

STERLING FINANCIAL CORP /PA/

Form 425

November 13, 2007

The PNC Financial Services Group, Inc.  
Merrill Lynch  
Banking & Financial Services Investor Conference  
New York  
November 13, 2007

Filed by The PNC Financial Services Group, Inc.

Pursuant to Rule 425 under the Securities Act of 1933 and

deemed filed pursuant to Rule 14a-12 of the Securities Exchange Act of 1934

Subject Company: Sterling Financial Corporation

Commission File No. 000-16276

James E. Rohr, Chairman of The PNC Financial Services Group, Inc. ( PNC ), gave a presentation to investors on November 13, 2007 at the PNC Banking & Financial Services Conference in New York. This presentation was accompanied by a series of electronic slides that pertain to the financial results and business strategies of PNC. The following slides and related material were posted on PNC's website on November 13, 2007.

This presentation contains forward-looking statements regarding our outlook or expectations relating to PNC's future business operations, financial condition, financial performance and

asset  
quality.  
Forward-looking  
statements  
are  
necessarily  
subject  
to  
numerous assumptions, risks and uncertainties, which change over  
time.

The  
forward-looking  
statements  
in  
this  
presentation  
are  
qualified  
by  
the  
factors  
affecting  
forward-looking  
statements  
identified  
in  
the  
more  
detailed  
Cautionary  
Statement  
included  
in  
the  
Appendix,  
which  
is  
included  
in  
the  
version  
of  
the  
presentation  
materials

posted on our corporate website at [www.pnc.com/investorevents](http://www.pnc.com/investorevents). We provide greater detail regarding these factors in our 2006 Form 10-K, including in the Risk Factors and Risk Management sections, and in our current quarter 2007 Form 10-Q and other reports (accessible on the SEC's website at [www.sec.gov](http://www.sec.gov) and on or through our corporate website).

Future events or circumstances may change our outlook or expectations and may also affect the nature of the assumptions, risks and uncertainties to which our forward-looking statements are subject. The forward-looking statements in this presentation sp

only as of the date of this presentation. We do not assume any duty and do not undertake to update those statements.

In this presentation, we will sometimes refer to adjusted results to help illustrate the impact of the deconsolidation of BlackRock near the end of third quarter 2006 and the impact of certain types of items. Adjusted results reflect, as applicable, the following

types

of

adjustments:

(1)

2006

periods

reflect

the

impact

of

the

deconsolidation

of

BlackRock

by

adjusting

as

if

we

had

recorded

our BlackRock investment on the equity method prior to its deconsolidation; (2) adjusting the 2006 periods to exclude the impact

of the

third

quarter

2006

gain

on

the

BlackRock/MLIM

transaction

and

losses

on

the

repositioning

of

PNC's

securities

and

mortgage

loan portfolios; (3) adjusting fourth quarter 2006 and the 2007 periods to exclude the net mark-to-market adjustments on PNC

remaining BlackRock LTIP shares obligation and, as applicable, the gain PNC recognized in first quarter 2007 in connection with

company's transfer of BlackRock shares to satisfy a portion of its BlackRock LTIP shares obligation; (4) adjusting all 2007 and

2006 periods to exclude, as applicable, integration costs related to acquisitions and to the BlackRock/MLIM transaction; and (5)

adjusting, as appropriate, for the tax impact of these adjustments. We have provided these adjusted amounts and reconciliations

so that investors, analysts, regulators and others will be better able to evaluate the impact of these items on our results for the

periods presented, in addition to providing a basis of comparability for the impact of the BlackRock deconsolidation given the magnitude of the impact of deconsolidation on various components of our income statement and balance sheet.

We believe that information as adjusted for the impact of the specified items may be useful due to the extent to which these items are not indicative of our ongoing operations as the result of our management activities on those operations. While we have not provided other adjustments for the periods discussed, this is not intended to imply that there could not have been other similar types of adjustments, but any such adjustments would not have been similar in magnitude to the amount of the adjustments shown. In certain discussions, we may also provide revenue information on a taxable-equivalent basis by increasing the interest income earned on tax-exempt assets to make it fully equivalent to interest income earned on taxable investments. We believe this adjustment may be useful when comparing yields and margins for all earning assets.

This presentation may also include a discussion of other non-GAAP financial measures, which, to the extent not so qualified thereto or in the Appendix, is qualified by GAAP reconciliation information available on our corporate website at [www.pnc.com](http://www.pnc.com) under

About PNC  
Investor Relations.  
Cautionary Statement Regarding Forward-Looking  
Information and Adjusted Information



A history of execution and strong performance  
Clear strategies for growth  
A strong risk management culture  
PNC is differentiated by



Building an Enduring Company with a Solid Foundation

A History of Execution

A diversified business mix

An industry-leading technology platform

Expanded distribution capabilities

Expansion into higher growth markets

A disciplined economic capital allocation process

A strong risk management process  
Deepened customer relationships  
A continuous improvement culture  
Improved customer experience  
Enhanced PNC brand

1990s

2000s

Beyond

- +
- +
- +
- +
- +
- +
- +
- +
- +

Highlights

Strong Performance in a Tough Environment

Reported nine month earnings of \$3.85 per diluted share versus \$7.46 last year

Adjusted nine month earnings<sup>1</sup>

of \$4.00 per diluted share versus \$3.77 last year

Primary businesses met or exceeded expectations

Diverse revenue streams delivering strong results despite market

volatility

Continued to create year-to-date positive operating leverage on an adjusted basis<sup>2</sup>

Maintaining a moderate risk profile and flexible balance sheet

Total Shareholder Return :

Year-to-date

1

One-year

1

Three-year

1

Five-year

1

(1)

Adjusted earnings are reconciled to GAAP earnings in the Appendix.

(2)

GAAP basis operating leverage for the year-to-date period was negative due to the impact of the third quarter 2006 gain from the BlackRock/MLIM transaction and is reconciled in the Appendix.

(3) As of November 2, 2007. Ranking versus super-regional banks identified in the Appendix. Source: SNL DataSource.

Peer Rank

3

st

st

st

st

Segment Earnings Contribution

\*

Business Leadership

Our Diversified Business Mix

Retail Banking

-

A leading community bank in PNC major markets

-  
One of the nation's largest bank wealth  
management firms  
Corporate & Institutional Banking  
-  
Top 10 Treasury Management business  
-  
The nation's 4 largest lead arranger of asset-  
based loan syndications  
-  
Harris  
Williams  
-  
one  
of  
the  
nation's  
largest  
M&A  
advisory firms for middle-market companies  
BlackRock  
-  
A global asset management company with \$1.3  
trillion in assets under management  
PFPC  
-  
Among the largest providers of mutual fund  
transfer agency and accounting and  
administration services in the U.S.  
Winning in  
the  
Payments  
Space  
A Premier  
Middle-  
market  
Franchise  
A Leading  
Global  
Servicing  
Platform  
World Class  
Asset  
Manager  
For the nine months ended September 30, 2007  
\$ millions  
\$341  
\$678  
\$176  
\$96

\*Business earnings reconciled to GAAP net income of \$1,289 million in the Appendix. BlackRock segment earnings are adjusted for a pretax share of BlackRock/MLIM integration costs totaling \$4 million.

Contribution

53%

26%

14%

7%

th

A history of execution and strong performance  
Clear strategies for growth  
A strong risk management culture  
PNC is differentiated by



Focus on fee-based drivers  
Maintain and grow our deposit advantage  
Create positive operating leverage  
Capture new market opportunities  
Enhance brand awareness  
Strategies for Growth

0%  
10%  
20%  
30%  
40%  
50%  
60%

70%

USB

FITB

WFC

WB

STI

BBT

KEY

RF

NCC

CMA

Differentiated Fee-Based Businesses

Source: SNL DataSource, PNC as reported

For the nine months ended September 30, 2007

PFPC &

BLK

Noninterest Income to Total Revenue

PNC

0  
250  
500  
750  
1,000  
1,250  
Consumer DDA HHs  
using online banking

Executing on Growth Drivers

\$0

\$200

\$400

\$600

\$800

Retail

C&I

Key Drivers:

Key Drivers:

Payments Business

Wealth Management

Key Drivers:

Key Drivers:

Fee based Businesses

Deposit Franchise

(1) Represents consolidated PNC amounts for the nine months ended September 30, 2007.

Sept 06

Sept 07

Treasury

Management

Midland Loan

Services

Capital

Markets

Sept 06

Consumer DDA HHs

using online bill pay

1

Focus on Deepening Relationships

Major Product Revenue

For the nine

months ended

Sept 06

Sept 07

Sept 07

As of:

Small Business

Brokerage

Disciplined

Lending

\$0  
\$100  
\$200  
\$300  
\$400  
\$500  
\$600

\$700

\$0

\$300

\$600

\$900

\$1,200

\$1,500

Executing on Growth Drivers

PFPC

BlackRock

Key Drivers:

Key Drivers:

Business Model

Transformation

Key Drivers:

Key Drivers:

Expanded Distribution

Strengthened Platform

Sept 06

Sept 07

Assets Under Management

\$1.1T

\$1.3T

(1) Reflects BlackRock entity AUM. Not included in PNC AUM following deconsolidation of BlackRock in September 2006.

Emerging Product Revenue

Core Product Revenue

Sept 06

Sept 07

21%

28%

72%

79%

Emerging

product

revenue

3-yr CAGR

18%

1

Focus on High Growth Products

Focus on Gathering Assets

at period end

For the nine

months ended

High Margin, High

Growth Products

Broadened

Product Set

Interest-bearing deposits  
+20%  
+14%  
Noninterest-bearing deposits  
+22%  
+0%  
Total deposits



+20%  
+11%  
YTD07 vs. YTD06  
Executing on Our Strategy to Gather  
Low Cost Deposits  
Source: SNL  
DataSource,  
PNC  
as  
reported.  
Peers  
reflects  
average  
of  
the super-regional banks identified in the Appendix other than PNC  
34%  
27%  
23%  
16%  
Consumer  
Corporate Banking,  
Treasury Management  
and Other  
Midland  
Small  
Business  
PNC Has Been Focused on Growing  
Noninterest-Bearing Deposits  
Year-to-Date Average Balances  
PNC  
Peers  
Contribution to Average  
Noninterest-Bearing Deposits  
As of 9/30/07  
Through Multiple Channels

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

\$7

2004

2005

2006

Revenue

9%

Creating Positive Operating Leverage

Generating Capital by Growing Revenues Faster Than Expenses

billions

Compound Annual

Growth Rate

(2004

2006)

Adjusted Revenue

(as reported

\$5.5 billion, \$6.3 billion, \$8.6 billion for 2004, 2005, 2006, respectively)

Adjusted Noninterest

Expense

(as reported \$3.7 billion, \$4.3 billion, \$4.4 billion for 2004, 2005, 2006, respectively)

Adjusted Net Income

(as reported \$1.2 billion, \$1.3 billion, \$2.6 billion for 2004, 2005, 2006, respectively)

Net Income

12%

\$1.2

\$1.3

\$1.5

Expense

7%

Revenue +20%

Expense +15%

Net Income +19%

Trend Continues<sup>1</sup>

(1) As reported: revenue (28%), expense (11%), net income (42%).

Adjusted amounts are reconciled to GAAP in the Appendix.

Nine months ended September 30, as adjusted

2007 vs 2006

Executing on Our Acquisition Strategy  
76% of PNC Pro Forma Branches Located Between the Hudson and Potomac Rivers  
PNC Branches prior to 2004  
Sterling Financial Corp.  
Pending  
Yardville National Bancorp  
10/26/07

Mercantile Bankshares Corp.

3/2/07

Riggs National Corp.

5/13/05

United National Bancorp

1/1/04

New York

New York

Delaware

Delaware

Virginia

Virginia

New Jersey

New Jersey

Pennsylvania

Pennsylvania

Maryland

Maryland

Kentucky

Kentucky

Indiana

Indiana

Ohio

Ohio

West

West

Virginia

Virginia

\$60,949  
\$56,250  
\$69,270  
\$54,620  
\$73,965  
\$69,363  
\$66,273

Improving Our Demographics

3.7%

6.0%

2.0%

3.4%

8.4%

10.0%

3.9%

2003

Proforma

Acquisitions

2003

Proforma

Acquisitions

Amounts based on data at time of acquisition announcement. United Trust data reflects demographics of footprint counties weighted by households. Mercantile, Yardville and Sterling data reflect demographics of footprint counties of that company, or by MSA in Riggs, weighted by deposits. PNC 2003 and PNC Proforma amounts reflect demographics, weighted by deposits, of PNC's 6 footprint and 105 county footprint, respectively, including the impact of PNC's ongoing branch optimization process. PNC and headquarter offices

excluded

for

purposes

of

deposit

weighting.

Source:

SNL

DataSource.

\*Pending.

Median Household Income

Projected 5-Year Population Growth

(1) United, Riggs, Mercantile and Yardville based on the most recent published reporting quarter prior to closing. Sterling based on the most recent 10-Q reporting quarter and excludes its



Equipment  
Finance,  
LLC  
unit  
and  
rental  
income

on  
operating  
leases.

Source:  
SNL

DataSource  
and Company 10-Q.

Bringing the Power of PNC to New Clients  
Expanding Distribution of Fee-based Products

50%

24%

40%

29%

9%

27%

Noninterest income to total revenue<sup>1</sup>

Wealth Management

Brokerage

Credit Card

Payment Services

Treasury

Management

Small Business

M&A Advisory

Services

Capital Markets

Opportunities

(2) For the nine months ended September 30, 2007, not including PFPC and BlackRock. Reconciled to noninterest income to total revenue on a GAAP basis of 58% in the Appendix.

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

3Q07

Asset Management

Service Charges

Brokerage

Corporate Services

Consumer and Other

Execution in the Greater Washington

Area ( **GWA** )

40.5%

43.6%

0

25

50

75

100

125

Deepening Relationships and Growing Noninterest Income\*

GWA noninterest income

to total revenue

PNC -

GWA Retail Relationships

(1) Riggs transaction completed May 2005

PNC GWA Region

\*Excludes the impact of Mercantile

June 30

2005<sup>1</sup>

Sept 30

2007

PNC -

GWA Fee Growth

+14%

+48%

+45%

+96%

+38%

GWA business checking relationships

GWA consumer checking relationships

1Q06

3Q07

Albridge Solutions, Inc.<sup>1</sup>

Will extend PFPC's capabilities into the delivery of knowledge-based information services through relationships with:

-

150 financial institutions and

-

More than 100,000 financial advisors

With more than \$1 trillion in  
assets under management  
To  
Integrated  
Provider  
Investing in Our Business Segments  
Transforming the PFPC Business Model  
From  
Processor  
Unified client views  
Performance reporting  
(1) Pending

Key Initiatives  
Redesigned and  
simplified checking  
product  
Launched regional credit  
card product  
Redesigned PNC.com

Leveraging existing  
relationships with  
affluent clients  
Partnering with the  
Gallup Organization to  
improve the customer  
experience

(1) Customer Experience Benchmarks and Best Practices, Winning customers Online, Change Sciences Research, March 2007  
PNC.com personal banking website  
ranked in the top 10 for leading banks<sup>2</sup>  
Investing in Our Brand to Drive Growth

A history of execution and strong performance  
Clear strategies for growth  
A strong risk management culture  
PNC is differentiated by



New Credit Risk  
Rating System  
Improved Credit  
Training  
PNC's Credit Culture Evolution  
Adherence to  
Target Zone

of  
Losses  
Organizational  
Independence  
Early Workout  
Intervention  
Credit Culture Evolution  
(2000  
Present)  
Focus on Getting Paid  
Per Unit of Risk  
Help  
Talk  
Listen  
Teamwork  
Focus on the Front Door  
Proactive Process Driven by Returns  
Not overly concentrated  
in any area  
More granularity  
Limited exposure to  
leveraged lending  
Strong origination and  
distribution capabilities  
Manage  
the Back Door

High Quality Consumer Loan Portfolio

Auto

5%

Residential

Mortgage

35%

Composition of Consumer Loan and Residential Mortgage Portfolio

As of September 30, 2007

Home Equity Portfolio

Credit Statistics

First lien positions

39%

In-footprint exposure

93%

Weighted average:

Loan to value

72%

FICO scores

726

Net charge-offs<sup>1</sup>

0.18%

90 days past due

0.30%

Other

8%

Home

Equity

52%

Residential Mortgage Portfolio

Credit Statistics

Weighted average:

Loan to value

67%

FICO scores

747

Net charge-offs<sup>1</sup>

0.01%

90 days past due

1.20%

(1) For the three months ended September 30, 2007.

0.0%  
0.1%  
0.2%  
0.3%  
0.4%  
0.5%  
0.0%

0.1%

0.2%

0.3%

0.4%

0.5%

0.6%

Home Equity Credit Trends

% of outstandings

Delinquency Ratio 90+ Days

Net Charge-Offs

PNC<sup>1</sup>

RMA

Source: The Risk Management Association ( RMA ) Consumer Loan Studies, Home Equity

% of average outstandings

PNC<sup>1</sup>

RMA

(1) Not including Mercantile prior to 3Q07.

2005

2004

2006

3Q07

2005

2004

2006

3Q07

0.2%  
0.5%  
0.7%  
1.0%  
1.2%  
1.5%  
2Q02  
2Q03

2Q04  
2Q05  
2Q06  
2Q07  
3Q07  
0.00%  
0.10%  
0.20%  
0.30%  
0.40%  
0.50%  
0.60%  
0.70%  
0.80%  
2002  
2003  
2004  
2005  
2006  
3Q07

Disciplined Approach Leads to Strong  
Asset Quality

Asset Quality Compared to Peers

Net Charge-offs to Average Loans  
(Year to date)

PNC

Peer Group

Source: SNL DataSource, PNC as reported

PNC 2005 net charge-off ratio excludes \$53 million loan recovery. The ratio was 0.06% including the recovery.

Peer group reflects average of super-regional banks identified in the Appendix other than PNC

Nonperforming Assets to Loans, Loans

Held for Sale and Foreclosed Assets

PNC

Peer Group

\*

\*



Duration of equity  
Loans to deposits ratio  
Fee income to revenue percentage  
Demand deposits as % of total deposits  
EPS impact of gradual +100bps parallel shift  
MBS & mortgage loans as % of average earning assets  
Linked quarter change in deposits to average earning assets

Relevant Factors

Well Positioned for the Yield Curve

Summary

A demonstrated history of execution and strong performance

Clear strategies to maintain growth

Sound risk management processes

Well Positioned to Create Value

Cautionary Statement Regarding  
Forward-Looking Information

Appendix

We make statements in this presentation, and we may from time to time make other statements, regarding our outlook or expectations for earnings, revenues, expenses and/or other matters regarding or affecting PNC that are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995.

Forward-looking



at  
www.pnc.com  
under  
About  
PNC

Investor  
Relations

Financial  
Information.

Our businesses and financial results are affected by business and economic conditions, both generally and specifically in the ,  
operate. In particular, our businesses and financial results may be impacted by

Changes  
in  
interest  
rates  
and  
valuations  
in  
the  
debt,  
equity  
and  
other  
financial  
markets.

Disruptions in the liquidity and other functioning of financial markets, including such disruptions in the markets for real estate  
commonly securing financial products.

Actions by the Federal Reserve and other government agencies, including those that impact money supply and market interest

Changes  
in  
our  
customers ,  
suppliers  
and  
other  
counterparties  
performance  
in  
general  
and  
their  
creditworthiness  
in  
particular.

Changes in customer preferences and behavior, whether as a result of changing business and economic conditions or other factors

A continuation of recent turbulence in significant portions of the global financial markets could impact our performance, both  
and the value of our assets and liabilities and indirectly by affecting the economy generally.

Our operating results are affected by our liability to provide shares of BlackRock common stock to help fund certain BlackRock

programs, as our LTIP liability is adjusted quarterly ( marked-to-market ) based on changes in BlackRock s common stock price and committed shares, and we recognize gain or loss on such shares at such times as shares are transferred for payouts under the LTIP.

Competition can have an impact on customer acquisition, growth and retention, as well as on our credit spreads and product prices per share, deposits and revenues.

Our  
ability  
to  
implement  
our  
business  
initiatives



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

Legal and regulatory developments could have an impact on our ability to operate our businesses or our financial condition or competitive position or reputation. Reputational impacts, in turn, could affect matters such as business generation and retention management, liquidity, and funding. These legal and regulatory developments could include: (a) the unfavorable resolution of and other governmental inquiries; (b) increased litigation risk from recent regulatory and other governmental developments; (c) the results of the regulatory examination process, our failure to satisfy the requirements of agreements with governmental agencies, and regulators

future

use

of

supervisory

and

enforcement tools; (d) legislative and regulatory reforms, including changes to laws and regulations involving tax, pension, and  
of confidential customer information; and (e) changes in accounting policies and principles.

Our business and operating results are affected by our ability to identify and effectively manage risks inherent in our business  
through the effective use of third-party insurance, derivatives, and capital management techniques.

Our ability to anticipate and respond to technological changes can have an impact on our ability to respond to customer needs  
demands.

The adequacy of our intellectual property protection, and the extent of any costs associated with obtaining rights in intellectual  
impact our business and operating results.

Our business and operating results can also be affected by widespread natural disasters, terrorist activities or international hostilities  
impact on the economy and capital and other financial markets generally or on us or on our customers, suppliers or other countries.

Also, risks and uncertainties that could affect the results anticipated in forward-looking statements or from historical performance  
in BlackRock, Inc. are discussed in more detail in BlackRock's 2006 Form 10-K, including in the Risk Factors section, and information  
accessible on the SEC's website and on or through BlackRock's website at [www.blackrock.com](http://www.blackrock.com).

We

grow

our

business

from

time

to

time

by

acquiring

other

financial

services

companies,

including

our

pending

Sterling

Financial

Corporation

( Sterling )

acquisition. Acquisitions in general present us with risks other than those presented by the nature of the business acquired. In  
substantially more expensive to complete (including as a result of costs incurred in connection with the integration of the acquired  
benefits (including anticipated cost savings and strategic gains) may be significantly harder or take longer to achieve than expected.

involve our  
entry

into

new

businesses

or

new

geographic

or  
other  
markets,  
and  
these  
situations  
also  
present  
risks  
resulting  
from  
our  
inexperience  
in  
these  
new

areas. As a regulated financial institution, our pursuit of attractive acquisition opportunities could be negatively impacted due to regulatory issues. Regulatory and/or legal issues related to the pre-acquisition operations of an acquired business may cause re

the  
acquisition  
and  
integration  
of  
the  
acquired  
business  
into  
ours  
and  
may  
result  
in  
additional  
future  
costs  
arising  
as  
a  
result  
of  
those  
issues.

Any annualized, proforma, estimated, third party or consensus numbers in this presentation are used for illustrative or comparative purposes and do not reflect actual results. Any consensus earnings estimates are calculated based on the earnings projections made by analysts who

analysts  
opinions,  
estimates  
or  
forecasts  
(and

therefore  
the  
consensus  
earnings  
estimates)  
are  
theirs  
alone,  
are  
not  
those  
of  
PNC  
or  
its  
management,  
and  
may  
not reflect PNC's, Sterling's or other company's actual or anticipated results.  
Cautionary Statement Regarding  
Forward-Looking Information (continued)  
Appendix

The PNC Financial Services Group, Inc. and Sterling Financial Corporation will be filing a proxy statement/prospectus and other relevant documents concerning

the  
merger  
with  
the  
United  
States

Securities and Exchange Commission (the SEC). WE URGE INVESTORS TO READ THE PROXY STATEMENT/PROSPECTUS AND ANY OTHER DOCUMENTS TO BE FILED WITH THE SEC IN CONNECTION WITH THE MERGER OR INCORPORATED BY REFERENCE IN THE PROXY STATEMENT/PROSPECTUS BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION.

Investors will be able to obtain these documents free of charge at the SEC's web site at <http://www.sec.gov>. In addition, documents filed with the SEC by The PNC Financial Services Group, Inc. will be available free of charge from Shareholder Relations at (800) 843-2206. Documents filed with the SEC by Sterling Financial Corporation will be available free of charge from Sterling Financial Corporation by contacting Shareholder Relations at (877) 248-6420.

The directors, executive officers, and certain other members of management and employees of Sterling Financial Corporation are participants in the solicitation of proxies in favor of the merger from the shareholders of Sterling Financial Corporation. Information about the directors and executive officers of Sterling Financial Corporation is included in the proxy statement for its May 8, 2007 annual meeting of shareholders, which was filed with the SEC on April 2, 2007. Additional information regarding the interests of such participants will be included in the proxy statement/prospectus and the other relevant documents filed with the SEC when they become available.

Additional Information About The PNC/Sterling  
Financial Corporation Transaction  
Appendix

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

Adjustments,

Net

Diluted

Adjustments,

Net

Diluted

Pretax

Income

EPS

Pretax

Income

EPS

Net income, as reported

\$1,289

\$3.85

\$2,219

\$7.46

Adjustments:

BlackRock LTIP (a)

\$(1)

(1)

Integration costs (b)

72

49

.15

\$91

39

.13

Gain on BlackRock/MLIM transaction (c)

(2,078)

(1,293)

(4.35)

Securities portfolio rebalancing loss (c)

196

127

.43

Mortgage loan portfolio repositioning loss (c)

48

31



.10

Net income, as adjusted

\$1,337

\$4.00

\$1,123

\$3.77

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

September 30, 2007

September 30, 2006

(a)

Includes

the

impact

of

the

gain

recognized

in

connection

with

PNC's

transfer

of

BlackRock

shares

to

satisfy

a

portion

of

our

BlackRock

LTIP

shares

obligation

and

the

net mark-to-market adjustment on our remaining BlackRock LTIP shares obligation.

(b)

In

addition

to

acquisition

integration

costs

related

to

recent

or

pending  
PNC  
acquisitions  
reflected  
in  
the  
2007  
period  
presented,  
both  
the  
2007  
and  
the  
2006  
periods  
presented  
include  
BlackRock/MLIM  
transaction  
integration  
costs.  
BlackRock/MLIM  
transaction  
integration  
costs  
recognized  
by  
PNC  
for  
the  
first  
nine  
months  
of  
2007  
were  
included  
in  
noninterest  
income  
as  
a  
negative  
component  
of  
the  
"Asset  
management"  
line

item,  
which  
includes  
the  
impact  
of  
our  
equity  
earnings  
from  
our  
investment  
in

BlackRock. The first nine months of 2006 BlackRock/MLIM transaction integration costs were included in noninterest expens

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

As Reported	
Adjustments	
As Adjusted (a)	
As Reported	
Adjustments	
As Adjusted (b)	
Net interest income	
\$2,122	
\$2,122	
\$1,679	
(\$10)	
\$1,669	
Net interest income:	
% Change As	
Reported	
% Change As	
Adjusted	
Loans	
806	
806	
682	
(10)	
672	
18%	
20%	
Deposits	
1,316	
1,316	
997	
997	
32%	
32%	
Noninterest	
Income	
2,956	
\$4	
2,960	
5,358	
(2,777)	
2,581	
(45%)	
15%	
Total revenue	
5,078	
4	
5,082	
7,037	
(2,787)	
4,250	
(28%)	

20%

Loan net interest income as a % of total revenue

15.9%

15.9%

9.7%

15.8%

Deposit net interest income as a % of total revenue

25.9%

25.9%

14.2%

23.5%

Noninterest  
income as a % of total revenue

58.2%

58.2%

76.1%

60.7%

Provision for credit losses

127

127

82

82

Noninterest  
income

2,956

4

2,960

5,358

(2,777)

2,581

Noninterest  
expense

3,083

(67)

3,016

3,474

(856)

2,618

(11%)

15%

Income before minority interest  
and income taxes

1,868

71

1,939

3,481

(1,931)

1,550

Minority interest in income  
of BlackRock

47  
 (47)  
 Income taxes  
 579  
 23  
 602  
 1,215  
 (788)  
 427  
 Net income  
 \$1,289  
 \$48  
 \$1,337  
 \$2,219  
 (\$1,096)  
 \$1,123  
 (42%)  
 19%  
 September 30, 2007  
 September 30, 2006  
 OPERATING LEVERAGE -  
 NINE MONTHS ENDED

As Reported  
 As Adjusted  
 Total revenue  
 (28%)  
 20%  
 Noninterest  
 expense  
 (11%)  
 15%  
 Operating leverage  
 (17%)  
 5%  
 2006 to 2007 Change

(a) Amounts adjusted to exclude the impact of the following pretax items: (1) the gain of \$83 million recognized in connection with the sale of shares to satisfy a portion of our BlackRock LTIP shares obligation, (2) the net

mark-to-market  
adjustment  
totaling  
\$82  
million  
on  
our  
remaining  
BlackRock  
LTIP

shares obligation, and (3) acquisition and BlackRock/MLIM transaction integration costs totaling \$72 million. The net tax impact adjustment to income taxes.

(b) Amounts adjusted to exclude the impact of the following pretax items: (1) the gain of \$2.078 billion on the BlackRock/MLIM transaction

million on  
the  
securities  
portfolio  
rebalancing,

(3)  
BlackRock/MLIM  
transaction  
integration

costs  
of  
\$91  
million  
for  
the  
first  
nine  
months

of  
2006,  
and

(4)  
the  
mortgage loan  
portfolio  
repositioning

loss  
of  
\$48  
million.

The  
net  
tax  
impact  
of  
these  
items



is reflected in the adjustment to income taxes. We believe that information as adjusted for the impact of these items may be useful due to the extent to which these items are not indicative of our ongoing operations as the result of our management activities. Additionally, the amounts are also adjusted as

if  
we  
had  
recorded  
our  
investment  
in  
BlackRock  
on  
the  
equity  
method.

We  
believe that  
providing  
amounts  
adjusted  
as  
if  
we  
had  
recorded  
our  
investment  
in  
BlackRock  
on  
the  
equity  
method  
for  
all  
periods  
presented  
helps  
provide  
a  
basis  
of  
comparability for  
the  
impact  
of  
the  
BlackRock  
deconsolidation  
given  
the  
magnitude  
of

the  
impact  
on  
various components of our consolidated income statement.

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

PNC

In millions

As Reported

Adjustments (a)

As Adjusted

Reported

Adjusted

Net interest income

\$761

\$761

Loan net interest income

294

294

5%

5%

Deposit net interest income

467

467

2%

2%

Provision for credit losses

65

65

Net interest income less provision for credit losses

696

696

Asset management

204

\$2

206

Other

786

50

836

Total noninterest

income

990

52

1,042

2%

7%

Compensation and benefits

553

(16)

537

Other

546

(25)

521

Total noninterest

expense  
 1,099  
 (41)  
 1,058  
 6%  
 3%  
 Income before income taxes  
 587  
 93  
 680  
 Income taxes  
 180  
 31  
 211  
 Net income  
 \$407  
 \$62  
 \$469  
 (4%)  
 8%  
 For the three months ended June 30, 2007  
 PNC  
 PNC  
 In millions  
 As Reported  
 Adjustments (b)  
 As Adjusted  
 Net interest income  
 \$738  
 \$738  
 Loan net interest income  
 280  
 280  
 Deposit net interest income  
 458  
 458  
 Provision for credit losses  
 54  
 54  
 Net interest income less provision for credit losses  
 684  
 684  
 Asset management  
 190  
 \$1  
 191  
 Other  
 785  
 1  
 786

Total noninterest  
income  
975  
2  
977  
Compensation and benefits  
544  
(9)  
535  
Other  
496  
(6)  
490  
Total noninterest  
expense  
1,040  
(15)  
1,025  
Income before income taxes  
619  
17  
636  
Income taxes  
196  
6  
202  
Net income  
\$423  
\$11  
\$434  
% Change vs. June 30, 2007  
(a)  
Includes  
the  
impact  
of  
the  
following  
items  
on  
a  
pretax  
basis:  
\$50  
million  
net  
loss  
related  
to  
our

BlackRock  
LTIP  
shares  
obligation  
and  
\$43  
million  
of  
acquisition

and BlackRock/MLIM transaction integration costs. The net tax impact of these items is reflected in the adjustment to income taxes.

(b) Includes the impact of the following items on a pretax basis: \$16 million of acquisition and BlackRock/MLIM transaction i related to our BlackRock

LTIP shares obligation. The net tax impact of these items is reflected in the adjustment to income taxes.



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

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

\$137  
 \$1,514  
 For the year ended December 31, 2005  
 BlackRock  
 PNC  
 Deconsolidation and  
 BlackRock  
 PNC  
 In millions  
 As Reported  
 Other Adjustments  
 Equity Method  
 As Adjusted  
 Net interest income  
 \$2,154  
 \$(12)  
 \$2,142  
 Provision for credit losses  
 21  
 21  
 Noninterest  
 income  
 4,173  
 (1,214)  
 \$163  
 3,122  
 Noninterest  
 expense  
 4,306  
 (853)  
 3,453  
 Income before minority interest and income taxes  
 2,000  
 (373)  
 163  
 1,790  
 Minority interest in income of BlackRock  
 71  
 (71)  
 Income taxes  
 604  
 (150)  
 11  
 465  
 Net income  
 \$1,325  
 \$(152)  
 \$152  
 \$1,325  
 (a) Includes

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

our  
BlackRock  
LTIP  
shares  
obligation.

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

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

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



Net income, as reported

\$1,197

\$1,325

\$2,595

47%

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

Banking  
 Corporate &  
 Institutional  
 Banking  
 Other  
 Banking and  
 Other  
 BlackRock  
 PFPC  
 Total  
 Net interest income (expense)  
 \$1,517  
 \$571  
 \$48  
 \$2,136  
 (\$14)  
 \$2,122  
 Noninterest  
 income  
 1,280  
 558  
 260  
 2,098  
 \$227  
 631  
 2,956  
 Total Revenue  
 \$2,797  
 \$1,129  
 \$308  
 \$4,234  
 \$227  
 \$617  
 \$5,078  
 Noninterest  
 income as a % of  
 total revenue  
 46%  
 49%  
 84%  
 50%  
 100%  
 102%  
 58%  
 Dollars in millions  
 2007  
 % of Segments  
 2006  
 % Change  
 Retail Banking

\$678  
53%  
\$581  
17%  
Corporate & Institutional Banking  
341  
26%  
328  
4%  
BlackRock  
(a)  
176  
14%  
137  
28%  
PFPC  
96  
7%  
93  
3%  
Total business segment earnings  
1,291  
1,139  
Other (a)(b)  
(2)  
1,080  
Total consolidated net income  
\$1,289  
\$2,219  
Nine Months Ending September 30  
Earnings (Loss)  
(a)  
For  
our  
segment  
reporting  
presentation  
in  
management's discussion  
and  
analysis,  
after-tax  
BlackRock/MLIM transaction  
integration  
costs  
totaling \$4  
million and  
\$56  
million for  
the

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

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

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

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