PNC FINANCIAL SERVICES GROUP INC
Form S-4
February 06, 2008

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As filed with the Securities and Exchange Commission on February 6, 2008

Registration No. 333-[ ]

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

Form S-4

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

THE PNC FINANCIAL SERVICES GROUP, INC.
(Exact name of registrant as specified in its charter)

Pennsylvania	**6712**	**25-1435979**
(State or other jurisdiction of incorporation)	*(Primary Standard Industrial Classification Code Number)*	*(I.R.S. Employer Identification Number)*

One PNC Plaza
249 Fifth Avenue
Pittsburgh, Pennsylvania 15222-2707
(412) 762-2000
(Address, including Zip Code, and Telephone Number, including Area Code, of Registrant s Principal Executive Offices)

Richard J. Johnson
Chief Financial Officer
One PNC Plaza
249 Fifth Avenue
Pittsburgh, Pennsylvania 15222-2707
(412) 762-2000
(Name, Address, including Zip Code, and Telephone Number, including Area Code, of Agent for Service)

With copies to:

H. Rodgin Cohen, Esq. **Mark J. Menting, Esq.** **Sullivan & Cromwell LLP** **125 Broad Street** **New York, New York 10004** **(212) 558-4000**	**Jean Svoboda, Esq.** **Sr. Vice President, General Counsel** **Sterling Financial Corporation** **1097 Commercial Avenue** **East Petersburg, Pennsylvania 17520** **(717) 735-4908**	**Edward D. Herlihy, Esq.** **Nicholas G. Demmo, Esq.** **Wachtell, Lipton, Rosen & Katz** **51 West 52nd Street** **New York, New York 10019** **(212) 403-1000**

Approximate date of commencement of the proposed sale of the securities to the public: As soon as practicable after this Registration Statement becomes effective and upon completion of the merger described in the enclosed document.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. o

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, as amended, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	**Amount to Be Registered(1)**	**Proposed Maximum Offering Price per Share of Common Stock**	**Proposed Maximum Aggregate Offering Price(2)**	**Amount of Registration Fee(2)**
Common stock, par value $5.00 per share	4,935,381	N/A	$260,544,771	$10,239.41

(1) The maximum number of shares of The PNC Financial Services Group, Inc. common stock estimated to be issuable upon the completion of the PNC/Sterling merger described herein. This number is based on the number of shares of Sterling Financial Corporation common stock estimated to be outstanding, or reserved for issuance under various plans, as of immediately prior to completion of the merger, and the exchange of each share of Sterling common stock and share of Sterling common stock reserved for issuance under various plans for cash

and shares of PNC common stock pursuant to the formula set forth in the Agreement and Plan of Merger, dated as of July 19, 2007, by and between PNC and Sterling, assuming the five-day average closing price of PNC common stock was $64.72, which was the average of the closing prices of PNC common stock for the five trading days beginning January 29, 2008 and ending February 4, 2008.

(2) Estimated solely for purposes of calculating the registration fee required by Section 6(b) of the Securities Act, and calculated pursuant to Rules 457(f)(1), 457(f)(3) and 457(c) under the Securities Act, the proposed maximum aggregate offering price of the registrant s common stock was calculated based upon the market value of shares of Sterling common stock (the securities to be cancelled in the merger) in accordance with Rule 457(c) under the Securities Act as follows: (A) the product of (1) $15.69, the average of the high and low prices per shares of Sterling common stock on February 4, 2008, as quoted on the NASDAQ Global Select Market, multiplied by (2) 30,750,231, the maximum number of shares of Sterling common stock which may be exchanged in the merger, less (B) the amount of cash paid by the Registrant in exchange for shares of Sterling common stock (which equals approximately $224 million).

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such dates as the Commission, acting pursuant to said Section 8(a), may determine.

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PRELIMINARY SUBJECT TO COMPLETION DATED FEBRUARY 6, 2008

MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT

Dear Sterling Shareholder:

On July 19, 2007, Sterling Financial Corporation agreed to merge with The PNC Financial Services Group, Inc. We are sending you this proxy statement/prospectus to notify you of the special meeting of Sterling shareholders being held to vote on the plan of merger and related matters and to ask you to vote at the special meeting in favor of the plan of merger.

If the merger is completed, Sterling will merge with and into PNC, and you will be entitled to elect to receive your merger consideration in the form of PNC common stock, cash or a combination of both. Subject to the election and adjustment procedures described in this document, you will be entitled to receive, in exchange for each share of Sterling common stock you hold at the time of the merger, consideration, without interest, with a value equal to the sum of (i) 0.1543 multiplied by the average closing price of PNC common stock on the New York Stock Exchange, which we refer to as the NYSE, during the five trading days ending the day before the completion of the merger and (ii) $7.60. We expect that the merger will generally be tax-free to you as to shares of PNC common stock you receive in the merger and generally taxable to you as to the cash you receive.

The implied value of the merger consideration will fluctuate with the market price of PNC common stock. As explained in more detail in this document, whether you make a cash election, a stock election or no election, the value of the consideration you will receive as of the completion date will be substantially the same and will be based on the average pre-closing PNC trading price.

As an example, if the average closing price of PNC common stock on the NYSE for the five trading days ending the day before the completion of the merger is $[ ], which was the closing price of PNC common stock on the NYSE on [ ], 2008 (the most recent practicable date prior to the mailing of this proxy statement), each share of Sterling common stock would be converted into the right to receive either approximately $[ ] in cash or approximately 0.[ ] shares of PNC common stock. Based on that PNC closing price, the 0.[ ] shares of PNC common stock would have a market value of approximately $[ ]. As an additional example, if the average closing price of PNC common stock on the NYSE for the five trading days ending the day before the completion of the merger is $73.21, which was the closing price for PNC common stock on July 18, 2007 (the last trading day prior to the announcement of the merger), each share of Sterling common stock would be converted into the right to receive approximately $18.90 in cash or approximately 0.2582 of a share of PNC common stock. A chart showing the cash and stock merger consideration at various hypothetical closing prices of PNC common stock is provided on pages 2 and 40 of this document.

The market prices of both PNC common stock and Sterling common stock will fluctuate before the merger. You should obtain current stock price quotations for PNC common stock and Sterling common stock. PNC common stock is listed on the NYSE under the symbol PNC and Sterling common stock is quoted on the NASDAQ Global Select

Market under the symbol SLFI.

The special meeting of the shareholders of Sterling will be held on [ ] at [ ], EST, at the [ ]. **Your vote is important.** A majority of the votes cast at the Sterling special meeting is required to adopt the plan of merger, and a majority of the outstanding shares, represented in person or by proxy, is necessary to constitute a quorum in order to transact business at the special meeting. Regardless of whether you plan to attend the special shareholders meeting, please take the time to vote your shares in accordance with the instructions contained in this document. **The Sterling board of directors recommends that Sterling shareholders vote FOR adoption of the plan of merger.**

This document describes the special meeting, the merger, the documents related to the merger and other related matters. Please carefully read this entire document, including Risk Factors beginning on page 15, for a discussion of the risks relating to the proposed merger. You also can obtain information about PNC from documents that it has filed with the Securities and Exchange Commission and about Sterling from the information in this document.

Glenn R. Walz Chairman Sterling Financial Corporation	J. Roger Moyer Jr. President and Chief Executive Officer Sterling Financial Corporation

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved the PNC common stock to be issued under this document or determined if this document is accurate or adequate. Any representation to the contrary is a criminal offense.

The date of this document is [ ], and it is first being mailed or otherwise delivered to Sterling shareholders on or about [ ].

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STERLING FINANCIAL CORPORATION
101 North Pointe Boulevard
Lancaster, PA 17601

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

Sterling Financial Corporation will hold a special meeting of shareholders at [ ], at [ ], EST, on [ ] to consider and vote upon the following proposals:

to adopt the Agreement and Plan of Merger, dated as of July 19, 2007, between The PNC Financial Services Group, Inc. and Sterling Financial Corporation, as it may be amended from time to time, which provides for, among other things, the merger of Sterling Financial Corporation with and into The PNC Financial Services Group, Inc.;

to approve the adjournment of the special meeting, if necessary, to solicit additional proxies, in the event that there are not sufficient votes at the time of the special meeting to approve the proposal to adopt the plan of merger; and

to approve such other matters as may be appropriate in connection with the approval of the plan of merger and the transactions contemplated thereby.

The Sterling board of directors has fixed the close of business on [ ] as the record date for the special meeting. Only Sterling shareholders of record at that time are entitled to notice of, and to vote at, the special meeting, or any adjournment or postponement of the special meeting.

Assuming a quorum is present, a majority of the votes cast at the Sterling special meeting is required to adopt the plan of merger.

Regardless of whether you plan to attend the special meeting, please submit your proxy with voting instructions. Please vote as soon as possible. If you hold stock in your name as a shareholder of record, please complete, sign, date and return the accompanying proxy card in the enclosed self-addressed, stamped envelope. You may also authorize a proxy to vote your shares by either visiting the website or calling the toll-free number shown on your proxy card. If you hold your stock in street name through a bank or broker, please direct your bank or broker to vote in accordance with the instructions you have received from your bank or broker. This will not prevent you from voting in person, but it will help to secure a quorum and avoid added solicitation costs. Any holder of Sterling common stock who is present at the special meeting may vote in person instead of by proxy, thereby canceling any previous proxy. In any event, a proxy may be revoked in writing at any time before its exercise at the special meeting in the manner described in the accompanying document.

The Sterling board of directors has approved the merger and the plan of merger and recommends that Sterling shareholders vote FOR adoption of the plan of merger, FOR the approval of the adjournment, if necessary, and FOR approval of other matters appropriate in connection with the plan of merger.

By Order of the Board of Directors,

JEAN SVOBODA
Sr. Vice President, General Counsel
and Corporate Secretary

[ ], 2008
Lancaster, Pennsylvania

YOUR VOTE IS IMPORTANT. PLEASE VOTE YOUR SHARES PROMPTLY, REGARDLESS OF WHETHER YOU PLAN TO ATTEND THE SPECIAL MEETING. YOU CAN FIND INSTRUCTIONS FOR VOTING ON THE ENCLOSED PROXY CARD.

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REFERENCES TO ADDITIONAL INFORMATION

This document incorporates important business and financial information about PNC from documents that are not included in or delivered with this document. You can obtain documents incorporated by reference in this document, other than certain exhibits to those documents, by requesting them in writing or by telephone from PNC at the following address:

The PNC Financial Services Group, Inc.
One PNC Plaza
249 Fifth Avenue
Pittsburgh, Pennsylvania 15222-2707
Attention: Shareholder Relations
(800) 843-2206
Email: investor.relations@pnc.com

You will not be charged for any of these documents that you request. Sterling shareholders requesting documents should do so by [ ] in order to receive them before the special meeting.

See Where You Can Find More Information on page 74.

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QUESTIONS AND ANSWERS ABOUT THE MERGER AND SPECIAL MEETING

The questions and answers below highlight only selected procedural information from this document. They do not contain all of the information that may be important to you. You should read carefully the entire document and the additional documents incorporated by reference into this document to fully understand the voting procedures for the special meeting.

Q: What is the proposed transaction for which I am being asked to vote?

A: You are being asked to adopt the Agreement and Plan of Merger, dated as of July 19, 2007, between The PNC Financial Services Group, Inc. and Sterling Financial Corporation, as it may be amended from time to time, which provides for, among other things, the merger of Sterling Financial Corporation with and into The PNC Financial Services Group, Inc.

Q: What do I need to do now?

A: With respect to the meeting after you have carefully read this document and have decided how you wish to vote your shares, please vote your shares promptly. If you hold stock in your name as a shareholder of record, you must complete, sign, date and mail your proxy card in the enclosed postage paid return envelope as soon as possible. You may also authorize a proxy to vote your shares by telephone or through the Internet as instructed on the proxy card. If you hold your stock in street name through a bank or broker, you must direct your bank or broker to vote in accordance with the instructions you have received from your bank or broker. Submitting your proxy card, authorizing a proxy by telephone or through the Internet, or directing your bank or broker to vote your shares will ensure that your shares are represented and voted at the special meeting.

With respect to the merger you should complete and return the form of election (which is being separately mailed to Sterling shareholders following the mailing of this document), together with your stock certificates, to Computershare, the exchange agent for the merger, according to the instructions printed on the form or, if your shares are held in street name, according to your broker s instructions.

Q: When must I elect the type of merger consideration that I prefer to receive?

A: If you wish to elect the type of merger consideration you receive in the merger, you should carefully review and follow the instructions set forth in the form of election, which is being separately mailed to Sterling shareholders following the mailing of this document. You will need to complete, sign and date the form of election and transmittal materials and return them to the exchange agent, Computershare, at the address given in the materials, together with the certificates representing shares of Sterling common stock, prior to the election deadline. The election deadline will be [ ], although this may change if agreed to by PNC and Sterling. If PNC and Sterling agree to change the election deadline, PNC and Sterling will issue a press release announcing the change. If you do not submit a properly completed and signed form of election to the exchange agent by the election deadline, you will have no control over the type of merger consideration you may receive and, consequently, may receive only cash, only PNC common stock or a combination of cash and PNC common stock in the merger. If you hold shares in street name, you must follow your broker s instructions to make an election. If you are allocated shares of Sterling common stock in Sterling s 401(k) Retirement Plan, you should follow the instructions that will be delivered to you separately.

Q: If I am a Sterling shareholder, should I send in my Sterling stock certificates with my proxy card?

A: No. Please DO NOT send your Sterling stock certificates with your proxy card. You should carefully review and follow the instructions set forth in the form of election, which is being mailed to Sterling shareholders separately following the mailing of this document, regarding the surrender of your share certificates. You should then, prior to the election deadline, send your Sterling common stock certificates to the exchange agent, together with your completed, signed form of election.

Q: Why is my vote important?

A: Because the merger cannot be completed without the affirmative vote of a majority of the votes cast at the special meeting, and because a majority of the outstanding Sterling common stock entitled to vote is necessary to constitute a quorum in order to transact business at the special meeting, every shareholder s vote is important. **The Sterling board of directors recommends that you vote FOR adoption of the plan of merger.**

Q: If my shares of common stock are held in street name by my broker, will my broker automatically vote my shares for me?

A: No. Your broker cannot vote your shares without instructions from you. You should instruct your broker as to how to vote your shares, following the directions your broker provides to you. Please check the voting form used by your broker.

Q: What if I fail to instruct my broker?

A: If you do not provide your broker with instructions, your broker generally will not be permitted to vote your shares on the merger proposal (a so-called broker non-vote). Because only those votes cast for and against the merger proposal are counted, a failure to provide your broker instructions will have no effect on the vote to approve the merger proposal. For purposes of determining the number of votes cast with respect to the merger proposal, only those votes cast for or against the proposal are counted. Broker non-votes, if any are submitted by brokers or nominees in connection with the special meeting, will not be counted as votes for or against for purposes of determining the number of votes cast but will be treated as present for quorum purposes.

Q: Can I attend the special meeting and vote my shares in person?

A: Yes. All shareholders, including shareholders of record and shareholders who hold their shares through banks, brokers, nominees or any other holder of record, may attend the special meeting. Holders of record of Sterling common stock can vote in person at the special meeting. If you are not a shareholder of record, you must obtain a proxy, executed in your favor, from the record holder of your shares, such as a broker, bank or other nominee, to be able to vote in person at the special meeting. If you plan to attend the special meeting, you must hold your shares in your own name or have a letter from the record holder of your shares confirming your ownership and you must bring a form of personal photo identification with you in order to be admitted.

Q: Can I change my vote?

A: Yes. You may revoke any proxy at any time before it is voted by (1) signing and returning a proxy card with a later date, or by submitting another proxy via the Internet or by telephone, (2) delivering a written revocation letter to the Secretary of Sterling, or (3) attending the special meeting in person, notifying the Secretary and voting by ballot at the special meeting. The Sterling Secretary s mailing address is 1097 Commercial Avenue, MC 294-953, East Petersburg, PA 17520.

Any shareholder entitled to vote in person at the special meeting may vote in person regardless of whether a proxy has been previously given, and such vote will revoke any previous proxy, but the mere presence (without notifying the Secretary of Sterling) of a shareholder at the special meeting will not constitute revocation of a previously given proxy.

Q: When do you expect to complete the merger?

A: We expect to complete the merger in the first half of 2008. However, we cannot assure you when or if the merger will occur. Among other things, we cannot complete the merger until we obtain the approval of Sterling shareholders at the special meeting.

Q: Whom should I call with questions about the shareholders meeting or the merger?

A: Sterling shareholders should call Georgeson Inc., Sterling s proxy solicitor and information agent, at (800) 319-6872 with any questions about the merger and related transactions.

SUMMARY

This summary highlights information contained elsewhere in this document and may not contain all of the information that is important to you. We urge you to carefully read the entire document and the other documents to which we refer in order to fully understand the merger and the related transactions. See Where You Can Find More Information on page 74. Each item in this summary refers to the page of this document on which that subject is discussed in more detail.

THE MERGER (page 23)

The terms and conditions of the merger are contained in the plan of merger, which is attached as Annex B to this document. Please carefully read the plan of merger as it is the legal document that governs the merger.

Sterling Will Merge into PNC

We are proposing the merger of Sterling with and into PNC. As a result, PNC will continue as the surviving company. For information about Sterling and issues facing it as a result of developments related to its subsidiary, Equipment Finance, LLC, please see Recent Developments Regarding Sterling beginning on page 68 and The Merger Background of the Merger beginning on page 23.

Sterling Shareholders Will Receive Cash and/or Shares of PNC Common Stock in the Merger Depending on Their Election and Any Proration (page 39)

You will have the right to elect to receive merger consideration, without interest, for each of your shares of Sterling common stock in the form of cash or shares of PNC common stock, or both, subject to proration in the circumstances described below. In the event of proration, you may receive a portion of the merger consideration in a form other than that which you elected.

The implied value of the merger consideration will fluctuate with the market price of PNC common stock and will be determined based on the average closing price of PNC common stock on the NYSE for the five trading days ending the day before the completion of the merger. As explained in more detail in this document, whether you make a cash election or a stock election, the value of the consideration you receive as of the date of completion of the merger will be substantially the same and will be based on the average PNC closing price used to calculate the merger consideration. If you are a record holder, you may specify different elections with respect to different shares that you hold (if, for example, you own 100 shares of Sterling common stock, you could make a cash election with respect to 50 shares and a stock election with respect to the other 50 shares).

As an example, based on the average of the closing prices of PNC common stock on the NYSE for the five trading days ending on [ ], 2008, for each share of Sterling common stock held, you would receive either approximately $[ ] in cash or 0.[ ] of a share of PNC common stock, subject to possible proration. We will compute the actual amount of cash and number of shares of PNC common stock that each Sterling shareholder will receive in the merger using the formula contained in the plan of merger. For a summary of the formula contained in the plan of merger, see The Plan of Merger Consideration To Be Received in the Merger beginning on page 39.

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Set forth below is a table showing the consideration that you would receive in a cash election, on the one hand, or in a stock election, on the other hand, under the merger consideration formula if the actual average of the closing prices of PNC common stock on the NYSE for the five trading days ending the day before the completion of the merger were equal to the hypothetical range contained in the table. The table does not reflect the fact that cash will be paid instead of fractional shares. **As described below, regardless of whether you make a cash election or a stock election, you may nevertheless receive a mix of cash and stock due to proration and adjustment.**

Hypothetical Five-Day Average Closing Prices	Cash Election: Cash Consideration per Share	OR	Stock Election: Stock Consideration per Share — Shares of PNC Common Stock	Stock Election: Stock Consideration per Share — Market Value (*)
$50.00	$ 15.32		0.3064	$ 15.32
$51.00	$ 15.47		0.3033	$ 15.47
$52.00	$ 15.62		0.3004	$ 15.62
$53.00	$ 15.78		0.2977	$ 15.78
$54.00	$ 15.93		0.2950	$ 15.93
$55.00	$ 16.09		0.2925	$ 16.09
$56.00	$ 16.24		0.2900	$ 16.24
$57.00	$ 16.40		0.2877	$ 16.40
$58.00	$ 16.55		0.2853	$ 16.55
$59.00	$ 16.70		0.2831	$ 16.70
$60.00	$ 16.86		0.2810	$ 16.86
$61.00	$ 17.01		0.2789	$ 17.01
$62.00	$ 17.17		0.2769	$ 17.17
$63.00	$ 17.32		0.2749	$ 17.32
$64.00	$ 17.48		0.2731	$ 17.48
$65.00	$ 17.63		0.2712	$ 17.63
$66.00	$ 17.78		0.2694	$ 17.78
$67.00	$ 17.94		0.2678	$ 17.94
$68.00	$ 18.09		0.2660	$ 18.09
$69.00	$ 18.25		0.2645	$ 18.25
$70.00	$ 18.40		0.2629	$ 18.40
$71.00	$ 18.56		0.2614	$ 18.56
$72.00	$ 18.71		0.2599	$ 18.71
$73.00	$ 18.86		0.2584	$ 18.86
$74.00	$ 19.02		0.2570	$ 19.02
$75.00	$ 19.17		0.2556	$ 19.17

* Market value based on hypothetical five-day average closing price on the NYSE of PNC common stock.

The examples above are illustrative only. The value of the merger consideration that you actually receive will be based on the actual average closing price of PNC common stock on the NYSE for the five trading days ending the day before the completion of the merger, as described below. The actual average closing price may be outside the range of the amounts set forth above, and as a result, the actual value of the merger consideration per share of PNC common stock may not be shown in the above table.

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Regardless of Whether You Make a Cash Election or a Stock Election, You May Nevertheless Receive a Mix of Cash and Stock (page 39)

The aggregate number of shares of PNC common stock that will be issued in the merger is approximately [ ] million, based on the number of shares of Sterling common stock outstanding on [ ], 2008, and the aggregate amount of cash that will be paid in the merger is approximately $[ ] million. If more Sterling shareholders make valid elections to receive either PNC common stock or cash than is available as merger consideration under the plan of merger, those Sterling shareholders electing the over-subscribed form of consideration will have the over-subscribed consideration proportionately reduced and substituted with consideration in the other form, despite their election.

What Holders of Sterling Stock Options Will Receive (page 44)

When we complete the merger, stock options to purchase shares of Sterling common stock that are outstanding immediately before completion of the merger will become options to acquire shares of PNC common stock. The number of shares of PNC common stock subject to such stock options and the exercise price of such options will be adjusted to reflect the exchange ratio.

In Order to Make a Valid Election, You Must Properly Complete and Deliver the Form of Election (page 44)

If you wish to elect the type of merger consideration you prefer to receive in the merger, you should carefully review and follow the instructions set forth in the form of election, which is being mailed to Sterling shareholders separately following the mailing of this document. You will need to sign, date and complete the form of election and transmittal materials and return them to the exchange agent at the address given in the materials, together with the certificates representing shares of Sterling common stock (or a properly completed notice of guaranteed delivery) prior to the election deadline. The form of election also includes delivery instructions for shares held in book-entry form. You should NOT send your stock certificates with your proxy card.

The election deadline will be [ ], although this may change if agreed to by PNC and Sterling. If PNC and Sterling agree to change the election deadline, PNC and Sterling will issue a press release announcing the change. If you fail to submit a properly completed and signed form of election, together with your stock certificates (or a properly completed notice of guarantee), by the election deadline, you will be deemed not to have made an election. As a non-electing holder, you will be paid merger consideration in an amount per share that is equivalent in value to the amount paid per share to holders making elections, but you may be paid all in cash, all in PNC common stock, or in part cash and in part PNC common stock, depending on the remaining pool of cash and PNC common stock available for paying merger consideration after honoring the cash elections and stock elections that other shareholders have made, and without regard to your preference.

If you hold shares in street name, you must follow your broker s instructions to make an election.

Once you have tendered your Sterling stock certificates to the exchange agent, you may not transfer your shares of Sterling common stock represented by those stock certificates until the merger is completed, unless you revoke your election by written notice to the exchange agent that is received prior to the election deadline. If the merger is not completed and the plan of merger is terminated, stock certificates will be returned by the exchange agent.

The Merger Has Been Structured to Be Tax-Free to Sterling Shareholders to the Extent They Receive PNC Common Stock (page 56)

The exchange by U.S. holders of Sterling common stock for PNC common stock has been structured to be generally tax free for U.S. federal income tax purposes, except that:

U.S. holders of Sterling common stock that receive both cash and PNC common stock generally will recognize gain, but not loss, to the extent of the cash received;

U.S. holders of Sterling common stock that receive only cash generally will recognize gain or loss; and

U.S. holders of Sterling common stock generally will recognize gain or loss with respect to cash received instead of fractional shares of PNC common stock that such holders would otherwise be entitled to receive.

For further information, please refer to Material United States Federal Income Tax Consequences of the Merger.

The United States federal income tax consequences described above may not apply to all holders of Sterling common stock. Your tax consequences will depend on your individual situation. Accordingly, please consult your tax advisor for a full understanding of the particular tax consequences of the merger to you.

Comparative Market Prices and Share Information (pages 13 and 66)

PNC common stock is listed on the NYSE under the symbol PNC. Sterling common stock is quoted on the NASDAQ Global Select Market under the symbol SLFI. The following table shows the closing sale prices of PNC common stock and Sterling common stock as reported on the NYSE and NASDAQ on July 18, 2007, the last trading day before we announced the merger, and on [ ], the last practicable trading day prior to mailing this document. The table also presents the equivalent value of the merger consideration per share of Sterling common stock on July 18, 2007 and [ ], calculated by multiplying the closing price of PNC common stock on those dates by 0.2582 and [ ], respectively, each representing the fraction of a share of PNC common stock that Sterling shareholders electing to receive PNC common stock would receive in the merger for each share of Sterling common stock, assuming that the average of the closing prices of PNC common stock on the NYSE for the five trading days ending the day before the completion of the merger was the closing price of PNC common stock on July 18, 2007 and [ ], 2008, respectively, and assuming no proration.

	PNC Common Stock	Sterling Common Stock	Equivalent per Share Value
At July 18, 2007	$ 73.21	$ 10.55	$ 18.90
At [ ]	$ [ ]	$ [ ]	$ [ ]

The market price of PNC common stock and Sterling common stock will fluctuate prior to the merger. You should obtain current stock price quotations for the shares.

Keefe, Bruyette & Woods, Inc. Has Provided an Opinion to the Sterling Board of Directors Regarding the Merger Consideration (page 28)

On July 18, 2007, the date that the Sterling board of directors approved the merger, Keefe, Bruyette & Woods, Inc., which we refer to as KBW, Sterling s financial advisor, rendered an oral opinion to Sterling s board of directors, that, as of that date and subject to a number of factors and assumptions, the consideration to be paid to Sterling shareholders in the merger was fair to such holders from a financial point of view. KBW confirmed its oral opinion by delivering to the Sterling board of directors a written opinion dated as of July 19, 2007. The full text of KBW s written opinion is attached as Annex C to this proxy statement/prospectus. Sterling s shareholders are urged to read the opinion in its entirety. KBW s opinion does not constitute a recommendation to any Sterling shareholder as to how the shareholder should vote at the Sterling special meeting on the plan of merger or any related matter.

Sterling and KBW have entered into an agreement relating to the services to be provided by KBW in connection with the merger. Sterling has agreed to pay KBW, at the time of closing, a cash fee equal to 1.00% of the market value of the aggregate consideration offered in exchange for the outstanding shares of common stock and options of Sterling, minus $250,000 that was paid to KBW concurrently with the execution of the plan of merger and $500,000 payable promptly after the mailing of this proxy statement/prospectus. Pursuant to the KBW engagement agreement, Sterling has also agreed to reimburse KBW for reasonable out-of-pocket expenses and disbursements incurred in connection with its retention and to indemnify KBW against certain liabilities, including liabilities under the federal securities laws.

The Sterling Board of Directors Recommends That Sterling Shareholders Vote FOR Approval of the Plan of Merger (page 27)

The Sterling board of directors believes that the merger is in the best interests of Sterling and its shareholders and has approved the merger and the plan of merger. The Sterling board of directors recommends that Sterling shareholders vote FOR adoption of the plan of merger.

Sterling s Directors and Officers Have Financial Interests in the Merger That May Differ from Your Interests (page 36)

In considering the information contained in this document, you should be aware that Sterling s executive officers and directors have financial interests in the merger that may be different from, or in addition to, the interests of Sterling shareholders. These additional interests of Sterling s executive officers and directors may create potential conflicts of interest and cause these persons to view the proposed transaction differently than you may view it as a shareholder.

Sterling s board of directors was aware of these interests and took them into account in its decision to approve the plan of merger. For information concerning these interests, please see the discussion under the caption The Merger Sterling s Directors and Executive Officers Have Financial Interests in the Merger.

Holders of Sterling Common Stock Do Not Have Dissenters Rights (page 34)

Under Pennsylvania law, shareholders of a corporation are not entitled to exercise dissenters rights if shares of the corporation are listed on a national securities exchange or held beneficially or of record by more than 2,000 persons. Because shares of Sterling s common stock are quoted on the NASDAQ Global Select Market and Sterling has more than 2,000 shareholders, Sterling shareholders do not have the right to exercise dissenters rights or seek an appraisal of the value of their shares in connection with the merger.

Conditions That Must Be Satisfied or Waived for the Merger to Occur (page 51)

Currently, we expect to complete the merger in the first half of 2008. As more fully described in this document and in the plan of merger, the completion of the merger depends on a number of conditions being satisfied or, where legally permissible, waived. These conditions include, among others:

- approval by Sterling shareholders;
- the receipt of all regulatory consents and approvals in connection with the merger of Sterling into PNC and the merger of certain banking subsidiaries of PNC and Sterling (in each case unless the failure to obtain such consents and approvals would not reasonably be expected to have a material adverse effect on Sterling or PNC measured on a scale relative to Sterling) without a condition or a restriction that would have a material adverse effect on Sterling or PNC, with materiality being measured on a scale relative to Sterling; and
- the receipt of legal opinions by each company regarding the tax treatment of the merger.

We cannot be certain when, or if, the conditions to the merger will be satisfied or waived, or that the merger will be completed.

Termination of the Plan of Merger (page 52)

We may mutually agree to terminate the plan of merger before completing the merger, even after shareholder approval. In addition, either of us may decide to terminate the plan of merger, even after shareholder approval, if any order permanently prohibiting the merger becomes final and non-appealable or if the other party breaches the plan of merger in a way that would entitle the party seeking to terminate the agreement not to consummate the merger, subject to the right of the breaching party to cure the breach within 30 days following written notice (unless it is not possible to cure the breach). Either of us may terminate the plan of merger if the merger has not been completed by July 19, 2008, unless the reason the merger has not been completed by that date is a breach of the plan of merger by the company seeking to terminate the plan of merger. Either of us may terminate the plan of merger if the Sterling shareholders fail to approve the plan of merger at the special meeting.

PNC may terminate the plan of merger if the Sterling board of directors (1) fails to recommend that Sterling shareholders approve the merger or withdraws, qualifies, or modifies its recommendation (or resolves to take such action) in a manner adverse to PNC or (2) publicly recommends or endorses an alternative business combination proposal (or resolves to do so). PNC may also terminate the plan of merger if Sterling breaches its obligation to call and hold a shareholder meeting to consider the merger or its obligation to not solicit competing acquisition proposals.

Termination Fee (page 53)

In the event that PNC terminates the plan of merger because the Sterling board of directors publicly recommends or endorses an alternative business combination proposal in a manner adverse to PNC (or resolves to do so), Sterling will pay PNC a $7 million termination fee. If Sterling consummates an alternative transaction relating to such competing proposal at any time, or consummates any other alternative transaction before the twelve-month anniversary of the termination of the plan of merger, Sterling will pay PNC a $14 million termination fee.

In addition, we have agreed that if certain events occur related to an alternative business combination proposal and thereafter the plan of merger is terminated by:

- either Sterling or PNC because the Sterling shareholders do not approve the merger at the shareholder meeting;
- PNC because the Sterling board of directors fails to recommend that Sterling shareholders approve the merger or withdraws, qualifies, or modifies its recommendation in a manner adverse to PNC (or resolves to take such action);
- PNC because Sterling breaches its obligation to call and hold a shareholder meeting to consider the merger or its obligation to not solicit competing acquisition proposals; or
- PNC because of a willful breach by Sterling that cannot be cured or, if curable, is not cured within 30 days written notice to Sterling of the breach;

and in connection with any of the above-listed events:

- Sterling consummates an alternative transaction before the twelve-month anniversary of the termination of the plan of merger, Sterling will pay PNC a $21 million termination fee.
- Sterling enters into any agreement related to any acquisition proposal before the twelve-month anniversary of the termination of the plan of merger, Sterling will pay PNC a $7 million termination fee. If Sterling consummates an alternative transaction relating to such agreement, Sterling will pay PNC a $14 million termination fee.

Regulatory Approvals Required for the Merger (page 34)

Sterling and PNC have agreed to use their reasonable best efforts to obtain all regulatory approvals required to complete the transactions contemplated by the plan of merger. These approvals include approval from the Board of Governors of the Federal Reserve System, which we refer to as the Federal Reserve Board, the Office of the Comptroller of the Currency, which we refer to as the OCC, and state regulatory authorities, including the Pennsylvania Department of Banking and the Delaware State Bank Commissioner. PNC and Sterling have completed, or will complete, the filing of applications and notifications to obtain the required regulatory approvals. In obtaining the required regulatory approvals, PNC is not required to agree to any restriction or condition that would have a material adverse effect on Sterling or PNC, measured on a scale relative to Sterling.

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The Federal Reserve Board approved the transaction on January 25, 2008, the Pennsylvania Department of Banking approved the transaction on September 17, 2007 and the Delaware State Bank Commissioner approved the transaction on December 31, 2007.

The Rights of Sterling Shareholders Who Receive Stock Consideration Will Be Different After the Merger (page 39)

The rights of Sterling shareholders are governed by Pennsylvania law and by Sterling s amended and restated articles of incorporation and amended and restated bylaws. The rights of PNC shareholders are governed by Pennsylvania law and by PNC s amended and restated articles of incorporation and amended and restated bylaws. After the completion of the merger, the rights of both shareholders will be governed by Pennsylvania law and PNC s amended and restated articles of incorporation and amended and restated bylaws. Beginning on page 60 of this document, there is a description of shareholder rights under each of the PNC and Sterling governing documents, and of the material differences between them.

Sterling Will Hold its Special Meeting on [ ], 2008 (page 20)

The special meeting will be held on [ ], at [ ], EST, at [ ]. At the special meeting, Sterling shareholders will be asked to:

adopt the plan of merger;

approve the adjournment of the special meeting, if necessary, to solicit additional proxies, in the event that there are not sufficient votes at the time of the special meeting to adopt the plan of merger; and

approve such other matters as may be appropriate in connection with the plan of merger.

Record Date. Only holders of record of Sterling common stock at the close of business on [ ] will be entitled to vote at the special meeting. Each share of Sterling common stock is entitled to one vote. As of the record date of [ ], there were approximately [ ] shares of Sterling common stock entitled to vote at the special meeting.

Required Vote. A majority of the votes cast at the Sterling special meeting is required to approve the plan of merger, and a majority of the outstanding Sterling common stock entitled to vote is necessary to constitute a quorum in order to transact business at the special meeting.

As of the record date, directors and executive officers of Sterling and their affiliates had the right to vote approximately [ ] shares of Sterling common stock, or [ ]% of the outstanding Sterling common stock entitled to be voted at the special meeting.

Information About the Companies (page 59)

The PNC Financial Services Group, Inc.

The PNC Financial Services Group, Inc. is a Pennsylvania corporation, a bank holding company and a financial holding company under U.S. federal law. PNC is one of the largest diversified financial services companies in the United States based on assets, with businesses engaged in retail banking, corporate and institutional banking, asset management and global fund processing services. PNC provides 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; and Delaware. PNC also provides certain global fund processing services internationally.

PNC stock is listed on the NYSE under the symbol PNC. As of September 30, 2007, PNC had total consolidated assets of approximately $131.4 billion, total consolidated deposits of approximately $78.4 billion and total consolidated stockholders equity of approximately $14.5 billion. The principal executive offices of PNC are located at One PNC Plaza, 249 Fifth Avenue, Pittsburgh, Pennsylvania 15222-2707, and its telephone number is (412) 762-2000.

Sterling Financial Corporation

Sterling Financial Corporation (NASDAQ: SLFI) is a diversified financial services company based in Lancaster, Pennsylvania. Sterling Banking Services Group affiliates offer a full range of banking services in south-central Pennsylvania, northern Maryland and northern Delaware. The group also offers correspondent banking services in the mid-Atlantic region to other companies within the financial services industry, and banking related insurance services. Sterling Financial Services Group affiliates provide specialty commercial financing; fleet and equipment leasing; and investment, trust and brokerage services. The principal executive offices of Sterling are located at 101 North Pointe Boulevard, Lancaster, Pennsylvania 17601 and its telephone number is (717) 581-6030.

For information about Sterling and issues facing it as a result of developments related to its subsidiary, Equipment Finance, LLC, please see Recent Developments Regarding Sterling beginning on page 68 and The Merger Background of the Merger beginning on page 23.

SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA OF PNC

Set forth below are highlights from PNC s consolidated financial data as of and for the years ended December 31, 2002 through 2006 and as of and for the nine months ended September 30, 2006 and 2007. The results of operations for the nine months ended September 30, 2006 and 2007 are not necessarily indicative of the results of operations for the full year or any other interim period. PNC management prepared the unaudited information on the same basis as it prepared PNC s audited consolidated financial statements. In the opinion of PNC management, this information reflects all adjustments, consisting of only normal recurring adjustments, necessary for a fair presentation of this data for those dates. You should read this information in conjunction with PNC s consolidated financial statements and related notes included in PNC s Annual Report on Form 10-K for the year ended December 31, 2006, as amended by Form 10-K/A, and PNC s Quarterly Report on Form 10-Q for the quarter ended September 30, 2007, as amended by Form 10-Q/A, which are incorporated by reference in this document and from which this information is derived. See Where You Can Find More Information on page 74.

PNC Summary of Consolidated Financial Data

	Nine Months Ended September 30,		Year Ended December 31,				
	2007(a)	2006	2006 (b),(c)	2005	2004	2003	2002
Earnings (in millions)							
Net interest income	$ 2,122	$ 1,679	$ 2,245	$ 2,154	$ 1,969	$ 1,996	$ 2,197
Provision for credit losses	127	82	124	21	52	177	309
Noninterest income	2,956	5,358	6,327	4,173	3,572	3,263	3,197
Noninterest expense	3,083	3,474	4,443	4,306	3,712	3,467	3,223
Income before minority interest and income taxes	1,868	3,481	4,005	2,000	1,777	1,615	1,862
Minority interest in income of BlackRock		47	47	71	42	47	41
Income taxes	579	1,215	1,363	604	538	539	621
Income from continuing operations	1,289	2,219	2,595	1,325	1,197	1,029	1,200
(Loss) Income from discontinued operations, net of tax							(16)
Income before cumulative effect of accounting change	1,289	2,219	2,595	1,325	1,197	1,029	1,184
Cumulative effect of accounting change, net of tax						(28)	
Net income	$ 1,289	$ 2,219	$ 2,595	$ 1,325	$ 1,197	$ 1,001	$ 1,184
Per common share data							

Basic earnings (loss)							
Continuing operations	$ 3.92	$ 7.60	$ 8.89	$ 4.63	$ 4.25	$ 3.68	$ 4.23
Discontinued operations							(0.05)
Before cumulative effect of accounting change	3.92	7.60	8.89	4.63	4.25	3.68	4.18
Cumulative effect of accounting change						(0.10)	
Net income	$ 3.92	$ 7.60	$ 8.89	$ 4.63	$ 4.25	$ 3.58	$ 4.18

	Nine Months Ended September 30,		Year Ended December 31,				
	2007(a)	2006	2006 (b),(c)	2005	2004	2003	2002
Diluted earnings(loss)							
Continuing operations	$ 3.85	$ 7.46	$ 8.73	$ 4.55	$ 4.21	$ 3.65	$ 4.20
Discontinued operations							(0.05)
Before cumulative effect of accounting change	3.85	7.46	8.73	4.55	4.21	3.65	4.15
Cumulative effect of accounting change						(0.10)	
Net income	$ 3.85	$ 7.46	$ 8.73	$ 4.55	$ 4.21	$ 3.55	$ 4.15
Cash dividends declared	$ 1.81	$ 1.60	$ 2.15	$ 2.00	$ 2.00	$ 1.94	$ 1.92
Period end balances (in millions)							
Total assets	$ 131,366	$ 98,436	$ 101,820	$ 91,954	$ 79,723	$ 68,168	$ 66,377
Total deposits	78,409	64,572	66,301	60,275	53,269	45,241	44,982
Total borrowed funds	27,453	14,695	15,028	16,897	11,964	11,453	9,116
Total shareholders equity	14,539	10,758	10,788	8,563	7,473	6,645	6,859

(a) Amounts for 2007 reflect the impact of PNC s March 2, 2007 acquisition of Mercantile Bankshares Corporation.

(b) Noninterest income for 2006 included the pretax impact of the following: gain on the BlackRock/Merrill Lynch Investment Managers (MLIM) transaction of $2.1 billion; securities portfolio rebalancing loss of $196 million; and mortgage loan portfolio repositioning loss of $48 million. Noninterest expense for 2006 included the pretax impact of BlackRock/MLIM transaction integration costs of $91 million. An additional $10 million of integration costs, recognized in the fourth quarter of 2006, were included in noninterest income as a negative component of the asset management line. The after-tax impact of these items was as follows: BlackRock/MLIM transaction gain $1.3 billion; securities portfolio rebalancing loss $127 million; mortgage loan portfolio repositioning loss $31 million; and BlackRock/MLIM transaction integration costs $47 million.

The aggregate after-tax impact of these items increased net income for the year ended December 31, 2006 by $1.1 billion. On a per share basis, the aggregate after-tax impact of these items increased net income by $3.72 per basic common share or $3.67 per diluted common share.

(c) Due to the significant one-time adjustments for PNC during 2006, the results for that year may not be typical.

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SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA OF STERLING

Set forth below are highlights from Sterling s consolidated financial data as of and for the year ended December 31, 2006 and as of and for the nine months ended September 30, 2007. The results of operations for the nine months ended September 30, 2007 are not necessarily indicative of the results of operations for the full year or any other interim period. You should read this information in conjunction with Sterling s consolidated financial statements and related notes included in Annex A from which this information is derived.

Sterling Summary of Consolidated Financial Data

	Nine Months Ended September 30, 2007	Year Ended December 31, 2006 (Restated)(1)
Earnings (in millions)		
Net interest income	$ 56	$ 78
Provision for loan losses	7	17
Noninterest income	58	68
Noninterest expenses	122	132
Income (loss) before income taxes	(15)	(3)
Appl		