

PNC FINANCIAL SERVICES GROUP INC

Form 424B2

September 16, 2009

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Filed Pursuant to Rule 424(b)(2)  
Registration Nos. 333-139912  
and 333-139912-01

**The information in this prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell nor do they seek an offer to buy these securities in any state where the offer or sale is not permitted.**

**SUBJECT TO COMPLETION. DATED SEPTEMBER 16, 2009.**

**PROSPECTUS SUPPLEMENT**

(To Prospectus dated January 10, 2007)

\$

**PNC Funding Corp**

**% Senior Notes due**

**Unconditionally Guaranteed by**

**The PNC Financial Services Group, Inc.**

The senior notes in the initial aggregate principal amount of \$ \_\_\_\_\_ will mature on \_\_\_\_\_, \_\_\_\_\_ and bear interest at \_\_\_\_\_ % per annum, payable semi-annually in arrears on \_\_\_\_\_ and \_\_\_\_\_ of each year, commencing on \_\_\_\_\_, 2010. The senior notes are not redeemable prior to maturity. There is no sinking fund for the senior notes.

The senior notes will rank equally with all other existing and future senior unsecured indebtedness of PNC Funding Corp. The PNC Financial Services Group, Inc. will guarantee the senior notes, and the guarantees will rank equally with the existing and future senior unsecured indebtedness of The PNC Financial Services Group, Inc.

See **Risk Factors** on page S-4 to read about important factors you should consider before buying the senior notes. The senior notes and the guarantees are not deposits of a bank and are not insured by the United States Federal Deposit Insurance Corporation or any other insurer or government agency. The senior notes are not guaranteed under the Federal Deposit Insurance Corporation's Temporary Liquidity Guarantee Program.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined that this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Price to Public(1)	Underwriting Discounts	Proceeds to us
Per Senior Note	%	%	%
Total	\$	\$	\$

(1) Plus accrued interest, if any, from the original issue date.

The senior notes will not be listed on any securities exchange. Currently, there is no public trading market for the senior notes.

The underwriters expect to deliver the senior notes to purchasers in book-entry form through the facilities of The Depository Trust Company and its direct participants, including Euroclear and Clearstream, on or about September , 2009.

*Joint Book-Running Managers*

**Goldman, Sachs & Co.**

**J.P. Morgan**

**PNC Capital Markets LLC**

September , 2009

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### **ABOUT THIS PROSPECTUS SUPPLEMENT**

You should read both this prospectus supplement and the accompanying prospectus, together with additional information described under the heading *Where You Can Find More Information* in the accompanying prospectus and in *Incorporation of Certain Documents by Reference* in this prospectus supplement.

References to *PNC* in this prospectus supplement and in the accompanying prospectus are references to The PNC Financial Services Group, Inc., specifically, references to *PNC Funding* in this prospectus supplement and the accompanying prospectus are references to PNC Funding Corp, a wholly owned indirect subsidiary of PNC, specifically, and references to *we*, *us* and *our* are references collectively to PNC and PNC Funding. References to The PNC Financial Services Group, Inc. and its subsidiaries, on a consolidated basis, are specifically made where applicable.

If the information set forth in this prospectus supplement differs in any way from the information set forth in the accompanying prospectus, you should rely on the information set forth in this prospectus supplement.

Currency amounts in this prospectus supplement are stated in U.S. dollars.

You should rely only on the information contained in or incorporated by reference into this prospectus supplement and the accompanying prospectus. This prospectus supplement may be used only for the purpose for which it has been prepared. No one is authorized to give information other than that contained in this prospectus supplement and the accompanying prospectus and in the documents incorporated by reference herein and in the accompanying prospectus. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it.

We are not, and the underwriters are not, making an offer to sell the senior notes in any jurisdiction where the offer or sale is not permitted. You should not assume that the information appearing in this prospectus supplement or any document incorporated by reference herein or in the accompanying prospectus is accurate as of any date other than the date of the applicable document. Our business, financial condition, results of operations and prospects may have changed since that date. Neither this prospectus supplement nor the accompanying prospectus constitutes an offer, or an invitation on our behalf or on behalf of the underwriters, to subscribe for and purchase any of the securities and may not be used for or in connection with an offer or solicitation by anyone, in any jurisdiction in which such an offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation.

### **FORWARD-LOOKING STATEMENTS**

This prospectus supplement and the accompanying prospectus, including information incorporated in them by reference, have statements regarding our outlook or expectations for earnings, revenues, expenses, capital levels, liquidity levels, asset quality 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 statements are typically identified by words such as *believe*, *expect*, *anticipate*, *intend*, *outlook*, *estimate*, *forecast*, and other similar words and expressions. Forward-looking statements are subject to numerous assumptions, risks and uncertainties, which change over time. Forward-looking statements speak only as of the date they are made. We do not assume any duty and do not undertake to update our forward-looking statements. Actual results or future events could differ, possibly materially, from those that we anticipated in our forward-looking statements, and future results could differ materially from our historical performance. Our forward-looking statements are subject to the following principal risks and uncertainties. We provide greater detail regarding some of these factors in our Quarterly Reports on Form 10-Q for the quarters

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ended March 31, 2009 and June 30, 2009 and in our Annual Report on Form 10-K for the year ended December 31, 2008, filed with the Securities and Exchange Commission ( SEC ) and available on the SEC s website at [www.sec.gov](http://www.sec.gov), including in the Risk Factors and Risk Management sections of those reports. Our forward-looking statements may also be subject to other risks and uncertainties, including those discussed elsewhere in this prospectus supplement and the accompanying prospectus or in our other filings with the SEC.

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

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

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

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

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

Changes in levels of unemployment.

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 U.S. and global financial markets, particularly if it worsens, could impact our performance, both directly by affecting our revenues and the value of our assets and liabilities and indirectly by affecting our counterparties and the economy generally.

Our business and financial performance could be impacted as the financial industry restructures in the current environment, both by changes in the creditworthiness and performance of our counterparties and by changes in the competitive landscape.

Given current economic and financial market conditions, our forward-looking financial statements are subject to the risk that these conditions will be substantially different than we are currently expecting. These statements are based on our current expectations that interest rates will remain low through 2009 with continued wide market credit spreads, and our view that national economic trends currently point to a continuation of severe recessionary conditions in 2009 followed by a subdued recovery.

Legal and regulatory developments could have an impact on our ability to operate our businesses or our financial condition or results of operations or our competitive position or reputation. Reputational impacts, in turn, could affect matters such as business generation and retention, our ability to attract and retain management, liquidity, and funding. These legal and regulatory developments could include:

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Changes resulting from legislative and regulatory responses to the current economic and financial industry environment, including current and future conditions or restrictions imposed as a result of our participation in the TARP Capital Purchase Program.

Other legislative and regulatory reforms, including broad-based restructuring of financial industry regulation as well as changes to laws and regulations involving tax, pension, bankruptcy, consumer protection, and other aspects of the financial institution industry.

Increased litigation risk from recent regulatory and other governmental developments.

Unfavorable resolution of legal proceedings or regulatory and other governmental inquiries.

The results of the regulatory examination and supervision process, including our failure to satisfy the requirements of agreements with governmental agencies.

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Changes in accounting policies and principles.

Our issuance of securities to the US Department of the Treasury may limit our ability to return capital to our shareholders and is dilutive to our common shares. If we are unable previously to redeem the shares, the dividend rate increases substantially after five years.

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

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

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

Our ability to implement our business initiatives and strategies could affect our financial performance over the next several years.

Competition can have an impact on customer acquisition, growth and retention, as well as on our credit spreads and product pricing, which can affect market share, deposits and revenues.

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

Also, risks and uncertainties that could affect the results anticipated in forward-looking statements or from historical performance relating to our equity interest in BlackRock, Inc. are discussed in more detail in BlackRock's filings with the SEC, including in the Risk Factors sections of BlackRock's reports. BlackRock's SEC filings are accessible on the SEC's website and on or through BlackRock's website at [www.blackrock.com](http://www.blackrock.com). This material is referenced for informational purposes only and should not be deemed to constitute a part of this prospectus or prospectus supplement.

In addition, our acquisition of National City Corporation ( National City ) on December 31, 2008 presents us with a number of risks and uncertainties related both to the acquisition transaction itself and to the integration of the acquired businesses into PNC. These risks and uncertainties include the following:

The anticipated benefits of the transaction, including anticipated cost savings and strategic gains, may be significantly harder or take longer to achieve than expected or may not be achieved in their entirety as a result of unexpected factors or events.

Our ability to achieve anticipated results from this transaction is dependent on the state going forward of the economic and financial markets, which have been under significant stress recently. Specifically, we may incur more credit losses from National City's loan portfolio than expected. Other issues related to achieving anticipated financial results include the possibility that deposit attrition or attrition in key client, partner and other relationships may be greater than expected.

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Legal proceedings or other claims made and governmental investigations currently pending against National City, as well as others that may be filed, made or commenced relating to National City's business and activities before the acquisition, could adversely impact our financial results.

Our ability to achieve anticipated results is also dependent on our ability to bring National City's systems, operating models and controls into conformity with ours and to do so on our planned time schedule. The integration of National City's business and operations into PNC, which will include conversion of National City's different systems and procedures, may take longer than anticipated or be

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more costly than anticipated or have unanticipated adverse results relating to National City's or PNC's existing businesses. PNC's ability to integrate National City successfully may be adversely affected by the fact that this transaction will result in PNC entering several markets where PNC did not previously have any meaningful retail presence.

In addition to the National City transaction, we grow our business from time to time by acquiring other financial services companies. Acquisitions in general present us with risks, in addition to those presented by the nature of the business acquired, similar to some or all of those described above relating to the National City acquisition.

**INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE**

The SEC allows us to incorporate by reference information in this document. This means that PNC can disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is considered to be a part of this document, except for any information that is superseded by information that is included directly in this document. You may read and copy this information at the Public Reference Room of the SEC at 100 F Street, NE, Room 1580, Washington, D.C. 20549. You may obtain information on the operation of the SEC's Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains an internet website that contains reports, proxy statements and other information about issuers, like us, who file electronically with the SEC. The address of the site is <http://www.sec.gov>. The reports and other information filed by PNC with the SEC are also available at our Internet website, [www.pnc.com](http://www.pnc.com). We have included the web addresses of the SEC and PNC as inactive textual references only. Except as specifically incorporated by reference into this document, information on those websites is not part of this document.

This document incorporates by reference the documents listed below that we previously filed with the SEC. They contain important information about the company and its financial condition.

<b>Filing</b>	<b>Period or Date Filed</b>
Annual Report on Form 10-K	Year ended December 31, 2008
Quarterly Reports on Form 10-Q	Quarter ended March 31, 2009
	Quarter ended June 30, 2009
Current Reports on Form 8-K	December 2, 2008, January 2, 2009 (two filings), February 13, 2009, February 19, 2009, March 3, 2009 (Item 8.01 information only), April 3, 2009, April 14, 2009, May 4, 2009, May 14, 2009, May 27, 2009, June 9, 2009 and August 21, 2009.

In addition, PNC also incorporates by reference additional documents that we file with the SEC under Sections 13(a), 13(c), 14 and 15(d) of the Securities Exchange Act of 1934, as amended (the Exchange Act), between the date of this document and the date of the termination of the offer pursuant to this prospectus. These documents include periodic reports, such as Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, as well as proxy statements.

Any statement contained in a document incorporated by reference, or deemed to be incorporated by reference, in this prospectus shall be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained in this prospectus or in any other subsequently filed document which also is incorporated by reference in this prospectus modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus.

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As used in this prospectus, the term "prospectus" means this prospectus supplement and the accompanying prospectus, including the documents incorporated by reference, as the same may be amended, supplemented or otherwise modified from time to time. Statements contained in this prospectus as to the contents of any contract or other document referred to in this prospectus do not purport to be complete, and where reference is made to the particular provisions of such contract or other document, such provisions are qualified in all respects by reference to all of the provisions of such contract or other document. We will provide without charge to each person to whom a copy of this prospectus has been delivered, on the written or oral request of such person, a copy of any or all of the documents which have been or may be incorporated in this prospectus by reference (other than exhibits to such documents unless such exhibits are specifically incorporated by reference in any such documents) and a copy of any or all other contracts or documents which are referred to in this prospectus. You may request a copy of these filings at the address and telephone number set forth below.

Documents incorporated by reference are available from PNC without charge, excluding any exhibits to those documents unless the exhibit is specifically incorporated by reference as an exhibit in this document. You can obtain documents incorporated by reference in this document by requesting them in writing or by telephone at the following address:

The PNC Financial Services Group, Inc.

One PNC Plaza

249 Fifth Avenue

Pittsburgh, Pennsylvania 15222-2707

Attention: Shareholder Services

Telephone: (800) 982-7652

Email: [webqueries@computershare.com](mailto:webqueries@computershare.com)

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**SUMMARY**

*The following information about this offering summarizes, and should be read in conjunction with, the information contained in this prospectus supplement and in the accompanying prospectus, and the documents incorporated therein by reference.*

**About The PNC Financial Services Group, Inc.**

PNC is one of the largest diversified financial services companies in the United States and is headquartered in Pittsburgh, Pennsylvania. As described further below PNC acquired National City on December 31, 2008.

We were incorporated under the laws of the Commonwealth of Pennsylvania in 1983 with the consolidation of Pittsburgh National Corporation and Provident National Corporation. Since 1983, we have diversified our geographical presence, business mix and product capabilities through internal growth, strategic bank and non-bank acquisitions and equity investments, and the formation of various non-banking subsidiaries.

PNC has businesses engaged in retail banking, corporate and institutional banking, asset management, residential mortgage banking and global investment servicing, providing many of its products and services nationally and others in PNC's primary geographic markets located in Pennsylvania, New Jersey, Washington, DC, Maryland, Virginia, Ohio, Kentucky, Delaware, Florida, Illinois, Indiana, Michigan, Missouri and Wisconsin. PNC also provides certain investment servicing internationally and also conducts selected consumer and commercial lending businesses and other financial services on a nationwide basis.

On December 31, 2008, we acquired National City for approximately \$6.1 billion. The total consideration included approximately \$5.6 billion of PNC common stock, \$150 million of preferred stock, and cash paid to warrant holders by National City.

We completed the acquisition primarily by issuing approximately 95 million shares of PNC common stock. In accordance with purchase accounting methodologies, National City Bank's balance sheet was adjusted to fair value at which time the bank was under-capitalized from a regulatory perspective. However, PNC's consolidated balance sheet remained well-capitalized and liquid.

Following the closing, PNC received \$7.6 billion from the Department of the Treasury under the EESA in exchange for the issuance of preferred stock and a warrant. These proceeds were used to enhance National City Bank's regulatory capital position to well-capitalized in order to continue serving the credit and deposit needs of existing and new customers. On a consolidated basis, these proceeds also resulted in further improvement to our liquidity and capital positions.

In connection with obtaining regulatory approvals for the acquisition, PNC entered into definitive agreements to divest 61 of National City Bank's branches in Western Pennsylvania with deposits of approximately \$3.9 billion as of December 31, 2008. We completed the sale of these branches by September 4, 2009. We expect to merge National City Bank into PNC Bank, National Association (PNC Bank, N.A.) in the fourth quarter of 2009.

PNC stock is listed on the New York Stock Exchange under the symbol PNC. As of June 30, 2009, PNC had total consolidated assets of approximately \$279.8 billion, total consolidated deposits of approximately \$190.4 billion and total consolidated shareholders' equity of approximately \$27.3 billion.

PNC is a holding company and services its obligations primarily with dividends and advances that it receives from subsidiaries. PNC's subsidiaries that operate in the banking and securities businesses can pay

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dividends only if they are in compliance with the applicable regulatory requirements imposed on them by federal and state bank regulatory authorities and securities regulators. PNC's subsidiaries may be party to credit or other agreements that also may restrict their ability to pay dividends. PNC currently believes that none of these regulatory or contractual restrictions on the ability of its subsidiaries to pay dividends will affect PNC's ability to service its own debt. PNC must also maintain the required capital levels of a bank holding company before it may pay dividends on its stock.

Under the regulations of the Federal Reserve, a bank holding company is expected to act as a source of financial strength for its subsidiary banks. As a result of this regulatory policy, the Federal Reserve might require PNC to commit resources to its subsidiary banks when doing so is not otherwise in the interests of PNC or its shareholders or creditors.

PNC's principal executive offices are located at One PNC Plaza, 249 Fifth Avenue, Pittsburgh, Pennsylvania 15222-2707, and its telephone number is 412-762-2000.

## **Conflicts of Interest**

PNC Capital Markets LLC is an affiliate of PNC Funding Corp and The PNC Financial Services Group, Inc. The distribution arrangements for this offering comply with the requirements of Rule 2720 of the Conduct Rules of the Financial Industry Regulatory Authority (FINRA) regarding a FINRA member's firm participation in the distribution of securities of an affiliate. In accordance with Rule 2720, no FINRA member firm may make sales in this offering to any discretionary account without the prior approval of the customer. Our affiliates, including PNC Capital Markets LLC and other affiliates may use this prospectus supplement and the attached prospectus in connection with offers and sales of the senior notes in the secondary market. These affiliates may act as principal or agent in those transactions. Secondary market sales will be made at prices related to market prices at the time of sale.

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**THE OFFERING**

<b>Securities offered</b>	% Senior Notes due
<b>Issuer</b>	PNC Funding Corp
<b>Guarantor</b>	The PNC Financial Services Group, Inc.
<b>Aggregate Principal Amount</b>	\$
<b>Maturity Date</b>	
<b>Issue Date</b>	September , 2009
<b>Issue Price</b>	% plus accrued interest, if any, from and including September , 2009
<b>Interest Rate</b>	% annually
<b>Interest Payment Dates</b>	Each and , commencing , 2010
<b>Record Dates</b>	Each and
<b>Form</b>	Fully-registered global notes in book-entry form
<b>Denominations</b>	\$2,000 and integral multiples of \$1,000 in excess thereof
<b>Further Issuance</b>	The senior notes will be limited initially to \$ million in aggregate principal amount. PNC may, however, reopen this series of senior notes and issue unlimited principal amount of additional senior notes of this series in the future without the consent of the holders.
<b>Use of proceeds</b>	PNC and its subsidiaries expect to use the net proceeds for general corporate purposes.
<b>Risk Factors</b>	Investing in the senior notes involves certain risks. See page S-4.



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**RISK FACTORS**

Your investment in the senior notes involves risks. This prospectus supplement does not describe all of those risks. Before purchasing any senior notes, you should carefully consider the following risk factors, in addition to the other information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus, including the discussion under Item 1A Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2008, as such discussion may be amended or updated in other reports filed by us with the SEC (other than the portions of those documents considered furnished rather than filed).

**The continuation or worsening of current recessionary conditions, as well as continued turmoil in the financial markets, would likely have an adverse effect on our business, financial position and results of operations.**

The economy in the United States and globally is currently in the midst of a severe recession. This economic situation has been accompanied by disruption and turmoil in financial markets around the world. Throughout much of the United States, the past two years have seen dramatic declines in the housing market, with falling home prices and increasing foreclosures. The deepening recession has led to increased unemployment and underemployment. Businesses across many industries are showing reduced earnings or in some cases losses, with reduced investments in growth.

For the financial services industry, this overall environment has resulted in significant write-downs of asset values, initially of mortgage-backed securities but spreading to other derivative and cash securities. Affected institutions include commercial and investment banks as well as government-sponsored entities. The impact of this situation has led to distress in credit markets, reduced liquidity for many types of securities and concerns regarding the financial strength and adequacy of the capitalization of financial institutions. Some financial institutions around the world have failed, some have needed significant additional capital and others have been forced to seek acquisition partners.

Reflecting concern about the stability of the financial markets generally and the strength of counterparties, as well as concern about their own capital and liquidity positions, many lenders and institutional investors have reduced or ceased providing funding to borrowers. The resulting economic pressure on consumers and businesses and the lack of confidence in the financial markets has exacerbated the state of economic distress and hampered efforts to bring about an economic recovery and restore stability to financial markets.

The United States and other governments have taken unprecedented steps to try to stabilize the financial system, including making significant investments in financial institutions and guaranteeing or otherwise supporting troubled assets held by financial institutions. The Obama administration and the U.S. Congress are actively seeking ways of providing economic stimulus and financial market stability, including the recent enactment of the Recovery Act.

These economic conditions have had an adverse effect on our business and financial performance. We do not expect that the weakened economy or difficult conditions in the financial markets are likely to improve meaningfully in the near future, and we expect those conditions to have an ongoing negative impact on us. A worsening or prolonged continuation of these conditions would likely aggravate the adverse effects of these difficult economic and market conditions on us and on others in the financial institutions industry.

In particular, we may face the following risks in connection with the current economic and market environment:

Proposals to permit bankruptcy courts to adjust the terms of home mortgage obligations of people in proceedings before them may adversely impact the value of mortgages and mortgage-backed securities held by us, including, in the case of securities, by affecting the protections offered by subordination provisions.

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We expect to face increased regulation of our industry, including as a result of the EESA, the Recovery Act and other current or future initiatives to provide economic stimulus, financial market stability and enhanced regulation of financial services companies. Compliance with such regulation may increase our costs and limit our ability to pursue business opportunities.

Investors may have less confidence in the equity markets in general and in financial services industry stocks in particular, which could place downward pressure on PNC's stock price and resulting market valuation.

Market developments may further affect consumer and business confidence levels and may cause declines in credit usage and adverse changes in payment patterns, causing increases in delinquencies and default rates.

Our ability to assess the creditworthiness of our customers may be impaired if the models and approaches we use to select, manage, and underwrite our customers become less predictive of future behaviors.

The process we use to estimate losses inherent in our credit exposure requires difficult, subjective and complex judgments, including the review of economic conditions and how these economic conditions might impair the ability of our borrowers to repay their loans, which may no longer be capable of accurate estimation, which may, in turn, impact the reliability of the process.

We could suffer decreases in customer desire to do business with us, whether as a result of a decreased demand for loans or other financial products and services or decreased deposits or other investments in accounts with PNC.

Competition in our industry could intensify as a result of the increasing consolidation of financial services companies in connection with current market conditions. Governmental support provided to financial institutions could alter the competitive landscape.

Increased regulation of compensation at financial services companies as part of government efforts to reform the industry may hinder our ability to attract and retain well-qualified individuals in key positions.

We may be required to pay significantly higher Federal Deposit Insurance Corporation premiums because market developments have significantly depleted the insurance fund of the FDIC and reduced the ratio of reserves to insured deposits.

### **Our acquisition of National City presents substantial risks and uncertainties, which could limit our ability to realize the anticipated benefits from this transaction.**

On December 31, 2008, we acquired National City through a merger in which PNC continued as the surviving entity. We provide additional information about this acquisition in Note 2 to Item 8 Financial Statements and Supplementary Data in our Annual Report on Form 10-K for the year ended December 31, 2008, as such discussion is updated in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2009, in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2009 and in other reports filed by us with the SEC (other than the portions of those documents considered furnished rather than filed), including in our Current Report on Form 8-K filed December 2, 2008.

This acquisition presents the following risks to PNC:

Like PNC, National City was a large financial institution and had retail and other banking operations in numerous markets in which PNC had little or no experience. National City also had major operations in areas in which PNC did not have a significant presence, including residential mortgage lending, residential mortgage servicing, credit card lending and equipment leasing. As a result of these factors, there are significant integration-related risks which are greater than in other recent acquisitions by PNC.





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Prior to completion of the merger, PNC and National City operated as separate independent entities. The integration process may result in the loss of key employees, the disruption of either company's ongoing businesses or inconsistencies in standards, controls, procedures and policies that adversely affect our ability to maintain relationships with clients, customers, depositors and employees or to achieve the anticipated benefits of the merger. Integration efforts between the two companies will also divert management attention and resources. Successful integration may also be hampered by cultural differences between the two organizations. Further, PNC agreed, in connection with obtaining regulatory approvals for the National City acquisition, to divest 61 of National City Bank's branches in Western Pennsylvania. This disposition was completed on September 4, 2009.

In recent periods, National City's results had been impacted negatively by a significant amount of asset impairments. Our results following the acquisition will depend on our ability to manage these assets, which require special servicing and management oversight, including disposition if appropriate. As the integration process develops, we may identify other issues with respect to National City's asset valuation or accounting procedures that lead to further impairments or write-downs.

National City's pre-acquisition financial performance, resulting stock price performance and other pre-acquisition activities have led to several lawsuits and governmental investigations, and more may be commenced in the future. As a result of this acquisition, we now bear the risks associated with lawsuits and governmental investigations relating to National City, the full extent of the potential adverse impact of which cannot currently be predicted with reasonable certainty.

**Our issuance of securities to the Department of the Treasury limits our ability to return capital to our shareholders, is dilutive to our common stock and exposes us to risks and uncertainties relating to governmental actions. Also, the dividend rate of such securities increases substantially after five years if we are unable to redeem the shares by that time.**

In connection with our sale of \$7.6 billion of senior preferred stock to the Department of the Treasury on December 31, 2008, we also issued the Department of the Treasury a warrant to purchase up to approximately 16.9 million shares of our common stock at \$67.33 per share (representing approximately 3.7% of our shares of common stock outstanding on July 31, 2009). The terms of the transaction with the Department of the Treasury result in limitations on our ability to pay dividends and repurchase our shares. For three years after issuance or until the Department of the Treasury no longer holds any preferred shares, we will not be able to increase our dividends above the most recent level prior to October 14, 2008 (\$0.66 per common share on a quarterly basis) nor repurchase any of our shares without the Department of the Treasury's approval, with limited exceptions (most significantly, purchases in connection with benefit plans). Also, we will not be able to pay any dividends at all unless we remain current on our dividend payments on such preferred shares. These restrictions, as well as the dilutive impact of the warrant, may have an adverse effect on the market price of our common stock.

The Recovery Act amended provisions of EESA relating to compensation and governance as they affect companies such as PNC that have sold securities to the Department of the Treasury. In some cases, these amendments require action by the Department of the Treasury to implement them. These amendments could have an adverse impact on the conduct of our business, as could additional amendments in the future that impose further requirements or amend existing requirements. In addition, there could be further interventions by the U.S. Government, and companies such as PNC that have sold securities to the Department of the Treasury could be particularly susceptible to such interventions.

Unless we are able to redeem the preferred stock during the first five years, the dividends on this capital will increase substantially at that point, from 5% (approximately \$379 million annually) to 9% (approximately \$682 million annually). Depending on market conditions and our financial performance at the time, this increase in dividends could significantly impact our capital and liquidity.

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**Our credit ratings were recently downgraded. Our credit ratings are reviewed periodically and we could be subject to additional downgrades in the future.**

Our credit ratings are an important factor in determining the cost and availability of short- and long-term funding, as well as collateral requirements for certain derivative instruments. On May 12, 2009, Moody's Investors Services (Moody's) downgraded our senior debt rating to A3, our subordinated debt rating to Baa1, our preferred stock rating to Baa2 and our short-term debt rating to Prime-2. Moody's also downgraded PNC Bank, N.A.'s and National City Bank's long-term deposit and senior debt ratings to A1, and their financial strength ratings to C+. Moody's maintains a negative outlook on PNC and our subsidiaries. Standard & Poor's Ratings Services (Standard & Poor's) currently rates PNC Bank, N.A. as A-, rates National City Bank as A- and rates PNC's senior debt as A-. In June 2009, Standard and Poor's completed a broad-ranging reassessment of industry risk for US financial institutions. As a result, Standard and Poor's affirmed PNC's ratings and changed our outlook to stable from creditwatch negative.

In general, rating agencies base their ratings on many quantitative and qualitative factors, including capital adequacy, liquidity, asset quality, business mix and level and quality of earnings, and there can be no assurance that we will maintain the aforementioned credit ratings. In addition, ratings agencies have themselves been subject to scrutiny arising from the financial crisis and there is no assurance that rating agencies will not make or be required to make substantial changes to their ratings policies and practices or that such changes would not affect ratings of our securities or of securities in which we have an economic interest. Any decrease, or potential decrease, in credit ratings could impact access to the capital markets and/or increase the cost of debt, and thereby adversely affect liquidity and financial condition.

**USE OF PROCEEDS**

We will apply the net proceeds from the sale of the senior notes for general corporate purposes.

**CERTAIN TERMS OF THE SENIOR NOTES**

The senior notes offered by this prospectus supplement will be issued by PNC Funding under an Indenture dated as of December 1, 1991, among PNC, PNC Funding and The Bank of New York Mellon, which was formerly known as The Bank of New York, as successor to JPMorgan Chase Bank, which was formerly known as The Chase Manhattan Bank, as Trustee, as supplemented by a Supplemental Indenture dated as of February 15, 1993, a Second Supplemental Indenture dated as of February 15, 2000, a Third Supplemental Indenture dated as of December 19, 2008, a Fourth Supplemental Indenture dated as of December 19, 2008 and a Fifth Supplemental Indenture dated as of March 31, 2009. References to the Indenture in this section will mean the Indenture as so supplemented. The accompanying prospectus provides a more complete description of the Indenture. The senior notes will be Senior Debt Securities, as such term is defined in the accompanying prospectus. The following description of the particular terms of the senior notes supplements, and to the extent inconsistent therewith replaces, the description of the general terms and provisions of the Senior Debt Securities in the accompanying prospectus, to which description we refer you. The accompanying prospectus sets forth the meaning of certain capitalized terms used herein and not otherwise defined.

**General**

The senior notes issued in this offering initially will be limited to \$ \_\_\_\_\_ aggregate principal amount. The senior notes will mature on \_\_\_\_\_, \_\_\_\_\_. The senior notes may not be redeemed by PNC Funding or at the option of the holder prior to maturity. There is no sinking fund for the senior notes. The senior notes are not

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convertible into, or exchangeable for, equity securities of PNC or PNC Funding. The senior notes will rank equally with all of PNC Funding's other senior unsecured indebtedness. At June 30, 2009, PNC Funding had \$7.1 billion of senior unsecured indebtedness.

**The senior notes are not guaranteed under the Federal Deposit Insurance Corporation's Temporary Liquidity Guarantee Program.**

### **Interest**

The senior notes will bear interest at the rate of % per annum. Interest on the senior notes will accrue from and including September , 2009 and will be payable semi-annually in arrears on and of each year (each an interest payment date ), commencing on , 2010. Interest will be computed on the basis of a 360-day year consisting of twelve 30-day months.

Interest on the senior notes will accrue from and including September , 2009, to, but excluding, the first interest payment date and then from, and including, the immediately preceding interest payment date to which interest has been paid or duly provided for to, but excluding, the next interest payment date or the maturity date, as the case may be. Each of these periods is referred to as an interest period for the senior notes. If an interest payment date or the maturity date for the senior notes falls on a day that is not a business day, PNC Funding will postpone the interest payment or the payment of principal and interest at maturity to the next succeeding business day, but the payments made on such dates will be treated as being made on the date that the payment was first due and the holders of the senior notes will not be entitled to any further interest or other payments with respect to such postponements.

When we use the term business day , we mean any day except a Saturday, a Sunday or a legal holiday in the City of New York or the City of Pittsburgh on which banking institutions are authorized or obligated by law, regulation or executive order to close. The interest payable on the senior notes on any interest payment date, subject to certain exceptions, will be paid to the person in whose name the senior notes are registered at the close of business on and , whether or not a business day, immediately preceding the interest payment date. However, interest that PNC Funding pays on the maturity date will be paid to the person to whom the principal will be payable. Interest will be payable by wire transfer in immediately available funds in U.S. dollars at the office of the principal paying agent in New York, New York or at PNC Funding's option in the event the senior notes are not represented by Global Notes (as defined below) by check mailed to the address of the person specified for payment in the preceding sentences.

### **Guarantees**

The senior notes are unconditionally guaranteed by PNC. The PNC guarantee of the senior notes will rank equally with the existing and future senior unsecured indebtedness of PNC. At June 30, 2009, the outstanding senior indebtedness of PNC was approximately \$12.4 billion, which as of that date consisted of the guarantee of senior indebtedness of PNC Funding of \$7.1 billion and \$5.3 billion of senior indebtedness of National City, for which PNC became the obligor upon consummation of the merger with National City. The senior notes are not guaranteed by the subsidiaries of PNC. Because PNC is a holding company, the PNC guarantee is effectively subordinated to all indebtedness and other liabilities (including trade payables and deposits) of PNC's subsidiaries.

### **Further issuances**

PNC Funding may from time to time, without the consent of the holders of the senior notes, create and issue further senior notes having the same terms and conditions as either series of the senior notes equal in rank to the

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senior notes offered by this prospectus supplement in all respects (or in all respects except for the payment of interest accruing prior to the issue date of the further senior notes or except in some cases for the first payment of interest following the issue date of the further senior notes). These further senior notes may be consolidated and form a single series with this series of the senior notes and will have the same terms as to status or otherwise as the senior notes.

### **Delivery and form**

The senior notes will be represented by one or more permanent global certificates (each a Global Note and collectively, the Global Notes) deposited with, or on behalf of, The Depository Trust Company (DTC) and registered in the name of Cede & Co. (DTC's partnership nominee). The senior notes will be available for purchase in denominations of \$2,000 and integral multiples of \$1,000 in excess thereof in book-entry form only. Unless and until certificated senior notes are issued under the limited circumstances described in the accompanying prospectus, no beneficial owner of a senior note shall be entitled to receive a definitive certificate representing senior notes. So long as DTC or any successor depository (collectively, the Depository) or its nominee is the registered owner of the Global Notes, the Depository, or such nominee, as the case may be, will be considered to be the sole owner or holder of the senior notes for all purposes of the Indenture. Beneficial interests in the Global Notes will be represented through book-entry accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants in DTC. Investors may elect to hold interests in the Global Notes through DTC either directly if they are participants in DTC or indirectly through organizations that are participants in DTC, including Euroclear and Clearstream.

### **Clearance and settlement procedures**

Initial settlement for the senior notes will be made in immediately available funds. Secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC rules and will be settled in immediately available funds.

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**CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS**

The following general discussion summarizes the material United States federal income tax consequences of the purchase, ownership and disposition of the senior notes for United States holders and Non-United States holders. This discussion is a summary for general information only and does not consider all aspects of United States federal income taxation that may be relevant to an investor in light of that investor's particular circumstances. This discussion deals only with the senior notes purchased in the initial offering at their original offering price and held as capital assets within the meaning of Section 1221 of the United States Internal Revenue Code of 1986, referred to in this discussion as the Code, as amended to the date of this prospectus supplement. This summary does not address all of the tax consequences that may be relevant to a holder of the senior notes nor does it address the federal income tax consequences to holders subject to special treatment under the United States federal income tax laws, such as brokers or dealers in securities or currencies, certain securities traders, tax-exempt entities, banks, thrifts, insurance companies, other financial institutions, persons that hold the senior notes as a position in a straddle or as part of a synthetic security, hedging, conversion or other integrated instrument, persons that have a functional currency other than the United States dollar, investors in pass-through entities and certain United States expatriates. Further, this summary does not address:

the income tax consequences to shareholders in, or partners or beneficiaries of, a holder of the senior notes, or

any state, local, or foreign tax consequences of the purchase, ownership or disposition of the senior notes.

This discussion is based upon the Code, existing and proposed regulations thereunder, and current administrative rulings and court decisions. All of the foregoing is subject to change, possibly on a retroactive basis, and any such change could affect the continuing validity of this discussion.

**Persons considering the purchase, ownership, or disposition of the senior notes are urged to consult their own tax advisors concerning the application of United States federal income tax laws, as well as the laws of any state, local, or foreign taxing jurisdiction.**

**United States Holders**

This subsection describes the tax consequences to United States holders of the senior notes.

For purposes of this discussion, the term United States holder means a beneficial owner of the senior notes that for United States federal income tax purposes is:

a citizen or resident of the United States,

a corporation or other entity taxable as a corporation created or organized under the laws of the United States or any state thereof or the District of Columbia,

an estate, the income of which is includible in its gross income for United States federal income tax purposes without regard to its source, or

a trust if (i) a court within the United States is able to exercise primary supervision over its administration and one or more United States persons have the authority to control all substantial decisions of the trust or (ii) has a valid election in effect under applicable United States Treasury regulations to be treated as a United States person.

If a partnership holds a senior note, the tax treatment of a partner will generally depend upon the status of the partners and upon the activities of the partnership. If you are a partnership holding a senior note, we suggest that you consult a tax advisor.



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### **Payments of Interest**

Stated interest paid or accrued on the senior notes will be taxable to you as ordinary income at the time the interest is paid or accrued in accordance with your method of accounting for United States federal income tax purposes.

### **Sale of the Senior Notes**

When you dispose of a senior note by sale, exchange or other taxable disposition, you generally will recognize gain or loss equal to the difference, if any, between (i) the amount realized on the disposition (other than amounts attributable to accrued and unpaid interest) and (ii) your tax basis in the senior note. Your tax basis in a senior note generally will equal the cost of the senior note. When a senior note is sold, exchanged or otherwise disposed of between interest payment dates, the portion of the amount realized on the disposition that is attributable to interest accrued to the date of sale but not yet reported as interest income must be reported at the time of sale.

The gain or loss on a senior note generally will constitute capital gain or loss, and will be long-term capital gain or loss if you have held the senior note for longer than one year. Under current law, net capital gains of individuals may be taxed at lower rates than items of ordinary income. Your ability to offset capital losses against ordinary income is limited.

### **Information reporting and backup withholding**

In general, information reporting requirements will apply to payments made on, and proceeds from the sale of, senior notes held by a non-corporate United States holder. Payments made on, and proceeds from the sale of, senior notes held by a United States holder may be subject to a backup withholding tax at a rate that is currently 28% unless the holder complies with certain identification or exemption requirements. Any amount withheld, with respect to a United States holder, will be allowed as a credit against the holder's United States federal income tax liability, or refunded, provided the required information is provided to the Internal Revenue Service.

### **Non-United States Holders**

This subsection describes the tax consequences to Non-United States holders of the senior notes. For purposes of this discussion, the term Non-United States holder means a beneficial owner of the senior notes that for United States federal income tax purposes is:

an individual that is a non-resident alien,

a corporation or other entity taxable as a corporation for United States federal income tax purposes created under Non-United States laws, or

an estate or trust that is not taxable in the United States on its worldwide income.

### **United States Federal Withholding Tax**

Under United States federal income tax law, and subject to the discussion of backup withholding below, any interest paid to a Non-United States holder of the senior notes will generally not be subject to United States federal withholding tax if the interest qualifies as portfolio interest. Interest on the senior notes will qualify as portfolio interest if: