

PNC FINANCIAL SERVICES GROUP INC  
Form 424B5  
October 25, 2001

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Registration No. 333-69576  
333-69576-01

PROSPECTUS SUPPLEMENT  
(TO PROSPECTUS DATED SEPTEMBER 24, 2001)

PNC LOGO

\$1,000,000,000

PNC FUNDING CORP

\$600,000,000 FLOATING RATE SENIOR NOTES DUE 2004

\$400,000,000 5.75% SENIOR NOTES DUE 2006

UNCONDITIONALLY GUARANTEED BY

THE PNC FINANCIAL SERVICES GROUP, INC.  
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PNC Funding Corp will issue the senior notes in two series: \$600,000,000 aggregate principal amount that will mature on October 29, 2004, and bear interest at a floating rate of LIBOR plus 0.375%; and \$400,000,000 aggregate principal amount that will mature on August 1, 2006, and bear interest at 5.75% per annum. The 2006 senior notes are additional debt securities of PNC Funding Corp under the Indenture described in the accompanying prospectus and will be treated as a single series with the \$700,000,000 aggregate principal amount of 2006 senior notes issued by PNC Funding Corp on August 1, 2001.

Interest on the 2004 senior notes is payable quarterly in arrears on January 29, April 29, July 29 and October 29 of each year beginning January 29, 2002. Interest on the 2006 senior notes is payable semiannually in arrears on February 1 and August 1 of each year beginning February 1, 2002. The senior notes will rank equally with all other unsecured senior indebtedness of PNC Funding Corp. The PNC Financial Services Group, Inc. will guarantee the senior notes and the guarantees will rank equally with the senior unsecured indebtedness of The PNC Financial Services Group, Inc. The senior notes are not guaranteed by the subsidiaries of The PNC Financial Services Group, Inc. The guarantees are effectively subordinated to all indebtedness and other liabilities (including trade payables and deposits) of such subsidiaries. PNC Funding Corp may redeem the senior notes for the reasons described under "Certain Terms of the Senior Notes -- Redemption for Taxation Reasons." The senior notes are not otherwise redeemable prior to maturity. The senior notes will not be subject to any sinking fund.

We intend to apply to have the senior notes listed on the Luxembourg Stock Exchange in accordance with the rules of that exchange.

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.

None of the Securities and Exchange Commission, any state securities commission, the Luxembourg Stock Exchange nor any foreign government agency has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

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	PER SENIOR NOTE DUE 2004	PER SENIOR NOTE DUE 2006	TOTAL
Public Offering Price.....	100.000%(1)	103.010%(2)	\$1,012,040
Underwriting Discount.....	0.225%	0.350%	\$ 2,750
Proceeds to PNC Funding Corp (before expenses).....	99.775%(1)	102.660%(2)	\$1,009,290

- (1) Plus accrued interest, if any, from October 30, 2001, to the date of delivery, with respect to the 2004 senior notes.
- (2) Plus accrued interest from August 1, 2001, to the date of delivery, with respect to the 2006 senior notes.

Interest on the 2006 senior notes will accrue from August 1, 2001. Interest on the 2004 senior notes will accrue from October 30, 2001.

The underwriters expect to deliver the senior notes to purchasers in book-entry form only through The Depository Trust Company, Clearstream, Luxembourg and the Euroclear System, as the case may be, on or about October 30, 2001.

JOINT BOOK-RUNNING MANAGERS

JPMORGAN

SALOMON SMITH BARNEY

GOLDMAN, SACHS & CO.

MERRILL LYNCH & CO.

PNC CAPITAL MARKETS, INC.

October 23, 2001

YOU SHOULD RELY ONLY ON THE INFORMATION CONTAINED IN OR INCORPORATED BY REFERENCE IN THIS PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING PROSPECTUS. WE HAVE NOT AUTHORIZED ANYONE TO PROVIDE YOU WITH DIFFERENT INFORMATION. WE ARE NOT MAKING AN OFFER OF THESE SECURITIES IN ANY JURISDICTION WHERE THE OFFER IS NOT PERMITTED. YOU SHOULD NOT ASSUME THAT THE INFORMATION CONTAINED IN OR INCORPORATED BY REFERENCE IN THIS PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING PROSPECTUS IS ACCURATE AS OF ANY DATE OTHER THAN THE DATE ON THE FRONT PAGE OF THIS PROSPECTUS SUPPLEMENT OR, WITH RESPECT TO INFORMATION INCORPORATED BY REFERENCE, AS OF THE DATE OF SUCH INFORMATION.

THIS PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING PROSPECTUS MAY BE USED BY PNC CAPITAL MARKETS, INC. AND J.J.B. HILLIARD, W.L. LYONS, INC., BOTH OF WHICH ARE AFFILIATES OF THE PNC FINANCIAL SERVICES GROUP, INC. AND PNC FUNDING CORP, IN CONNECTION WITH OFFERS AND SALES RELATED TO SECONDARY MARKET TRANSACTIONS IN THE SENIOR NOTES. PNC CAPITAL MARKETS, INC., J.J.B. HILLIARD, W.L. LYONS, INC. AND OTHER AFFILIATES OF THE PNC FINANCIAL SERVICES GROUP, INC. AND PNC FUNDING CORP MAY ACT AS PRINCIPAL OR AGENT IN THOSE TRANSACTIONS. THOSE SALES WILL BE MADE AT PRICES RELATED TO PREVAILING MARKET PRICES AT THE TIME OF SALE OR OTHERWISE.

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We intend to apply to list the senior notes on the Luxembourg Stock Exchange in accordance with the rules of that exchange. We cannot guarantee that listing will be obtained on the Luxembourg Stock Exchange. Inquiries regarding our listing status on the Luxembourg Stock Exchange should be directed to our Luxembourg listing agent, Deutsche Bank Luxembourg S.A., 2 Boulevard Konrad Adenauer, L-1115 Luxembourg.

This prospectus supplement and the accompanying prospectus include particulars given in compliance with the rules governing the listing of securities on the Luxembourg Stock Exchange for the purpose of giving information with regard to The PNC Financial Services Group, Inc. and PNC Funding Corp. The Luxembourg Stock Exchange takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness, and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus supplement and the accompanying prospectus. Copies of this prospectus supplement, the accompanying prospectus and the documents incorporated by reference in this prospectus supplement and the accompanying prospectus will be available free of charge at the office of the Luxembourg listing agent.

Subject to the following sentence, we accept responsibility for the information contained in this prospectus supplement and the accompanying prospectus and confirm, having made all reasonable inquiries, that to the best of our knowledge and belief there are no other facts the omission of which would make any statement herein misleading in any material respect as of the date of this prospectus supplement. We have obtained the information in this prospectus supplement and the accompanying prospectus concerning The Depository Trust Company ("DTC"), the Euroclear System ("Euroclear"), Clearstream Banking Luxembourg S.A. ("Clearstream, Luxembourg") and their respective book-entry systems from prospectus language prepared by DTC, Euroclear and Clearstream, Luxembourg describing book-entry-only issuance, and we take responsibility for having correctly extracted that information from these sources in all material respects, but we take no responsibility for the accuracy of the information itself.

References to "PNC" in this prospectus supplement and in the accompanying prospectus are references to The PNC Financial Services Group, Inc. (which name was changed from PNC Bank Corp. on March 9, 2000), specifically or, if the context requires, to The PNC Financial Services Group, Inc. together with its subsidiaries. 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 to PNC and PNC Funding.

The distribution of this prospectus supplement and the accompanying prospectus and the offering of the senior notes in some jurisdictions may be restricted by law. Persons who receive this prospectus supplement and the accompanying prospectus should inform themselves about and observe any such restrictions. This prospectus supplement and the accompanying prospectus do not constitute, and may not be used in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation. See "Offering Restrictions."

In this prospectus supplement and the accompanying prospectus, unless otherwise specified or the context otherwise requires, references to "dollars," "\$" and "U.S. \$" are to United States dollars.

Information contained in this prospectus supplement updates and supersedes

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information in the accompanying prospectus.

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CERTAIN UPDATING INFORMATION

The office of the Securities and Exchange Commission ("SEC") at which you may read and copy the documents and information that we file with the SEC, including the registration statement that contains the accompanying prospectus, is the SEC's Public Reference Room, 450 Fifth Street, N.W., Washington, D.C. 20549. The information under "Where You Can Find More Information" in the accompanying prospectus should be read accordingly.

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### THE PNC FINANCIAL SERVICES GROUP, INC.

PNC is a bank holding company registered under the Bank Holding Company Act of 1956, as amended, and a financial holding company under the Gramm-Leach-Bliley Act. PNC was incorporated under Pennsylvania law in 1983 with the consolidation of Pittsburgh National Corporation and Provident National Corporation. Since 1983, PNC has diversified its geographic presence, business mix and product capabilities through strategic bank and nonbank acquisitions and the formation of various nonbanking subsidiaries.

PNC is one of the largest diversified financial services organizations in the United States, currently operating businesses engaged in regional community banking, corporate banking, real estate finance, asset-based lending, wealth management, asset management and global fund services. PNC provides certain products and services nationally and others in PNC's primary geographic markets in Pennsylvania, New Jersey, Delaware, Ohio and Kentucky. PNC also provides certain asset management and global fund services internationally. At September 30, 2001, PNC's consolidated assets, deposits, and shareholders' equity were \$71.9 billion, \$45.0 billion, and \$6.9 billion, respectively.

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

### EXECUTIVE OFFICERS AND DIRECTORS OF PNC

The following persons are the executive officers of PNC. The title of each executive officer appears opposite his or her name.

James E. Rohr	Chairman, President and Chief Executive Officer
Walter E. Gregg, Jr.	Vice Chairman
Thomas K. Whitford	Group Executive, Executive Vice President, Strategic Planning
Joseph C. Guyaux	Group Executive, Executive Vice President, Regional Community Banking
Ralph S. Michael, III	Group Executive, Executive Vice President, PNC Advisors and PNC Capital Markets
Robert L. Haunschild	Senior Vice President and Chief Financial Officer
Thomas E. Paisley, III	Senior Vice President and Chairman of Corporate Credit Policy
Samuel R. Patterson	Controller
Helen P. Pudlin	Senior Vice President and General Counsel
Timothy G. Shack	Group Executive, Executive Vice President and Chief Information Officer

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The following persons are the members of the Board of Directors of PNC. The principal occupation of each director appears opposite his or her name.

Paul W. Chellgren	Chairman and Chief Executive Officer, Ashland Inc.
Robert N. Clay	President and Chief Executive Officer, Clay Holding Company
George A. Davidson, Jr.	Retired Chairman, Dominion Resources, Inc.
David F. Girard-diCarlo	Co-Chairman and Managing Partner, Blank Rome Comisky & McCauley LLP

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Walter E. Gregg, Jr.	Vice Chairman, The PNC Financial Services Group, Inc.
William R. Johnson	Chairman, President and Chief Executive Officer, H.J. Heinz Company
Bruce C. Lindsay	Chairman and Managing Director, Brind-Lindsay & Co., Inc.
W. Craig McClelland	Retired Chairman and Chief Executive Officer, Union Camp Corporation
Thomas H. O'Brien	Retired Chairman, The PNC Financial Services Group, Inc.
Jane G. Pepper	President, Pennsylvania Horticultural Society
James E. Rohr	Chairman, President and Chief Executive Officer, The PNC Financial Services Group, Inc.
Lorene K. Steffes	Vice President, Software Services and Software Group Pittsburgh Site Executive, IBM Corporation
Dennis F. Strigl	President and Chief Executive Officer, Verizon Wireless Services, LLC
Thomas J. Usher	Chairman and Chief Executive Officer, USX Corporation
Milton A. Washington	President and Chief Executive Officer, Allegheny Housing Rehabilitation Corporation
Helge H. Wehmeier	President and Chief Executive Officer, Bayer Corporation

### EXECUTIVE OFFICERS AND DIRECTORS OF PNC FUNDING

The following persons are the executive officers of PNC Funding. The title of each executive officer appears opposite his or her name.

Robert L. Haunschild	Chairman and President
Randall C. King	Senior Vice President
Kevin Glass	Vice President and Assistant Treasurer
Lisa Kovac	Vice President and Assistant Treasurer
Maria C. Schaffer	Vice President and Treasurer
Thomas R. Moore	Secretary
Dale F. Marrison	Assistant Secretary

The following persons are the members of the Board of Directors of PNC Funding. The principal occupation of each director appears opposite his or her name.

Walter E. Gregg, Jr.	Vice Chairman, The PNC Financial Services Group, Inc.
Robert L. Haunschild	Senior Vice President and Chief Financial Officer, The PNC Financial Services Group, Inc.
Randall C. King	Treasurer, The PNC Financial Services Group, Inc.

With respect to the senior notes, the address of each executive officer and member of the Boards of Directors of PNC Funding and PNC is One PNC Plaza, 249 Fifth Avenue, Pittsburgh, PA 15222-2707, U.S.A.

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### RECENT DEVELOPMENTS

On October 18, 2001, PNC announced its financial results for the quarter ended September 30, 2001. Earnings for the third quarter of 2001 were \$298 million or \$1.02 per diluted share compared with earnings from continuing operations of \$299 million or \$1.01 per diluted share for the third quarter of 2000. Excluding net losses from venture capital activities, earnings per diluted

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share were \$1.05 for the third quarter of 2001. Reported earnings for the third quarter of 2000, which include the residential mortgage banking business that was sold in January 2001, were \$322 million or \$1.09 per diluted share. Return on average common shareholders' equity was 17.92 percent and return on average assets was 1.71 percent for the third quarter of 2001 compared with 21.54 percent and 1.67 percent, respectively, for the third quarter of 2000. As of September 30, 2001, PNC's borrowed funds were \$13.0 billion, while its capital stock was \$3.0 billion.

### USE OF PROCEEDS

We anticipate our net proceeds from the sale of the senior notes, after estimated expenses payable by PNC Funding, to be \$1,009,252,500, excluding our receipt of amounts with respect to accrued interest on the senior notes. Of these proceeds, we intend to use approximately \$150 million to reduce a portion of PNC Funding's outstanding commercial paper. As of September 30, 2001, PNC Funding had a total of \$200 million of commercial paper outstanding, with a weighted-average maturity of 15 days and a weighted-average interest rate of 2.64% per annum. PNC Funding used the proceeds of the issuance of its outstanding commercial paper to finance the activities of PNC and its subsidiaries. We intend to use the remainder of the net proceeds for general corporate purposes, which may include:

- advances to PNC and its subsidiaries to finance their activities,
- financing of possible future acquisitions,
- repayment of other outstanding indebtedness, and
- repurchases of issued and outstanding shares of common and/or preferred stock under authorized programs of PNC.

Until we use the net proceeds from the sale of the senior notes for these purposes, we will use the net proceeds to reduce our short-term indebtedness or for temporary investments. We expect that we may from time to time engage in additional financings of a character and in amounts to be determined.

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### CAPITALIZATION OF THE PNC FINANCIAL SERVICES GROUP, INC. (UNAUDITED)

The following table sets forth the actual unaudited consolidated capitalization of PNC as of June 30, 2001 and as adjusted to reflect the issuance of the senior notes on August 1, 2001 and the issuance of the senior notes offered by this prospectus supplement and the application of the net proceeds from the issuance of the senior notes offered by this prospectus supplement as described in "Use of Proceeds". PNC Funding's unaudited financial data and other information, including capitalization, are part of the consolidated results of PNC. This data is prepared on a basis consistent with that of PNC's audited consolidated financial statements for the year ended December 31, 2000. The following data should be read in conjunction with PNC's unaudited consolidated financial statements included in PNC's Quarterly Report on Form 10-Q for the six months ended June 30, 2001 and audited consolidated financial statements incorporated by reference in PNC's Annual Report on Form 10-K for the year ended December 31, 2000.

JUNE 30, 2001

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	ACTUAL	AS ADJUSTED
	(U.S. DOLLARS)	IN MILLIONS)
Deposits.....	\$45,826	\$45,826
Subordinated debt.....	2,349	2,349
Short-term debt (a).....	6,690	6,540
Other borrowed funds.....	3,080	5,230
Total debt.....	57,945	59,945
Mandatorily redeemable capital securities of subsidiary trusts.....	848	848
Equity capital:		
Common stock.....	1,764	1,764
Preferred stock.....	5	5
Treasury stock.....	(3,203)	(3,203)
Surplus.....	1,257	1,257
Retained earnings.....	7,010	7,010
Other.....	(85)	(85)
Total equity capital.....	6,748	6,748
Total capitalization.....	\$65,541	\$67,541

(a) Short-term debt includes all bank notes, as of June 30, 2001, of which 4% mature in one year.

On August 1, 2001, PNC Funding issued \$450,000,000 in aggregate principal amount of Floating Rate Senior Notes due 2003 and \$700,000,000 in aggregate principal amount of 5.75% Senior Notes due 2006. On October 4, 2001, PNC Funding redeemed all outstanding shares of Fixed/Adjustable Rate Noncumulative Preferred Stock, Series F for approximately \$204,950,000. As of the date of this prospectus supplement, there has been no material change in the consolidated capitalization of PNC since June 30, 2001 other than as described above.

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SUMMARY CONSOLIDATED FINANCIAL DATA

The following unaudited table sets forth certain consolidated financial data for PNC and its subsidiaries and is qualified in its entirety by the detailed information and financial statements included in the documents incorporated herein by reference. See "Where You Can Find More Information" in the accompanying prospectus.

	SIX MONTHS ENDED JUNE 30,		YEAR ENDED DECEMBER			
	2001	2000	2000	1999	1998	1997
			(U.S. DOLLARS IN MILLIONS)			
SUMMARY OF OPERATIONS						
Interest income.....	\$ 2,251	\$ 2,341	\$ 4,732	\$ 4,583	\$ 5,024	\$ 5,024
Interest expense.....	1,132	1,241	2,568	2,239	2,536	2,536



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Net interest income.....	1,119	1,100	2,164	2,344	2,488	
Provision for credit losses.....	125	66	136	163	225	
Noninterest income excluding net securities gains (losses).....	1,375	1,459	2,871	2,428	2,070	
Net securities gains (losses).....	46	(3)	20	22	16	
Noninterest expense.....	1,564	1,572	3,071	2,843	2,698	
Applicable income taxes.....			634	586	571	
Income from continuing operations.....	560	601	1,214	1,202	1,080	
Income from discontinued operations.....	40	22	65	62	35	
Net income before cumulative effect of accounting change.....	600	623	1,279	1,264	1,115	
Cumulative effect of accounting change...	(5)					
Net income.....	\$ 595	\$ 623	\$ 1,279	\$ 1,264	\$ 1,115	\$
PERIOD-END BALANCE SHEET DATA						
Total assets.....	\$70,013	\$68,885	\$69,844	\$69,286	\$70,754	\$7
Loans, net of unearned income.....	44,167	50,281	50,601	49,673	57,633	5
Allowance for credit losses.....	(675)	(675)	675	674	753	
Convertible debt (a).....	0	0	0	0	0	
Shareholders' equity.....	6,748	6,157	6,656	5,946	6,043	
AVERAGE BALANCE SHEET DATA						
Total assets.....	\$71,350	\$68,930	\$68,978	\$68,363	\$69,624	\$6
Earning assets.....	60,658	60,308	59,875	61,301	63,077	6
Loans, net of unearned income.....	47,309	50,098	50,018	52,780	55,613	5
Securities available for sale.....	9,895	6,068	6,061	6,084	6,129	
Deposits.....	45,834	44,898	45,672	44,152	43,894	4
Borrowed funds.....	14,201	14,877	13,746	15,466	17,908	1
Shareholders' equity.....	6,664	5,966	6,137	5,870	5,581	
SELECTED RATIOS						
Return on average common shareholders' equity.....	18.47%	21.81%	21.63%	22.41%	20.81%	
Return on average assets.....	1.65	1.67	1.68	1.69	1.49	
Average common shareholders' equity to average total assets.....	8.97	8.20	8.44	8.13	7.56	
Net interest margin.....	3.64	3.43	3.37	3.68	3.85	
CREDIT QUALITY RATIOS						
Nonperforming loans to period-end loans.....	.85	.62	.64	.59	.50	
Nonperforming assets to period-end loans, loans held for sale and foreclosed assets.....	.85	.67	.71	.61	.55	
As a percent of average loans						
Net charge-offs.....	.53	.26	.27	.31	.80	
Provision for credit losses.....	.53	.26	.27	.31	.40	
Allowance for credit losses.....	1.43	1.35	1.35	1.28	1.35	
Allowance as a percent of period-end						
Loans.....	1.53	1.34	1.33	1.36	1.31	
Nonperforming loans.....	180.48	217.04	208.98	231.62	263.29	3
RATIO OF EARNINGS TO FIXED CHARGES(B)						
Excluding interest on deposits.....	2.85x	2.73x	2.79x	2.82x	2.42x	
Including interest on deposits.....	1.71	1.71	1.69	1.76	1.63	

(a) Convertible into common stock of PNC. From 1998, outstanding convertible debt was less than \$300,000 aggregate principal amount.

(b) The consolidated ratio of earnings to fixed charges has been computed by dividing income from continuing operations before taxes (which excludes the income from discontinued operations and the cumulative effect of accounting change) and fixed charges by fixed charges. Fixed charges represent all interest expense (ratios are presented both excluding and including interest on deposits), borrowed funds discount amortization expense and the portion

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of net rental expense which is deemed to be equivalent to interest on debt. Interest expense (other than on deposits) includes interest on bank notes and senior debt, federal funds purchased, repurchase agreements, other borrowed funds, and subordinated debt.

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### 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 Chase Manhattan Bank, as Trustee, as supplemented by a Supplemental Indenture dated as of February 15, 1993 and a Second Supplemental Indenture dated as of February 15, 2000. 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. Each series of 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 due on October 29, 2004 (the "2004 Notes") and the senior notes due on August 1, 2006 (the "2006 Notes") will initially be limited in this offering to \$600,000,000 aggregate principal amount and \$400,000,000 aggregate principal amount, respectively. The 2006 Notes are additional debt securities of PNC Funding under the Indenture and will be treated as a single series with the \$700,000,000 aggregate principal amount of 5.75% Senior Notes due 2006 issued on August 1, 2001. As a result, at the closing of this offering, the aggregate outstanding principal amount of the 5.75% Senior Notes due 2006, including the 2006 Notes to be issued hereunder, will be \$1,100,000,000.

The 2004 Notes and the 2006 Notes will mature on October 29, 2004 and August 1, 2006, respectively, at their principal amount unless previously redeemed or cancelled. Except for certain reasons related to U.S. taxation as discussed in "Certain Terms of the Senior Notes - Redemption for Taxation Reasons," the senior notes may not be redeemed by PNC Funding prior to their stated maturity.

If any of the interest payment dates or a maturity date falls on a day that is not a business day, PNC Funding will postpone the interest payment date or the maturity date to the next succeeding business day, but the payment made on such dates will be treated as being made on the date 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. The term "business day" means any day other than a Saturday or Sunday on which DTC, Euroclear and Clearstream, Luxembourg are operating and on which banks and foreign exchange markets are open for business in the city of offices of the principal paying agent and of the Luxembourg paying and listing agent and a day that it is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of New York, New York, the City of Pittsburgh, Pennsylvania or the Commonwealth of Pennsylvania.

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 the fifteenth calendar day, whether or not a business day, immediately preceding the interest payment

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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, at the office of the Luxembourg paying and listing agent for so long as the senior notes are listed on the Luxembourg Stock Exchange, or at PNC Funding's option in the event the senior notes are not represented by Global Notes, by check mailed to the address of the person specified for payment in the preceding sentences.

The senior notes are unconditionally guaranteed by PNC and rank equally with all of PNC Funding's other unsecured senior indebtedness. The guarantees will rank equally with the senior unsecured indebtedness of PNC. The senior notes are not guaranteed by the subsidiaries of PNC. The guarantees are effectively subordinated to all indebtedness and other liabilities (including trade payables and deposits) of such subsidiaries.

The senior notes are not convertible into, or exchangeable for, equity securities of PNC or PNC Funding.

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.

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### INTEREST

#### The 2004 Notes

The 2004 Notes will bear interest at a floating rate of LIBOR plus 0.375%. PNC Funding will pay interest on the 2004 Notes quarterly in arrears by 2:30 p.m. New York City time on January 29, April 29, July 29 and October 29 of each year, each an "interest payment date" for the 2004 Notes, and on the maturity date. Interest will be computed on the basis of a 360-day year for the actual number of days elapsed.

Interest on the 2004 Notes will accrue from October 30, 2001 to January 29, 2002 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 2004 Notes.

The interest rate on the 2004 Notes will be calculated by Deutsche Bank AG London, as calculation agent, except that the interest rate in effect for the period from October 30, 2001 to January 29, 2002 (the "initial interest rate") will be established by PNC Funding as the rate for deposits in U.S. dollars having a maturity of three months commencing on October 30, 2001 that appears on Telerate Page 3750 as of 11:00 a.m., London time, on October 26, 2001. If no rate appears on Telerate Page 3750, as specified in the preceding sentence, then the initial interest rate will be determined by PNC Funding in the manner described in clause (ii) below, except that the banks referred to in such clause will be selected by PNC Funding rather than the calculation agent.

The calculation agent will reset the interest rate with respect to the 2004 Notes on each interest payment date, each of which is referred to as an "interest reset date." The second London business day preceding an interest reset date will be the "interest determination date" for that interest reset date. The interest rate in effect on each date that is not an interest reset date will be the interest rate determined as of the interest determination date pertaining to the immediately preceding interest reset date. The interest rate

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in effect on any day that is an interest reset date will be the interest rate determined as of the interest determination date pertaining to that interest reset date, except that the interest rate in effect for the period from and including October 30, 2001 to January 29, 2002, the initial interest reset date, will be the initial interest rate.

"LIBOR" will be determined by the calculation agent in accordance with the following provisions:

(i) With respect to any interest determination date, LIBOR will be the rate for deposits in U.S. dollars having a maturity of three months commencing on the first day of the applicable interest period that appears on Telerate Page 3750 as of 11:00 a.m., London time, on that interest determination date. If no rate appears on that interest determination date, LIBOR, in respect to that interest determination date, will be determined in accordance with the provisions described in (ii) below.

(ii) With respect to an interest determination date on which no rate appears on Telerate Page 3750, as specified in (i) above, the calculation agent will request the principal London offices of each of four major reference banks in the London interbank market, as selected by the calculation agent, to provide the calculation agent with its offered quotation for deposits in U.S. dollars for the period of three months, commencing on the first day of the applicable interest period, to prime banks in the London interbank market at approximately 11:00 a.m., London time, on that interest determination date and in a principal amount that is representative for a single transaction in U.S. dollars in that market at the time. If at least two quotations are provided, then LIBOR on that interest determination date will be the arithmetic mean of those quotations. If fewer than two quotations are provided, then LIBOR on the interest determination date will be the arithmetic mean (rounded, if necessary, to the nearest one-hundred-thousandth of a percentage point, with five one-millionths of a percentage point rounded upwards) of the rates quoted at approximately 11:00 a.m., New York City time, on the interest determination date by three major banks in New York City selected by the calculation agent for loans in U.S. dollars to leading European banks, having a three-month maturity and in a principal amount that is representative for a single transaction in U.S. dollars in that market at that time; provided, however, that if the banks selected by the calculation agent are not providing quotations in the manner described by this sentence, LIBOR for the interest period commencing on the interest reset date following the interest determination date will be LIBOR in effect on that interest determination date.

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"London business day" means any day on which dealings in U.S. dollars are transacted in the London interbank market.

"Telerate Page 3750" means the display designated as "Page 3750" on the Dow Jones Market Service or any successor page or service, for the purposes of displaying the London interbank offered rates for U.S. dollar deposits.

For so long as the 2004 Notes are listed on the Luxembourg Stock Exchange, the calculation agent will notify the Luxembourg Stock Exchange and any holders of 2004 Notes of the relevant interest rate, interest period and interest (coupon) amount no later than the first business day following the relevant interest reset date.

The 2006 Notes

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The 2006 Notes will bear interest at the rate of 5.75% per annum. Interest on the 2006 Notes will accrue from August 1, 2001, which will be payable semiannually in arrears by 2:30 New York City time on February 1 and August 1 of each year (each an "interest payment date" for the 2006 Notes), commencing February 1, 2002. Interest will be computed on the basis of a 360-day year consisting of twelve 30-day months. The interest period relating to an interest payment date shall be the period from but not including the preceding interest payment date to and including the relevant interest payment date.

### ADDITIONAL PAYMENTS FOR TAXATION REASONS

All payments of principal and interest in respect of the senior notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the United States or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, PNC Funding shall pay such additional amounts as shall result in net receipt by the holders of the senior notes who are United States Aliens (as such term is defined below) of such amounts as would have been received by them had no such withholding or deduction been required, except that the foregoing obligation to pay additional amounts shall not apply to:

- (i) any tax, assessment or governmental charge that would not have been so imposed but for the existence of any present or former connection between such holder (or between a fiduciary, settlor, beneficiary, member or shareholder of, or holder of power over, such holder, if such holder is an estate, trust, partnership or corporation) and the United States, including, without limitation, such holder (or fiduciary, settlor, beneficiary, member, shareholder or holder of a power) being considered as:
  - (A) being or having been present or engaged in a trade or business in the United States or having or having had a permanent establishment therein;
  - (B) having a current or former relationship with the United States, including a relationship as a citizen or resident or being treated as a resident thereof;
  - (C) being or having been a personal holding company, a controlled foreign corporation, a passive foreign investment company, a foreign personal holding company with respect to the United States, a corporation that has accumulated earnings to avoid United States federal income tax or a private foundation or other tax-exempt organization; or
  - (D) an actual or a constructive "10 percent shareholder" of PNC Funding or PNC as defined in Section 871(h)(3) of the United States Internal Revenue Code of 1986, as amended (the "Code");
- (ii) any holder who is a fiduciary or partnership or other than the sole beneficial owner of the senior note, but only to the extent that a beneficiary or settlor with respect to such fiduciary or member of such partnership or a beneficial owner of the senior note would not have been entitled to the payment of an additional amount had such beneficiary, settlor, member or beneficial owner been the holder of such senior note;
- (iii) any tax, assessment or governmental charge that would not have been

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imposed or withheld but for the failure of the holder, if required, to comply with certification, identification or information reporting or any other requirements under United States income tax laws and regulations, without regard to any tax treaty, with respect to the payment, concerning the nationality, residence, identity or connection with the United States of the holder or a beneficial owner of such senior note, if such compliance is required by United States income tax laws and regulations, without regard to any tax treaty, as a precondition to relief or exemption from such tax, assessment or governmental charge;

- (iv) any tax, assessment or governmental charge that would not have been so imposed or withheld but for the presentation by the holder of such senior note for payment on a date more than 30 days after the date on which such payment became due and payable or the date on which payment thereof is duly provided for, whichever occurs later;
- (v) any estate, inheritance, gift, sales, transfer, excise, wealth or personal property tax or any similar tax, assessment or governmental charge;
- (vi) any tax, assessment or governmental charge that is payable otherwise than by withholding by PNC Funding or a paying agent from the payment of the principal of or interest on such senior note;
- (vii) any tax, assessment or governmental charge required to be withheld by any paying agent from such payment of principal of or interest on any senior note, if such payment can be made without such withholding by any other paying agent;
- (viii) any tax required to be withheld or deducted from a payment to an individual which is required to be made pursuant to any European Union Directive on the taxation of savings implementing the conclusion of the ECOFIN Council meeting of 26-27th November, 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive;
- (ix) any senior note presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant senior note to another paying agent in a Member State of the European Union; or
- (x) any combination of items (i), (ii), (iii), (iv), (v), (vi), (vii), (viii) and/or (ix).

The term "United States" means the United States of America, the Commonwealth of Puerto Rico and each possession of the United States of America and place subject to its jurisdiction, and the term "United States Alien" means any corporation, individual, estate or trust that, as to the United States, is for United States federal income tax purposes (A) a foreign corporation, (B) a non-resident alien individual or (C) a foreign estate or trust.

### REDEMPTION FOR TAXATION REASONS

Each series of senior notes may be redeemed at the option of PNC Funding in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the holders of such series of senior notes (which notice shall be irrevocable), at their principal amount (together with interest accrued to the date fixed for redemption), if (i) PNC Funding has or will become obliged to pay additional amounts as a result of any change in, or amendment to, the laws or regulations of the United States or any political subdivision or any authority thereof or therein having power to tax, or any change in the

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application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the issue date of such series of senior notes, and (ii) such obligation cannot be avoided by PNC Funding taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which PNC Funding would be obliged to pay such additional amounts were a payment in respect of such series of senior notes then due. Before the publication of any notice of redemption pursuant to this paragraph, PNC Funding shall deliver to the principal paying agent a certificate signed by two officers of PNC Funding stating that PNC Funding is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of PNC Funding to so redeem have occurred, and an opinion of independent legal advisers of recognized standing to the effect that PNC Funding has or will become obliged to pay such additional amounts as a result of such change or amendment.

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### DELIVERY AND FORM

The senior notes of each series will be represented by one or more permanent global certificates (each a "Global Note" and collectively, the "Global Notes") deposited with DTC and registered in the name of Cede & Co. (DTC's partnership nominee). The senior notes will be available for purchase in denominations of \$1,000 and integral multiples 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 a senior note. 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 either DTC (in the United States) or Clearstream, Luxembourg or Euroclear (in Europe), either directly if they are participants of such systems or indirectly through organizations that are participants in such systems. Clearstream, Luxembourg and Euroclear will hold interests on behalf of their participants through customers' securities accounts in Clearstream, Luxembourg's and Euroclear's names on the books of their U.S. depositories, which in turn will hold such interests in customers' securities accounts in the U.S. depositories' names on the books of DTC.

### 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. Secondary market trading between Clearstream, Luxembourg customers and/or Euroclear participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of Clearstream, Luxembourg and Euroclear and will be settled using the procedures applicable to conventional eurobonds in immediately available funds.

### PAYMENT AND PAYING AGENTS

The Chase Manhattan Bank will act as PNC Funding's principal paying agent with respect to the senior notes through its offices presently located at 450 West 33rd Street, New York, New York 10001. PNC Funding may at any time rescind the designation of a paying agent, appoint a successor paying agent, or approve

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a change in the office through which any paying agent acts. For as long as a series of the senior notes is listed on the Luxembourg Stock Exchange, PNC Funding will maintain a paying agent in Luxembourg with respect to the series of senior notes so listed. Deutsche Bank Luxembourg S.A., as the Luxembourg paying and listing agent, will act as PNC Funding's paying agent in Luxembourg with respect to the senior notes through its offices located at 2 Boulevard Konrad Adenauer, L-1115 Luxembourg. Payments of interest and principal may be made by wire-transfer in immediately available funds in U.S. dollars for senior notes held in book-entry form or, at PNC Funding's option in the event the senior notes are not represented by Global Notes, by check mailed to the address of the person entitled to the payment as it appears in the senior note register. Payment of principal will be made upon the surrender of the relevant senior notes at the offices of the principal paying agent or Luxembourg paying and listing agent.

For as long as a series of the senior notes is listed on the Luxembourg Stock Exchange, PNC Funding will publish notice of any change in a paying agent with respect to such series of the senior notes in a daily newspaper of general circulation in Luxembourg (which is expected to be the Luxembourg Wort).

### FURTHER ISSUANCES

PNC Funding may from time to time without the consent of the holders of either series of the senior notes create and issue further notes having the same terms and conditions as either series of the senior notes (so that, for the avoidance of doubt, references in the conditions of such senior notes to "issue date" shall be to the first issue date of the relevant series of the senior notes) and so that the same shall be consolidated and form a single series with such senior notes, and references in this "Certain Terms of the Senior Notes" to "senior notes" shall be construed accordingly.

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### NOTICES

Notices to the holders of registered senior notes will be mailed to them at their respective addresses in the register of the senior notes and will be deemed to have been given on the fourth weekday (being a day other than Saturday or Sunday) after the date of mailing. Notices to the holders of registered senior notes that are listed on the Luxembourg Stock Exchange will also be published in a daily newspaper of general circulation in Luxembourg (which is expected to be the Luxembourg Wort). For so long as a series of the senior notes are listed on the Luxembourg Stock Exchange, any appointment of or change in the Luxembourg paying and listing agent with respect to the series so listed will be published in Luxembourg in the manner set forth above.

### GOVERNING LAW

The senior notes and the guarantees will be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania.

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### CERTAIN UNITED STATES 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. 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.



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This discussion deals only with senior notes purchased 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 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 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 are 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 SENIOR NOTES SHOULD 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.

For purposes of this discussion, the term "United States holder" means a beneficial owner of a senior note 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 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.

Certain United States federal income tax consequences relevant to a beneficial owner of a senior note other than a United States holder, referred to in this discussion as a "non-U.S. holder," are discussed separately below.

### UNITED STATES HOLDERS

The following discussion applies to you if you are a United States holder.

#### Payments of Interest

Stated interest paid or accrued on the senior notes generally 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 or Redemption of the Senior Notes

When you dispose of a senior note by sale, exchange, redemption or other taxable disposition, you generally will recognize gain or loss equal to the difference, if any, between (i) the amount realized on the

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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, redeemed 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.

#### NON-U.S. HOLDERS

The following discussion summarizes certain United States federal income tax consequences relevant to a non-U.S. holder of a senior note.

#### Payments of Stated Interest

Under current United States federal income tax law, and subject to the discussion of backup withholding below, payments of stated interest on a senior note to a non-U.S. holder will not be subject to United States federal income or withholding tax if

- the non-U.S. holder does not actually or constructively own 10 percent or more of the combined voting power of all classes of stock of PNC Funding or PNC,
- the non-U.S. holder is not a controlled foreign corporation related to PNC Funding or PNC, through stock ownership,
- the non-U.S. holder is not a bank receiving interest described in Section 881(c)(3)(A) of the Code,
- the non-U.S. holder as the beneficial owner of the senior note either (i) provides a statement signed under penalties of perjury that includes the beneficial owner's name, address and U.S. taxpayer identification number, if any, and certifies (on an IRS Form W-8BEN or a substantially similar substitute form) that the beneficial owner of the senior note is a non-U.S. holder in compliance with applicable requirements, or (ii) holds its note directly through a "qualified intermediary," and the qualified intermediary has sufficient information in its files indicating that the beneficial owner is not a United States holder, and
- PNC, PNC Funding, its paying agent and all intermediaries between the non-U.S. holder and PNC Funding or its paying agent do not have actual knowledge or reason to know that the non-U.S. beneficial ownership statement is false.

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A "qualified intermediary" is a bank, broker or other intermediary that (1) is either a U.S. or non-U.S. entity, (2) is acting out of a non-U.S. branch or office and (3) has signed an agreement with the Internal Revenue Service providing that it will administer all or part of the U.S. withholding rules under specified procedures.

A payment of stated interest on a senior note to a non-U.S. holder who fails to satisfy one of the foregoing requirements generally will be subject to withholding tax at a rate of 30% (subject to reduction or exemption under any applicable tax treaty) unless

- the payment is effectively connected with a trade or business conducted within the United States by that non-U.S. holder,
- the non-U.S. holder provides a properly completed IRS Form W-8ECI prior to the payment of interest, and
- PNC, PNC Funding, its paying agent and all intermediaries between the non-U.S. holder and PNC Funding or its paying agent do not have actual knowledge or reason to know that the form is false.

Interest on a senior note that is effectively connected with the conduct of a trade or business in the United States by a non-U.S. holder, although exempt from the withholding tax (assuming appropriate certification is provided), generally will be subject to graduated United States federal income tax on a net

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income basis as if those amounts were earned by a United States holder. Corporate non-U.S. holders receiving effectively connected interest may also be subject to an additional branch profits tax.

### Sale or Redemption of Senior Notes

Except as described below and subject to the discussion concerning backup withholding, a non-U.S. holder generally will not be subject to United States federal income tax with respect to any gain realized upon the sale or redemption of a senior note unless (i) the gain is effectively connected with a United States trade or business of the non-U.S. holder or (ii) subject to certain exceptions, the non-U.S. holder is an individual who holds the senior note as a capital asset and is present in the United States for 183 days or more in the taxable year of the disposition.

### United States Federal Estate Tax

A senior note held by an individual who at the time of death is not a citizen or resident of the United States will not be subject to United States federal estate tax as a result of such individual's death if at the time of death (i) the individual did not own actually or constructively 10% or more of the total combined voting power of all classes of stock of PNC Funding or PNC and (ii) payments of interest on senior notes held by such individual would not have been effectively connected with a United States trade or business.

### 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 of up to 31% unless the holder complies with certain identification or exemption requirements.

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Payments of stated interest and of proceeds from the sale of senior notes made to a non-U.S. holder will not be subject to information reporting or backup withholding tax if the holder certifies as to its non-U.S. status or otherwise establishes entitlement to exemption and the payor has no actual knowledge or reason to know that the holder is in fact a United States holder. A non-U.S. holder may certify to its non-U.S. status by providing an IRS Form W-8BEN or W-8ECI or a substantially similar substitute form or holding its senior note through a Qualified Intermediary with sufficient information in its files as described above. With some exceptions, a payment to a foreign partnership will be treated as a payment directly to its partners. Notwithstanding the foregoing, interest payments to a non-U.S. holder may be reported to the IRS on Form 1042-S.

Any amount withheld, whether with respect to a United States holder or a non-U.S. 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 IRS.

HOLDERS OF SENIOR NOTES SHOULD CONSULT THEIR TAX ADVISORS REGARDING THE APPLICATION OF INFORMATION REPORTING AND BACKUP WITHHOLDING IN THEIR PARTICULAR SITUATIONS, THE AVAILABILITY OF AN EXEMPTION THEREFROM, AND THE PROCEDURE FOR OBTAINING SUCH AN EXEMPTION, IF AVAILABLE.

### Proposed European Union Withholding Directive

The European Union is currently considering proposals for a new directive regarding the taxation of savings income. According to the most recently available information it is proposed that, subject to a number of important conditions being met, Member States will be required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to an individual resident in that other Member State, subject to the right of certain individual Member States to opt instead for a withholding system for a transitional period in relation to such payments. Full details of the proposals are not currently available, and they may in any case be subject to further amendment.

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### UNDERWRITING

Salomon Smith Barney Inc. and J.P. Morgan Securities Inc. are acting as joint bookrunning managers of the offering and as representatives of the underwriters named below.

Subject to the terms and conditions stated in the underwriting agreement, dated the date of this prospectus supplement, each underwriter named below has agreed to purchase, and we have agreed to sell to that underwriter, the principal amount of senior notes set forth opposite the underwriter's name.

UNDERWRITER	PRINCIPAL AMOUNT OF 2004 NOTES	PRINCIPAL AMOUNT OF 2006 NOTES
Salomon Smith Barney Inc. ....	\$270,000,000	\$180,000,000
J.P. Morgan Securities Inc. ....	270,000,000	180,000,000
Goldman, Sachs & Co. ....	24,000,000	16,000,000
Merrill Lynch, Pierce, Fenner & Smith Incorporated.....	24,000,000	16,000,000

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PNC Capital Markets, Inc. ....	12,000,000	8,000,000
	-----	-----
Total.....	\$600,000,000	\$400,000,000
	=====	=====

The underwriting agreement provides that the obligations of the underwriters are subject to certain conditions precedent and that the underwriters are obligated to purchase all of the senior notes if they purchase any of the senior notes.

The underwriters propose to offer some of the senior notes directly to the public at the public offering prices set forth on the cover page of this prospectus supplement, and some of the senior notes to dealers at the public offering prices less a concession not to exceed 0.125% of the principal amount of the 2004 Notes and 0.200% of the principal amount of the 2006 Notes. The underwriters may allow, and these dealers may reallocate, a concession not to exceed of 0.075% of the principal amount of the 2004 Notes and 0.150% of the principal amount of the 2006 Notes on sales to other dealers. After the initial public offering of the senior notes to the public, the representatives may change the public offering prices and concessions.

The following table shows the underwriting discounts and commissions that PNC Funding is to pay to the underwriters in connection with the offering (expressed as a percentage of the principal amount of each series of senior notes).

	PAID BY PNC FUNDING CORP
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Per senior note due 2004.....	0.225%
Per senior note due 2006.....	0.350%

Although we intend to apply to have the 2004 Notes listed on the Luxembourg Stock Exchange, the 2004 Notes are a new issue of securities with no established trading market. The \$700,000,000 aggregate principal amount of 5.75% Senior Notes due 2006 issued on August 1, 2001, (with which the 2006 Notes offered hereunder will be treated as a single series), are listed on the Luxembourg Stock Exchange. We intend to apply to have the 2006 Notes offered hereunder listed on the Luxembourg Stock Exchange. The underwriters have advised us that they intend to make a market in the senior notes, but are not obligated to do so, and may discontinue any market making at any time without notice. No assurance can be given as to the liquidity of the trading market for the senior notes.

In connection with the offering, Salomon Smith Barney, on behalf of the underwriters, may purchase and sell senior notes in the open market. These transactions may include over-allotment, syndicate covering transactions and stabilizing transactions. Over-allotment involves syndicate sales of senior notes in excess of the principal amount of senior notes to be purchased by the underwriters in the offering, which creates a syndicate short position. Syndicate covering transactions involve purchases of the senior notes in the open market after the distribution has been completed in order to cover syndicate short positions. Stabilizing transactions consist of certain bids or purchases of senior notes made for the purpose of preventing or retarding a decline in the market price of the senior notes while the offering is in progress.

The underwriters may also impose a penalty bid. Penalty bids permit the

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underwriters to reclaim a selling concession from a syndicate member when Salomon Smith Barney, in covering syndicate short positions or making stabilizing purchases, repurchases senior notes originally sold by that syndicate member.

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Any of these activities may have the effect of preventing or retarding a decline in the market price of the senior notes. They may also cause the price of the senior notes to be higher than the price that otherwise would exist in the open market in the absence of these transactions. The underwriters may conduct these transactions in the over-the-counter market or otherwise. If the underwriters commence any of these transactions, they may discontinue them at any time.

The underwriters and their respective associates and affiliates may be customers of, engage in transactions with, and perform investment banking and other financial services (including commercial lending) for us and our subsidiaries in the ordinary course of business. PNC Capital Markets, Inc., one of our indirect wholly-owned subsidiaries, is acting as one of the underwriters. When a member of the National Association of Securities Dealers, Inc. ("NASD"), such as PNC Capital Markets, Inc., participates in the distribution of an affiliated company's securities, the offering must be conducted in accordance with applicable provisions of the NASD's Conduct Rule 2720. We are considered to be an "affiliate" (as such term is defined in Rule 2720) of PNC Capital Markets, Inc. Our offer and sale of the senior notes will comply with the applicable requirements of Rule 2720 regarding the underwriting of securities of affiliates. No NASD member participating in the offering of the senior notes will execute a transaction in such senior notes in a discretionary account without the prior written specific approval of the member's customer. The Chase Manhattan Bank, an affiliate of J.P. Morgan Securities Inc., is the trustee under the Indenture.

This prospectus supplement and the accompanying prospectus may be used by PNC Capital Markets, Inc. and J.J.B. Hilliard, W.L. Lyons, Inc. in connection with offers and sales related to secondary market transactions in the senior notes. PNC Capital Markets, Inc., J.J.B. Hilliard, W.L. Lyons, Inc. and affiliates of PNC and PNC Funding may act as principal or agent in those transactions. Those sales will be made at prices related to prevailing market prices at the time of sale or otherwise.

The underwriting agreement provides that PNC Funding and PNC will jointly and severally indemnify the underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended, or to contribute to payments the underwriters may be required to make because of any of those liabilities.

The underwriters have agreed to reimburse PNC Funding for certain expenses incurred in connection with the offering.

It is expected that delivery of the senior notes will be made against payment therefor on or about October 30, 2001, which is the fifth business day following the date hereof (such settlement cycle being referred to as T+5). Purchasers of senior notes should note that the ability to settle secondary market trades of the senior notes effected on the date of pricing and the next succeeding business day may be affected by the T+5 settlement.

We estimate that the total expenses for this offering will be \$150,000.

OFFERING RESTRICTIONS

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The senior notes are offered for sale in the United States and in jurisdictions outside the United States, subject to applicable law.

Each of the underwriters has agreed that it will not offer, sell, or deliver any of the senior notes, directly or indirectly, or distribute this prospectus supplement or the accompanying prospectus or any other offering material relating to the senior notes, in or from any jurisdiction outside the United States except under circumstances that will, to the best of the underwriter's knowledge and belief, result in compliance with the applicable laws and regulations and which will not impose any obligations on us except as set forth in the underwriting agreement.

You may be required to pay stamp taxes and other charges in accordance with the laws and practices of the country in which you purchase the senior notes. These taxes and charges are in addition to the issue price set forth on the cover page.

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### UNITED KINGDOM

Each underwriter has represented and agreed that it and each of its affiliates:

- has not offered or sold and, prior to the expiry of the period of six months from the time of closing, will not offer or sell any of the senior notes to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing, or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995, as amended;
- has complied and will comply with all applicable provisions of the Financial Services Act 1986 with respect to anything done by it in relation to the senior notes in, from or otherwise involving the United Kingdom; and
- has only issued or passed on and will only issue or pass on in the United Kingdom any document received by it in connection with the issue of the senior notes to a person who is of a kind described in Article 11(3) of the Financial Services Act 1986 (Investment Advertisements) (Exemptions) Order 1996, as amended or is a person to whom those documents may otherwise lawfully be issued or passed on.

### GERMANY

In connection with the initial placement of senior notes in Germany, each of the underwriters has represented and agreed that it has not offered or sold and it will not offer or sell any senior notes in Germany other than in compliance with the Securities Prospectus Act (Wertpapier-Verkaufsprospektgesetz) of 13th December, 1990 as amended or any other law applicable in Germany governing the issue, offering and sale of securities.

### THE NETHERLANDS

Each of the underwriters has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly,

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offer or sell in the Netherlands any senior notes other than to persons who trade or invest in securities in the conduct of a profession or business (which include banks, stockbrokers, insurance companies, pension funds, other institutional investors and finance companies and treasury departments of large enterprises).

### THE REPUBLIC OF FRANCE

Each of the underwriters has represented and agreed that the senior notes are being issued outside of France, and that it, in connection with the initial distribution of the senior notes, has not offered or sold and will not offer or sell senior notes in France, and that it has not distributed and will not distribute or cause to be distributed in France this prospectus supplement and accompanying prospectus or any other offering material relating to the senior notes, except to (i) qualified investors (investisseurs qualifiés) and/or (ii) a restricted circle of investors (Cercle restreint d'investisseurs), all as defined in Article 6 of the Order ("Ordonnance") dated 28th September, 1967 (as amended) and Decree no. 98-880 dated 1st October, 1998 and in compliance with regulations issued from time to time by the Commission des Operations de Bourse.

### JAPAN

The senior notes have not been and will not be registered under the Securities and Exchange Law of Japan and each of the underwriters has represented and agreed that it and its affiliates have not offered or sold, and will not offer or sell, directly or indirectly, any of the senior notes in or to residents of Japan or to any persons for reoffering or resale, directly or indirectly, in Japan or to any resident of Japan, except pursuant to an exemption from the registration requirements of the Securities and Exchange Law available thereunder and in compliance with the other relevant laws and regulations of Japan.

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### HONG KONG

Each of the underwriters has represented and agreed that it and its affiliates have not offered or sold, and will not offer or sell, any of the senior notes by means of any document to persons in Hong Kong other than persons whose ordinary business it is to buy or sell shares or debentures, whether as principal or agent, or otherwise in circumstances which do not constitute an offer to the public within the meaning of the Hong Kong Companies Ordinance (Chapter 32 of the Laws of Hong Kong).

### LEGAL OPINIONS

The legal opinion required to be furnished by PNC Funding and PNC pursuant to the underwriting agreement, dated the date of this prospectus supplement, among PNC Funding, PNC and the underwriters will be rendered by Thomas R. Moore, Esq., Senior Counsel and Corporate Secretary of PNC. Mr. Moore beneficially owns or has rights to acquire, an aggregate of less than 1% of the outstanding shares of common stock of PNC.

The underwriters are represented by Cravath, Swaine & Moore, 825 Eighth Avenue, New York, New York 10019. As to matters of Pennsylvania law, Cravath, Swaine & Moore will rely on the opinion of Thomas R. Moore, Esq., Senior Counsel and Corporate Secretary of PNC.

### EXPERTS

Ernst & Young LLP, independent auditors, have audited PNC's consolidated



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financial statements incorporated by reference in PNC's Annual Report on Form 10-K for the year ended December 31, 2000, as set forth in their report, which is incorporated by reference in this document. PNC's consolidated financial statements are incorporated by reference in reliance on Ernst & Young LLP's report, given on their authority as experts in accounting and auditing.

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### GENERAL INFORMATION

- (1) In connection with the application to list the senior notes on the Luxembourg Stock Exchange, a legal notice relating to the issue of the senior notes and copies of the Articles of Incorporation and By-laws of PNC Funding and the Articles of Incorporation, as amended and restated, and By-laws of PNC will be deposited with the Chief Registrar of the District Court in Luxembourg (Greffier en Chef du Tribunal d'Arrondissement de et Luxembourg) where such documents may be examined and copies obtained free of charge.
- (2) PNC Funding and PNC have obtained all necessary consents, approvals and authorizations in connection with the issue, performance and/or guaranty of the senior notes. The issuance of the senior notes was authorized by resolutions adopted by the Board of Directors of PNC Funding on September 10, 2001. The guaranty of the senior notes was authorized by resolutions adopted by the Board of Directors of PNC on August 23, 2001.
- (3) The senior notes have been accepted for clearance through DTC in the United States, and through the Euroclear and Clearstream, Luxembourg clearance systems in Europe. The CUSIP number for the 2004 Notes is 693476 AS 2 and for the 2006 Notes is 693476 AR 4. The International Securities Identification Number (ISIN) for the 2004 Notes is US693476 AS 21 and for the 2006 Notes is US693476 AR 48. The Common Code for the 2004 Notes is 013819335 and for the 2006 Notes is 013350639.
- (4) The independent certified public accountants of PNC are Ernst & Young LLP. Ernst & Young, a leading accounting and auditing firm in the United States and Canada, is located at One Oxford Centre, Pittsburgh, Pennsylvania 15219. Ernst & Young provided various audit and other services for PNC during 2000. Such services included an audit of annual consolidated financial statements, interim reviews of quarterly consolidated financial statements, review and consultation connected with certain filings with the Securities and Exchange Commission, internal control reviews required by regulatory authorities and certain contractual agreements or requested by PNC's management or internal audit staff, consultation on tax, financial accounting and reporting matters, and meetings with the audit committee of the Board of Directors of PNC.
- (5) Except as disclosed herein or in the documents incorporated herein by reference, as of the date of this prospectus supplement there has been no material adverse change in the consolidated financial position of PNC Funding or PNC since the date of PNC's last audited financial statements.
- (6) Neither PNC Funding nor PNC is a party to any litigation, administrative proceedings or arbitration which is or may be material in the context of the issue of the senior notes and to their knowledge none has been threatened.
- (7) Prior to the completion of issuance of the senior notes, the following documents will be available for inspection and obtainable free of charge during usual business hours on any business day at the offices of the Luxembourg paying and listing agent:

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- the underwriting agreement;
  - the Articles of Incorporation and By-laws of PNC Funding and the amended and restated Articles of Incorporation and By-laws of PNC;
  - the indenture;
  - the form of the guarantees;
  - the documents described under the section entitled "Where You Can Find More Information" in the accompanying prospectus;
  - the documents incorporated by reference into this prospectus supplement and the accompanying prospectus; and
  - a copy of this prospectus supplement together with the accompanying prospectus.
- (8) Copies of the documents incorporated by reference may be obtained free of charge at the offices of the Luxembourg paying and listing agent during usual business hours on any business day. The documents that we incorporate by reference include PNC's:

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- (a) Annual Report on Form 10-K for the year ended December 31, 2000 filed with the Securities and Exchange Commission, which includes the audited consolidated financial statements of PNC as of, and for the year ended, December 31, 2000;
  - (b) Quarterly Report on Form 10-Q for the quarter ended March 31, 2001 filed with the Securities and Exchange Commission, which includes the unaudited consolidated financial statements of PNC as of, and for the quarter ended, March 31, 2001;
  - (c) Quarterly Report on Form 10-Q for the quarter ended June 30, 2001 filed with the Securities and Exchange Commission, which includes the unaudited consolidated financial statements of PNC as of, and for the quarter ended, June 30, 2001; and
  - (d) Current Report on Form 8-K filed with the Securities and Exchange Commission on August 1, 2001.
- (9) For so long as a series of the senior notes are listed on Luxembourg Stock Exchange, the following documents will also be obtainable free of charge at the offices of the Luxembourg paying and listing agent during usual business hours on any business day:
- all audited consolidated annual financial statements subsequently filed with the Securities and Exchange Commission no later than the tenth business day after such audited consolidated annual financial statements are filed; and
  - all unaudited consolidated quarterly interim financial statements subsequently filed with the Securities and Exchange Commission no later than the tenth business day after such unaudited consolidated quarterly interim financial statements are filed.
- (10) PNC prepares publicly-available consolidated financial statements on a quarterly and annual basis. PNC prepares publicly-available

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non-consolidated financial statements on an annual basis only, as a footnote to its consolidated financial statements. PNC Funding's financial data and other information are part of the consolidated results of PNC. PNC Funding does not prepare separate publicly-available financial statements.

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PROSPECTUS

PNC LOGO

\$4,297,000,000

THE PNC FINANCIAL SERVICES GROUP, INC.  
COMMON STOCK, PREFERRED STOCK, WARRANTS, GUARANTEES  
AND DEPOSITARY SHARES

PNC FUNDING CORP  
DEBT SECURITIES AND WARRANTS

We may offer, in one or more offerings, debt securities, common stock, preferred stock, warrants, guarantees and depositary shares having an aggregate initial public offering price of up to \$4,297,000,000. We may also issue common stock, preferred stock or debt securities upon the conversion, exchange or exercise of certain of the securities listed above. When we decide to sell a particular series of securities, we will prepare a prospectus supplement describing those securities and our plan of distribution. You should read this prospectus and any applicable prospectus supplement carefully before you invest.

The common stock of The PNC Financial Services Group, Inc. is listed on the New York Stock Exchange under the symbol "PNC."

These securities are not savings or deposit accounts or other obligations of any bank, and they are not insured by the Federal Deposit Insurance Corporation or any other insurer or governmental agency.

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

The date of this prospectus is September 24, 2001.

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### ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission using a "shelf" registration process. Under this shelf process, we may from time to time sell any combination of the securities described in this prospectus in one or more offerings up to a total dollar amount of \$4,297,000,000 or the equivalent of this amount in foreign currencies, foreign currency units or composite currencies. We may sell these securities either separately or in units. We also may issue common stock, preferred stock or debt securities upon the conversion, exchange or exercise of certain of the securities described in this prospectus.

This prospectus provides you with a general description of the securities we may offer. Each time we sell securities, we will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and any prospectus supplement together with the additional information described below under the heading "Where You Can Find More Information."

The registration statement that contains this prospectus, including the exhibits to the registration statement and the information incorporated by reference, contains additional information about the securities offered under this prospectus. That registration statement can be read at the Securities and Exchange Commission, or SEC, web site or at the SEC offices mentioned below under the heading "Where You Can Find More Information."

Following the initial distribution of an offering of securities, PNC Capital Markets, Inc., J.J.B. Hilliard, W.L. Lyons, Inc. and other affiliates of ours may offer and sell those securities in secondary market transactions. PNC Capital Markets, Inc., J.J.B. Hilliard, W.L. Lyons, Inc. and other affiliates of ours may act as a principal or agent in these transactions. This prospectus and the applicable prospectus supplement will also be used in connection with these transactions. Sales in any of these transactions will be made at varying prices related to prevailing market prices and other circumstances at the time of sale.

No person is authorized to give any information or to make any representations other than those contained or incorporated by reference in this prospectus or the accompanying prospectus supplement, and, if given or made, such information or representation must not be relied upon as having been authorized. This prospectus and the accompanying prospectus supplement do not constitute an offer to sell or the solicitation of an offer to buy any securities other than the securities described in the accompanying prospectus supplement or an offer to sell or the solicitation of an offer to buy such securities in any circumstances in which such offer or solicitation is unlawful. Neither the delivery of this prospectus or the accompanying prospectus supplement, nor any sale made hereunder and thereunder, shall, under any circumstances, create any implication that there has been no change in our affairs since the date of this prospectus or that the information contained or incorporated by reference in this prospectus to the accompanying prospectus supplement is correct as of any time subsequent to the date of such information.

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### WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement under the Securities Act of 1933, as amended, that registers the distribution of the securities offered under this prospectus. The registration statement, including the attached exhibits and schedules and the information incorporated by reference, contains additional relevant information about us and the securities. The rules and regulations of the SEC allow us to omit from this prospectus certain information included in the registration statement.

In addition, we file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy these documents and information and the registration statement at the following locations of the SEC:

- Public Reference Room, 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20459,
- Midwest Regional Office, Citicorp Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661, and
- Northeast Regional Office, Seven World Trade Center, Suite 1300, New York, New York 10048.

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You may also obtain copies of this information by mail from the Public Reference Section of the SEC, 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20459, at prescribed rates. You may obtain information on the operation of the public reference room by calling the SEC at 1-800-SEC-0330.

The SEC also maintains an Internet World Wide Web site that contains reports, proxy statements and other information about issuers of securities, like us, who file such material electronically with the SEC through the Electronic Data Gathering, Analysis and Retrieval (EDGAR) System. The address of that web site is <http://www.sec.gov>. You also can inspect such reports, proxy statements and other information about us at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005. Our common stock and certain series of our preferred stock are listed on the New York Stock Exchange.

The SEC allows us to "incorporate by reference" into this prospectus the information PNC files with the SEC, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this prospectus. Information that PNC files later with the SEC will automatically update information in this prospectus. Because we are incorporating by reference future filings with the SEC, this prospectus is continually updated and those future filings may modify or supersede some of the information included or incorporated in this prospectus. In all cases, you should rely on the later information over different information included in this prospectus or any prospectus supplement. This prospectus incorporates by reference the documents listed below that we previously have filed with the SEC and any future filings made with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 until we have completed our offering of the securities to be issued under the registration statement or, if later, until the date on which any of our affiliates cease offering and selling these securities:

- The PNC Financial Services Group, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2000,
- The PNC Financial Services Group, Inc.'s Quarterly Reports on Form 10-Q

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for the quarterly periods ended March 31, 2001 and June 30, 2001,

- The PNC Financial Services Group, Inc.'s Current Report on Form 8-K that was filed on August 1, 2001, and
- The description of The PNC Financial Services Group, Inc.'s common stock and certain series of preferred stock contained in the Forms 8-A that were filed on May 23, 2000 and September 24, 1987.

You may obtain these documents from us without charge by requesting them in writing, by email or by telephone at the following address:

Lynn Fox Evans  
Director of Financial Reporting  
The PNC Financial Services Group, Inc.  
One PNC Plaza  
249 Fifth Avenue  
Pittsburgh, Pennsylvania 15222-2707  
(412) 762-1553  
financial.reporting@pnc.com

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### FORWARD-LOOKING STATEMENTS

This prospectus, the accompanying prospectus supplements and the information incorporated by reference in this prospectus may contain forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act with respect to the outlook or expectations for our earnings, revenues, asset quality, share repurchases, and other future financial or business performance, strategies and expectations. Forward-looking statements are typically identified by words or phrases such as "believe," "expect," "anticipate," "intend," "outlook," "forecast," "estimate," "position," "target," "mission," "assume," "achievable," "potential," "strategy," "goal," "objective," "plan," "aspiration," "outcome," "continue," "remain," "maintain," "seek," "strive," "trend" and variations of such words and similar expressions, or future or conditional verbs such as "will," "would," "should," "could," "might," "can," "may" or similar expressions. We caution you that forward-looking statements are subject to numerous assumptions, risks and uncertainties, which change over time. Actual results could differ materially from those anticipated in forward-looking statements and future results could differ materially from historical performance. Forward-looking statements speak only as of the date they are made, and we assume no duty to update forward-looking statements. In addition to factors previously disclosed in PNC's SEC reports, the following factors, among others, could cause actual results to differ materially from forward-looking statements or historical performance:

- adjustments to recorded results of the sale of PNC's residential mortgage banking business after final settlement is completed,
- changes in economic or industry conditions, the interest rate environment or financial and capital markets, which could result in: a deterioration in credit quality and increased credit losses; an adverse effect on the allowance for loan losses; a reduction in demand for credit or fee-based products and services, net interest income, value of assets under management and assets serviced, value of debt and equity investments, or value of on-balance sheet and off-balance-sheet assets; or changes in the availability and terms of funding necessary to meet PNC's liquidity needs,
- relative investment performance of assets under management,

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- the introduction, withdrawal, success and timing of business initiatives and strategies, decisions regarding further reductions in balance sheet leverage, and PNC's inability to realize cost savings or revenue enhancements, implement integration plans and other consequences of mergers, acquisitions, restructurings and divestitures,
- customer borrowing, repayment, investment and deposit practices and their acceptance of PNC's products and services,
- the impact of increased competition,
- the means PNC chooses to redeploy available capital, including the extent and timing of any share repurchases and investments in PNC businesses,
- the inability to manage risks inherent in PNC's business,
- the unfavorable resolution of legal proceedings,
- the denial of insurance coverage for claims made by PNC,
- an increase in the number of customer or counterparty delinquencies, bankruptcies or defaults that could result in, among other things, increased credit and asset quality risk, a higher loan loss provision and reduced profitability,
- the impact, extent and timing of technological changes, and
- actions of the Federal Reserve Board and legislative and regulatory actions and reforms.

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### THE PNC FINANCIAL SERVICES GROUP, INC.

In this prospectus, we use "PNC" to refer to The PNC Financial Services Group, Inc. specifically or, if the context requires, to The PNC Financial Services Group, Inc. together with its subsidiaries; "PNC Funding" to refer to PNC Funding Corp specifically; and "we" or "us" to refer collectively to PNC and PNC Funding.

PNC is a bank holding company registered under the Bank Holding Company Act of 1956, as amended, and a financial holding company under the Gramm-Leach-Bliley Act. PNC was incorporated under Pennsylvania law in 1983 with the consolidation of Pittsburgh National Corporation and Provident National Corporation. Since 1983, PNC has diversified its geographic presence, business mix and product capabilities through strategic bank and nonbank acquisitions and the formation of various nonbanking subsidiaries.

PNC is one of the largest diversified financial services organizations in the United States, currently operating businesses engaged in regional community banking, corporate banking, real estate finance, asset-based lending, wealth management, asset management and global fund services. PNC provides certain products and services nationally and others in PNC's primary geographic markets in Pennsylvania, New Jersey, Delaware, Ohio and Kentucky. PNC also provides certain asset management and global fund services internationally. At June 30, 2001, PNC's consolidated assets, deposits, and shareholders' equity were \$70.0 billion, \$45.8 billion, and \$6.7 billion, respectively.

PNC's principal executive offices are located at:

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One PNC Plaza  
249 Fifth Avenue  
Pittsburgh, Pennsylvania 15222-2707  
(412) 762-2000

### PNC FUNDING CORP

PNC Funding is a wholly owned indirect subsidiary of PNC. PNC Funding was incorporated under Pennsylvania law in 1972 and is engaged in financing the activities of PNC and its subsidiaries through the issuance of commercial paper and other debt guaranteed by PNC.

PNC Funding's principal executive offices are located at:

One PNC Plaza  
249 Fifth Avenue  
Pittsburgh, Pennsylvania 15222-2707  
(412) 762-2000

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### USE OF PROCEEDS

Unless otherwise provided in the applicable prospectus supplement, we will apply the net proceeds from the sale of the securities for general corporate purposes, including:

- advances to PNC (in the case of PNC Funding) and subsidiaries of PNC (including its bank subsidiaries),
- financing of possible future acquisitions,
- repayment of outstanding indebtedness, and
- repurchases of issued and outstanding shares of common and/or preferred stock under authorized programs of PNC.

The amount and timing of advances to PNC and its subsidiaries will depend on the future growth and financing requirements of PNC and its subsidiaries. Pending ultimate application, the net proceeds may be used to make short-term investments or reduce borrowed funds. In view of anticipated funding requirements, we may from time to time engage in additional financings of a character and in amounts to be determined.

### CONSOLIDATED RATIO OF EARNINGS TO FIXED CHARGES

The following unaudited table presents our consolidated ratio of earnings to fixed charges. The consolidated ratio of earnings to fixed charges was computed by dividing income from continuing operations before income taxes (which excludes the income from discontinued operations and the cumulative effect of changes in accounting principles) and fixed charges by fixed charges. Fixed charges represent all interest expense (ratios are presented both excluding and including interest on deposits), the portion of net rental expense that is deemed to be equivalent to interest on debt, borrowed funds discount amortization expense and distributions on trust preferred capital securities. Interest expense (other than on deposits) includes interest on bank notes and senior debt, federal funds purchased, repurchase agreements, other borrowed funds and subordinated debt. Because PNC Funding is a provider of funds to PNC and its subsidiaries, fixed charges ratios are presented on a consolidated basis.



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	{SIX MONTHS ENDED JUNE 30, 2001	YEAR ENDED DECEMBER 31,				
		2000	1999	1998	1997	1996
Excluding interest on deposits.....	2.85x	2.79x	2.82x	2.42x	2.48x	2.5
Including interest on deposits.....	1.71	1.69	1.76	1.63	1.63	1.6

CONSOLIDATED RATIO OF EARNINGS TO COMBINED FIXED CHARGES  
AND PREFERRED STOCK DIVIDENDS

The following unaudited table presents our consolidated ratio of earnings to combined fixed charges and preferred stock dividends. The consolidated ratio of earnings to combined fixed charges and preferred stock dividends was computed by dividing income from continuing operations before income taxes (which excludes the income from discontinued operations and the cumulative effect of changes in accounting principles) and fixed charges and preferred stock dividends by fixed charges and preferred stock dividends. Fixed charges represent all interest expense (ratios are presented both excluding and including interest on deposits), the portion of net rental expense that is deemed to be equivalent to interest on debt, borrowed funds discount amortization expense and distributions on trust preferred capital securities. Interest expense (other than on deposits) includes interest on bank notes and senior debt, federal funds purchased, repurchase agreements, other borrowed funds and subordinated debt.

	{SIX MONTHS ENDED} JUNE 30, 2001	YEAR ENDED DECEMBER 31,				
		2000	1999	1998	1997	1996
Excluding interest on deposits.....	2.80x	2.74x	2.77x	2.39x	2.44x	2.
Including interest on deposits.....	1.71	1.68	1.75	1.62	1.62	1.

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DESCRIPTION OF DEBT SECURITIES AND GUARANTEES

This section describes the general terms and provisions of the debt securities that PNC Funding may offer, and the guarantees of those debt securities by PNC. The debt securities may be either senior debt securities or subordinated debt securities. The prospectus supplement will describe the specific terms of the debt securities and guarantees offered through that prospectus supplement and any general terms outlined in this section that will not apply to those debt securities and guarantees.

The debt securities will be issued under an indenture, dated as of December 1, 1991, as amended by a supplemental indenture dated as of February 15, 1993 and a second supplemental indenture dated as of February 15, 2000 (as amended, the "indenture"), a copy of which has been filed with the SEC. The Chase Manhattan Bank, formerly known as Chemical Bank and as successor by merger to Manufacturers Hanover Trust Company, is the trustee under the indenture, unless a different trustee for a series of debt securities is named in the prospectus supplement. For each series of debt securities, a supplemental indenture may be entered into among PNC Funding, PNC and The Chase Manhattan Bank or such other

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trustee as may be named in the prospectus supplement relating to that series of debt securities.

We have summarized the material terms and provisions of the indenture in this section. We encourage you to read the indenture for additional information before you buy any debt securities. The summary that follows includes references to section numbers of the indenture so that you can more easily locate these provisions.

### DEBT SECURITIES IN GENERAL

The debt securities will be unsecured obligations of PNC Funding.

The indenture does not limit the amount of debt securities that we may issue from time to time in one or more series. (Section 3.01) The indenture provides that debt securities may be issued up to the principal amount authorized by us from time to time. (Section 3.01) Unless otherwise specified in the prospectus supplement for a particular series of debt securities, we may reopen a previous issue of a series of debt securities and issue additional debt securities of that series.

We will specify in the prospectus supplement relating to a particular series of debt securities being offered the terms relating to the offering. The terms may include:

- the title and type of the debt securities,
- the aggregate principal amount of the debt securities,
- the purchase price of the debt securities,
- the date or dates on which debt securities may be issued,
- the date or dates on which the principal of and premium on the debt securities will be payable,
- if the debt securities will be interest bearing:
  - the interest rate on the debt securities or the method by which the interest rate may be determined,
  - the date from which interest will accrue,
  - the record and interest payment dates for the debt securities,
  - the first interest payment date,
  - any circumstances under which we may defer interest payments,
  - the place or places where the principal of, and premium and interest on, the debt securities will be payable,
- any optional redemption provisions that would permit us or the holders of debt securities to redeem the debt securities before their final maturity,
- any sinking fund provisions that would obligate us to redeem the debt securities before their final maturity,

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- the denominations in which the debt securities shall be issued, if issued in denominations other than \$1,000 and any integral multiple thereof,
- the portion of the principal amount of the debt securities that will be payable upon an acceleration of the maturity of the debt securities,
- whether payment of the principal of, premium, and interest on, the debt securities will be with or without deduction for taxes, assessments or governmental charges, and with or without reimbursement of taxes, assessments or governmental charges paid by holders,
- any events of default which will apply to the debt securities that differ from those contained in the indenture,
- whether the debt securities will be issued in registered form or in bearer form, or in both registered form and bearer form,
- the currency or currencies in which the debt securities will be denominated, payable, redeemable or repurchaseable,
- whether the debt securities of such series will be issued as a global security and, if so, the identity of the depositary for such series,
- any trustees, paying agents, transfer agents or registrars for the debt securities,
- any special federal income tax considerations applicable to the debt securities, and
- any other terms of such debt securities.

We intend for any subordinated debt securities offered to be included as regulatory capital under Federal Reserve Board interpretations. As a result, these debt securities will contain subordination and acceleration provisions different from, and covenants more limited than those in, certain prior issuances of PNC Funding's subordinated debt securities.

If any of the debt securities are sold for, or if the principal of or any interest on any series of debt securities is payable in, foreign currencies or foreign currency units, the relevant restrictions, elections, tax consequences, specific terms and other information will be set forth in the prospectus supplement.

Although the indenture provides that we may issue debt securities in registered form, with or without coupons, or in bearer form, each series of debt securities will be issued in fully registered form unless the prospectus supplement provides otherwise. Debt securities that are not registered as to interest will have coupons attached, unless issued as original issue discount securities.

The principal of, and premium and interest on, fully registered securities will be payable at the place of payment designated for such securities and stated in the prospectus supplement. PNC Funding also has the right to make interest payments by check mailed to the holder at the holder's registered address. The principal of, and premium, if any, and interest on any debt securities in other forms will be payable in the manner and at the place or places as may be designated by PNC Funding and specified in the prospectus supplement. (Sections 3.01 and 5.01)

You may exchange or transfer the debt securities at the corporate trust office of the trustee for the series of debt securities or at any other office or agency maintained by us for those purposes. You may transfer bearer debt

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securities by delivery. We will not require payment of a service charge for any transfer or exchange of the debt securities, but PNC Funding may require payment of a sum sufficient to cover any applicable tax or other governmental charge. (Section 3.05)

Unless the prospectus supplement provides otherwise, each series of the debt securities will be issued only in denominations of \$1,000 or any integral multiple thereof and payable in dollars. (Section 3.02) Under the indenture, however, debt securities may be issued in any denomination and payable in a foreign currency or currency unit. (Section 3.01)

We may issue debt securities with "original issue discount." Original issue discount debt securities bear no interest or bear interest at below-market rates and will be sold below their stated principal amount. The prospectus supplement will describe any special federal income tax consequences and other special considerations applicable to any securities issued with original issue discount.

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### SENIOR DEBT SECURITIES

The senior debt securities will rank equally with all senior indebtedness of PNC Funding. At August 31, 2001, the outstanding senior indebtedness of PNC Funding was approximately \$1.80 billion.

"Senior indebtedness of PNC Funding" means the principal of, and premium and interest on, (i) all "indebtedness for money borrowed" of PNC Funding whether outstanding on the date of execution of the indenture or thereafter created, assumed or incurred, and (ii) any deferrals, renewals or extensions of any such indebtedness. The following indebtedness of PNC Funding, however, is not considered to be senior indebtedness of PNC Funding:

- 6 7/8% Subordinated Notes Due 2003,
- 6 1/8% Subordinated Notes Due 2003,
- 7 3/4% Subordinated Notes Due 2004,
- 6 7/8% Subordinated Notes Due 2007,
- 6 1/2% Subordinated Notes Due 2008,
- 6 1/8% Subordinated Notes Due 2009, and
- 7.50% Subordinated Notes Due 2009.

The term "indebtedness for money borrowed" means:

- any obligation of, or any obligation guaranteed by, PNC Funding for the repayment of money borrowed, whether or not evidenced by bonds, debentures, notes or other written instruments,
- any capitalized lease obligation, and
- any deferred obligation for payment of the purchase price of any property or assets. (Section 1.01)

Senior indebtedness of PNC Funding includes any borrowings under the \$485 Million Credit Facility under an Amended and Restated Credit Agreement dated as of March 18, 1996, as amended, (the "\$485 Million Credit Facility"), and outstanding commercial paper issued by PNC Funding. No amounts are currently outstanding under the \$485 Million Credit Facility. There is no limitation on

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the issuance of additional senior indebtedness of PNC Funding.

### SUBORDINATED DEBT SECURITIES

The subordinated debt securities will be subordinated in right of payment to all senior indebtedness of PNC Funding. (Section 12.01) In certain events of insolvency of PNC Funding, the subordinated debt securities will also be effectively subordinated in right of payment to all "other company obligations" and will be subject to an obligation of PNC Funding to pay any "excess proceeds" (as defined in the indenture) to creditors in respect of any unpaid "other company obligations." (Section 12.13).

"Other company obligations" means obligations of PNC Funding associated with derivative products such as interest rate and currency exchange contracts, foreign exchange contracts, commodity contracts, or any similar arrangements, unless the instrument by which PNC Funding incurred, assumed or guaranteed the obligation expressly provides that it is subordinate or junior in right of payment to any other indebtedness or obligations of PNC Funding. (Section 1.01) At August 31, 2001, there were no "other company obligations" of PNC Funding.

Upon the liquidation, dissolution, winding up, or reorganization of PNC Funding, PNC Funding must pay to the holders of all senior indebtedness of PNC Funding the full amounts of principal of, and premium and interest on, that senior indebtedness before any payment is made on the subordinated debt securities. If, after PNC Funding has made those payments on the senior indebtedness:

- (i) there are amounts available for payment on the subordinated debt securities (as defined in the indenture, "excess proceeds"), and (ii) at such time, any creditors in respect of "other company obligations" have not received their full payments, then

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- PNC Funding shall first use such excess proceeds to pay in full all such "other company obligations" before PNC Funding makes any payment in respect of the subordinated debt securities. (Section 12.02)

In addition, PNC Funding may not make any payment on the subordinated debt securities in the event:

- PNC Funding has failed to make full payment of the principal of, or premium, if any, or interest on any senior indebtedness of PNC Funding, or
- any event of default with respect to any senior indebtedness of PNC Funding has occurred and is continuing, or would occur as a result of such payment on the subordinated debt securities. (Section 12.03)

Because of the subordination provisions and the obligation to pay excess proceeds, in the event of insolvency, holders of the subordinated debt securities may recover less, ratably, than holders of senior indebtedness of PNC Funding and "other company obligations" and other creditors of PNC Funding. (Sections 12.01, 12.02, 12.03, and 12.13)

PNC Funding's obligations under the subordinated debt securities will rank equally in right of payment with each other, subject to the obligations of the holders of subordinated debt securities to pay over any excess proceeds to creditors in respect of "other company obligations" as provided in the indenture. (Section 12.13)

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### GUARANTEES IN GENERAL

PNC will unconditionally guarantee the due and punctual payment of the principal of, premium, if any, and interest on the debt securities when and as the same shall become due and payable, whether at maturity, upon redemption or otherwise. (Section 3.12)

PNC is a holding company that conducts substantially all its operations through subsidiaries. As a result, claims of the holders of the guarantees will generally have a junior position to claims of creditors of PNC's subsidiaries (including, in the case of any bank subsidiary, its depositors), except to the extent that PNC may itself be a creditor with recognized claims against the subsidiary. In addition, there are certain regulatory and other limitations on the payment of dividends and on loans and other transfers of funds to PNC by its bank subsidiaries.

### GUARANTEES OF SENIOR DEBT SECURITIES

The guarantees of senior debt securities will rank equally with all senior indebtedness of PNC (defined in the indenture as "senior guarantor indebtedness"). (Section 12.04) At August 31, 2001, the outstanding senior indebtedness of PNC was approximately \$1.80 billion, which as of that date consisted entirely of the guarantee of senior indebtedness of PNC Funding.

"Senior indebtedness of PNC" means the principal of, and premium, if any, and interest on, (i) all "indebtedness for money borrowed" of PNC, whether outstanding on the date of execution of the indenture or thereafter created, assumed or incurred, and (ii) any deferrals, renewals or extensions of any such indebtedness of PNC. (Section 1.01) The following indebtedness of PNC is, however, not considered to be senior indebtedness of PNC:

- PNC's 8 1/4% Convertible Subordinated Debentures Due 2008, and
- PNC's guarantee of the following indebtedness of PNC Funding:
  - 6 7/8% Subordinated Notes Due 2003,
  - 6 1/8% Subordinated Notes Due 2003,
  - 7 3/4%, Subordinated Notes Due 2004,
  - 6 7/8% Subordinated Notes Due 2007,
  - 6 1/2% Subordinated Notes Due 2008,
  - 6 1/8% Subordinated Notes Due 2009, and

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- 7.50% Subordinated Notes Due 2009.

The term "indebtedness for money borrowed" means

- any obligation of, or any obligation guaranteed by, PNC for the repayment of money borrowed, whether or not evidenced by bonds, debentures, notes or other written instruments,
- any capitalized lease obligation, and
- any deferred obligation for payment of the purchase price of any property or assets. (Section 1.01)

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"Senior indebtedness of PNC" includes PNC's guarantee of the following senior notes of PNC Funding:

- 6.95% Notes Due 2002,
- Floating Rate Senior Notes Due 2003,
- 7.00% Notes Due 2004, and
- 5.75% Senior Notes Due 2006.

"Senior indebtedness of PNC" also includes PNC's guarantee of any borrowings under the \$485 Million Credit Facility and of any outstanding commercial paper issued by PNC Funding. There is no limitation under the indenture on the issuance of additional senior indebtedness of PNC.

### GUARANTEES OF SUBORDINATED DEBT SECURITIES

The guarantees of the subordinated debt securities ("subordinated guarantees") will be subordinated in right of payment to all senior indebtedness of PNC. (Section 12.04) In certain events of insolvency of PNC, the subordinated guarantees will also be effectively subordinated in right of payment to all "other guarantor obligations" (as defined in the indenture). (Section 12.05) "Other guarantor obligations" means obligations of PNC associated with derivative products such as interest rate and currency exchange contracts, foreign exchange contracts, commodity contracts or any similar arrangements, unless the instrument by which PNC incurred, assumed or guaranteed the obligation expressly provides that it is subordinate or junior in right of payment to any other indebtedness or obligations of PNC. (Section 1.01) At August 31, 2001, there were no "other guarantor obligations" of PNC.

Upon the liquidation, dissolution, winding up, or reorganization of PNC, PNC must pay to the holders of all senior indebtedness of PNC the full amounts of principal of, and premium and interest on, that senior indebtedness before any payment is made on the subordinated debt securities. If, after PNC has made those payments on the senior indebtedness:

- (i) there are amounts available for payment on the subordinated debt securities (as defined in the indenture, "excess proceeds"), and (ii) if at such time, any creditors in respect of "other guarantor obligations" have not received their full payments, then
- PNC shall first use such excess proceeds to pay in full all such "other guarantor obligations" before PNC makes any payment in respect of the subordinated debt securities. (Section 12.05)

In addition, PNC may not make any payment on the subordinated debt securities in the event:

- PNC has failed to make full payment of the principal of, or premium, if any, or interest on any senior indebtedness of PNC, or
- any event of default with respect to any senior indebtedness of PNC has occurred and is continuing, or would occur as a result of such payment on the subordinated debt securities. (Section 12.06)

Because of the subordination provisions and the obligation to pay excess proceeds, in the event of insolvency, holders of subordinated guarantees of PNC may recover less, ratably, than holders of senior indebtedness of PNC, "other guarantor obligations" and existing guarantor subordinated indebtedness (as defined in the indenture) and other creditors of PNC. (Section 3.12, 12.04,

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12.05, 12.06 and 12.14)

As defined in the indenture, the "existing guarantor subordinated indebtedness" currently consists of PNC's 8 1/4% Convertible Subordinated Debentures Due 2008. At August 31, 2001, \$189,000 in principal amount of those subordinated debentures was outstanding.

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As provided in the indenture, in the event of insolvency of PNC, the holders of the subordinated guarantees are subject to an obligation to pay any excess proceeds to creditors in respect of any unpaid "other guarantor obligations" (as defined in the indenture).

The subordinated guarantees will also rank equally in right of payment with PNC's guarantee of the following subordinated notes of PNC Funding:

- 6 7/8% Subordinated Notes Due 2003,
- 6 1/8% Subordinated Notes Due 2003,
- 7 3/4% Subordinated Notes Due 2004,
- 6 7/8% Subordinated Notes Due 2007,
- 6 1/2% Subordinated Notes Due 2008,
- 6 1/8% Subordinated Notes Due 2009, and
- 7.50% Subordinated Notes Due 2009.

As with holders of the subordinated guarantees, the holders of the foregoing guarantees of the subordinated notes of PNC Funding are subject to an obligation to pay any excess proceeds to creditors in respect of any unpaid "other guarantor obligations." Therefore, in the event of insolvency of PNC, holders of the subordinated guarantees will recover the same, ratably, as holders of PNC's guarantees of such subordinated notes of PNC Funding.

### EFFECT OF SUBORDINATION PROVISIONS

By reason of the subordination provisions described above and as described more fully in the applicable prospectus supplement, in the event of insolvency of PNC Funding, holders of subordinated notes may recover less, ratably, than holders of senior indebtedness of PNC Funding and "other company obligations." Holders of subordinated notes may also recover less, ratably, than other creditors of PNC Funding. Similarly, holders of subordinated guarantees may recover less, ratably, than holders of senior indebtedness of PNC and "other guarantor obligations," and may also recover less, ratably, than holders of "existing guarantor subordinated indebtedness" and other creditors of PNC.

### CERTAIN COVENANTS

The indenture contains certain covenants that impose various restrictions on us and, as a result, afford the holders of debt securities certain protections. Although statements have been included in this prospectus as to the general purpose and effect of the covenants, investors must review the full text of the covenants to be able to evaluate meaningfully the covenants.

#### Restriction on Sale or Issuance of Voting Stock of a Principal Subsidiary Bank

The covenant described below is designed to ensure that, for so long as any



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senior debt securities are issued and outstanding, PNC will continue directly or indirectly to own and thus serve as the holding company for its "principal subsidiary banks." When we use the term "principal subsidiary banks," we mean each of:

- PNC Bank, National Association ("PNC Bank"),
- any other subsidiary bank the consolidated assets of which constitute 20% or more of the consolidated assets of PNC and its subsidiaries,
- any other subsidiary bank designated as a principal subsidiary bank by the board of directors of PNC, or
- any subsidiary that owns any voting shares or certain rights to acquire voting shares of any principal subsidiary bank, and their respective successors, provided any such successor is a subsidiary bank or a subsidiary, as appropriate.

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As of the date hereof, our only principal subsidiary banks are PNC Bank and its parent, PNC Bancorp, Inc.

The indenture prohibits PNC, unless debtholder consent is obtained from the holders of senior debt securities, from:

- selling or otherwise disposing of, and permitting a principal subsidiary bank to issue, voting shares or certain rights to acquire voting shares of a principal subsidiary bank,
- permitting the merger or consolidation of a principal subsidiary bank with or into any other corporation, or
- permitting the sale or other disposition of all or substantially all the assets of any principal subsidiary bank,

if, after giving effect to any one of such transactions and the issuance of the maximum number of voting shares issuable upon the exercise of all such rights to acquire voting shares of a principal subsidiary bank, PNC would own directly or indirectly less than 80% of the voting shares of such principal subsidiary bank. These restrictions do not apply to:

- transactions required by any law, or any regulation or order of any governmental authority,
- transactions required as a condition imposed by any governmental authority to the acquisition by PNC, directly or indirectly, or any other corporation or entity if thereafter,
- PNC would own at least 80% of the voting shares of the other corporation or entity,
- the consolidated banking assets of PNC would be at least equal to those prior thereto, and
- the board of directors of PNC shall have designated the other corporation or entity a principal subsidiary bank,
- transactions that do not reduce the percentage of voting shares of such principal subsidiary bank owned directly or indirectly by PNC, and

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- transactions where the proceeds are invested within 180 days after such transaction in any one or more subsidiary banks.

The indenture, however, does permit the following:

- the merger of a principal subsidiary bank with and into a principal subsidiary bank or PNC,
- the consolidation of principal subsidiary banks into a principal subsidiary bank or PNC, or
- the sale or other disposition of all or substantially all of the assets of any principal subsidiary bank to another principal subsidiary bank or PNC,

if, in any such case in which the surviving, resulting or acquiring entity is not PNC, PNC would own, directly or indirectly, at least 80% of the voting shares of the principal subsidiary bank surviving such merger, resulting from such consolidation or acquiring such assets. (Section 5.06)

### Ownership of PNC Funding

The indenture contains a covenant that, so long as any of the debt securities are outstanding, PNC will continue to own, directly or indirectly, all of the outstanding voting shares of PNC Funding. (Section 5.07)

### Restriction on Liens

The purpose of the restriction on liens covenant is to preserve PNC's direct or indirect interest in voting shares of principal subsidiary banks free of security interests of other creditors. The covenant permits certain specified liens and liens where the senior debt securities are equally secured. The indenture prohibits PNC and its subsidiaries from creating or permitting any liens (other than certain tax and judgment liens) upon voting shares of any principal subsidiary bank to secure indebtedness for borrowed money unless the senior

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debt securities are equally and ratably secured. Notwithstanding this prohibition, PNC may create or permit the following:

- purchase money liens and liens on voting shares of any principal subsidiary bank existing at the time such voting shares are acquired or created within 120 days thereafter,
- the acquisition of any voting shares of any principal subsidiary bank subject to liens at the time of acquisition or the assumption of obligations secured by a lien on such voting shares,
- under certain circumstances, renewals, extensions or refunding of the liens described in the two preceding bullets, and
- liens to secure loans or other extensions of credit under Section 23A of the Federal Reserve Act or any successor or similar federal law or regulation. (Section 5.08)

### Consolidation or Merger

The covenant described below protects the holders of debt securities upon certain transactions involving PNC Funding or PNC by requiring any successor to

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PNC Funding or PNC to assume the predecessor's obligations under the indenture. In addition, the covenant prohibits such transactions if they would result in an event of default, a default or an event which could become an event of default or a default under the indenture. PNC Funding or PNC may consolidate with, merge into, or transfer substantially all of its properties to, any other corporation organized under the laws of any domestic jurisdiction, if:

- the successor corporation assumes all obligations of PNC Funding or PNC, as the case may be, under the debt securities and the guarantees and under the indenture,
- immediately after the transaction, no event of default or default, and no event which, after notice or lapse of time, would become an event of default or default, exists, and
- certain other conditions are met. (Sections 10.01 and 10.03)

The indenture does not limit our ability to enter into a highly leveraged transaction or provide you with any special protection in the event of such a transaction.

### MODIFICATION AND WAIVER

We and the trustee may modify the indenture with the consent of the holders of the majority in aggregate principal amount of outstanding debt securities of each series affected by the modification. The following modifications and amendments, however, will not be effective against any holder without the holder's consent:

- change the stated maturity of any payment of principal or interest,
- reduce the principal amount of, or the premium, if any, or the interest on such debt security,
- reduce the portion of the principal amount of an original issue discount debt security, payable upon acceleration of the maturity of that debt security,
- change the place or places where, or the currency in which, any debt security or any premium or interest is payable,
- impair the right of the holder to institute suit for the enforcement of any payment on or with respect to any debt security,
- reduce the percentage in principal amount of debt securities necessary to modify the indenture or the percentage in principal amount of outstanding debt securities necessary to waive compliance with conditions and defaults under the indenture, or
- modify or affect the terms and conditions of the guarantees in any manner adverse to the holder. (Section 9.02)

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We and the trustee may modify and amend the indenture without the consent of any holder of debt securities for any of the following purposes:

- to evidence the succession of another corporation to PNC Funding or PNC,
- to provide for the acceptance of appointment of a successor trustee,

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- to add to the covenants of PNC Funding or PNC for the benefit of the holders of debt securities,
- to cure any ambiguity, defect or inconsistency in the indenture, if such action does not adversely affect the holders of debt securities in any material respect,
- to secure the debt securities under applicable provisions of the indenture,
- to establish the form or terms of debt securities,
- to permit the payment in the United States of principal, premium or interest on unregistered securities, or
- to provide for the issuance of uncertificated debt securities in place of certificated debt securities. (Section 9.01)

In addition, the holders of a majority in principal amount of outstanding debt securities of any series may, on behalf of all holders of that series, waive compliance with certain covenants, including those described under the captions above entitled "Restriction on Sale or Issuance of Voting Stock of a Principal Subsidiary Bank," "Ownership of PNC Funding" and "Restriction on Liens." (Section 5.09) No waiver by the holders of any series of subordinated debt securities is required with respect to the covenant described under the caption above entitled "Restriction on Sale or Issuance of Voting Stock of a Principal Subsidiary Bank." (Section 5.10) Covenants concerning the payment of principal, premium, if any, and interest on the debt securities, compliance with the terms of the indenture, maintenance of an agency, and certain monies held in trust may only be waived pursuant to a supplemental indenture executed with the consent of each affected holder of debt securities. The covenant concerning certain reports required by federal law may not be waived.

### EVENTS OF DEFAULT, DEFAULTS, WAIVERS

The indenture defines an event of default with respect to any series of senior debt securities as being any one of the following events unless such event is specifically deleted or modified in connection with the establishment of the debt securities of a particular series:

- failure to pay interest on such series for 30 days after the payment is due,
- failure to pay the principal of or premium, if any, on such series when due,
- failure to deposit any sinking fund payment with respect to such series when due,
- failure to perform any other covenant or warranty in the indenture that applies to such series for 90 days after we have received written notice of the failure to perform in the manner specified in the indenture,
- the occurrence of certain events relating to bankruptcy, insolvency or reorganization of either of us or any principal subsidiary bank, or
- any other event of default specified in the supplemental indenture under which such senior debt securities are issued or in the form of security for such securities. (Section 7.01(a))

The indenture defines an event of default with respect to any series of subordinated debt securities as certain events involving the bankruptcy or

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reorganization of PNC or any principal subsidiary bank, or any other event of default specified in the supplemental indenture under which such subordinated debt securities are issued or in the form of securities for such series. (Section 7.01(b)) There is no right of acceleration in the case of events involving the bankruptcy, insolvency or reorganization of PNC Funding or of a default in the payment of principal, interest, premium, if any, or any sinking fund payment with respect to a series of subordinated debt securities or in the case of a default in the performance of any other covenant of PNC

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Funding or PNC in the indenture. Accordingly, payment of principal of any series of subordinated debt may be accelerated only in the case of the bankruptcy or reorganization of PNC or any principal subsidiary bank.

If an event of default occurs and is continuing with respect to any series of debt securities, either the trustee or the holders of at least 25% in principal amount of outstanding debt securities of that series may declare the principal of such series (or if debt securities of that series are original issue discount securities, a specified amount of the principal) to be due and payable immediately. Subject to certain conditions, the holders of a majority in principal amount of the outstanding debt securities of such series may rescind such declaration and waive certain defaults. Prior to any declaration of acceleration, the holders of a majority in principal amount of the outstanding debt securities of the applicable series may waive any past default or event of default, except a payment default, or a past default or event of default in respect of a covenant or provision of the indenture which cannot be modified without the consent of the holder of each outstanding debt security affected. (Sections 7.02, 7.08 and 7.13)

The indenture defines a default with respect to any series of subordinated debt securities as being any one of the following events unless such event is specifically deleted or modified in connection with the establishment of the debt securities of a particular series:

- failure to pay interest on such series for 30 days after the payment is due,
- failure to pay the principal of or premium, if any, on such series when due,
- failure to perform any other covenant or warranty in the indenture that applies to such series for 90 days after we have received written notice of the failure to perform in the manner specified in the indenture,
- any other event of default specified in the supplemental indenture under which such subordinated debt securities are issued or in the form of security for such securities, or
- events involving the bankruptcy, insolvency or reorganization of PNC Funding. (Section 7.01(c))

A breach of the covenant described under the caption above entitled "Restriction on Sale or Issuance of Voting Stock of a Principal Subsidiary Bank" will not result in a default with respect to any series of subordinated debt securities. (Sections 7.01(b) and (c))

Other than its duties in the case of an event of default or a default, the trustee is not obligated to exercise any of the rights or powers in the indenture at the request or direction of holders of debt securities unless such holders offer the trustee reasonable security or indemnity. If reasonable

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indemnification is provided, then, subject to the other rights of the trustee, the holders of a majority in principal amount of the outstanding debt securities of any series may direct the time, method and place of conducting any proceeding for any remedy available to the trustee with respect to debt securities of such series. (Sections 8.03 and 7.12)

The indenture provides that if default is made on payment of interest and continues for a 30 day period or if default is made on payment of principal of any debt security of any series, PNC Funding will, upon demand of the trustee, pay to it, for the benefit of the holder of any such debt security, the whole amount then due and payable on such debt security for principal and interest. The indenture further provides that if PNC Funding fails to pay such amount immediately upon such demand, the trustee may, among other things, institute a judicial proceeding for its collection. (Section 7.03)

The indenture requires us to furnish annually to the trustee certificates as to the absence of any default under the indenture. The trustee may withhold notice to the holders of debt securities of any default (except in payment of principal, premium, if any, interest or sinking fund installment) if the trustee determines that the withholding of the notice is in the interest of those holders. (Sections 5.04 and 8.02)

The holder of any debt security of any series may institute any proceeding with respect to the indenture or for any remedy thereunder if:

- a holder previously has given the trustee written notice of a continuing event of default or default with respect to debt securities of that series,
- the holders of at least 25% in principal amount of the outstanding debt securities of that series have made a written request, and offered reasonable indemnity, to the trustee to institute such proceeding,

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- the trustee has not received directions inconsistent with such request from the holders of a majority in principal amount of the outstanding debt securities of that series, and
- the trustee has not started such proceeding within 60 days after receiving the request. (Section 7.07)

The holder of any debt security will have, however, an absolute right to receive payment of the principal of, and premium, if any, and interest on such debt security when due and to institute suit to enforce any such payment. (Section 7.08)

### DEFEASANCE

Except as may otherwise be provided in any applicable prospectus supplement, the indenture provides that we will be discharged from our obligations under the debt securities of a series at any time prior to the stated maturity or redemption thereof when we have irrevocably deposited in trust with the trustee money and/or government securities which through the payment of principal and interest in accordance with their terms will provide sufficient funds, without reinvestment, to repay in full the debt securities of such series. Deposited funds will be in the currency or currency unit in which the debt securities are denominated. Deposited government securities will be direct obligations of, or obligations the principal of and interest on which are fully guaranteed by, the government which issued the currency in which the debt securities are denominated, and which are not subject to prepayment, redemption

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or call. Upon such discharge, the holders of the debt securities of such series will no longer be entitled to the benefits of the indenture, except for the purposes of registration of transfer and exchange of the debt securities of such series, and replacement of lost, stolen or mutilated debt securities, and may look only to such deposited funds or obligations for payment. (Sections 11.01 and 11.02)

For federal income tax purposes, the deposit and discharge may, depending on a variety of factors, result in a taxable gain or loss being recognized by the holders of the affected debt securities. You are urged to consult your own tax advisers as to the specific consequences of such a deposit and discharge, including the applicability and effect of tax laws other than federal income tax laws.

### GOVERNING LAW

The indenture provides that the debt securities and the guarantees will be governed by, and construed, in accordance with, the laws of the Commonwealth of Pennsylvania. (Section 1.13)

### GLOBAL SECURITIES

#### Book-Entry System

We may issue the debt securities of a series in whole or in part in the form of a global security that will be deposited with a depository. The depository will be The Depository Trust Company ("DTC"), unless otherwise identified in the prospectus supplement relating to the series. A global security may be issued as either a registered or unregistered security and in either temporary or permanent form. Unless and until it is exchanged in whole or in part for individual certificates evidencing debt securities in definitive form represented thereby, a global security may not be transferred except as a whole by the depository for such global security or any nominee thereof to a successor of such depository or a nominee of such successor. (Section 2.05).

If DTC is the depository for a series of debt securities, the series will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered global security will be issued for the series of debt securities, in the aggregate principal amount of the series, and will be deposited with DTC. If, however, the aggregate principal amount of the series of debt securities exceeds \$400 million, one global security will be issued with respect to each \$400 million of principal amount and an additional global security will be issued with respect to any remaining principal amount of the series.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC

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holds securities that its participants ("direct participants") deposit with DTC. DTC also facilitates the settlement among direct participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in direct participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct participants include securities brokers and dealers, banks, trust

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companies, clearing corporations, and certain other organizations. DTC is owned by a number of its direct participants and by the New York Stock Exchange, Inc., the American Stock Exchange LLC and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly ("indirect participants"). The rules applicable to DTC and its participants are on file with the SEC.

Purchases of a series of debt securities under the DTC system must be made by or through direct participants, which will receive a credit for the debt securities on DTC's records. The ownership interest of each actual purchaser of each debt security ("beneficial owner") is in turn to be recorded on the direct participants' and indirect participants' records. Beneficial owners will not receive written confirmation from DTC of their purchase, but beneficial owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the direct participants or indirect participants through which the beneficial owner entered into the transaction. Transfers of ownership interests in the debt securities are to be accomplished by entries made on the books of the direct participants or indirect participants acting on behalf of beneficial owners. Beneficial owners will not receive certificates representing their ownership interest in the global security or global securities, except in the event that use of the book-entry system for the series of debt securities is discontinued.

To facilitate subsequent transfers, all global securities deposited by direct participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of global securities with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has advised us that DTC will have no knowledge of the actual beneficial owners of the global securities, and that DTC's records reflect only the identity of the direct participants to whose accounts global securities are credited, which may or may not be the beneficial owners. The direct participants and indirect participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to direct participants, by direct participants to indirect participants and by direct participants and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

To the extent any series of debt securities is redeemable, redemption notices will be sent to DTC. If less than all of the debt securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each direct participant in such issue to be redeemed. The applicable prospectus supplement for a series of debt securities will indicate whether such series is redeemable.

To the extent applicable, neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to any global securities deposited with it. Under its usual procedures, DTC will mail an omnibus proxy to the issuer as soon as possible after the record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those direct participants to whose accounts the debt securities are credited on the record date (identified in a listing attached to the omnibus proxy).

Principal and interest payments on the global securities deposited with DTC will be made to Cede & Co., as nominee of DTC, or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit direct participants' accounts, upon DTC's receipt of funds and corresponding



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detail information from the issuer, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by participants to beneficial owners will be governed by standing instructions and customary practices, as in the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such participant and not DTC or PNC Funding, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) will be the responsibility of the trustee, who unless otherwise indicated in the applicable prospectus supplement, will be PNC Funding's paying agent, disbursement of such payments to

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direct participants will be the responsibility of DTC, and disbursement of such payments to beneficial owners will be the responsibility of direct participants and indirect participants. None of PNC Funding, PNC, the trustee, any paying agent, or the registrar for the debt securities will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests of the global security or global securities for any series of debt securities or for maintaining, supervising or reviewing any records relating to such beneficial interests.

If DTC is at any time unwilling, unable or ineligible to continue as the depository and a successor depository is not appointed by PNC Funding within 90 days, PNC Funding will issue certificated debt securities for each series in definitive form in exchange for each global security. If PNC Funding determines not to have a series of debt securities represented by a global security, which it may do, it will issue certificated debt securities for such series in definitive form in exchange for the global security. In either instance, a beneficial owner will be entitled to physical delivery of certificated debt securities for such series in definitive form equal in principal amount to such beneficial owner's beneficial interest in the global security and to have such certificated debt securities for such series registered in such beneficial owner's name. Certificated debt securities so issued in definitive form will be issued in denominations of \$1,000 and integral multiples thereof and will be issued in registered form only, without coupons.

Beneficial interests in the global debt securities will be represented through book-entry accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants in DTC. Unless otherwise stated in the relevant prospectus, beneficial owners may elect to hold interests in the debt securities through either DTC (in the United States) or Clearstream Banking S.A., or "Clearstream, Luxembourg" formerly Cedelbank, or through Euroclear Bank S.A. / N.V., as operator of the Euroclear System, or "Euroclear" (in Europe), either directly if they are participants of such systems or indirectly through organizations that are participants in such systems. Clearstream, Luxembourg and Euroclear will hold interests on behalf of their participants through customers' securities accounts in Clearstream, Luxembourg's and Euroclear's names on the books of their U.S. depositories, which in turn will hold such interests in customers' securities accounts in the U.S. depositories' names on the books of DTC.

Clearstream, Luxembourg has advised us that it is incorporated under the laws of Luxembourg as a bank. Clearstream, Luxembourg holds securities for its customers and facilitates the clearance and settlement of securities transactions between its customers through electronic book-entry changes in accounts of its customers, thereby eliminating the need for physical movement of certificates. Clearstream, Luxembourg provides to its customers, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream, Luxembourg interfaces with domestic markets in over 30 countries.

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As a bank, Clearstream, Luxembourg is subject to regulation by the Luxembourg Commission for the Supervision of the Financial Sector (Commission de Surveillance du Secteur Financier). Clearstream, Luxembourg customers are recognized financial institutions around the world, including securities brokers and dealers, banks, trust companies, clearing corporations and other organizations, and may include the underwriters. Clearstream's U.S. customers are limited to securities brokers and dealers and banks. Indirect access to Clearstream, Luxembourg is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with Clearstream, Luxembourg customers either directly or indirectly.

Euroclear has advised us that it was created in 1968 to hold securities for participants of Euroclear and to clear and settle transactions between Euroclear participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfer of securities and cash. Euroclear includes various other services, including securities lending and borrowing and interfaces with domestic markets in several countries. Euroclear is operated by the Euroclear Bank S.A./N.V. (the "Euroclear Operator"), under contract with Euroclear Clearance Systems, S.C., a Belgian cooperative corporation (the "Cooperative"). All operations are conducted by the Euroclear Operator, and all Euroclear securities clearance accounts and Euroclear cash accounts are accounts with the Euroclear Operator, not the Cooperative. The Cooperative establishes policy for Euroclear on behalf of Euroclear participants. Euroclear participants include banks (including central banks), securities brokers and dealers and other professional financial intermediaries and may include the underwriters. Indirect access to Euroclear is also available to other firms that clear through or maintain a custodial relationship with a Euroclear participant, either directly or indirectly.

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The Euroclear Operator has advised us as follows: Under Belgian law, beneficial owners that are credited with securities on the records of the Euroclear Operator have a co-proprietary right in the fungible pool of interests in securities on deposit with the Euroclear Operator in an amount equal to the amount of interests in securities credited to their accounts. In the event of the insolvency of the Euroclear Operator, Euroclear participants would have a right under Belgian law to the return of the amount and type of interests in securities credited to their accounts with the Euroclear Operator. If the Euroclear Operator did not have a sufficient amount of interests in securities on deposit of a particular type to cover the claims of all participants credited with such interests in securities on the Euroclear Operator's records, all participants having an amount of interests in securities of such type credited to their accounts with the Euroclear Operator would have the right under Belgian law to the return of their pro rata share of the amount of interests in securities actually on deposit.

Euroclear has further advised that beneficial owners that acquire, hold and transfer interests in the debt securities by book-entry through accounts with the Euroclear Operator or any other securities intermediary are subject to the laws and contractual provisions governing their relationship with their intermediary, as well as the laws and contractual provisions governing the relationship between such an intermediary and each other intermediary, if any, standing between themselves and the global securities.

Under Belgian law, the Euroclear Operator is required to pass on the benefits of ownership in any interests in securities on deposit with it (such as dividends, voting rights and other entitlements) to any person credited with such interests in securities on its records.

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We have provided the descriptions of the operations and procedures of DTC set forth in "Book-Entry System" and elsewhere herein, and the descriptions of the operations and procedures of DTC, Clearstream, Luxembourg and Euroclear solely as a matter of convenience. These operations and procedures are solely within the control of those organizations and are subject to change by them from time to time. We and the principal paying agent do not take any responsibility for these operations or procedures, and you are urged to contact DTC, Clearstream, Luxembourg and Euroclear or their participants directly to discuss these matters.

The laws of some jurisdictions may require that purchasers of securities take physical delivery of those securities in definitive form. Accordingly, the ability to transfer interests in the debt securities represented by a global note to those persons may be limited. In addition, because DTC can act only on behalf of its participants, who in turn act on behalf of persons who hold interests through participants, the ability of a person having an interest in debt securities represented by a global note to pledge or transfer such interest to persons or entities that do not participate in DTC's system, or otherwise to take actions in respect of such interest, may be affected by the lack of a physical definitive security in respect of such interest.

Neither we nor the principal paying agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of debt securities by DTC, Clearstream, Luxembourg, or Euroclear, or for maintaining, supervising or reviewing any records of those organizations relating to the debt securities.

Distributions on the debt securities held beneficially through Clearstream, Luxembourg, will be credited to cash accounts of its customers in accordance with its rules and procedures, to the extent received by the U.S. depository for Clearstream, Luxembourg.

Securities clearance accounts and cash accounts with the Euroclear Operator are governed by the Terms and Conditions Governing Use of Euroclear and the related Operating Procedures of Euroclear, and applicable Belgian law (collectively, the "Terms and Conditions"). The Terms and Conditions govern transfers of securities and cash within Euroclear, withdrawals of securities and cash from Euroclear, and receipt of payments with respect to securities in Euroclear. All securities in Euroclear are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear Operator acts under the Terms and Conditions only on behalf of Euroclear participants and has no record of or relationship with persons holding through Euroclear participants.

Distributions on the debt securities held beneficially through Euroclear will be credited to the cash accounts of its participants in accordance with the Terms and Conditions, to the extent received by the U.S. depository for Euroclear.

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Any other or differing terms of the depository arrangement will be described in the prospectus supplement relating to a series of debt securities.

### Clearance and Settlement Procedures

Unless otherwise mentioned in the relevant prospectus supplement, initial settlement for the debt securities 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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Secondary market trading between Clearstream, Luxembourg customers and/or Euroclear participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of Clearstream, Luxembourg and Euroclear and will be settled using the procedures applicable to conventional eurobonds in immediately available funds.

Cross-market transfers between persons holding directly or indirectly through DTC on the one hand, and directly or indirectly through Clearstream, Luxembourg customers or Euroclear participants, on the other, will be effected in DTC in accordance with DTC rules on behalf of the relevant European international clearing system by the U.S. depository; however, such cross-market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in such system in accordance with its rules and procedures and within its established deadlines (European time). The relevant European international clearing system will, if the transaction meets its settlement requirements, deliver instructions to the U.S. depository to take action to effect final settlement on its behalf by delivering or receiving the debt securities in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Clearstream, Luxembourg customers and Euroclear participants may not deliver instructions directly to their U.S. depositories.

Because of time-zone differences, credits of the debt securities received in Clearstream, Luxembourg or Euroclear as a result of a transaction with a DTC participant will be made during subsequent securities settlement processing and dated the business day following DTC settlement date. Such credits or any transactions in the debt securities settled during such processing will be reported to the relevant Clearstream, Luxembourg customers or Euroclear participants on such business day. Cash received in Clearstream, Luxembourg or Euroclear as a result of sales of the debt securities by or through a Clearstream, Luxembourg customer or a Euroclear participant to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Clearstream, Luxembourg or Euroclear cash account only as of the business day following settlement in DTC.

Although DTC, Clearstream, Luxembourg and Euroclear have agreed to the foregoing procedures to facilitate transfers of the debt securities among participants of DTC, Clearstream, Luxembourg and Euroclear, they are under no obligation to perform or continue to perform such procedures and such procedures may be discontinued at any time.

### BEARER DEBT SECURITIES

If we ever issue bearer debt securities, the applicable prospectus supplement will describe all of the special terms and provisions of debt securities in bearer form, and the extent to which those special terms and provisions are different from the terms and provisions that are described in this prospectus, which generally apply to debt securities in registered form, and will summarize provisions of the indenture that relate specifically to bearer debt securities.

### REGARDING THE TRUSTEE

In the ordinary course of business, we may maintain lines of credit with one or more trustees for a series of debt securities and the principal subsidiary banks and other subsidiary banks may maintain deposit accounts and conduct other banking transactions with one or more trustees for a series of debt securities.

### TRUSTEE'S DUTY TO RESIGN UNDER CERTAIN CIRCUMSTANCES

PNC Funding may issue both senior and subordinated debt securities under

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the indenture. Because the subordinated debt securities will rank junior in right of payment to the senior debt securities, the occurrence of a default under the indenture with respect to the subordinated debt securities or any senior debt securities

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could create a conflicting interest under the Trust Indenture Act of 1939, as amended, with respect to any trustee who serves as trustee for both senior and subordinated debt securities. In addition, upon the occurrence of a default under the indenture with respect to any series of debt securities the trustee of which maintains banking relationships with PNC Funding or PNC, such trustee would have a conflicting interest under the Trust Indenture Act as a result of such business relationships. If a default has not been cured or waived within 90 days after the trustee has or acquires a conflicting interest, the trustee generally is required by the Trust Indenture Act to eliminate such conflicting interest or resign as trustee with respect to the subordinated debt securities or the senior debt securities. In the event of the trustee's resignation, we will promptly appoint a successor trustee with respect to the affected securities.

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### DESCRIPTION OF COMMON STOCK

As of the date of the prospectus, PNC is authorized to issue 800,000,000 shares of common stock. At August 31, 2001, PNC had 286,064,492 shares of common stock issued and outstanding and 66,758,275 shares held in treasury.

The following summary is not complete. You should refer to the applicable provisions of PNC's articles of incorporation, including the statements with respect to shares pursuant to which the outstanding series of preferred stock were issued and an additional series may be issued and to the Pennsylvania Business Corporation Law for a complete statement of the terms and rights of the common stock.

Holders of common stock are entitled to one vote per share on all matters submitted to shareholders. Holders of common stock have neither cumulative voting rights nor any preemptive rights for the purchase of additional shares of any class of stock of PNC, and are not subject to liability for further calls or assessments. The common stock does not have any sinking fund, conversion or redemption provisions.

Holders of common stock may receive dividends when declared by the Board of Directors of PNC out of funds legally available to pay dividends. The Board of Directors may not pay or set apart dividends on common stock until dividends for all past dividend periods on any series of outstanding preferred stock have been paid or declared and set apart for payment.

PNC currently has outstanding \$300 million of 8.315% Junior Subordinated Debentures Due 2027 and \$200 million of Floating Rate Junior Subordinated Debentures Due 2028. The terms of these debentures permit PNC to defer interest payments on the debentures for up to five years. If PNC defers interest payments on these debentures, PNC may not during the deferral period:

- declare or pay any cash dividends on any of its common stock,
- redeem any of its common stock,
- purchase or acquire any of its common stock, or

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- make a liquidation payment on any of its common stock.

In the event of dissolution or winding up of the affairs of PNC, holders of common stock will be entitled to share ratably in all assets remaining after payments to all creditors and payments required to be made in respect of outstanding preferred stock (including accrued and unpaid dividends thereon) have been made.

The Board of Directors of PNC may, except as otherwise required by applicable law, cause the issuance of authorized shares of common stock without shareholder approval to such persons and for such consideration as the Board of Directors may determine in connection with acquisitions by PNC or for other corporate purposes.

The Chase Manhattan Bank, New York, New York, is the transfer agent and registrar for PNC's common stock. The shares of common stock are listed on the New York Stock Exchange under the symbol "PNC." The outstanding shares of common stock are, and the shares offered by this prospectus and the applicable prospectus supplement will be, validly issued, fully paid and nonassessable, and the holders of the common stock are not and will not be subject to any liability as shareholders.

### RIGHTS PLAN

The PNC Board of Directors adopted a shareholder rights plan effective as of May 15, 2000 providing for the distribution of one right for each share of common stock outstanding on May 25, 2000. The rights become exercisable only in the event, with certain exceptions, that an acquiring party accumulates 10% or more of the PNC's voting stock or a party announces an offer to acquire 10% or more of the voting stock. The rights have an exercise price of \$180 per right and expire on May 25, 2010. Upon the occurrence of certain events, holders of the rights will be entitled to purchase either PNC common or common equivalent preferred shares or shares in an acquiring entity at half of market value. PNC is entitled to redeem the rights at a value of \$0.01 per right at any time until the acquisition of a 10% position in its voting stock. A copy of the Rights Agreement providing for the issuance of the rights is filed as an exhibit to this Registration

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Statement. This description should be read together with the Rights Agreement and is qualified in its entirety by reference to that agreement.

### OTHER PROVISIONS

PNC's articles of incorporation and bylaws contain various provisions that may discourage or delay attempts to gain control of PNC. PNC's bylaws include provisions:

- authorizing the board of directors to fix the size of the board between five and 36 directors,
- authorizing directors to fill vacancies on the board occurring between annual shareholder meetings, including vacancies resulting from an increase in the number of directors,
- authorizing only the board of directors, the Chairman of the board, PNC's President and a Vice Chairman of the board to call a special meeting of shareholders, and

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- authorizing a majority of the board of directors to alter, amend, add to or repeal the bylaws.

PNC's articles of incorporation vest the authority to make, amend and repeal the bylaws in the board of directors, subject to the power of its shareholders to change any such action.

The Pennsylvania "anti-takeover" statutes allow Pennsylvania corporations to elect to either be covered or not be covered by certain of these statutes. PNC has elected in its bylaws not to be covered by Title 15 of the Pennsylvania consolidated statutes governing "control-share acquisitions" and "disgorgement by certain controlling shareholders following attempts to acquire control." However, the following provisions of Title 15 of the Pennsylvania consolidated statutes apply to PNC:

- shareholders are not be entitled to call a special meeting (Section 2521),
- unless the articles of incorporation provided otherwise, action by shareholder consent must be unanimous (Section 2524),
- shareholders are not be entitled to propose an amendment to the articles of incorporation (Section 2535),
- certain transactions with interested shareholders (such as mergers or sales of assets between the company and a shareholder) where the interested shareholder is a party to the transaction or is treated differently from other shareholders require approval by a majority of the disinterested shareholders (Section 2538),
- a five year moratorium exists on certain business combinations with a 20% or more shareholder (Sections 2551-2556), and
- shareholders have a right to "put" their shares to a 20% shareholder at a "fair value" for a reasonable period after the 20% stake is acquired (Sections 2541-2547).

In addition, in certain instances the ability of PNC's board to issue authorized but unissued shares of common stock and preferred stock may have an anti-takeover effect.

Existence of the above provisions could result in PNC being less attractive to a potential acquiror, or result in PNC shareholders receiving less for their shares of common stock than otherwise might be available if there is a takeover attempt.

### DESCRIPTION OF PREFERRED STOCK

This section describes the general terms and provisions of PNC's preferred stock that may be offered by this prospectus. The prospectus supplement will describe the specific terms of the series of the preferred stock offered through that prospectus supplement and any general terms outlined in this section that will not apply to that series of preferred stock.

We have summarized the material terms and provisions of the preferred stock in this section. We have also filed PNC's articles of incorporation and the form of certificate of preferred stock, which we will refer to as the "certificate of designations" as exhibits to the registration statement. You should read PNC's articles of

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incorporation and the certificate of designations relating to the applicable series of the preferred stock for additional information before you buy any preferred stock.

### GENERAL

The Board of Directors of PNC (the "PNC board") is authorized without further shareholder action to cause the issuance, as of August 31, 2001, of up to 12,563,800 additional shares of preferred stock, including shares of preferred stock reserved for issuance in connection with PNC's shareholder rights plan described above. That preferred stock may be issued in one or more series, each with the preferences, limitations, designations, conversion rights, voting rights, dividend rights, voluntary and involuntary liquidation rights and other rights as the PNC board may determine at the time of issuance.

The rights of the holders of PNC's common stock are subject to any rights and preferences of the outstanding series of preferred stock and the preferred stock offered in this prospectus. In addition, those rights would be subject to the rights and preferences of any additional shares of preferred stock, or any series thereof, which might be issued in the future.

The existence of authorized but unissued preferred stock could have the effect of discouraging an attempt to acquire control of PNC. For example, preferred stock could be issued to persons, firms or entities known to be friendly to management.

PNC currently has outstanding \$300 million of 8.315% Junior Subordinated Debentures Due 2027 and \$200 million of Floating Rate Junior Subordinated Debentures Due 2028. The terms of these debentures permit PNC to defer interest payments on the debentures for up to five years. If PNC defers interest payments on these debentures, PNC may not during the deferral period:

- declare or pay any cash dividends on any of its preferred stock,
- redeem any of its preferred stock,
- purchase or acquire any of its preferred stock, or
- make a liquidation payment on any of its preferred stock.

### PREFERRED STOCK OFFERED HEREIN

#### General

The preferred stock will, when issued, be fully paid and nonassessable. Unless otherwise specified in the prospectus supplement, the shares of each series of preferred stock will upon issuance rank on a parity in all respects with PNC's currently existing series of preferred stock, described below, and each other series of preferred stock of PNC outstanding at that time. Holders of the preferred stock will have no preemptive rights to subscribe for any additional securities that may be issued by PNC. Unless otherwise specified in the applicable prospectus supplement, The Chase Manhattan Bank, New York, New York, will be the transfer agent and registrar for the preferred stock.

Because PNC is a holding company, its rights and the rights of holders of its securities, including the holders of preferred stock, to participate in the assets of any PNC subsidiary upon its liquidation or recapitalization will be subject to the prior claims of such subsidiary's creditors and preferred shareholders, except to the extent PNC may itself be a creditor with recognized claims against such subsidiary or a holder of preferred shares of such subsidiary.



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PNC may elect to offer depositary shares evidenced by depositary receipts. If PNC so elects, each depositary share will represent a fractional interest (to be specified in the prospectus supplement relating to the particular series of preferred stock) in a share of a particular series of the preferred stock issued and deposited with a depositary (as defined below). For a further description of the depositary shares, you should read "Description of Depositary Shares" below.

### Dividends

The holders of the preferred stock will be entitled to receive dividends, if declared by the PNC board or a duly authorized committee thereof. The applicable prospectus supplement will specify the dividend rate and

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dates on which dividends will be payable. The rate may be fixed or variable or both. If the dividend rate is variable, the applicable prospectus supplement will describe the formula used for determining the dividend rate for each dividend period. PNC will pay dividends to the holders of record as they appear on the stock books of PNC on the record dates fixed by the PNC board or a duly authorized committee thereof. PNC may pay dividends in the form of cash, preferred stock (of the same or a different series) or common stock of PNC, in each case as specified in the applicable prospectus supplement.

The applicable prospectus supplement will also state whether dividends on any series of preferred stock are cumulative or noncumulative. If the PNC board does not declare a dividend payable on a dividend payment date on any noncumulative preferred stock, then the holders of that preferred stock will not be entitled to receive a dividend for that dividend period, and PNC will have no obligation to pay the dividend for that dividend period even if the PNC board declares a dividend on that series payable in the future.

The PNC board will not declare and pay a dividend on the common stock or on any class or series of stock of PNC ranking subordinate as to dividends to a series of cumulative preferred stock (other than dividends payable in common stock or in any class or series of stock of PNC ranking subordinate as to dividends and assets to such series), until PNC has paid in full dividends (to the extent cumulative) for all past dividend periods on all outstanding shares of such series. If PNC does not pay in full dividends for any dividend period on all shares of preferred stock ranking equally as to dividends, all such shares will participate ratably in the payment of dividends for that period in proportion to the full amounts of dividends to which they are entitled.

### Voting

Except as provided in this prospectus or in the applicable prospectus supplement, or as required by applicable law, the holders of preferred stock will not be entitled to vote. Except as otherwise required by law or provided by the PNC board and described in the applicable prospectus supplement, holders of preferred stock having voting rights and holders of common stock vote together as one class. Holders of preferred stock do not have cumulative voting rights.

If, at the time of any annual meeting of PNC shareholders, PNC has not paid, or declared and set apart for payment, dividends on all outstanding shares of preferred stock in an amount equal to six quarterly dividends at the rates payable upon such shares, the number of directors of PNC will be increased by two at the first annual meeting of shareholders held thereafter, and the holders of all outstanding preferred stock voting together as a class will be entitled to elect those two additional directors at that annual meeting. After PNC pays the full amount of dividends to which the holders of preferred stock are

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entitled, the terms of the two additional directors will end, the number of directors of PNC will be reduced by two, and such voting right of the holders of preferred stock will end.

Unless PNC receives the consent of the holders of at least two-thirds of the outstanding shares of preferred stock of all series, PNC will not:

- create or increase the authorized number of shares of any class of stock ranking as to dividends or assets senior to the preferred stock, or
- change the preferences, qualifications, privileges, limitations, restrictions or special or relative rights of the preferred stock in any material respect adverse to the holders of the preferred stock.

If any change to the rights of the preferred stock will affect any particular series materially and adversely as compared to any other series of preferred stock, PNC first must obtain the consent of the holders of at least two-thirds of the outstanding shares of that particular series of preferred stock.

The holders of the preferred stock of a series will not be entitled to participate in any vote regarding a change in the rights of the preferred stock if PNC makes provision for the redemption of all the preferred stock of such series. See "Redemption by PNC" below. PNC is not required to obtain any consent of holders of preferred stock of a series in connection with the authorization, designation, increase or issuance of any shares of preferred stock that rank junior or equal to the preferred stock of such series with respect to dividends and liquidation rights.

Under interpretations adopted by the Federal Reserve or its staff, if the holders of preferred stock of any series become entitled to vote for the election of directors because dividends on such series are in arrears as

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described above, that series may then be deemed a "class of voting securities" and a holder of 25% or more of such series (or a holder of 5% or more if it otherwise exercises a "controlling influence" over PNC) may then be subject to regulation as a bank holding company in accordance with the Bank Holding Company Act. In addition, when the series is deemed a class of voting securities, any other bank holding company may be required to obtain the prior approval of the Federal Reserve to acquire more than 5% of that series, and any person other than a bank holding company may be required to obtain the prior approval of the Federal Reserve to acquire 10% or more of that series.

### Liquidation of PNC

In the event of the voluntary or involuntary liquidation of PNC, the holders of each outstanding series of preferred stock will be entitled to receive liquidating distributions before any distribution is made to the holders of common stock or of any class or series of stock of PNC ranking subordinate to that series, the amount fixed by the PNC board for that series and described in the applicable prospectus supplement, plus, if dividends on that series are cumulative, accrued and unpaid dividends.

### Redemption by PNC

PNC may redeem the whole or any part of the preferred stock at the times and at the amount for each share set forth in the applicable prospectus supplement.

PNC may acquire preferred stock from time to time at the price or prices

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that PNC determines. If cumulative dividends, if any, payable for all past quarterly dividend periods have not been paid, or declared and set apart for payment, in full, PNC may not acquire preferred stock except in accordance with an offer made in writing or by publication to all holders of record of shares of preferred stock.

### Conversion

The prospectus supplement may set for the rights, if any, for a holder of preferred stock to convert that preferred stock into common stock or any other class of capital securities of PNC.

### PREFERRED STOCK CURRENTLY OUTSTANDING

At August 31, 2000, PNC had five series of preferred stock outstanding:

- 9,868 shares of \$1.80 Cumulative Convertible Preferred Stock, Series A ("preferred stock-A"),
- 2,963 shares of \$1.80 Cumulative Convertible Preferred Stock, Series B ("preferred stock-B"),
- 215,591 shares of \$1.60 Cumulative Convertible Preferred Stock, Series C ("preferred stock-C"),
- 296,585 shares of \$1.80 Cumulative Convertible Preferred Stock, Series D ("preferred stock-D"), and
- 4,099,000 shares of Fixed/Adjustable Rate Noncumulative Preferred Stock, Series F ("preferred stock-F").

All shares of a former series of preferred stock, designated as \$2.60 Cumulative Non Voting Preferred Stock, Series E, have been redeemed and restored to the status of authorized but unissued preferred stock. In connection with PNC's shareholders rights plan described above, PNC has issued rights attached to its common stock that, once exercisable, will allow the holder of each share of common stock to purchase from PNC one one-thousandth of a share of Series G Junior Participating Preferred Stock ("preferred stock-G"). To date, we have not issued any preferred stock-G.

Holders of outstanding preferred stock are entitled to cumulative dividends at the annual rates set forth below in the table titled "Summary of Certain Key Terms of Preferred Stock," which are payable quarterly when and as declared by the Board of Directors of PNC. The Board of Directors may not pay or set apart dividends on common stock until dividends for the current period and all past dividend periods on all series of outstanding preferred stock have been paid or declared and set apart for payment.

Holders of outstanding preferred stock, other than preferred stock-F, are entitled to a number of votes equal to the number of full shares of common stock into which their preferred stock is convertible. Holders

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of outstanding preferred stock currently are entitled to the conversion privileges set forth below in the table titled "Summary of Certain Key Terms of Preferred Stock."

In the event of a liquidation of PNC, holders of outstanding preferred stock are entitled to receive the amounts set forth below in the table titled "Summary of Certain Key Terms of Preferred Stock," plus all dividends accrued

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and unpaid thereon, before any payments are made with respect to common stock.

Preferred stock-A, preferred stock-C and preferred stock-D are redeemable at any time at the option of PNC at redemption prices equal to the respective liquidation preference amounts stated above, plus accrued and unpaid dividends, if any. Preferred stock-B is not redeemable. Prior to September 30, 2001, preferred stock-F is not redeemable, except in limited circumstances by PNC. On and after September 30, 2001, preferred stock-F is redeemable at the option of PNC at its liquidation preference amount, plus accrued and unpaid dividends (whether or not earned or declared) from the immediately preceding dividend payment date (but without any cumulation for unpaid dividends for prior dividend periods) to the date fixed for redemption. On August 23, 2001, PNC provided notice to holders of the outstanding shares of preferred stock-F that it has called the preferred stock-F for redemption on October 4, 2001.

All outstanding series of preferred stock, other than preferred stock-F, are convertible (unless called for redemption and not converted within the time allowed therefor), at any time at the option of the holder. No adjustment will be made for dividends on preferred stock converted or on common stock issuable upon conversion. The conversion rate of each series of convertible preferred stock will be adjusted in certain events, including payment of stock dividends on, or splits or combinations of, the common stock or issuance to holders of common stock of rights to purchase common stock at a price per share less than 90% of current market price as defined in the articles of incorporation of PNC. Appropriate adjustments in the conversion provisions also will be made in the event of certain reclassifications, consolidations or mergers or the sale of substantially all of the assets of PNC. Preferred stock-F is not convertible into shares of common stock or any other security of PNC.

Preferred stock-A, preferred stock-B and preferred stock-F are currently traded in the over-the-counter market. Preferred stock-C and preferred stock-D are listed and traded on the New York Stock Exchange. The Chase Manhattan Bank, New York, New York, is transfer agent and registrar for all outstanding series of preferred stock.

### SUMMARY OF CERTAIN KEY TERMS OF PREFERRED STOCK

PREFERRED SERIES	ANNUAL DIVIDEND RATE (PAYABLE QUARTERLY)	CUMULATIVE DIVIDENDS	CONVERSION RATE	VOTING RIGHTS (BASED ON CONVERSION RATE)	LIQUIDATION PREFERENCE	REDEEMABLE
A	\$1.80	Y	1:8	Y	\$40/share	Y
B	\$1.80	Y	1:8	Y	\$40/share	N
C	\$1.60	Y	2.4:4	Y	\$20/share	Y
D	\$1.80	Y	2.4:4	Y	\$20/share	Y
F	- 6.05% per year through 9/29/01 - between 6.55% and 12.55%	N	N/A	N, except in limited circumstances	\$50/share	Y, but not prior to 9/30/01, except in limited circumstances. Called for redemption on 10/4/01.

thereafter  
(indexed to  
certain  
market  
indices)

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G           None Currently Outstanding

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#### DESCRIPTION OF DEPOSITARY SHARES

##### GENERAL

PNC may, at its option, elect to offer fractional interests in the preferred stock, rather than whole shares of preferred stock. If PNC does, PNC will issue to the public receipts for depositary shares, and each of these depositary shares will represent a fraction of a share of a particular series of the preferred stock. We will specify that fraction in the prospectus supplement.

The shares of any series of the preferred stock underlying the depositary shares will be deposited under a deposit agreement between PNC and a depositary selected by PNC. The depositary will be a bank or trust company and will have its principal office in the United States and a combined capital and surplus of at least \$50,000,000. The prospectus supplement relating to a series of depositary shares will set forth the name and address of the depositary. Subject to the terms of the deposit agreement, each owner of a depositary share will be entitled, in proportion to the applicable fractional interest in a share of preferred stock underlying that depositary share, to all the rights and preferences of the preferred stock underlying that depositary share. Those rights include dividend, voting, redemption, conversion and liquidation rights.

The depositary shares will be evidenced by depositary receipts issued under the deposit agreement. PNC will issue depositary receipts to those persons who purchase the fractional shares in the preferred stock underlying the depositary shares, in accordance with the terms of the offering.

##### DIVIDENDS AND OTHER DISTRIBUTIONS

The depositary will distribute all cash dividends or other cash distributions received in respect of the preferred stock to the record holders of related depositary shares in proportion to the number of depositary shares owned by those holders.

If PNC makes a distribution other than in cash, the depositary will distribute property received by it to the record holders of depositary shares that are entitled to receive the distribution, unless the depositary determines that it is not feasible to make the distribution. If this occurs, the depositary may, with the approval of PNC, sell the property and distribute the net proceeds from the sale to the applicable holders.

##### REDEMPTION OF DEPOSITARY SHARES

Whenever PNC redeems shares of preferred stock that are held by the depositary, the depositary will redeem, as of the same redemption date, the number of depositary shares representing the shares of preferred stock so redeemed. The redemption price per depositary share will be equal to the applicable fraction of the redemption price per share payable with respect to that series of the preferred stock. If fewer than all the depositary shares are

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to be redeemed, the depositary will select the depositary shares to be redeemed by lot or pro rata as may be determined by the depositary.

Depositary shares called for redemption will no longer be outstanding after the applicable redemption date, and all rights of the holders of these depositary shares will cease, except the right to receive any money or other property upon surrender to the depositary of the depositary receipts evidencing those depositary shares.

### VOTING THE PREFERRED STOCK

Upon receipt of notice of any meeting at which the holders of preferred stock are entitled to vote, the depositary will mail the information contained in the notice of meeting to the record holders of the depositary shares underlying that preferred stock. Each record holder of those depositary shares on the record date (which will be the same date as the record date for the preferred stock) will be entitled to instruct the depositary as to the exercise of the voting rights pertaining to the amount of preferred stock underlying that holder's depositary shares. The depositary will try, insofar as practicable, to vote the number of shares of preferred stock underlying those depositary shares in accordance with those instructions, and PNC will agree to take all action which the depositary deems necessary in order to enable the depositary to do so. The depositary will not vote the shares of preferred stock to the extent it does not receive specific instructions from the holders of depositary shares underlying the preferred stock.

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### CONVERSION OF PREFERRED STOCK

If a series of the preferred stock underlying the depositary shares is convertible into shares of PNC's common stock or any other class of capital securities of PNC, PNC will accept the delivery of depositary receipts to convert the preferred stock using the same procedures as those for delivery of certificates for the preferred stock. If the depositary shares represented by a depositary receipt are to be converted in part only, the depositary will issue a new depositary receipt or depositary receipts for the depositary shares not to be converted.

### AMENDMENT AND TERMINATION OF THE DEPOSIT AGREEMENT

PNC and the depositary may amend the form of depositary receipt evidencing the depositary shares and any provision of the deposit agreement at any time. However, any amendment that materially and adversely alters the rights of the holders of depositary shares will not be effective unless the amendment has been approved by the holders of at least a majority of the depositary shares then outstanding. PNC or the depositary may terminate the deposit agreement only if (i) all outstanding depositary shares have been redeemed or (ii) there has been a final distribution of the underlying preferred stock in connection with any liquidation, dissolution or winding up of PNC.

### CHARGES OF DEPOSITARY

PNC will pay all transfer and other taxes and governmental charges arising solely from the existence of the depositary arrangements. PNC will also pay charges of the depositary in connection with the initial deposit of the preferred stock and any redemption of the preferred stock. Holders of depositary shares will pay other transfer and other taxes and governmental charges and such other charges as are expressly provided in the deposit agreement to be for their accounts.

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### RESIGNATION AND REMOVAL OF DEPOSITARY

The depositary may resign at any time by delivering to PNC notice of its election to do so. PNC may remove the depositary at any time. Any such resignation or removal will take effect only upon the appointment of a successor depositary and its acceptance of its appointment. The successor depositary must be a bank or trust company having its principal office in the United States and having a combined capital and surplus of at least \$50,000,000.

### MISCELLANEOUS

The depositary will forward to the holders of depositary shares all reports and communications from PNC that PNC delivers to the depositary and that PNC is required to furnish to the holders of the preferred stock.

Neither the depositary nor PNC will be liable if it is prevented or delayed by law or any circumstance beyond its control in performing its obligations under the deposit agreement. The obligations of PNC and the depositary under the deposit agreement will be limited to performance in good faith of their respective duties under the deposit agreement. They will not be obligated to prosecute or defend any legal proceeding relating to any depositary shares or preferred stock unless satisfactory indemnity is furnished. They may rely upon written advice of counsel or accountants, or upon information provided by persons presenting preferred stock for deposit, holders of depositary shares or other persons they believe to be competent and on documents they believe to be genuine.

### DESCRIPTION OF WARRANTS

PNC may issue warrants to purchase common stock, preferred stock or depositary shares. PNC Funding may issue warrants to purchase debt securities. We may issue warrants independently of or together with any other securities, and the warrants may be attached to or separate from such securities. We will issue each series of warrants under a separate warrant agreement to be entered into between us and a warrant agent. The warrant agent will act solely as our agent in connection with the warrant of such series and will not assume any obligation or relationship of agency for or with holders of beneficial owners of warrants. The following

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sets forth certain general terms and provisions of the warrants that we may offer. Further terms of the warrants and the applicable warrant agreement will be set forth in the applicable prospectus supplement.

### DEBT WARRANTS

The applicable prospectus supplement will describe the terms of any debt warrants, including the following:

- the title of the debt warrants,
- the offering price for the debt warrants, if any,
- the aggregate number of the debt warrants,
- the designation and terms of the debt securities purchasable upon exercise of the debt warrants,
- if applicable, the designation and terms of the securities with which the debt warrants are issued and the number of debt warrants issued with each

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of these securities,

- if applicable, the date after which the debt warrants and any securities issued with the warrants will be separately transferable,
- the principal amount of debt securities purchasable upon exercise of a debt warrant and the purchase price,
- the dates on which the right to exercise the debt warrants begins and expires,
- if applicable, the minimum or maximum amount of the debt warrants that may be exercised at any one time,
- whether the debt warrants represented by the debt warrant certificates or debt securities that may be issued upon exercise of the debt warrants will be issued in registered or bearer form,
- information with respect to any book-entry procedures,
- the currency, currencies or currency units in which the offering price, if any, and the exercise price are payable,
- if applicable, a discussion of certain United States federal income tax considerations,
- any antidilution provisions of the debt warrants,
- any redemption or call provisions applicable to the debt warrants, and
- any additional terms of the debt warrants, including terms, procedures and limitations relating to the exchange and exercise of the debt warrants.

### STOCK WARRANTS

The applicable prospectus supplement will describe the terms of any stock warrants, including the following:

- the title of the stock warrants,
- the offering price of the stock warrants,
- the aggregate number of the stock warrants,
- the designation and terms of the common stock, preferred stock or depository shares that are purchasable upon exercise of the stock warrants,
- if applicable, the designation and terms of the securities with which the stock warrants are issued and the number of such stock warrants issued with each such security,
- if applicable, the date after which the stock warrants and any securities issued with the warrants will be separately transferable,

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- the number of shares of common stock, preferred stock or depository shares purchasable upon exercise of a stock warrant and the purchase price,



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- the dates on which the right to exercise the stock warrants begins and expires,
- if applicable, the minimum or maximum amount of the stock warrants which may be exercised at any one time,
- the currency, currencies or currency units in which the offering price, if, any, and the exercise price are payable,
- if applicable, a discussion of certain United States federal income tax considerations,
- any antidilution provisions of the stock warrants,
- any redemption or call provisions applicable to the stock warrants, and
- any additional terms of the stock warrants, including terms, procedures and limitations relating to the exchange and exercise of the stock warrants.

### CERTAIN TAX CONSIDERATIONS

PNC Funding will be required to withhold the Pennsylvania Corporate Loans Tax from interest payments on debt securities held by or those subject to such tax, principally individuals and partnerships resident in Pennsylvania and resident trustees of trusts held for a resident beneficiary. The tax, at the current annual rate of four mills on each dollar of nominal value (\$4.00 per \$1,000), will be withheld, at any time when it is applicable, from each interest payment to taxable holders of debt securities. The debt securities will be exempt, under current law, from personal property taxes imposed by political subdivisions in Pennsylvania.

Holders of securities should consult their tax advisors as to the applicability to the securities and interest and dividends payable thereon of federal, state and local taxes and of withholding on interest and dividends.

### PLAN OF DISTRIBUTION

PNC Funding may offer and sell debt securities and warrants being offered by use of this prospectus:

- through underwriters,
- through dealers,
- through agents,
- directly to purchasers, or
- through or in connection with hedging transactions.

PNC may offer and sell common stock, preferred stock, depositary shares and warrants being offered by use of this prospectus:

- through underwriters,
- through dealers,
- through agents,
- directly to purchasers, or

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- through or in connection with hedging transactions.

The applicable prospectus supplement will name any underwriters in connection with offered debt securities, common stock, preferred stock, depositary shares and warrants and will set forth any underwriting compensation paid to such underwriters. Underwritten offerings may involve underwriting syndicates represented by managing underwriters, or underwriters without a syndicate.

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The distribution of securities may be effected from time to time in one or more transactions at a fixed price or prices, which may be changed, or at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at negotiated prices.

In connection with the sale of securities, underwriters or agents acting on PNC's behalf may receive compensation from PNC Funding, PNC or from purchasers of securities for whom they may act as agents, in the form of discounts, concessions or commissions. The underwriters, dealers or agents that participate in the distribution of securities may be deemed to be underwriters and any discounts or commissions received by them and any profit on the resale of securities by them may be deemed to be underwriting discounts and commissions under the Securities Act. Any such underwriter will be identified and any such compensation will be described in the prospectus supplement.

Under agreements which may be entered into with us, underwriters, dealers and agents may be entitled to indemnification by us against certain liabilities, including liabilities under the Securities Act, and to contributions from us in respect of such liabilities. Underwriters, dealers and agents may be customers of, engage in transactions with, or perform services for us in the ordinary course of business.

If so indicated in the applicable prospectus supplement, PNC Funding and/or PNC will authorize the underwriters or other persons acting as PNC Funding's agents and/or PNC's agents to solicit offers by certain institutions to purchase debt securities or warrants from PNC Funding and/or common stock, preferred stock, depositary shares or warrants from PNC pursuant to contracts providing for payment and delivery on a future date or dates stated in the applicable prospectus supplement. Institutions with which such contracts may be made include commercial and savings banks, insurance companies, pension funds, investment companies, educational and charitable institutions and others, but in all cases such institutions must be approved by PNC Funding or PNC. The obligations of any purchaser under any such contract will not be subject to any conditions, except that (1) the purchase of the debt securities, the common stock, the preferred stock, the depositary shares or the warrants shall not at the time of delivery be prohibited under the laws of the jurisdiction to which such purchaser is subject, and (2) if debt securities or common stock, preferred stock, depositary shares or warrants are also being sold to underwriters, PNC Funding or PNC shall have sold to such underwriters the debt securities or the common stock or the preferred stock not sold for delayed delivery. The underwriters and such other persons will not have any responsibility in respect of the validity or performance of such contracts.

Following the initial distribution of an offering of securities, PNC Capital Markets, Inc., J.J.B. Hilliard, W.L. Lyons, Inc. and other affiliates of ours may offer and sell those securities in secondary market transactions. PNC Capital Markets, Inc., J.J.B. Hilliard, W.L. Lyons, Inc. and other affiliates of ours may act as a principal or agent in these transactions. This prospectus and the applicable prospectus supplement will also be used in connection with these

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transactions. Sales in any of these transactions will be made at varying prices related to prevailing market prices and other circumstances at the time of sale.

The offer and sale of the securities by an affiliate of ours will comply with the requirements of Rule 2720 of the Rules of Conduct of the National Association of Securities Dealers, Inc. regarding underwriting of securities of an affiliate. No NASD member participating in offers and sales will exercise a transaction in the securities in a discretionary account without the prior specific written approval of such member's customer.

Underwriters or agents and their associates may be customers of (including borrowers from), engage in transactions with, and/or perform services for us and/or the trustee in the ordinary course of business.

### LEGAL OPINIONS

The validity of the securities will be passed upon for us by Thomas R. Moore, Esq., Senior Counsel and Corporate Secretary of PNC, One PNC Plaza, 249 Fifth Avenue, Pittsburgh, Pennsylvania 15222. Mr. Moore beneficially owns, or has rights to acquire, an aggregate of less than 1% of PNC's common stock. If the securities are being distributed in an underwritten offering, the validity of the securities will be passed upon for the underwriters by counsel identified in the applicable prospectus supplement.

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### EXPERTS

The consolidated financial statements of PNC incorporated by reference in its Annual Report on Form 10-K for the year ended December 31, 2000 have been audited by Ernst & Young LLP, independent auditors, as set forth in their report, which is incorporated by reference in this registration statement, and are incorporated by reference in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

Such financial statements are, and audited financial statements to be included in subsequently filed documents will be, incorporated herein in reliance upon the reports of independent auditors pertaining to such financial statements (to the extent covered by consents filed with the Securities and Exchange Commission) given on the authority of such firm as experts in accounting and auditing.

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### THE ISSUER

PNC FUNDING CORP  
One PNC Plaza  
249 Fifth Avenue  
Pittsburgh, PA 15222  
U.S.A.

### THE GUARANTOR

THE PNC FINANCIAL SERVICES GROUP, INC.  
One PNC Plaza  
249 Fifth Avenue  
Pittsburgh, PA 15222  
U.S.A.

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UNDERWRITERS

J.P. MORGAN SECURITIES INC.  
270 Park Avenue  
New York, NY 10017  
U.S.A.

SALOMON SMITH BARNEY INC.  
390 Greenwich Street, 4th Floor  
New York, NY 10013  
U.S.A.

GOLDMAN, SACHS & CO.  
85 Broad Street, 29th Floor  
New York, NY 10004  
U.S.A.

MERRILL LYNCH, PIERCE, FENNER  
& SMITH INCORPORATED  
4 World Financial Center,  
7th Floor  
New York, NY 10080  
U.S.A.

PNC CAPITAL MARKETS, INC.  
One PNC Plaza  
249 Fifth Avenue  
Pittsburgh, PA 15222  
U.S.A.

PRINCIPAL PAYING AGENT, REGISTRAR AND TRUSTEE

THE CHASE MANHATTAN BANK  
450 West 33rd Street  
New York, New York 10001  
U.S.A.

LUXEMBOURG PAYING, TRANSFER AND LISTING AGENT

DEUTSCHE BANK LUXEMBOURG S.A.  
2 Boulevard Konrad Adenauer  
L-1115 Luxembourg  
CALCULATION AGENT

DEUTSCHE BANK AG LONDON  
Winchester House  
1 Great Winchester Street  
London EC2N 2DB

UNITED STATES LEGAL ADVISERS

To PNC and PNC Funding

Thomas R. Moore, Esq.  
Senior Counsel and  
Corporate Secretary  
THE PNC FINANCIAL  
SERVICES GROUP, INC.  
One PNC Plaza  
249 Fifth Avenue  
Pittsburgh, PA 15222  
U.S.A.

ARNOLD & PORTER  
Thurman Arnold Building  
555 Twelfth Street, N.W.  
Washington, DC 20004  
U.S.A.

To the Underwriters

CRAVATH, SWAINE & MOORE  
Worldwide Plaza  
825 Eighth Avenue  
New York, NY 10019  
U.S.A.

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\$1,000,000,000

PNC FUNDING CORP

\$600,000,000 FLOATING RATE SENIOR NOTES DUE 2004

\$400,000,000 5.75% SENIOR NOTES DUE 2006

UNCONDITIONALLY GUARANTEED BY

THE PNC FINANCIAL SERVICES GROUP, INC.

PNC LOGO

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PROSPECTUS SUPPLEMENT

OCTOBER 23, 2001  
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JPMORGAN  
SALOMON SMITH BARNEY  
GOLDMAN, SACHS & CO.  
MERRILL LYNCH & CO.  
PNC CAPITAL MARKETS, INC.

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