**	$33	$35	**$1**	$1	$1	**$2**	$2	$3
Interest cost	**68**	65	65	**4**	4	4	**13**	14	17
Expected return on plan assets	**(129)**	(128)	(112)						
Amortization of prior service cost	**(1)**	(1)	(1)				**(6)**	(7)	(6)
Amortization of actuarial losses (gains)	**16**	23	23	**3**	3	3	**1**	4	5

Curtailment (gain)			(1)						
Net periodic cost	**$(12)**	$(8)	$9	**$8**	$8	$8	**$10**	$13	$19

The weighted-average assumptions used (as of the beginning of each year) to determine net periodic costs shown above were as follows:

	Net Periodic Cost Determination		
Year ended December 31	**2006**	2005	2004
Discount rate			
Qualified pension	**5.50%**	5.25%	6.00%
Nonqualified pension	**5.40**	5.25	6.00
Postretirement benefits	**5.60**	5.25	6.00
Rate of compensation increase (average)	**4.00**	4.00	4.00
Assumed health care cost trend rate			
Initial trend	**10.00**	10.00	11.00
Ultimate trend	**5.00**	5.00	5.00
Year ultimate reached	**2011**	2010	2010
Expected long-term return on plan assets	**8.25**	8.50	8.50

The weighted-average assumptions used (as of the end of each year) to determine year-end obligations for both pension and postretirement benefits were as follows:

	At December 31	
	2006	2005
Discount rate		
Qualified pension	**5.70%**	5.50%
Nonqualified pension	**5.60**	5.40
Postretirement benefits	**5.80**	5.60
Rate of compensation increase	**4.00**	4.00
Assumed health care cost trend rate		
Initial trend	**10.00**	10.00
Ultimate trend	**5.00**	5.00
Year to reach ultimate	**2012**	2011

As of December 31, 2006 and December 31, 2005, the discount rate assumptions were determined independently for each plan reflecting the duration of each plan s obligations.

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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 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, 2006 In millions	Increase	Decrease
Effect on total service and interest cost	**$1**	**$(1)**
Effect on year-end benefit obligation	**11**	**(9)**

As discussed in Note 1 Accounting Policies, we adopted SFAS 158 at December 31, 2006. Under SFAS 158, beginning December 31, 2006, 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 will occur in accordance with FAS 87 and 106. The estimated amounts that will be amortized in 2007 are as follows:

Year ended December 31	2007 Estimate		
In millions	Qualified Pension	Nonqualified Pension	Postretirement Benefits
Prior service cost (credit)			$(7)
Net actuarial loss (gain)	$1	$2	1
Total	$1	$2	$(6)

Medicare Reform

In December 2003, the Medicare Prescription Drug Improvement and Modernization Act of 2003 (the Act) was enacted. The Act established a prescription drug benefit under Medicare, known as Medicare Part D, and a federal subsidy to sponsors of postretirement plans that provide a benefit that is at least actuarially equivalent to Medicare Part D. Our actuaries have attested that the benefits we provide to certain participants are at least actuarially equivalent to Medicare Part D, and, accordingly, we will be entitled to a subsidy.

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 2006, 2005 and 2004 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. Effective November 22, 2005, we amended the plan to provide all participants the ability to diversify the matching portion of their plan account invested in shares of PNC common stock into other investments available within the plan. Prior to this amendment, only participants age 50 or older were permitted to exercise this diversification option. Employee benefits expense related to this plan was $52 million in 2006, $47 million in 2005 and $48 million in 2004. We measured employee benefits expense as the fair value of the shares and cash contributed to the plan by PNC.

In conjunction with the BlackRock deconsolidation, BlackRock employees ceased participating in the plan September 30, 2006. On October 3, 2006, approximately $127 million in plan assets were transferred from the plan.

Additionally, Hilliard Lyons sponsors a contributory, qualified defined contribution plan that covers substantially all of its employees who are not covered by the plan described above. Contributions to this plan are made in cash and include a base contribution for those participants employed at December 31, a matching of employee contributions, and a discretionary profit sharing contribution as determined by Hilliard Lyons Executive Compensation Committee. Employee benefits expense for this plan was $5 million in 2006, $6 million in 2005 and $5 million in 2004.

Effective July 1, 2004, we adopted a separate qualified defined contribution plan that covers substantially all US-based PFPC 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 PFPC 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. Effective November 22, 2005, we amended the plan to provide all participants the ability to diversify the matching portion of their plan account invested in shares of PNC common stock into other investments available within the plan. Prior to this amendment, only participants age 50 or older were permitted to exercise this diversification option. Employee benefits expense for this plan, which was effective July 1, 2004, was $9 million in 2006, $12 million in 2005 and $5 million for 2004. 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.

NOTE 18 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, other share-based awards and dollar-denominated awards to executives and, other than incentive stock options, to non-employee directors. As of December 31, 2006, no incentive stock options or 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 previously owned shares of common stock at market value on the exercise date.

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 in the period granted, in accordance with the service period provisions of the options.

A summary of stock option activity follows:

Options outstanding at December 31	Per Option			
Shares in thousands	Exercise Price		Weighted -Average Exercise Price	Shares
December 31, 2005	$31.13	$76.00	$55.30	18,292
Granted	**62.71**	**71.38**	**67.83**	**2,410**
Exercised	**31.13**	**66.97**	**49.32**	**(5,462)**
Forfeited	**43.41**	**74.59**	**66.49**	**(290)**
December 31, 2006	**$37.43**	**$76.00**	**$59.29**	**14,950**

Information about stock options outstanding at December 31, 2006 follows:

Options Outstanding Options Exercisable

December 31, 2006

Shares in thousands

Range of exercise prices		Shares	Weighted-average exercise price	Weighted-average remaining contractual life (in years)	Shares	Weighted-average exercise price
$37.43	**$42.99**	**680**	**$ 41.60**	**3.5**	**680**	**$ 41.60**
43.00	**52.99**	**2,003**	**46.70**	**4.9**	**1,949**	**46.55**
53.00	**59.99**	**6,555**	**55.07**	**6.1**	**4,765**	**55.58**
60.00	**76.00**	**5,712**	**70.64**	**5.5**	**3,349**	**72.65**
Total		**14,950**	**$ 59.29**	**5.6**	**10,743**	**$ 58.38**

At December 31, 2006, there were approximately 14,304,000 options in total that were vested and are expected to vest. The weighted-average grant-date fair value of such options was $59.19 per share, the weighted-average remaining contractual life was approximately 5.5 years, and the aggregate intrinsic value at December 31, 2006 was approximately $219 million.

Options granted in 2005 and 2004 include options for 30,000 shares that were granted to non-employee directors in each year. No such options were granted in 2006.

The weighted-average grant-date fair value of options granted in 2006, 2005 and 2004 was $9.94, $8.72 and $9.64 per option, respectively. At December 31, 2005 and 2004 options for 13,582,000 and 12,693,000 shares of common stock,

respectively, were exercisable at a weighted-average price of $56.58 and $56.41, respectively. The total intrinsic value of options exercised during 2006, 2005 and 2004 was $111 million, $31 million and $17 million, respectively. At December 31, 2006 the aggregate intrinsic value of all options outstanding and exercisable was $227 million and $173 million, respectively.

Cash received from option exercises under all Incentive Plans for 2006, 2005 and 2004 was approximately $233 million, $98 million and $42 million, respectively. The actual tax benefit realized for tax deduction purposes from option exercises under all Incentive Plans for 2006, 2005 and 2004 was approximately $82 million, $34 million and $15 million, respectively.

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There were no options granted in excess of market value in 2006, 2005 or 2004. Shares of common stock available during the next year for the granting of options and other awards under the Incentive Plans were 42,767,760 at December 31, 2006.

During 2006, we issued approximately 4.9 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 discussed in Note 1 Accounting Policies, we adopted the fair value recognition provisions of SFAS 123 prospectively to all employee awards including stock options granted, modified or settled after January 1, 2003. As permitted under SFAS 123, 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 2006 was $31 million compared with $29 million in 2005 and $21 million in 2004.

Pro Forma Effects

A table is included in Note 1 Accounting Policies that sets forth pro forma net income and basic and diluted earnings per share as if compensation expense had been recognized under SFAS 123 and 123R, as amended, for stock options for 2006, 2005 and 2004.

For purposes of computing stock option expense and pro forma results, we estimated the fair value of stock options using the Black-Scholes option pricing model. The model requires the use of numerous assumptions, many of which are very subjective. Therefore, the pro forma results are estimates of results of operations as if compensation expense had been recognized for all stock-based compensation awards and are not indicative of the impact on future periods.

We used the following assumptions in the option pricing model for purposes of estimating pro forma results as well as to determine actual 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 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.

Option Pricing Assumptions

Weighted-average for the year ended December 31	**2006**	2005	2004
Risk-free interest rate	**4.5%**	3.8%	3.4%
Dividend yield	**3.7**	3.8	3.6
Volatility	**20.5**	25.7	28.9
Expected life	**5.1 yrs.**	4.8 yrs.	4.9 yrs.

Incentive/Performance Unit Share and Restricted Stock Awards

The fair value of nonvested incentive/performance unit shares and restricted stock awards is initially determined based on the average of the high and low of our common stock price on the date of grant. Incentive/performance unit shares 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 the final award of incentive/performance unit shares. Restricted stock awards have various vesting periods ranging from 36 months to 60 months. There are no financial or performance goals associated with any of our restricted stock awards.

The weighted-average grant-date fair value of incentive share and restricted stock awards granted in 2006, 2005 and 2004 was $67.36, $53.81 and $54.46 per share, respectively. We recognize compensation expense for incentive/performance unit shares and restricted stock awards ratably over the corresponding vesting and/or performance periods for each type of program. Total compensation expense recognized related to PNC incentive/performance unit share and restricted stock awards during 2006 was approximately $45 million compared with $44 million in 2005 and $25 million in 2004.

A summary of nonvested incentive/performance unit shares and restricted stock award activity follows:

Shares in thousands	Nonvested Incentive/ Performance Unit Shares	Weighted-Average Grant Date Fair Value	Nonvested Restricted Shares	Weighted-Average Grant Date Fair Value
Dec. 31, 2005	660	$ 41.01	2,209	$ 50.84
Granted	**186**	**69.58**	**595**	**64.19**
Awarded as restricted	**(649)**	**41.02**	**649**	**66.95**
Vested			**(917)**	**53.14**
Forfeited	**(11)**	**40.51**	**(111)**	**53.06**
Dec. 31, 2006	**186**	**$ 69.58**	**2,425**	**$ 57.45**

At December 31, 2006, there was $47 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 awards vested during 2006, 2005 and 2004 was approximately $63 million, $3 million and $5 million, respectively.

Additionally in 2006, we granted a performance unit incentive award to a certain senior executive. The grant is share-denominated with an initial specified target number of 30,000 share units. The potential award is dependent on the achievement of certain performance criteria over a three-year period ending December 31, 2008. Final awarded performance units will be paid only in cash. Total compensation expense recognized related to this incentive award during 2006 was approximately $1 million.

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Employee Stock Purchase Plan

Our ESPP has approximately 1.4 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
2006	**105,041**	**$**	**66.66 and $70.34**
2005	138,754		51.74 and 58.74
2004	156,753		50.43 and 54.57

BlackRock LTIP Programs

BlackRock adopted the 2002 LTIP program to help attract and retain qualified professionals. At that time, we agreed to transfer 4 million of the shares of BlackRock common stock then held by us to fund the 2002 and future programs approved by BlackRock s board of directors, subject to certain conditions and limitations. Prior to 2006, BlackRock granted awards under the 2002 LTIP program of approximately $230 million, of which approximately $210 million was paid on January 30, 2007. The awards were paid approximately 17%

in cash by BlackRock and the remainder in BlackRock common stock transferred by us to the LTIP participants (approximately 1 million shares). As permitted under the award agreements, employees elected to put approximately 95% of the stock portion of the awards back to BlackRock. These shares were retained by BlackRock as treasury stock.

BlackRock granted additional restricted stock unit awards in January 2007, 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 restricted stock unit awards vesting in 2011 and the amount remaining would then be available for future awards.

We reported noninterest expense of $33 million, $64 million and $110 million for the years ended December 31, 2006, 2005 and 2004, respectively, related to the BlackRock LTIP awards. Additionally, noninterest income in the fourth quarter of 2006 included a $12 million charge related to our commitment to fund the BlackRock LTIP programs. This charge represents the mark-to-market of our BlackRock LTIP obligation as of December 31, 2006 and is a result of the fourth quarter increase in the market value of BlackRock common shares.

Note 19 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	**2006**	2005	2004
Calculation Of Basic Earnings Per Common Share			
Net income	**$2,595**	$1,325	$1,197
Less: Preferred dividends declared	**1**	1	1
Net income applicable to basic earnings per common share	**$2,594**	$1,324	$1,196
Basic weighted-average common shares outstanding (in thousands)	**291,758**	286,276	281,248
Basic earnings per common share	**$8.89**	$4.63	$4.25
Calculation Of Diluted Earnings Per Common Share (a)			
Net income	**$2,595**	$1,325	$1,197

Less: BlackRock adjustment for common stock equivalents	**6**	7	4
Net income applicable to diluted earnings per common share	**$2,589**	$1,318	$1,193
Basic weighted-average common shares outstanding (in thousands)	**291,758**	286,276	281,248
Weighted-average common shares to be issued using average market price and assuming:			
Conversion of preferred stock Series A and B	**70**	78	85
Conversion of preferred stock Series C and D	**584**	618	663
Conversion of debentures	**2**	2	10
Exercise of stock options	**2,178**	1,178	992
Incentive share awards	**1,930**	1,688	634
Diluted weighted-average common shares outstanding (in thousands)	**296,522**	289,840	283,632
Diluted earnings per common share	**$8.73**	$4.55	$4.21
(a) Excludes stock options considered to be anti-dilutive (in thousands)	**4,230**	10,532	10,762

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NOTE 20 INCOME TAXES

The components of income taxes are as follows:

Year ended December 31 In millions	2006	2005	2004
Current			
Federal	**$565**	$550	$720
State	**46**	53	12
Total current	**611**	603	732
Deferred			
Federal	**752**	(12)	(192)
State		13	(2)
Total deferred	**752**	1	(194)
Total	**$1,363**	$604	$538

Significant components of deferred tax assets and liabilities are as follows:

December 31 - in millions	2006	2005
Deferred tax assets		
Allowance for loan and lease losses	**$258**	$311
Net unrealized securities losses	**52**	135
Compensation and benefits	**296**	56
Loan valuation	**6**	10
Other	**277**	240
Total deferred tax assets	**889**	752
Deferred tax liabilities		
Leasing	**1,025**	1,078
Depreciation	**75**	103
Goodwill	**205**	206
BlackRock basis difference	**1,166**	6
Other	**56**	15
Total deferred tax liabilities	**2,527**	1,408
Net deferred tax liability	**$1,638**	$656

A reconciliation between the statutory and effective tax rates follows:

Year ended December 31	2006	2005	2004
Statutory tax rate	**35.0%**	35.0%	35.0%
Increases (decreases) resulting from			
State taxes	**.8**	2.1	.4
Tax-exempt interest	**(.3)**	(1.1)	(.7)
Life insurance	**(.6)**	(1.0)	(1.1)
Tax credits	**(.9)**	(1.8)	(2.3)
Reversal of deferred tax liabilities BlackRock basis allocation		(2.3)	
Other		(.7)	(1.0)
Effective tax rate	**34.0%**	30.2%	30.3%

At December 31, 2006 we had available $104 million of federal and $221 million of state income tax net operating loss carryforwards originating from acquired companies and $73 million in other state net operating losses which will expire from 2007 through 2026.

No deferred US income taxes have been provided on certain undistributed earnings of non-US subsidiaries, which amounted to $39 million at December 31, 2006. As of September 30, 2006, these earnings are considered to be reinvested for an indefinite period of time or will be repatriated when it is tax effective to do so. It is not practicable to determine the deferred tax liability on these earnings.

See Note 1 Accounting Policies for a discussion of FIN 48.

NOTE 21 SEGMENT REPORTING

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
- PFPC.

Results of individual businesses are presented based on our management accounting practices and our management structure. There is no comprehensive, authoritative body of guidance for management accounting equivalent to GAAP; therefore, the financial results of 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, with the exception of our BlackRock segment, operated on a stand-alone basis. As permitted under GAAP, we have aggregated the business results for certain 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 processing businesses using our risk-based economic capital model. We have increased the capital assigned to Retail Banking to 6% of funds to reflect the capital required for well-capitalized banks and to approximate market comparables for this business. The capital for PFPC has been increased to reflect its legal entity shareholders equity.

BlackRock business segment results for the nine months ended September 30, 2006 and full years 2005 and 2004 reflected our majority ownership in BlackRock during those periods. Subsequent to the September 29, 2006 BlackRock/MLIM transaction closing, which had the effect of reducing our ownership interest to approximately 34%, our investment in BlackRock was 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, 2006 was approximately $6.7 billion. Our prior period business segment information included in this Note 21 for BlackRock was not restated. See Note 2 Acquisitions regarding the BlackRock/MLIM transaction.

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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 loan portfolios. Our allocation of the costs incurred by operations and other 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. 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, 2006 BlackRock/MLIM integration costs, One PNC implementation costs, asset and liability management activities, related net securities gains or losses, certain trading activities, equity management activities and minority interest in income of BlackRock up to September 29, 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.

Business Segment Products And Services

Retail Banking provides deposit, lending, brokerage, trust, investment management, and cash management services to approximately 2.5 million consumer and small business customers within our primary geographic area. Our customers are serviced through approximately 850 offices in our branch network, the call center located in Pittsburgh and the Internet *www.pncbank.com*. The branch network is located primarily in Pennsylvania; New Jersey; the greater Washington, DC area, including Maryland and Virginia; Ohio; Kentucky; and Delaware. Brokerage services are provided through PNC Investments, LLC, and J.J.B. Hilliard, W.L. Lyons, Inc. 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 and investment options through its *Vested Interest*® product. These services are provided to individuals and corporations primarily within our primary geographic markets.

Corporate & Institutional Banking provides lending, treasury management, and capital markets 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, 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 provided nationally.

BlackRock is one of the world s largest publicly traded investment management firms. As of December 31, 2006, BlackRock s assets under management were approximately $1.1 trillion. The firm manages assets on behalf of institutions and individuals worldwide through a variety of equity, fixed income, cash management and alternative investment products. In addition, BlackRock provides BlackRock Solutions® investment system, risk management, and financial advisory services to a growing number of institutional investors. The firm has a major presence in key global markets, including the United States, Europe, Asia, Australia and the Middle East.

See Note 2 Acquisitions regarding the BlackRock/MLIM transaction.

PFPC is a leading full service provider of processing, technology and business solutions for the global investment industry. Securities services include custody, securities lending, and accounting and administration for funds registered under the 1940 Act and alternative investments. Investor services include transfer agency, managed accounts, subaccounting, and distribution. PFPC serviced $2.2 trillion in total assets and 68 million shareholder accounts as of December 31, 2006 both domestically and internationally through its Ireland and Luxembourg operations.

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Results Of Businesses

Year ended December 31 In millions	Retail Banking	Corporate & Institutional Banking	BlackRock	PFPC	Other	Intercompany Eliminations	Consolidated
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 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	**447**	**209**	**104**	**52**	**552**	**(1)**	**1,363**
Earnings	**$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**
2005							
Income Statement							
Net interest income (expense)	$1,588	$729	$35	$(33)	$(165)		$2,154
Noninterest income	1,275	596	1,191	879	312	$(80)	4,173
Total revenue	2,863	1,325	1,226	846	147	(80)	6,327
Provision for (recoveries of) credit losses	52	(30)			(1)		21
Depreciation and amortization	62	20	31	56	107		276
Other noninterest expense	1,664	638	822	629	329	(52)	4,030
Earnings before minority interests in BlackRock and income taxes	1,085	697	373	161	(288)	(28)	2,000
Minority interests in BlackRock					71		71
Income taxes	403	217	139	57	(202)	(10)	604
Earnings	$682	$480	$234	$104	$(157)	$(18)	$1,325
Inter-segment revenue	$13	$7	$32	$3	$25	$(80)	
Average Assets (a)	$27,618	$25,309	$1,848	$2,128	$33,315	$(1,670)	$88,548
2004							
Income Statement							
Net interest income (expense)	$1,479	$701	$34	$(47)	$(198)		$1,969
Noninterest income	1,223	552	725	810	324	$(62)	3,572
Total revenue	2,702	1,253	759	763	126	(62)	5,541
Provision for (recoveries of) credit losses	61	5			(14)		52
Depreciation and amortization	53	17	21	45	80		216
Other noninterest expense	1,630	598	543	601	184	(60)	3,496
Earnings before minority interests in BlackRock and income taxes	958	633	195	117	(124)	(2)	1,777
Minority interests in BlackRock					42		42
Income taxes	348	190	52	47	(98)	(1)	538
Earnings	$610	$443	$143	$70	$(68)	$(1)	$1,197
Inter-segment revenue	$12	$7	$33		$10	$(62)	
Average Assets (a)	$24,261	$21,589	$1,145	$2,572	$27,582	$(1,883)	$75,266

(a) Period-end balances for BlackRock and PFPC.

Certain revenue and expense amounts shown in the preceding table differ from amounts included in the Business Segments Review section of Item 7 of this Form 10-K due to the presentation in Item 7 of business revenues on a taxable-equivalent basis and classification differences related to BlackRock and PFPC. In addition, BlackRock income classified as net interest income in the preceding table represents the net of investment income and interest expense as presented in the Business Segments Review section. PFPC income classified as net interest income (expense) in the preceding table represents the interest components of nonoperating income (net of nonoperating expense) and debt financing as disclosed in the Business Segments Review section.

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Note 22 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, 2004			$3
2004 activity			
Increase in net unrealized losses for securities held at year-end	$(56)	$20	(36)
Less: net gains realized in net income (a)	50	(17)	33
Net unrealized securities losses	(106)	37	(69)
Balance at December 31, 2004			(66)
2005 activity			
Increase in net unrealized losses for securities held at year-end	(312)	109	(203)
Less: net losses realized in net income (a)	(44)	15	(29)
Net unrealized securities losses	(268)	94	(174)
Balance at December 31, 2005			(240)
2006 activity			
Increase in net unrealized gains for securities held at year-end	**129**	**(46)**	**83**
Less: net losses realized in net income (a)	**(101)**	**35**	**(66)**
Net unrealized securities gains	**230**	**(81)**	**149**
Balance at December 31, 2006			**$(91)**

(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 gains 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, 2004			$48
2004 activity			
Increase in net unrealized losses on cash flow hedge derivatives	$(30)	$11	(19)
Less: net gains realized in net income	35	(12)	23
Net unrealized losses on cash flow hedge derivatives	(65)	23	(42)
Balance at December 31, 2004			6
2005 activity			
Increase in net unrealized losses on cash flow hedge derivatives	(49)	17	(32)
Less: net gains realized in net income			
Net unrealized losses on cash flow hedge derivatives	(49)	17	(32)
Balance at December 31, 2005			(26)
2006 activity			
Increase in net unrealized gains on cash flow hedge derivatives	**13**	**(5)**	**8**
Less: net gains realized in net income	**(7)**	**2**	**(5)**
Net unrealized losses on cash flow hedge derivatives	**20**	**(7)**	**13**
Balance at December 31, 2006			**$(13)**
Pension, other postretirement and postemployment benefit plan adjustments			
Balance at January 1, 2004			$(14)
2004 activity	$(2)	$1	(1)
Balance at December 31, 2004			(15)
2005 activity			
Balance at December 31, 2005			(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)**
***Other* (b)**			
Balance at January 1, 2004			$23
2004 activity	$(3)	$1	(2)
Balance at December 31, 2004			21
2005 activity	(11)	4	(7)
Balance at December 31, 2005			14
2006 Activity	**6**	**(3)**	**3**
Balance at December 31, 2006			**$17**

(b) Consists of interest-only strip valuation adjustments and foreign currency translation adjustments.

The accumulated balances related to each component of other comprehensive income (loss) are as follows:

December 31 in millions	**2006**	2005
Net unrealized securities gains (losses)	**$(91)**	$(240)
Net unrealized gains (losses) on cash flow hedge derivatives	**(13)**	(26)
Pension, other postretirement and postemployment benefit plan adjustments	**(148)**	(15)
Other	**17**	14
Accumulated other comprehensive income (loss)	**$(235)**	$(267)

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NOTE 23 FAIR VALUE OF FINANCIAL INSTRUMENTS

	2006		2005	
	Carrying	**Fair**	Carrying	Fair
December 31 - in millions	**Amount**	**Value**	Amount	Value
Assets				
Cash and short-term assets	**$ 9,016**	**$ 9,016**	$ 6,957	$ 6,957
Securities	**23,191**	**23,191**	20,710	20,710
Loans held for sale	**2,366**	**2,366**	2,449	2,449
Net loans (excludes leases)	**46,757**	**46,878**	45,713	45,883
Other assets	**892**	**892**	965	965
Mortgage and other loan servicing rights	**477**	**552**	344	403
Financial derivatives				
Fair value hedges	**51**	**51**	108	108
Cash flow hedges	**72**	**72**	5	5
Free-standing derivatives	**1,054**	**1,054**	969	969
Liabilities				
Demand, savings and money market deposits	**47,277**	**47,277**	43,914	43,914
Time deposits	**19,024**	**18,959**	16,361	16,215
Borrowed funds	**15,310**	**15,496**	17,186	17,323
Financial derivatives				
Fair value hedges	**52**	**52**	30	30
Cash flow hedges	**10**	**10**	14	14
Free-standing derivatives	**1,029**	**1,029**	967	967
Unfunded loan commitments and letters of credit	**101**	**122**	77	98

The aggregate fair values in the table above do not represent our underlying market value 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.

Fair value is defined as the estimated amount at which a financial instrument could be exchanged in a current transaction between willing parties, or other than in a forced or liquidation sale. However, it is not our intention to immediately dispose of a significant portion of such financial instruments, and unrealized gains or losses should not be interpreted as a forecast of future earnings and cash flows. The derived fair values are subjective in nature and involve uncertainties and significant judgment. Therefore, they cannot be determined with precision. Changes in our assumptions could significantly impact the derived fair value estimates.

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 the 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,
- trading securities,
- cash collateral,
- customers acceptance liability, and
- accrued interest receivable.

Securities

The fair value of securities is based on quoted market prices, where available. If quoted market prices are not available, fair value is estimated using the quoted market prices of comparable instruments.

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 and 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

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be generated from the existing customer relationships. In the case of nonaccrual loans, scheduled cash flows exclude interest payments. The carrying value of loans held for sale approximates fair value.

Loans are presented above 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. Fair value of the noncertificated interest-only strips is estimated based on the discounted value of expected net cash flows. The equity investments carried at cost, including the FHLB and FRB stock, have a carrying value of approximately $365 million as of December 31, 2006, and $321 million as of December 31, 2005, 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 future cash flows, including assumptions as to prepayment speeds, discount rates, interest rates, cost to service and other factors.

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, 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 the discounted value of expected net cash flows assuming current interest rates.

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.

Note 24 Commitments and Guarantees

Equity Funding Commitments

We had commitments to make additional equity investments in certain equity management entities of $123 million and affordable housing limited partnerships of $71 million at December 31, 2006.

Additionally, in October 2005, we committed $200 million to PNC Mezzanine Partners III, L.P., a $350 million mezzanine fund, that invests principally in subordinated debt securities with an equity component. Funding of this investment is expected to occur over a five-year period. The remaining unfunded commitment on December 31, 2006 was $155 million. The limited partnership is consolidated for financial reporting purposes as PNC has a 57% ownership interest.

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. If the customer fails to meet its financial or performance obligation to the third party under the terms of the contract, 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, 2006 had terms ranging from less than one year to 10 years. The aggregate maximum amount of future payments we could be required to make under outstanding standby letters of credit and risk participations in standby letters of credit and bankers acceptances was $6.6 billion at December 31, 2006.

Assets valued as of December 31, 2006 of approximately $.9 billion secured certain specifically identified standby letters of credit. Approximately $2.2 billion in recourse provisions from third parties was also available for this purpose as of December 31, 2006. 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 $57 million at December 31, 2006.

Standby Bond Purchase Agreements and Other Liquidity Facilities

We enter into standby bond purchase agreements to support municipal bond obligations. At December 31, 2006, the

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aggregate of PNC s commitments under these facilities was $240 million. PNC also enters into certain other liquidity facilities to support individual pools of receivables acquired by commercial paper conduits including Market Street. At December 31, 2006, our total commitments under these facilities were $5.7 billion, of which $5.6 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 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. While we do not believe these indemnification liabilities are material, either individually or in total, we cannot calculate our potential exposure.

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 in a total amount of approximately $5 million.

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 so 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, had to their officers,

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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) with respect to pending litigation or investigations during 2006. 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 held by PFPC 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, 2006, the total maximum potential exposure as a result of these indemnity obligations was approximately $13.0 billion, although we held collateral at the time in excess of that amount.

Other Guarantees

We write caps and floors for customers, risk management and proprietary trading purposes. At December 31, 2006, the fair value of the written caps and floors liability on our Consolidated Balance Sheet was $53 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.

We also 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 asset of $4 million at December 31, 2006. 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 $933 million at December 31, 2006. We purchased $827 million notional of credit default swaps to mitigate the exposure of certain written credit default swaps at December 31, 2006.

We have entered into various contingent performance guarantees through credit risk participation arrangements with terms ranging from less than one year to 11 years. 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. Our exposure under these agreements is approximately $372 million at December 31, 2006.

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.

Note 25 Parent Company

Summarized financial information of the parent company is as follows:

Income Statement

Year ended December 31 - in millions	**2006**	2005	2004
Operating Revenue			
Dividends from:			
Bank subsidiaries and bank holding company	**$710**	$717	$895
Non-bank subsidiaries	**69**	72	187
Interest income	**16**	8	4
Noninterest income	**9**	6	
Total operating revenue	**804**	803	1,086
Operating Expense			
Interest expense	**93**	71	42
Other expense	**46**	11	5

Total operating expense	**139**	82	47
Income before income taxes and equity in undistributed net income of subsidiaries	**665**	721	1,039
Income tax benefits	**(60)**	(24)	(17)
Income before equity in undistributed net income of subsidiaries	**725**	745	1,056
Equity in undistributed net income of subsidiaries:			
Bank subsidiaries and bank holding company	**1,653**	396	98
Non-bank subsidiaries	**217**	184	43
Net income	**$2,595**	$1,325	$1,197

Balance Sheet

December 31 - in millions	**2006**	2005
Assets		
Cash and due from banks	**$2**	$3
Short-term investments with subsidiary bank	**3**	
Securities available for sale	**290**	293
Investments in:		
Bank subsidiaries and bank holding company	**9,294**	7,140
Non-bank subsidiaries	**2,038**	2,504
Other assets	**559**	237
Total assets	**$12,186**	$10,177
Liabilities		
Subordinated debt	**$1,147**	$1,326
Accrued expenses and other liabilities	**251**	288
Total liabilities	**1,398**	1,614
Shareholders Equity	**10,788**	8,563
Total liabilities and shareholders equity	**$12,186**	$10,177

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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 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 $35 million in 2006 and $19 million in 2005. Such refunds represent the parent company s portion of consolidated income taxes. The parent company made income tax payments of $9 million in 2004. The parent company paid interest of $113 million in 2006, $94 million in 2005 and $62 million in 2004.

Statement Of Cash Flows

Year ended December 31 - in millions	**2006**	2005	2004
Operating Activities			
Net income	**$2,595**	$1,325	$1,197
Adjustments to reconcile net income to net cash provided (used) by operating activities:			
Equity in undistributed net (earnings) loss of subsidiaries	**(1,870)**	(580)	(141)
Other	**103**	130	(18)
Net cash provided by operating activities	**828**	875	1,038
Investing Activities			
Net capital returned from (contributed to) subsidiaries	**300**	(271)	495
Securities available for sale			
Sales and maturities	**3,440**	2,912	1,638
Purchases	**(3,437)**	(2,822)	(1,991)
Cash paid for acquisitions		(447)	(290)
Other	**(311)**	239	
Net cash used in investing activities	**(8)**	(389)	(148)
Financing Activities			
Borrowings from non-bank subsidiary	**210**	150	1,100
Repayments on borrowings from non-bank subsidiary	**(210)**	(150)	(1,318)
Acquisition of treasury stock	**(531)**	(112)	(251)
Cash dividends paid to shareholders	**(633)**	(575)	(566)
Issuance of treasury stock	**343**	203	144
Net cash used in financing activities	**(821)**	(484)	(891)
Increase (decrease) in cash and due from banks	**(1)**	2	(1)
Cash and due from banks at beginning of year	**3**	1	2
Cash and due from banks at end of year	**$2**	$3	$1

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Statistical Information (unaudited)

The PNC Financial Services Group, Inc.

Selected Quarterly Financial Data (a)

Dollars in millions, except per share data	**2006 Fourth**	**2006 Third**	**2006 Second**	**2006 First**	2005 Fourth	2005 Third	2005 Second	2005 First
Summary Of Operations								
Interest income	**$1,217**	**$1,203**	**$1,126**	**$1,066**	$1,034	$995	$901	$804
Interest expense	**651**	**636**	**570**	**510**	479	436	367	298
Net interest income	**566**	**567**	**556**	**556**	555	559	534	506
Provision for (recoveries of) credit losses (b)	**42**	**16**	**44**	**22**	24	16	(27)	8
Noninterest income (c) (d)	**969**	**2,943**	**1,230**	**1,185**	1,154	1,116	929	974
Noninterest expense (e)	**969**	**1,167**	**1,145**	**1,162**	1,127	1,154	1,033	992
Income before minority interest and income taxes	**524**	**2,327**	**597**	**557**	558	505	457	480
Minority interest in income of BlackRock		**6**	**19**	**22**	22	19	16	14
Income taxes (f)	**148**	**837**	**197**	**181**	181	152	159	112
Net income (g)	**$376**	**$1,484**	**$381**	**$354**	$355	$334	$282	$354
Per Common Share Data								
Book value	**$36.80**	**$36.60**	**$29.92**	**$29.70**	$29.21	$28.54	$28.35	$26.78
Basic earnings (g)	**1.29**	**5.09**	**1.30**	**1.21**	1.22	1.16	.99	1.26
Diluted earnings (g) (h)	**1.27**	**5.01**	**1.28**	**1.19**	1.20	1.14	.98	1.24

(a) We have reclassified certain prior quarter amounts to conform with the fourth quarter 2006 presentation.

(b) Second quarter 2005 amount reflects the impact of a $53 million loan recovery recognized during that quarter.

(c) Noninterest income included equity management gains and net securities losses in each quarter as follows (in millions):

	2006 Fourth	2006 Third	2006 Second	2006 First	2005 Fourth	2005 Third	2005 Second	2005 First
Equity management gains	$25	$21	$54	$7	$16	$36	$12	$32
Net securities losses		$(195)	$(8)	$(4)	$(4)	$(2)	$(26)	$(9)

(d) Noninterest income for the third quarter of 2006 included the pretax impact of the following: gain on the BlackRock/MLIM transaction of $2.1 billion; securities portfolio rebalancing loss of $196 million; and mortgage loan portfolio repositioning loss of $48 million.

(e) Noninterest expense for the third quarter of 2006 included the pretax impact of BlackRock/MLIM transaction integration costs of $72 million.

(f) See Note 2 Acquisitions in the Notes To Consolidated Financial Statements regarding the $45 million reversal of deferred tax liabilities recognized in the first quarter of 2005.

(g) The net after-tax impact on third quarter 2006 net income of the items described in notes (d) and (e) above totaled $1.1 billion. The net impact of these items increased third quarter 2006 basic earnings per share by $3.79 and increased diluted earnings per share by $3.73.

(h) The sum of quarterly amounts for each year 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

	2006/2005 Increase/(Decrease) in Income/Expense			2005/2004 Increase/(Decrease) in Income/Expense		
	Due to Changes in:			Due to Changes in:		
Taxable-equivalent basis - in millions	Volume	Rate	Total	Volume	Rate	Total
Interest-Earning Assets						
Securities available for sale						
Mortgage-backed, asset-backed, and other debt	**$188**	**$107**	**$295**	$130	$66	$196
U.S. Treasury and government agencies	**(85)**	**14**	**(71)**	11	50	61
State and municipal	**(1)**		**(1)**	(3)	(4)	(7)
Corporate stocks and other	**4**	**(2)**	**2**	(3)	5	2
Total securities available for sale	**92**	**133**	**225**	135	117	252
Loans, net of unearned income						
Commercial	**76**	**233**	**309**	130	174	304
Commercial real estate	**41**	**33**	**74**	25	31	56
Consumer	**(5)**	**109**	**104**	111	66	177
Residential mortgage	**41**	**13**	**54**	110	1	111
Lease financing	**(8)**	**(1)**	**(9)**	(23)	(1)	(24)
Other	**(5)**	**9**	**4**	(2)	8	6
Total loans, net of unearned income	**129**	**407**	**536**	345	285	630
Loans held for sale	**19**	**34**	**53**	24	33	57
Federal funds sold and resale agreements	**5**	**28**	**33**	(15)	10	(5)
Other	**(4)**	**27**	**23**	60	1	61
Total interest-earning assets	**$253**	**$617**	**$870**	$541	$454	$995
Interest-Bearing Liabilities						
Interest-bearing deposits						
Money market	**$44**	**$216**	**$260**	$21	$231	$252
Demand		**32**	**32**	1	23	24
Savings	**(3)**	**(3)**	**(6)**		5	5
Retail certificates of deposit	**85**	**126**	**211**	77	50	127
Other time	**(8)**	**15**	**7**	33		33
Time deposits in foreign offices	**52**	**53**	**105**	21	35	56
Total interest-bearing deposits	**111**	**498**	**609**	97	400	497
Borrowed funds						
Federal funds purchased	**41**	**45**	**86**	2	43	45
Repurchase agreements		**36**	**36**	13	34	47
Bank notes and senior debt	**(2)**	**47**	**45**	14	39	53
Subordinated debt	**19**	**53**	**72**	23	35	58
Commercial paper	**(87)**	**24**	**(63)**	6	38	44
Other	**(14)**	**16**	**2**	45	8	53
Total borrowed funds	**(46)**	**224**	**178**	105	195	300
Total interest-bearing liabilities	**95**	**692**	**787**	187	610	797
Change in net interest income	**$138**	**$(55)**	**$83**	$342	$(144)	$198

Changes attributable to rate/volume are prorated into rate and volume components.

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Average Consolidated Balance Sheet And Net Interest Analysis

	2006			2005			2004		
Taxable-equivalent basis									
Dollars in millions	Average Balances	Interest Income/Expense	Average Yields/Rates	Average Balances	Interest Income/Expense	Average Yields/Rates	Average Balances	Interest Income/Expense	Average Yields/Rates
Assets									
Interest-earning assets									
Securities available for sale									
Mortgage-backed, asset-backed, and other debt	$18,587	$926	4.98%	$14,627	$631	4.31%	$11,483	$435	3.79%
U.S. Treasury and government agencies	2,334	102	4.37	4,308	173	4.02	3,943	112	2.84
State and municipal	148	8	5.41	167	9	5.39	220	16	7.27
Corporate stocks and other	246	14	5.69	173	12	6.94	232	10	4.31
Total securities available for sale	21,315	1,050	4.93	19,275	825	4.28	15,878	573	3.61
Loans, net of unearned income									
Commercial	20,201	1,451	7.18	19,007	1,142	6.01	16,627	838	5.04
Commercial real estate	3,212	232	7.22	2,609	158	6.06	2,137	102	4.77
Consumer	16,125	1,009	6.26	16,208	905	5.58	14,165	728	5.14
Residential mortgage	6,888	375	5.44	6,136	321	5.23	4,040	210	5.20
Lease financing	2,777	123	4.43	2,944	132	4.48	3,470	156	4.50
Other	363	26	7.16	453	22	4.86	506	16	3.16
Total loans, net of unearned income	49,566	3,216	6.49	47,357	2,680	5.66	40,945	2,050	5.01
Loans held for sale	2,683	157	5.85	2,301	104	4.52	1,636	47	2.87
Federal funds sold and resale agreements	1,143	58	5.07	985	25	2.54	1,670	30	1.80
Other	2,985	156	5.23	3,083	133	4.31	1,692	72	4.26
Total interest-earning assets/interest income	77,692	4,637	5.97	73,001	3,767	5.16	61,821	2,772	4.48
Noninterest-earning assets									
Allowance for loan and lease losses	(591)			(632)			(608)		
Cash and due from banks	3,121			3,164			2,895		
Other	14,790			13,015			11,158		
Total assets	$95,012			$88,548			$75,266		
Liabilities, Minority and Noncontrolling Interests, and Shareholders Equity									
Interest-bearing liabilities									
Interest-bearing deposits									
Money market	$19,745	663	3.36	$17,930	403	2.25	$15,964	151	.95
Demand	8,187	88	1.07	8,224	56	.68	7,902	32	.40
Savings	2,081	10	.48	2,645	16	.60	2,684	11	.41
Retail certificates of deposit	13,999	582	4.16	11,623	371	3.19	9,075	244	2.69
Other time	1,364	66	4.84	1,559	59	3.78	686	26	3.79
Time deposits in foreign offices	3,613	181	5.01	2,347	76	3.24	1,371	20	1.46
Total interest-bearing deposits	48,989	1,590	3.25	44,328	981	2.21	37,682	484	1.28

Borrowed funds									
Federal funds purchased	3,081	157	5.10	2,098	71	3.38	1,957	26	1.33
Repurchase agreements	2,205	101	4.58	2,189	65	2.97	1,433	18	1.26
Bank notes and senior debt	3,128	159	5.08	3,198	114	3.56	2,687	61	2.27
Subordinated debt	4,417	269	6.09	4,044	197	4.87	3,506	139	3.96
Commercial paper	166	8	4.82	2,223	71	3.19	1,887	27	1.43
Other	2,046	83	4.06	2,447	81	3.31	1,045	28	2.68
Total borrowed funds	15,043	777	5.17	16,199	599	3.70	12,515	299	2.39
Total interest-bearing liabilities/interest expense	64,032	2,367	3.70	60,527	1,580	2.61	50,197	783	1.56
Noninterest-bearing liabilities, minority and noncontrolling interests, and shareholders equity									
Demand and other noninterest-bearing deposits	14,320			13,309			12,015		
Allowance for unfunded loan commitments and letters of credit	106			80			90		
Accrued expenses and other liabilities	6,672			6,098			5,389		
Minority and noncontrolling interests in consolidated entities	600			542			455		
Shareholders equity	9,282			7,992			7,120		
Total liabilities, minority and noncontrolling interests, and shareholders equity	$95,012			$88,548			$75,266		
Interest rate spread			2.27			2.55			2.92
Impact of noninterest-bearing sources			.65			.45			.30
Net interest income/margin		$2,270	2.92%		$2,187	3.00%		$1,989	3.22%

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, 2006, 2005 and 2004 were $35 million, $91 million and $109 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, 2006, 2005 and 2004 were $25 million, $33 million and $20 million, respectively. Average securities held to maturity totaled less than $.5 million for the year ended December 31, 2006, $1 million for the year ended December 31, 2005 and $2 million for the year ended December 31, 2004 and are included in the Mortgage-backed, asset-backed, and other debt category.

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Loans Outstanding

December 31 - in millions	**2006**	2005	2004	2003	2002
Commercial	**$20,584**	$19,325	$17,438	$15,082	$14,987
Commercial real estate	**3,532**	3,162	1,980	1,824	2,267
Consumer	**16,515**	16,173	15,606	11,855	9,854
Residential mortgage	**6,337**	7,307	4,772	2,886	3,921
Lease financing	**3,556**	3,628	4,096	5,147	5,081
Other	**376**	341	505	518	415
Total loans	**50,900**	49,936	44,397	37,312	36,525
Unearned income	**(795)**	(835)	(902)	(1,009)	(1,075)
Total loans, net of unearned income (a)	**$50,105**	$49,101	$43,495	$36,303	$35,450

(a) Includes $2.3 billion at December 31, 2004 and $2.2 billion at December 31, 2003 related to Market Street, which was deconsolidated effective October 17, 2005.

Nonperforming Assets and Related Information

December 31 - dollars in millions	**2006**	2005	2004	2003	2002
Nonaccrual loans					
Commercial	**$109**	$134	$89	$213	$226
Lease financing	**1**	17	5	11	57
Commercial real estate	**12**	14	14	6	7
Consumer	**13**	10	11	11	11
Residential mortgage	**12**	15	21	24	7
Total nonaccrual loans	**$147**	$190	$140	$265	$308
Troubled debt restructured loan			3	1	1
Total nonperforming loans	**147**	190	143	266	309
Nonperforming loans held for sale (a)		1	3	27	97
Foreclosed and other assets					
Lease	**12**	13	14	17	
Residential mortgage	**10**	9	10	9	6
Other	**2**	3	5	9	6
Total foreclosed and other assets	**24**	25	29	35	12
Total nonperforming assets (b)	**$171**	$216	$175	$328	$418
Nonperforming loans to total loans	**.29%**	.39%	.33%	.73%	.87%
Nonperforming assets to total loans, loans held for sale and foreclosed assets	**.33**	.42	.39	.87	1.13
Nonperforming assets to total assets	**.17**	.23	.22	.48	.63
Interest on nonperforming loans					
Computed on original terms	**$15**	$16	$11	$29	$23
Recognized	**4**	5	2	5	10
Past due loans					
Accruing loans past due 90 days or more	**$50**	$46	$49	$57	$115
As a percentage of total loans	**.10%**	.09%	.11%	.16%	.32%
Past due loans held for sale					
Accruing loans held for sale past due 90 days or more	**$9**	$47	$9	$6	$32
As a percentage of total loans held for sale	**.38%**	1.92%	.54%	.43%	1.99%

(a) Includes $1 million, $2 million, $10 million, and $17 million of troubled debt restructured loans held for sale at December 31, 2005, 2004, 2003 and 2002, respectively.

(b) Excludes equity management assets that are carried at estimated fair value of $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, $32 million (including $11 million of troubled debt restructured assets) at December 31, 2004, $37 million (including $5 million of troubled debt restructured assets) at December 31, 2003 and $40 million (including $12 million of troubled debt restructured assets) at December 31, 2002.

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Summary Of Loan Loss Experience

Year ended December 31 - dollars in millions	**2006**	2005	2004	2003	2002
Allowance for loan and lease losses at beginning of year	**$596**	$607	$632	$673	$560
Charge-offs					
Commercial	**(108)**	(52)	(113)	(168)	(194)
Commercial real estate	**(3)**	(1)	(2)	(3)	(3)
Consumer	**(52)**	(45)	(43)	(39)	(40)
Residential mortgage	**(3)**	(2)	(3)	(4)	(5)
Lease financing	**(14)**	(29)	(5)	(46)	(25)
Total charge-offs	**(180)**	(129)	(166)	(260)	(267)
Recoveries					
Commercial (a)	**19**	82	31	32	26
Commercial real estate	**1**	1	1	1	1
Consumer	**15**	15	12	12	14
Residential mortgage			1	1	1
Lease financing	**5**	1	6	3	2
Total recoveries	**40**	99	51	49	44
Net charge-offs (a)	**(140)**	(30)	(115)	(211)	(223)
Provision for credit losses	**124**	21	52	177	309
Acquisitions		23	22		41
Net change in allowance for unfunded loan commitments and letters of credit	**(20)**	(25)	16	(7)	(14)
Allowance for loan and lease losses at end of year	**$560**	$596	$607	$632	$673
Allowance as a percent of period-end					
Loans	**1.12%**	1.21%	1.40%	1.74%	1.90%
Nonperforming loans	**381**	314	424	238	218
As a percent of average loans					
Net charge-offs (a)	**.28**	.06	.28	.59	.60
Provision for credit losses	**.25**	.04	.13	.49	.83
Allowance for loan and lease losses	**1.13**	1.26	1.48	1.76	1.81
Allowance as a multiple of net charge-offs (a)	**4.00x**	19.87x	5.28x	3.00x	3.02x

(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.

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, 2006, the portion of the reserves for these factors was $45 million.

Allocation Of Allowance For Loan and Lease Losses

December 31	**2006**		2005		2004		2003		2002	
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	**$ 443**	**40.9%**	$ 489	39.2%	$ 503	40.1%	$ 514	41.5%	$ 504	42.3%
Commercial real estate	**30**	**7.0**	32	6.4	26	4.5	34	5.1	52	6.4
Consumer	**28**	**33.1**	24	33.1	35	35.9	28	32.6	28	27.8
Residential mortgage	**7**	**12.7**	7	14.9	6	11.0	7	8.0	10	11.0
Lease financing	**48**	**5.6**	41	5.7	33	7.3	44	11.4	75	11.3
Other	**4**	**.7**	3	.7	4	1.2	5	1.4	4	1.2
Total	**$ 560**	**100.0%**	$ 596	100.0%	$ 607	100.0%	$ 632	100.0%	$ 673	100.0%

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Selected Loan Maturities and Interest Sensitivity

December 31, 2006 In millions	1 Year or Less	1 Through 5 Years	After 5 Years	Gross Loans
Commercial	**$6,045**	**$10,324**	**$4,215**	**$20,584**
Real estate projects	**1,106**	**1,474**	**136**	**2,716**
Total	**$7,151**	**$11,798**	**$4,351**	**$23,300**
Loans with Predetermined rate	**$762**	**$1,016**	**$1,667**	**$3,445**
Floating or adjustable rate	**6,389**	**10,782**	**2,684**	**19,855**
Total	**$7,151**	**$11,798**	**$4,351**	**$23,300**

At December 31, 2006, $745 million notional of pay-fixed interest rate swaps were designated to commercial loans as part of fair value hedge strategies. The changes in fair value of the loans attributable to the hedged risk are included in the commercial loan amount in the above table. In addition, $7.8 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, 3 month LIBOR and Prime) 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 $3.0 billion at December 31, 2006, 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, 2006 in millions	Certificates of Deposit
Three months or less	**$1,169**
Over three through six months	**2,185**
Over six through twelve months	**1,516**
Over twelve months	**880**
Total	**$5,750**

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
2006 Quarter				
First	**$71.42**	**$61.78**	**$67.31**	**$.50**
Second	**72.00**	**65.30**	**70.17**	**.55**
Third	**73.55**	**68.09**	**72.44**	**.55**
Fourth	**75.15**	**67.61**	**74.04**	**.55**
Total				**$2.15**

2005 Quarter				
First	$57.57	$50.30	$51.48	$.50
Second	55.90	49.35	54.46	.50
Third	58.95	53.80	58.02	.50
Fourth	65.66	54.73	61.83	.50
Total				$2.00

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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 RESPONSIBILITY FOR INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of The PNC Financial Services Group, Inc. and subsidiaries (PNC) is responsible for establishing and maintaining effective internal control over financial reporting. The internal control system is augmented by written policies and procedures and by audits performed by an internal audit staff, which reports to the Audit Committee of the Board of Directors. Internal auditors test the operation of the internal control system and report findings to management and the Audit Committee, and appropriate corrective and other actions are taken to address identified control deficiencies and other opportunities for improving the system. The Audit Committee, composed solely of independent directors, provides oversight to management s conduct of the financial reporting process.

There are inherent limitations in the effectiveness of any system of internal control, including the possibility of human error and circumvention or overriding of controls. Accordingly, even effective internal control can provide only reasonable assurance with respect to the reliability of financial reporting and financial statement preparation. Further, because of changes in conditions, the effectiveness of internal control may vary over time.

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, 2006. 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. Based on this assessment, management believes that PNC maintained effective internal control over financial reporting as of December 31, 2006.

Deloitte & Touche LLP, the Independent Registered Public Accounting Firm that audited the Consolidated Financial Statements included in this Report, has issued a

report on management s assessment and on the effectiveness of PNC s internal control over financial reporting as of December 31, 2006. The report of Deloitte & Touche LLP follows.

(b) 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 management s assessment, included in the accompanying Management s Responsibility For Internal Control Over Financial Reporting that The PNC Financial Services Group, Inc. and subsidiaries (the Company) maintained effective internal control over financial reporting as of December 31, 2006, based on criteria established in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management s assessment and an opinion on the effectiveness of the Company s internal control over financial reporting 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 effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management s assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions.

A company s internal control over financial reporting is a process designed by, or under the supervision of, the company s principal executive and principal financial officers, or persons performing similar functions, and effected by the company s board of directors, management, and other personnel 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 (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with

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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 (3) 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 the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management s assessment that the Company maintained effective internal control over financial reporting as of December 31, 2006, is fairly stated, in all material respects, based on the criteria established in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2006, based on the criteria established in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet as of December 31, 2006 and the related consolidated statements of income, shareholders equity and cash flows for the year then ended of the Company and our report dated March 1, 2007 expressed an unqualified opinion on those financial statements and included explanatory paragraphs regarding the Company 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 Company s use of the equity method of accounting to recognize its investment in BlackRock, Inc.

/s/ Deloitte & Touche LLP

Pittsburgh, Pennsylvania

March 1, 2007

(c) Internal Controls and Disclosure Controls and Procedures

As of December 31, 2006, 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.

Based on that evaluation, our management, including the Chairman and Chief Executive Officer and the Chief Financial Officer, concluded that our disclosure controls and procedures were effective as of December 31, 2006, and that there has been no change in internal control over financial reporting that occurred during the fourth quarter of 2006 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B - OTHER INFORMATION

None.

PART III

ITEM 10 DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Certain of the information regarding our directors, 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 *Shareholder Proposals And Nominations* in our Proxy Statement to be filed for the annual meeting of shareholders to be held on April 24, 2007 and is incorporated herein by reference. In accordance with Item 407(d)(3) of Regulation S-K, the information set forth under the caption 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 annual meeting of shareholders to be held on April 24, 2007 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* under About PNC Investor Relations Corporate Governance. In addition, any future amendments to, or waivers from, a provision of the PNC Code of Business Conduct and Ethics that applies to our

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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 Board Of Directors And Committees Of The Board *Compensation Of Directors*, *Deferred Compensation Plans*, and *Other Director Benefits*, Compensation Discussion and Analysis, Compensation Committee Interlocks and Insider Participation, Compensation Committee Report, and Compensation Tables in our Proxy Statement to be filed for the annual meeting of shareholders to be held on April 24, 2007 and is incorporated herein by reference. In accordance with Item 407(e)(5) of Regulation S-K, the information set forth under the caption 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 Compensation Tables Security Ownership of Directors, Nominees and Executive Officers in our Proxy Statement to be filed for the annual meeting of shareholders to be held on April 24, 2007 and is incorporated herein by reference.

Information regarding our compensation plans under which PNC equity securities are authorized for issuance as of December 31, 2006 is included in the table which follows. Additional information regarding these plans is included in Note 18 Stock-Based Compensation Plans in the Notes To Consolidated Financial Statements in Item 8 of this Report.

Equity Compensation Plan Information

At December 31, 2006

	(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	**14,925,733**	**$59.27**	
Incentive Performance Unit Awards (Note 2)	**371,734**	**N/A**	
Subtotal	**15,297,467**		**2,574,979**
2006 Incentive Award Plan (Note 3)			
Stock Options	**24,170**	**$68.85**	**40,192,781**
1996 Executive Incentive Award Plan			
Incentive Awards		**N/A**	**152,553**
Employee Stock Purchase Plan		**(Note 4)**	**1,413,893**
1992 Director Share Incentive Plan		**N/A**	**369,614**
Total approved by security holders	**15,321,637**		**44,703,820**
	None	**N/A**	**None**

Equity compensation plans not approved by security holders		
Total	**15,321,637**	**44,703,820**

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, 2006, the number of remaining shares reserved under this plan for that purpose was 2,574,979.

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 have been achieved, and, if a premium level of such performance is achieved, for further payment in cash. This number reflects the current maximum number of shares that could be issued pursuant to grants outstanding at December 31, 2006 upon achievement of the performance goals and other conditions of the grants. These grants were all made on January 23, 2006.

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 95% of the fair market value on the last day of each six-month offering period.

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ITEM 13 CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this item is included under the captions Transactions Involving Directors And Executive Officers and Corporate Governance At PNC Director Independence in our Proxy Statement to be filed for the annual meeting of shareholders to be held on April 24, 2007 and is incorporated herein by reference.

ITEM 14 PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this item is included under the caption Independent Auditors, excluding the information set forth under the caption Report Of The Audit Committee, in our Proxy Statement to be filed for the annual meeting of shareholders to be held on April 24, 2007 and is incorporated herein by reference.

PART IV

ITEM 15 EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) (1) FINANCIAL STATEMENTS

Our consolidated financial statements required in response to this Item are incorporated by reference from Item 8 of this Report.

(a) (2), (b), and (c) FINANCIAL STATEMENT SCHEDULES

No financial statement schedules are being filed.

(a)(3) and (b) EXHIBITS

Our exhibits listed on the Exhibit Index on pages E-1 through E-4 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 1, 2007

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 1, 2007.

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)
* Paul W. Chellgren; Robert N. Clay; J. Gary Cooper; George A. Davidson, Jr.; Kay Coles James; Richard B. Kelson; Bruce C. Lindsay; Anthony A. Massaro; Jane G. Pepper; 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 8, 2006 by and between Mercantile Bankshares Corporation and the Corporation	Incorporated by reference to Exhibit 2.1 of the Corporation s Current Report on Form 8-K dated October 8, 2006, filed October 10, 2006 (October 8, 2006 Form 8-K)
3.1	Articles of Incorporation of the Corporation, as amended and restated effective as of August 29, 2005	Incorporated herein by reference to Exhibit 3.3 of the Corporation s Current Report on Form 8-K dated August 25, 2005 (August 25, 2005 Form 8-K)
3.2	By-Laws of the Corporation, as amended and restated effective as of December 14, 2005	Incorporated herein by reference to Exhibit 3.5 of the Corporation s Quarterly Report on Form 10-Q for the quarter ended September 30, 2005 (3rd Quarter 2005 Form 10-Q)
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 3.3 of the Corporation s August 25, 2005 Form 8-K
4.3	Terms of $1.80 Cumulative Convertible Preferred Stock, Series B	Incorporated herein by reference to Exhibit 3.3 of the Corporation s August 25, 2005 Form 8-K
4.4	Terms of $1.60 Cumulative Convertible Preferred Stock, Series C	Incorporated herein by reference to Exhibit 3.3 of the Corporation s August 25, 2005 Form 8-K
4.5	Terms of $1.80 Cumulative Convertible Preferred Stock, Series D	Incorporated herein by reference to Exhibit 3.3 of the Corporation s August 25, 2005 Form 8-K
4.6	Terms of Series G Junior Participating Preferred Stock	Incorporated herein by reference to Exhibit 3.3 of the Corporation s August 25, 2005 Form 8-K
4.7	Terms of 7.00% Non-Cumulative Preferred Stock, Series H	Incorporated herein by reference to Exhibit 3.3 of the Corporation s August 25, 2005 Form 8-K
4.8	Rights Agreement between the Corporation and The Chase Manhattan Bank dated May 15, 2000	Incorporated herein by reference to Exhibit 1 to the Corporation s Report on Form 8-A filed May 23, 2000
4.9	First Amendment to Rights Agreement between the Corporation, The Chase Manhattan Bank, and Computershare Investor Services, LLC dated January 1, 2003	Incorporated herein by reference to Exhibit 4.8 of the Corporation s Annual Report on Form 10-K for the year ended December 31, 2002 (2002 Form 10-K)
4.10	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)
4.11	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
4.12	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
4.13	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

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4.14	Indenture, dated as of December 20, 2006 between PNC Funding Corp, the Corporation as guarantor, and The Bank of New York as trustee for $1,000,000,000 Floating Rate Exchangeable Senior Notes due December 20, 2036	Filed herewith
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 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*
10.3	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*
10.4	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*
10.5	The Corporation s 2006 Incentive Award Plan	Incorporated herein by reference to Exhibit 10.39 of the Corporation s Quarterly Report on Form 10-Q for the quarter ended March 31, 2006*
10.6	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*
10.7	The Corporation s 1996 Executive Incentive Award Plan, as amended and restated	Incorporated herein by reference to Exhibit 10.6 of the Corporation s 2nd Quarter 2004 Form 10-Q*
10.8	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*
10.9	AJCA transition guidance amendments to the Corporation s Supplemental Incentive Savings Plan and the Corporation and Affiliates Deferred Compensation Plan	Incorporated 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)*
10.10	1992 Director Share Incentive Plan	Incorporated herein by reference to Exhibit 10.13 of the Corporation s Annual Report on Form 10-K for the year ended December 31, 1999*
10.11	The Corporation s Directors Deferred Compensation Plan, as amended and restated	Incorporated 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)*
10.12	The Corporation s Outside Directors Deferred Stock Unit Plan, as amended and restated	Incorporated by reference to Exhibit 10.13 of the Corporation s 1st Quarter 2004 Form 10-Q*
10.13	Amended and Restated Trust Agreement between PNC Investment Corp., as Settler, and Hershey Trust Company, as trustee	Incorporated herein by reference to Exhibit 10.35 of the Corporation s 3rd Quarter 2005 Form 10-Q*
10.14	Trust Agreement between PNC Investment Corp., as Settler, 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*
10.15	The Corporation s Employee Stock Purchase Plan, as amended and restated	Incorporated herein by reference to Exhibit 10.8 of the Corporation s 2nd Quarter 2004 Form 10-Q
10.16	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*
10.17	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)*
10.18	2006 Forms of employee stock option, restricted stock and restricted deferral agreements	Incorporated by reference to Exhibit 10.17 of the 2005 Form 10-K*
10.19	Forms of employee stock option and restricted stock agreements under 2006 Incentive Award Plan	Incorporated by reference to Exhibit 10.39 of the Corporation s Quarterly Report on Form 10-Q for the quarter ended June 30, 2006*

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10.20	2006 Forms of employee incentive performance unit and senior officer change in control severance agreements	Filed herewith*
10.21	2007 Forms of employee stock option and restricted stock agreements	Filed herewith*
10.22	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*
10.23	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*
10.24	Form of time sharing agreements between the Corporation and certain executives	Incorporated herein by reference to Exhibit 10.36 of the 3rd Quarter 2005 Form 10-Q*
10.25	Form of 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*
10.26	Forms of first amendment to 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*
10.27	Forms of second amendment to 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*
10.28	Forms of third amendment to 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*
10.29	Form of other officer change in control severance agreements	Incorporated herein by reference to Exhibit 10.31 of the 3rd Quarter 2004 Form 10-Q*
10.30	BlackRock, Inc. 2002 Long-Term Retention and Incentive Plan	Incorporated by reference to BlackRock, Inc. s Quarterly Report on Form 10-Q (Commission File No. 001-15305) for the quarter ended September 30, 2002 (BlackRock 3rd Quarter 2002 Form 10-Q)
10.31	First Amendment to the BlackRock, Inc. 2002 Long-Term Retention and Incentive Plan	Incorporated by reference to BlackRock, Inc. s Quarterly Report on Form 10-Q (Commission File No. 001-15305) for the quarter ended March 31, 2004
10.32	Second Amendment to the BlackRock, Inc. 2002 Long-Term Retention and Incentive Plan	Incorporated herein by reference to the BlackRock 2004 Form 10-K
10.33	Share Surrender Agreement, dated October 10, 2002, among BlackRock, Inc., PNC Asset Management, Inc., and the Corporation	Incorporated by reference to the BlackRock 3rd Quarter 2002 Form 10-Q
10.34	First Amendment, dated as of February 15, 2006, to the Share Surrender Agreement among BlackRock, Inc., PNC Bancorp, Inc. and the Corporation	Incorporated by reference to BlackRock, Inc. s Current Report on Form 8-K (Commission File No. 001-15305) filed February 22, 2006 (BlackRock February 22, 2006 Form 8-K)
10.35	Initial Public Offering Agreement, dated September 30, 1999, among BlackRock, Inc., The PNC Financial Services Group, Inc., formerly PNC Bank Corp., and PNC Asset Management, Inc.	Incorporated by reference to BlackRock, Inc. s Registration Statement on Form S-1 (Registration No. 333-78367), as amended, originally filed with the SEC on May 13, 1999 (1999 BlackRock Form S-1 as amended)
10.36	Amendment No. 1 to the Initial Public Offering Agreement, dated October 10, 2002, among the Corporation, PNC Asset Management, Inc. and BlackRock, Inc.	Incorporated by reference to the BlackRock 3rd Quarter 2002 Form 10-Q

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10.37	Amended and Restated Stockholders Agreement, dated September 30, 1999, by and among BlackRock, Inc., PNC Asset Management, Inc. and certain employees of BlackRock, Inc. and its affiliates	Incorporated by reference to the 1999 BlackRock Form S-1 as amended
10.38	Amendment No. 1 to the Amended and Restated Stockholders Agreement, dated October 10, 2002, by and among BlackRock, Inc., PNC Asset Management, Inc. and certain employees of BlackRock, Inc. and its affiliates	Incorporated by reference to the BlackRock 3rd Quarter 2002 Form 10-Q
10.39	Implementation and Stockholder Agreement, dated as of February 15, 2006, among BlackRock, Inc., New Boise, Inc. and the Corporation	Incorporated by reference to the BlackRock February 22, 2006 Form 8-K
10.40	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
10.41	Amended and Restated Agreement and Plan of Merger, dated as of February 10, 2005, between the Corporation and Riggs National Corporation	Incorporated herein by reference to Exhibit 2.1 of the Corporation s Current Report on Form 8-K dated February 10, 2005
10.42	Transaction Agreement and Plan of Merger, dated as of February 15, 2006, by and among Merrill Lynch & Co., Inc., BlackRock, Inc., New Boise, Inc. and Boise Merger Sub, Inc.	Incorporated by reference to the BlackRock February 22, 2006 Form 8-K
10.43	Agreement and Plan of Merger dated as of October 8, 2006 by and between Mercantile Bankshares Corporation and the Corporation	Incorporated by reference to Exhibit 2.1 of the Corporation s October 8, 2006 Form 8-K
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	Consent of Deloitte & Touche LLP, Independent Registered Public Accounting Firm	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 July 18, 2002

+ Incorporated document references to filings by the Corporation are to SEC File No. 001-09718 and to filings by BlackRock, Inc. are to SEC File No. 001-15305.

* 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 under About PNC Investor Relations Financial Information SEC filings 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.