The Case of PNC – Draft
By Eleanor Bloxham

On the banks of the Monongahela and Allegheny Rivers, where they come together to form the Ohio, sits Pittsburgh, Pennsylvania, the city of three rivers.

PNC Bank is headquartered there.

On its website (April 2010) the company describes its 150 year history and writes about the organization and its importance to the economy in this way:

> With more than $290 billion in assets, PNC is one of the largest financial services companies in the country.
>
> We provide everything from personal banking services to wealth management, business banking and corporate & institutional services for organizations all over the world. But, most important, we want our clients to think of us as a true partner -- one that can help not only to make banking easier and more convenient, but also to make it easier to achieve even the most challenging financial goals.
>
> From Pittsburgh to Paris, our advisors bring financial savvy, local knowledge and truly personal service to all of our banking relationships. And with a long tradition of local support -- from education and the arts to economic development -- we're committed to the success of the communities we serve.

The 2010 PNC proxy sent to shareholders is 124 numbered pages.

> **OTHER MATTERS**
>
> Our Board of Directors does not know of any other business to be presented at the meeting. If any other business should properly come before the meeting, or if there is any meeting adjournment, proxies will be voted in accordance with the best judgment of the persons named in the proxies.
>
> By Order of the Board of Directors,
>
>
>
> George P. Long, III
> Corporate Secretary
>
> 124

Such a long proxy suggests a company with a strong bent toward the explanatory, a very good thing, in my view. I know others who would disagree. They would argue that the length reveals an attempt toward obfuscation (i.e. who would read that many pages?). I, however, appreciate the fulsome disclosure.

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ebloxham@thevaluealliance.com 614-571-7020.

One of the new SEC requirements for disclosure in 2010 with which PNC and other filers must comply relates to disclosure with respect to compensation and its impact on risks in the business.

A very positive highlight of the proxy can be found on page 95. There the reader will find an interesting chart used by PNC to assess the risk in its compensation plans. (Though not completely accurate, it is very commendable in its attempt to grapple with these important issues.)

One part of the chart is definitely true – a heavy emphasis on performance metrics linked to "a top line number such as revenue" or a "high level linked to earnings" result in **higher potential risk**. For this reason, **these metrics should be avoided**.

See portion of the chart below – *far right column*.

If a plan satisfied *at least one* of these criteria, we engaged in an additional review. This review included analysis under a specific, consistent framework to analyze important plan features. We looked at the potential financial impact to PNC of each plan, participant, and decision-maker, as well as the impact to PNC based on the operation and design of each plan. Some of the criteria included:

Plan Assessment Framework

Measuring Performance	Lower Potential Risk	Higher Potential Risk
Primary performance measure	Risk-adjusted	Top-line number (such as revenue)
Number of performance measures	Multiple, risk-weighted	Single, non-risk-weighted
Aligned w/ corporate performance	Yes	No
Linkage to corporate earnings	Low level linked to earnings	High level linked to earnings
Aligned w/ business performance	Yes	No

Based on the reviews undertaken of the risk in the compensation plans using this chart, the PNC Compensation Committee states:

we believe that our senior executive officer compensation plans ***do not encourage our senior executive officers to take unnecessary and excessive risks*** that threaten our company's value, and that our employee compensation plans ***do not encourage the manipulation of our reported earnings*** to enhance the compensation of any our employees. We believe that the risks arising from our compensation plans, policies and practices are not reasonably likely to have a material adverse effect on PNC.

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This is stated and yet, astonishingly, post crisis, even with this chart in hand and with the reviews undertaken, PNC's Compensation Committee does not act in accordance with the tenets of the chart on page 95 with respect to the metrics used. The Committee, with respect to metrics, really *doesn't* use the assessment framework to effectively ensure its own plans lower potential unnecessary risk- taking.

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Rather, the **committee does just the opposite and emphasizes metrics that include the worst offenders on the chart: top line revenue and earnings based measures** such as EPS, return on common equity (ROCE), net income and return on assets (ROA). All of these measures fit into the higher potential risk categories of "top line number (such as revenue)" or "high level linked to earnings" -- the offenders shown on the chart. In addition, it's no surprise that earnings measures are top culprits in encouraging the manipulation of reported earnings, which raises questions about the statement on page 96 (highlighted above) as well.

For example, here are descriptions of the metrics the plan for 2009 uses --- from pages 75 – 76:

> The Committee reviewed key year-to-date performance metrics for PNC, including estimates for December. Management discussed estimated revenue, net income, EPS and ROCE for the year. … The Committee compared the budgeted EPS presented to the Board on February 6, 2009 to the estimated full-year EPS (using information available as of December 3, 2009)"…" The Committee then compared our performance to peer group performance through the third quarter of 2009, which was the last time our peers had disclosed public results. Based on those results, PNC ranked 2nd in adjusted ROCE (without goodwill) and 3rd in adjusted EPS growth, out of 13 peers. PNC ranked in the top 4 of the peer group in six other key adjusted performance metrics, including return on assets and growth in revenue, non-interest income, net income, deposits and loans…. Following that decision, the Committee reviewed actual absolute and relative performance for 2009 at its meeting on February 9, 2010. This meeting occurred after the public release of full-year financial information for PNC and its peers. Based on that review, the Committee continued to believe that the restricted stock awards granted in December 2009 had been appropriate. PNC finished 2nd in the thirteen-member peer group in adjusted ROCE (without goodwill) and 4th in adjusted EPS growth. The final reported EPS was $4.36 and the adjusted EPS was $3.40.

Not only does the committee use EPS along with revenues and other earnings measures to justify its pay decisions for 2009, but the **committee plans to continue to use these "higher potential risk" measures significantly into the future**.

From page 78 and 79:

> Performance will be measured with respect to corporate diluted EPS growth and ROCE performance in each of three years – 2010, 2011 and 2012… The potential payout amount at the end of the overall performance period is performance-based. First, an average percentage is determined for our relative corporate EPS growth and ROCE performance for each of the 2010, 2011 and 2012 periods (with the 2010 percentage reflecting EPS growth and ROCE performance for the 2nd, 3rd and 4th quarters of the year, compared in the case of EPS Growth to the same quarter in 2009, rather than the full year). The percentage is based on the potential payout calculation schedules established for that year by the Committee, giving equal weight to EPS growth and ROCE performance. The basic annual payout calculation schedule generates a payout percentage for that year based on our relative position within the peer group that year with respect to EPS growth and ROCE performance. … Corporate performance criteria for these grants will be based on our annual EPS growth and ROCE.

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And from page 85:

During the February 24 meeting, the Committee also approved the mechanism for calculating 2010 target performance, in order to assist the Committee in decisions with respect to an annual incentive award payment, which would typically be paid in the first quarter of 2011. The Committee will evaluate performance using the following absolute and relative financial metrics:

	Definition	Metrics Used
Absolute Performance	Compares final 2010 performance metrics to those in the 2010 budget presented to our Board of Directors	Net Income, Pre-Tax, Pre-Provision Earnings Per Share (EPS) Return on Common Equity without goodwill (ROCE)
Relative Performance	Compares final 2010 performance metrics for PNC to the same metrics for our peer group companies	EPS Growth ROCE

To determine the potential award, absolute and relative performance will be equally weighted. Each of the metrics used to calculate absolute and relative performance will also be equally weighted. We will assign a sliding scale of potential payouts under each performance calculation, ranging from 0% to 150%.

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Thus, **although the intention is to take into consideration risk issues, the follow through doesn't appear to be there**.

Despite a lower stock price at the end of 2009 versus 2007 and the infusion of TARP monies during that time, executive pay was robust for the 5 top officers.

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SUMMARY COMPENSATION TABLE

Name & Principal Position	Year	Salary ($) (a)	Bonus ($) (b)	Stock Awards ($) (c)	Option Awards ($) (d)	Non-Equity Incentive Plan Compensation ($) (e)	Change in Pension Value & Nonqualified Deferred Compensation Earnings ($) (f)	All Other Compensation ($) (g)	Total ($)
James E. Rohr	2009	$2,750,000	$ —	$8,061,442	$3,811,008	$ —	$ 3,225,975	$ 179,431	$18,027,856
Chairman and Chief	2008	$1,000,000	$ —	$3,475,319	$4,131,180	$ —	$ 3,409,755	$ 232,098	$12,248,352
Executive Officer	2007	$ 950,000	$ —	$6,308,199	$4,516,824	$ 2,625,000	$ 4,166,770	$ 271,909	$18,838,702
Richard J. Johnson	2009	$ 862,500	$ —	$2,011,323	$ 897,552	$ —	$ 96,413	$ 50,338	$ 3,918,126
Chief Financial Officer	2008	$ 475,000	$ —	$ 762,361	$1,003,140	$ —	$ 79,680	$ 79,692	$ 2,399,873
	2007	$ 425,000	$ —	$ 837,185	$ 536,360	$ 543,750	$ 84,044	$ 63,613	$ 2,489,952
William S. Demchak	2009	$2,250,000	$ —	$8,414,699	$1,612,944	$ —	$ 188,163	$ 69,029	$12,534,835
Senior Vice Chairman	2008	$ 600,000	$ —	$4,440,376	$1,614,410	$ —	$ 149,737	$ 117,129	$ 6,921,652
	2007	$ 600,000	$ —	$3,699,538	$1,532,395	$ 1,200,000	$ 159,474	$ 117,779	$ 7,309,186
Joseph C. Guyaux	2009	$1,385,000	$ —	$3,217,316	$1,649,376	$ —	$ 697,111	$ 40,865	$ 6,989,668
President	2008	$ 620,000	$ —	$1,460,431	$1,682,240	$ 250,000	$ 732,423	$ 90,253	$ 4,835,347
	2007	$ 620,000	$ —	$1,680,708	$1,311,414	$ 1,218,750	$ 868,043	$ 93,777	$ 5,792,692
Timothy G. Shack	2009	$1,005,000	$ —	$1,975,431	$1,191,216	$ —	$ 492,547	$ 63,725	$ 4,727,919
Vice Chairman	2008	$ 510,000	$ —	$1,530,985	$1,052,610	$ 250,000	$ 494,924	$ 89,898	$ 3,928,417
	2007	$ 510,000	$ —	$1,300,146	$ 968,113	$ 712,500			

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There are other disturbing issues related to compensation suggesting issues with the process.

The pay for the board's compensation consultant was high. Just for committee related work: "In 2009, PNC paid McLagan $598,110" (page 17) which is a large sum. Apparently, despite the large fee, their services were not sufficient according to management who hired Cook.

Page 87 reveals:

> In 2009 and 2010, the Committee discussed the composition of the peer group with management and McLagan, the Committee's independent consultant. In 2009, management retained Frederic W. Cook & Co., Inc., an independent compensation consultant, to evaluate the changing financial industry landscape.

The Committee changed the peer group as a result.

In fact, throughout the compensation discussions, one has the sense that management may be pulling some of the strings.

For example:

> Rather than EPS growth and relative ROCE, Mr. Demchak's grant measured the performance of PNC's Asset and Liability Management unit relative to an internally
>
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>
> generated benchmark. In 2007, PNC retained BlackRock Solutions, a third party vendor, to evaluate and validate the construction of this benchmark.

There are references to BlackRock in several contexts scattered throughout the 124 page proxy. However, near to this disclosure (on page 82 or 83 -- or 81 or 84 for that matter), there is no note on the relationship of Blackrock to PNC so that the reader can evaluate the disclosure concerning the hire of this "third party vendor".

Thirty-two pages earlier, a careful reader will find this asterisked disclosure:

> * PNC maintains an equity stake in BlackRock, Inc. As of December 31, 2009, PNC's equity interest in BlackRock was approximately 33%. In connection with this equity ownership, PNC is entitled to appoint two individuals to BlackRock's Board of Directors. Mr. Rohr is one of the two PNC-appointed representatives.
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Clearly with a 33% ownership stake in BlackRock, BlackRock Solutions is not an *independent* third party. As this asterisk notes, the **CEO of PNC actually sits on its parent's board**.

But this asterisked disclosure on page 50 says PNC has *two sea*ts on the BlackRock board. Who is the other member?

Nowhere in the proxy does it provide this information. Rather, one must go to the BlackRock website to learn a very interesting fact: Not only has Mr. Rohr been a Blackrock director since 1999 but ***Mr.***

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ebloxham@thevaluealliance.com 614-571-7020.

Demchak (for whom the compensation benchmark was evaluated and validated by BlackRock Solutions) has been a BlackRock director since 2003.

So as it turns out, Mr. Demchak not only serves on the board of the firm hired to evaluate his compensation benchmark – but his service on that board ***pre-dates, by several years,*** the hiring of the company(on whose board he serves) which reviewed his compensation benchmark.

To the good, PNC did not retain Mr. Demchak himself. However, clearly, BlackRock Solutions as a choice of "third party vendor" would be viewed by many as ***directly opposite to the notion of independence in compensation -- and compensation related advisors***. In fact, given the board seats and the 33% ownership, it would not be wholly unreasonable to argue BlackRock Solutions wasn't really a "third party" vendor at all.

It raises a serious red flag as to whether or not the PNC board takes the issue of independence seriously. And because one has to go to the BlackRock website to ferret this out, it raises a serious red flag as to whether or not the PNC board takes the issue of disclosure seriously.

Did all 17 members of the board review the proxy and approve this wording and lack of fulsome disclosure? Was this acceptable to them?

Ditto for the use of revenue and earnings metrics? Was this acceptable to the board – to have one level of aspiration and a very different one of execution? To have a set of guiding principles that it outlines and then does not follow?

More generally, the proxy portrays a management team that is over-involved in compensation.

> ***Management's Role in Compensation Determinations.*** Our executive officers, including our CEO and our Chief Human Resources Officer, often present compensation recommendations to the Committee for review. **The Chief Human Resources Officer, along with other members of management, typically schedules initial meetings with the Chairman of the Committee** and a representative of McLagan, the Committee's independent compensation consultant, to review proposed recommendations and rationales prior to a full Committee meeting.
>
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It would be a much better practice for the Compensation Committee to schedule its own meetings with its own advisor – and for the Compensation Committee to meet with McLagen first and separately from management. As written and portrayed here, the Committee sounds quite passive, following management's lead.

This portrayal of weakness in the board comes through in other areas of the disclosure as well.

The board does self-evaluations, as required of NYSE traded companies, and the proxy mentions those evaluations (to its credit) on multiple occasions. In addition, the proxy mentions the board's evaluation of the general auditor and the external auditor. But in stark contrast, there is **no mention of the board's**

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evaluation of the CEO (striking in its absence, given the frequency with which the board's own self-evaluation is mentioned).

The lack of mention of the board's role in evaluating the CEO is particularly glaring given the huge increase in salary given to Mr. Rohr as outlined in this proxy on page 66 effective July 1, 2009.

> On August 19, 2009, the Personnel and Compensation Committee of our Board approved increasing the annual base salary for CEO James Rohr to **$4.5 million from $1 million** …

Why did the board increase base salary 350%? On page 72 it is explained as a way of providing upside not intended by the TARP framework. But the proxy provides **no explanation as to why it is warranted based on performance.**

> The salary increases were intended to provide an appropriate compensation opportunity within the TARP framework.
>
> The Committee intended that the base salary increases would not be permanent adjustments to a named executive officer's compensation. In order to achieve our pay-for-performance objectives, once PNC repaid the TARP investment, the Committee eliminated the increase paid in stock units (effective March 2010) to all affected executives, including the named executive officers.

Of course, this raises the inevitable question of the PNC board's intentions **as corporate citizens and fiduciaries** of the largesse provided by shareholders and the government during the crisis. No mention of them is made in justifying the temporary salary increases.

This is not a lone example of displaying a lack of sensitivity to shareholders as stakeholders. There is a dismissive tone toward shareholder proposals at the very start of the proxy.

> To Our Shareholders:
>
> The 2010 annual meeting of the shareholders of The PNC Financial Services Group, Inc. will be held at One PNC Plaza, 15th Floor, 249 Fifth Avenue, Pittsburgh, Pennsylvania on Tuesday, April 27, 2010, beginning at 11:00 a.m., Eastern time, for the purpose of considering and acting upon the following matters:
>
> (1) Electing as directors the 17 nominees named in the proxy statement that follows, to serve until the next annual meeting and until their successors are elected and qualified;
>
> (2) Ratifying the Audit Committee's selection of PricewaterhouseCoopers LLP as PNC's independent registered public accounting firm for 2010;
>
> (3) Approving an advisory vote on executive compensation;
>
> (4) **Considering two shareholder proposals, if properly presented before the meeting**; and
>
> (5) Such other business as may properly come before the meeting or any adjournment thereof.

While the language is one of those sets of boilerplate language that companies copy from one another, it is still disturbing. It strikes one, when one reads it, that PNC took the time to detail the other matters for vote. Could it not spend the ink in this very long proxy to outline up-front what the two shareholder

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proposals were about? "If properly presented" is a bit off-putting as well. Intended or otherwise, it sends a signal of an attitude toward interested shareholders that one might wish the company not convey.

Did the board review and approve this use of language?

The rejection of the two shareholder proposals also contains language which is disturbing.

The response to the first proposal is a rejection of a simple proposal to gain shareholder approval prior to awarding golden parachutes at a level considered as the top limit by the Council of Institutional Investors. (This is outlined on pages 63-64.) Why they do not consider shareholder approval valid at any level is unclear.

Their response to the second proposal has a tone that is remarkable. The response rejects a simple request to disclose tax payments for non-deductible compensation. Here on page 67:

> The proposal may also be read to imply that PNC has failed to provide information to shareholders regarding Section 162(m). However, **PNC already reports annually on Section 162(m) matters** (for example, see pages 88-89), including a discussion of why we have paid non-deductible compensation in certain circumstances. Under these circumstances, imposing additional reporting obligations on PNC relating to Section 162(m) as requested by the Proposal imposes an **additional reporting burden without serving any purpose beneficial to shareholders.**

And immediately one is drawn aback and pauses to ask oneself -- would this really be so difficult to do since there is a report on these matters, occupying two pages of the proxy (i.e. just add an amount)? Clearly, some shareholders believe it would be beneficial.

One also wonders if this is management speaking -- or if all 17 members of the Board agreed that refusing to provide a bit more information, at the request of shareholders, in a very lengthy proxy is the right response?

However, that raises another important issue – the size of the board.

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ebloxham@thevaluealliance.com 614-571-7020.

This issue hits one immediately as one begins to read the proxy's first pages.

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(5) Such other business as may properly come before the meeting or any adjournment thereof.

17 board members is too large a board – raising immediately the question of overall board effectiveness and the necessary checks and balances on the CEO. (To wit, the Citibank board has recently reduced its size to be more effective.)

On page 13 the proxy states:

How We Evaluate Directors and Candidates. Each year, the Committee assesses the composition of our Board and decides whether to recommend an incumbent director for re-election. From time to time, the Committee also considers whether to add members to our Board.

Based on this disclosure, there seems to be a regular practice to assess whether the board has enough members; there is no mention of an ongoing process related to the *right number* of members i.e. should the board ***shrink*** **its size to make it more efficient**.

Signaling a weakness in the board's practices, another concern comes from the use of the Executive Committee. On page 11 of the Proxy it states:

Our Board currently has five standing committees. Four of these committees—Audit, Nominating and Governance, Personnel and Compensation, and Risk—meet on a regular basis. The Executive Committee meets as needed and may act on behalf of the Board in between Board meetings. The purpose of the Executive Committee is to provide an efficient means of considering matters and taking **actions (such as merger and acquisition activities) requiring the exercise of the Board's powers or authority.**

Executive Committees are not advisable from a governance perspective. The full board should be involved in deciding important matters and there should not be a "hierarchy of members" which is created with an Executive Committee.

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Reducing the size of this unwieldy board would make it possible for the Board to act efficiently between Board meetings, as many other well governed boards do. If a special committee were needed for a particular matter, the committee should be appointed and chartered by the board directly to address that issue and that committee should include the members appropriate to that subject matter, rather than have certain members on call for any occasion (as the Executive Committee structure employs).

Questions about why the board is so large are also amplified by the choice of composition of the board. For example, the board has three private equity members (Chellgren, Kelson and Lindsay) -- begging the question -- why do you need three members with the same job positions?

It also simultaneously raises the question – do three people from private equity meet the Clayton Act standards related to conflicts of interest**, "a law that prohibits corporate directors from sitting on boards of their rivals**"? (See *Board Ties Begin to Trip Up Companies*, Bustillo and Lublin, Wall Street Journal, April 8, 2010) Another PNC director (Shepard) also sits on the Travelers board. Is that a conflict under the Clayton Act? And another director (Berndt) while sitting on the PNC board has also been sitting on the board of MuniMae, a real estate finance company. That would seem to have perhaps been a Clayton Act issue as well, although he has now resigned from that board.

There are other issues too with the composition of this board, board interlocks. Several directors sit on other boards together. For example, one of the private equity members (Kelson) sits on the board of Commercial Metals Company along with Massaro, another PNC board member. Massaro is the retired CEO of a company on whose board Walls now sits, Lincoln Electric. The presiding director Usher, shares three boards in common with another director, Bunch: Heinz and PPG plus PNC.

The discussion of the nominations process includes the following statement, raising the question: Is the CEO over-involved in the nominations process?

> Potential candidates may be informally approached by Mr. Rohr, as Chairman, or Mr. Usher, as Committee Chairman. As our corporate governance guidelines indicate, invitations to join the Board should come from PNC's Chairman and the Committee Chairman, jointly acting on behalf of our entire Board.
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There are other issues of note, related to the board's structure as well. The leadership of the board is held by the CEO. But the **CEO seems to be overextended, sitting on too many public company boards**.

He is not only CEO of PNC but chairs the PNC board and sits on **three other public company boards** - so four in total - while holding down a CEO position. This is highly unusual and discouraged. He is being paid amply (around $18 million) to act as CEO -- and shareholders and all PNC stakeholders deserve his full attention.

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While the CEO chairs the board, the board has appointed a presiding director, whose job functions are, in part, disclosed here.

Lead Independent Director. As the Presiding Director, Mr. Usher is the lead independent director for our Board. The Board's independent and non-management directors selected him for this role. The Board approved the following duties for the Presiding Director:

- Preside at meetings of the Board of Directors in the event of the Chairman's unavailability.
- Convene executive sessions of the Board's independent directors whenever he or she deems it appropriate to do so.
- Preside at executive sessions of the Board's non-management and independent directors.

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Very troubling is the fact that duties listed **do not include setting the agendas for the board meetings – or participating in the agenda setting, critical to ensuring independent board oversight.**

Adding fuel to the fire, the **presiding director sits on three other boards, one of which he chairs** - so four in all - two in which he holds very significant roles, raising questions as to whether he truly has time to ensure proper oversight of the CEO. And again, the **CEO seems to be overextended** also, sitting on four public company boards.

What role is the board playing in ensuring effective board leadership?

On page 12, the board states that it has adopted limits on Audit Committee members with respect to their other board activities.

Under our corporate governance guidelines, Audit Committee members may only serve on three public company audit committees, including PNC's. We adopted this limit in recognition of our Audit Committee's responsibilities and time commitment required.

If the board can recognize this need, surely guidelines should be in place for the CEO and the presiding director.

There is also an impression from the language chosen that the board may have a weak audit committee with respect to taking full responsibility for its oversight obligations. On pages 12 and 59 a large portion of language is devoted **to what the Audit Committee does *not* do** rather than what it does do.

From page 12: The Committee's responsibility is one of oversight. **It is not the duty of the Committee** to prepare our financial statements, **to plan** or conduct **audits,** or to determine that our financial statements are complete and accurate and are in accordance with generally accepted accounting principles. It is not the duty of the Committee to assure compliance with laws and regulations or PNC's Code of Business Conduct and Ethics.

From page 59: **It is not the duty of the Audit Committee** to prepare PNC's consolidated financial statements, to plan or conduct audits, or to determine that PNC's financial statements are complete and accurate and are in accordance with generally accepted accounting principles.

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Although some of this is boiler plate language that companies copy from one another, it is not good language.

In fact, the Audit Committee does have a role to play in the audit plans, just as the board does in the strategic ones. That is, the Audit Committee should be involved in establishing priorities for the internal audits and ensuring there are budgets and resources available to carry out those duties and responsibilities. **The Audit Committee should be approving the audit plans** of both internal and external audit and not leaving that to management.

Given the off balance sheet moves which the company undertook under the CEO's watch in 2001 and for which PNC received an SEC cease and desist order in 2002, the language which suggests a shying away from responsibilities (rather than hyper vigilance), is doubly troubling.

There is concern also in reading the proxy about the Personnel and Compensation Committee's role in succession planning. On page 15:

> In addition, the Committee receives an annual succession planning report and management presentation. The materials include, among other things, a discussion of the individual performance of executive officers. These performance appraisals provide necessary background and context to the Committee, and give each Committee member a familiarity with the executive's position, duties, responsibilities and performance. The Committee has responsibility for reviewing and evaluating the development of an executive management succession plan and for reviewing our progress on diversity.

The Committee should be actively involved, setting out the criteria for CEO candidates, evaluating the current and future CEO candidates in light of future needs, identifying potential candidates internal and external to the company, and ensuring adequate experience building and learning opportunities are available to make any transitions required in an emergency go smoothly. Yet, as described here, the Personnel and Compensation Committee's role is passive -- a review function. A passive, weak succession planning process can be a "canary in the coal mine" indicator that the board is generally passive as well.

PNC is a company with rich history, headquartered in a magnificent jewel of land, between three rivers. It is a company important to the US economy. Can board oversight be improved? If so, how?

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ebloxham@thevaluealliance.com 614-571-7020.