

**UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF PENNSYLVANIA**

**IN RE PNC FINANCIAL SERVICES
GROUP, INC. SECURITIES
LITIGATION**

Case No. 02-CV-271

JUDGE CERCONE

**THIS DOCUMENT RELATES TO ALL
ACTIONS**

FINAL ORDER AND JUDGMENT

AND NOW, this 12th day of April, 2007, after a hearing before this Court to determine (1) whether the terms and conditions of the Stipulation and Agreement of Settlement with Ernst & Young LLP (“E&Y”) dated December 19, 2006 (the “Stipulation”) are fair, reasonable and adequate for the settlement of all claims asserted by the Class against E&Y in the Second Consolidated and Amended Complaint dated March 31, 2005 (the “Second Amended Complaint”) in this action, including the release of E&Y and the Released Parties, and whether the Stipulation should be approved; (2) whether judgment should be entered dismissing the Second Amended Complaint on the merits and with prejudice in favor of E&Y and as against all persons or entities who are Class Members herein and who have not requested exclusion from the Class; and (3) whether and in what amount to award Plaintiffs’ Co-Lead Counsel in attorneys’ fees and for reimbursement of expenses; and the Court having considered all matters submitted to it at the hearing and otherwise; and it appearing that a notice of the hearing substantially in the form approved by the Court was mailed to all persons or entities reasonably identifiable, who purchased the common stock of PNC Financial Services Group, Inc. (“PNC”), purchased call options on PNC common stock, or who wrote (sold) put options on PNC common stock, from July 19, 2001 through July 18, 2002 inclusive (the “Class Period”), and the PNC Incentive Savings Plan on behalf of itself and its present and former participants and

beneficiaries who purchased or otherwise acquired PNC common stock during the Class Period through the PNC Incentive Savings Plan, except those persons or entities excluded from the definition of the Class, as shown by the records compiled by the Claims Administrator in connection with the previous mailing of the notice of settlement with the PNC Defendants, AIG-FP, A&P and BI (the "PNC Settlement"), at the respective addresses set forth in such records, and that a summary notice of the hearing substantially in the form approved by the Court was published in the national edition of *The Wall Street Journal* pursuant to the specifications of the Court; and the Court having considered and determined the fairness and reasonableness of the award of attorneys' fees and expenses requested; and the Court having previously approved the notice program and Plan of Allocation as fair and reasonable in its Order and Final Judgment filed July 13, 2006 (the "July 13th Final Order") approving the PNC Settlement; and all capitalized terms used herein having the meanings as set forth and defined in the Stipulation;

IT IS HEREBY ORDERED THAT:

1. The Court has jurisdiction over the subject matter of the Litigation, Lead Plaintiffs, all Class Members and E&Y.
2. The Court finds that the prerequisites for a class action under Rules 23(a) and (b)(3) of the Federal Rules of Civil Procedure have been satisfied in that: (a) the number of Class Members is so numerous that joinder of all members thereof is impracticable; (b) there are questions of law and fact common to the Class; (c) the claims of Lead Plaintiffs are typical of the claims of the Class they seek to represent; (d) Lead Plaintiffs have and will fairly and adequately represent the interests of the Class; (e) the questions of law and fact common to the Class Members predominate over any questions affecting only individual Class Members; and (f) a

class action is superior to other available methods for the fair and efficient adjudication of the controversy.

3. Pursuant to Rule 23 of the Federal Rules of Civil Procedure this Court hereby finally certifies the Litigation, for purposes of the Settlement, as a class action on behalf of all persons who purchased PNC common stock, who purchased call options on PNC common stock, or who wrote (sold) put options on PNC common stock, from July 19, 2001 through July 18, 2002 inclusive (the "Class Period"), and the PNC Incentive Savings Plan on behalf of itself and its present and former participants and beneficiaries who purchased or otherwise acquired PNC common stock during the Class Period through the PNC Incentive Savings Plan. Excluded from the Class are all Defendants in the Litigation, AIG Financial Products Corp., Arnold & Porter LLP, and Buchanan Ingersoll PC, any entity in which any Defendant, AIG Financial Products Corp., Arnold & Porter LLP, or Buchanan Ingersoll PC has a controlling interest or which is a parent or subsidiary of or is controlled by any Defendant, AIG Financial Products Corp., Arnold & Porter LLP, or Buchanan Ingersoll PC, and the officers, directors, partners, members, employees, affiliates, legal representatives, heirs, predecessors, successors and assigns of any of the Defendants, AIG Financial Products Corp., Arnold & Porter LLP, or Buchanan Ingersoll PC, except that this exclusion shall not apply to persons in their capacity as present or former participants in or beneficiaries of the PNC Incentive Savings Plan. Also excluded from the Class are the putative Class Members who requested exclusion from the Class (as listed on Exhibit 1 annexed hereto) and the putative Class Members who previously requested exclusion from the Class in connection with the PNC Settlement (as listed on Exhibit 2 annexed hereto).

4. Notice of the proposed settlement of the Litigation was given to all Class Members who could be identified with reasonable effort. The form and method of notifying the

Class of the pendency of the Litigation as a class action and of the terms and conditions of the proposed Settlement met the requirements of Rule 23 of the Federal Rules of Civil Procedure, Section 21D(a)(7) of the Securities Exchange Act of 1934, 15 U.S.C. § 78u-4(a)(7), as amended by the PSLRA, due process, and any other applicable law, constituted the best notice practicable under the circumstances, and constituted due and sufficient notice to all persons and entities entitled thereto.

5. The Settlement is approved and so ordered as fair, reasonable and adequate, and the Class Members and the Parties are directed to consummate the Settlement in accordance with the terms and provisions of the Stipulation.

6. The Second Amended Complaint is hereby dismissed with prejudice and without costs, except as provided in the Stipulation, as against E&Y.

7. Lead Plaintiffs, the Class, and Class Members (including, but not limited to, for this purpose the current and former participants and beneficiaries of the PNC Incentive Savings Plan) and the successors and assigns of any of them, are hereby permanently barred and enjoined from instituting, commencing or prosecuting, either directly, in a derivative, or in any other capacity, any and all claims, debts, demands, rights or causes of action or liabilities whatsoever (including, but not limited to, any claims for damages, interest, attorneys' fees, expert or consulting fees, and any other costs, expenses or liability whatsoever), whether based on federal, state, local, statutory or common law or any other law, rule or regulation, whether fixed or contingent, accrued or un-accrued, liquidated or un-liquidated, at law or in equity, matured or un-matured, whether class, derivative, or individual in nature, including both known claims and Unknown Claims: (i) that have been asserted in the Litigation by Lead Plaintiffs, the Class, or any Class Member (including but not limited to, for this purpose, the PNC Incentive Savings

Plan and any current or former participant or beneficiary of the PNC Incentive Savings Plan) against any of the Released Parties; (ii) that could have been asserted in any forum by Lead Plaintiffs, the Class, or any Class Member (including but not limited to, for this purpose, the PNC Incentive Savings Plan and any current or former participant or beneficiary of the PNC Incentive Savings Plan) against any of the Released Parties, which arise out of, relate to, or are based upon the allegations, transactions, facts, matters or occurrences, representations or omissions involved, set forth, or referred to in any of the complaints filed in the Litigation and relate to the acquisition or ownership of shares of, or call or put options on, the common stock of PNC during the Class Period; or (iii) that were asserted by Andrew J. Gosline in his demand letter dated June 10, 2003 (“Gosline Demand Letter”) or that were asserted in any other derivative demands that have been made or may be made in connection with the PAGIC transactions that are described in the Second Amended Complaint (the “Settled Claims”) against E&Y, its predecessors, successors and assigns, its past and present parents, subsidiaries, partners, principals, employees, representatives, agents, insurers and reinsurers, and any entity in which E&Y has a controlling interest or which is related to or affiliated with E&Y (the “Released Parties”). Settled Claims shall include the claims that were assigned to Lead Plaintiffs and the Class under the terms of the December 17, 2004 Memorandum of Understanding and pursuant to Paragraph 11 of the July 13th Final Order. The Settled Claims are hereby compromised, settled, released, discharged and dismissed as against the Released Parties on the merits and with prejudice by virtue of the proceedings herein and this Final Order and Judgment.

8. “Unknown Claims” means any and all Settled Claims which any Lead Plaintiff, the Class, or any Class Member (including, but not limited to, for this purpose the PNC Incentive Savings Plan and any current or former participant or beneficiary of the PNC Incentive Savings

Plan) does not know or suspect to exist in his, her or its favor at the time of the release of the Released Parties, and any Settled Defendant's Claims which E&Y does not know or suspect to exist in its favor, which if known by him, her or it might have affected his, her or its decision(s) with respect to the Settlement. With respect to any and all Settled Claims and Settled Defendant's Claims, the Parties stipulate and agree that upon the Effective Date, Lead Plaintiffs and E&Y shall expressly waive, and each Class Member (including, but not limited to, for this purpose the PNC Incentive Savings Plan and any current or former participant or beneficiary of the PNC Incentive Savings Plan) and Released Party shall be deemed to have waived, and by operation of the Final Order and Judgment shall have expressly waived, any and all provisions, rights and benefits conferred by any law of any state or territory of the United States, or principle of common law, which is similar, comparable, or equivalent to Cal. Civ. Code § 1542, which provides:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

Lead Plaintiffs and E&Y acknowledge, and Class Members and the Released Parties by operation of law shall be deemed to have acknowledged, that the inclusion of "Unknown Claims" in the definition of Settled Claims and Settled Defendant's Claims was separately bargained for and was a key element of the Settlement.

9. E&Y is hereby permanently barred and enjoined from instituting any and all claims, rights or causes of action or liabilities whatsoever, whether based on federal, state, local, statutory or common law or any other law, rule or regulation, including both known claims and Unknown Claims, that have been or could have been asserted in the Litigation or any forum by

E&Y against any Lead Plaintiff, the Class, or any Class Member solely in his, her or its capacity as a Class Member, or their attorneys, relating to the institution, prosecution, or settlement of the Litigation and/or the claims asserted by Andrew J. Gosline in his demand letter dated June 10, 2003 (except for claims to enforce the Settlement) (the "Settled Defendant's Claims"). The Settled Defendant's Claims are hereby compromised, settled, released, discharged and dismissed on the merits and with prejudice by virtue of the proceedings herein and this Final Order and Judgment.

10. Valid Proof of Claim forms submitted by Class Members in connection with the PNC Settlement shall be effective to participate in this Settlement and shall be of full force and effect for all releases provided for herein.

11. Valid Proof of Claim forms submitted by Class Members in connection with the PNC Settlement and/or this Settlement shall be effective to participate in the Restitution Fund.

12. Valid and timely Proof of Claim forms submitted by Class Members in connection with this Settlement shall be effective to participate in the PNC Settlement and shall be of full force and effect for all releases provided for in the July 13th Final Order.

13. The Court finds that all of the Parties have fulfilled their obligations to obtain releases as set forth under ¶ 16 of the July 13th Final Order.

14. Neither this Final Order and Judgment, the Stipulation, nor any of its terms and provisions, nor any of the negotiations or proceedings connected with it, nor any of the documents or statements referred to therein shall be:

(a) offered or received against E&Y as evidence of or construed as or deemed to be evidence of any presumption, concession, or admission by E&Y with respect to the truth of

any fact alleged by any of Lead Plaintiffs, the Class, or any Class Member, or the validity of any claim that has been or could have been asserted in the Litigation or in any litigation, or the deficiency of any defense that has been or could have been asserted in the Litigation or in any litigation, or of any liability, negligence, fault, or wrongdoing of E&Y;

(b) offered or received against E&Y as evidence of a presumption, concession or admission of any fault, misrepresentation or omission with respect to any statement or written document approved or made by E&Y;

(c) offered or received against E&Y as evidence of a presumption, concession or admission with respect to any liability, negligence, fault or wrongdoing, or in any way referred to for any other reason as against E&Y in any other civil, criminal or administrative action or proceeding, other than such proceedings as may be necessary to effectuate the provisions of the Stipulation and this Final Order and Judgment; provided, however, that if the Stipulation is approved by the Court, E&Y may refer to it to effectuate the liability protection granted it hereunder;

(d) construed against E&Y as an admission or concession that the consideration to be given hereunder represents the amount which could be or would have been recovered from E&Y after trial; and

(e) construed as or received in evidence as an admission, concession or presumption against Lead Plaintiffs or any of the Class Members that any of their claims are without merit, or that any defense asserted by E&Y has any merit, or that damages recoverable under the Complaints would not have exceeded the E&Y Gross Settlement Fund.

15. Plaintiffs' Co-Lead Counsel and the Claims Administrator are directed to administer the Stipulation in accordance with the Plan of Allocation approved by the July 13th Final Order.

16. The Restitution Fund established pursuant to the Deferred Prosecution Agreement (the "DPA") entered into on June 2, 2003 by the United States Department of Justice ("DOJ") and PNC ICLC Corp., an indirect non-bank subsidiary of PNC, to which payments have been made, or may be made by PNC ICLC Corp., AIG Financial Products Corp.,¹ and E&Y, is independent of, and not part of, the Settlement Fund. Pursuant to the terms of the DPA, none of the proceeds of the Restitution Fund shall be payable as attorneys' fees, nor shall Class Counsel seek a fee award based upon sums disbursed from the Restitution Fund to Lead Plaintiffs, the Class, or any Class Member. Funds obtained on behalf of the Class from the Restitution Fund shall be distributed to Authorized Claimants in conjunction with the distribution of the Net Settlement Fund, and in accordance with the Plan of Allocation approved by the July 13th Final Order.

17. The Court finds that all parties and their counsel have complied with each requirement of Rule 11 of the Federal Rules of Civil Procedure as to all proceedings herein.

18. Plaintiffs' Counsel are hereby awarded 28% of the E&Y Gross Settlement Fund in fees, which sum the Court finds to be fair and reasonable, and \$42,198.15 in reimbursement of expenses, which expenses shall be paid to Plaintiffs' Co-Lead Counsel from the E&Y Settlement Fund with interest from the date such Settlement Fund was funded to the date of payment at the

¹ Pursuant to paragraph 7 of the Deferred Prosecution Agreement dated November 30, 2004, entered into between the DOJ and AIG Financial Products Corp., the DOJ had discretion to direct to the Restitution Fund a portion of AIG Financial Products Corp.'s payment to the United States Treasury.

same net rate that the Settlement Fund earns. The award of attorneys' fees shall be allocated among Plaintiffs' Counsel in a fashion which, in the opinion of Plaintiffs' Co-Lead Counsel, fairly compensates Plaintiffs' Counsel for their respective contributions in the prosecution of the Litigation.

19. In making this award of attorneys' fees and reimbursement of expenses to be paid from the E&Y Gross Settlement Fund, the Court has considered and found that:

(a) the Settlement has created a fund of \$9,075,000 in cash that is already on deposit, plus interest thereon and that numerous Class Members will benefit from the Settlement created by Plaintiffs' Counsel;

(b) Over 147,000 copies of the Notice were disseminated to putative Class Members indicating that Plaintiffs' Co-Lead Counsel were moving for attorneys' fees in the amount not greater than 28% of the Gross Settlement Fund and for reimbursement of expenses in the approximate amount of \$150,000 and one objection was filed against the terms of the proposed Settlement or the ceiling on the fees and expenses requested by Plaintiffs' Co-Lead Counsel contained in the Notice;

(c) Plaintiffs' Counsel have conducted the Litigation and achieved the Settlement with skill, perseverance and diligent advocacy;

(d) The action involves complex factual and legal issues and was actively prosecuted over four years and, in the absence of a settlement, would involve further lengthy proceedings with uncertain resolution of the complex factual and legal issues;

(e) Had Plaintiffs' Counsel not achieved the Settlement there would remain a significant risk that Lead Plaintiffs and the Class may have recovered less or nothing from E&Y

or that the July 13th Final Order would be overturned in connection with E&Y's appeal of that Order;

(f) Since their application in connection with the PNC Settlement, Plaintiffs' Counsel have devoted over 2,100 hours in prosecuting this Litigation, with a lodestar value of \$997,230.00, to achieve the Settlement; and

(g) The amount of attorneys' fees awarded and expenses reimbursed from the Settlement Fund are consistent with awards in similar cases, including the award set forth in the July 13th Final Order.

20. In full and complete resolution of the objection filed by Carole Blankowski, Plaintiffs' Co-Lead Counsel and Objector's Counsel have agreed that: [i] there will be no application by Co-Lead Counsel for additional fees and expenses incurred in administering the settlement and distributing the settlement proceeds to the Class Members, [ii] \$100,000 of the amount awarded as attorneys' fees will be segregated and will not be paid out of the Gross Settlement Fund (except as provided below) until after the Court has entered an Order of Distribution, approving the distribution of the Net Settlement Fund, [iii] the \$100,000 will earn interest at the same rate as the rest of the Gross Settlement Fund, and [iv] in recognition of the benefit to the Class created by the objection and the time spent thereon by Objector's Counsel, the Court has been asked to approve of the payment of \$17,500 to be paid to counsel for the Objector out of the attorneys' fees awarded to Co-Lead Counsel. Having reviewed the benefit created by Objector's Counsel under the facts and circumstances of this action, the Court finds that attorneys' fees in the amount of \$17,500 are hereby awarded to Objector's counsel, to be paid at the same time as Co-Lead Counsel is paid, out of the \$100,000 in segregated funds referenced

previously in this paragraph, and the balance (\$82,500) shall remain segregated and paid as provided above.

21. Exclusive jurisdiction is hereby retained over the Parties and the Class Members for all matters relating to the Litigation, including the administration, interpretation, effectuation or enforcement of the Stipulation and this Final Order and Judgment.

22. Without further order of the Court, the parties may agree to reasonable extensions of time to carry out any of the provisions of the Stipulation.

Dated: Pittsburgh, Pennsylvania

4-12, 2007



Honorable David Stewart Cercone
UNITED STATES DISTRICT JUDGE

EXHIBIT 1

**List of Persons and Entities Excluded from the Class in the
In re PNC Financial Services Group, Inc. Securities Litigation
 in connection with the E&Y Settlement**

The following persons and entities, and only the following persons and entities, have properly excluded themselves from the Class in the *In re PNC Financial Services Group, Inc. Securities Litigation* in connection with the E&Y Settlement:

Patricia A. Aronica-Pollak 2708 Neonlight Drive York, Pennsylvania 17402-8410	Richard C. Osborne 25633 North Mosiertown Road Edinboro, Pennsylvania 16412-4149
Richard Pierce 37 Timberwood Drive Danville, Pennsylvania 17821	Libra Global Limited PO Box 88, 1 Grenville Street, St. Helier, Jersey JE4 9PF, Channel Islands
Thomas H. Butler 128 Lake Side Drive Montgomery, Texas 77356	

EXHIBIT 2

**List of Persons and Entities Excluded from the Class in the
In re PNC Financial Services Group, Inc. Securities Litigation
 in connection with the PNC Settlement**

The following persons and entities, and only the following persons and entities, have properly excluded themselves from the Class in the *In re PNC Financial Services Group, Inc. Securities Litigation* in connection with the PNC Settlement:

Roberta L. Szydlowski 960 West Maplehurst Drive Roscommon, Michigan 48653	Gerald A. Feldman 6 E. Seymour Avenue Cincinnati, Ohio 45216-2023
Dr. Lillian Paule Charie 307 S. Dithridge Street Apartment 210 Pittsburgh, Pennsylvania 15213-3514	Christopher L. Renzi 146 Old Forge Crossing Devon, Pennsylvania 19333-1121
Marilyn D. Bull, individually and as Trustee of the Clive A. Bull Revocable Trust under Trust Agreement dated July 13, 1995 c/o Patrick A. Davis, P.A. P.O. Box 15933 Clearwater, Florida 33766-5933	

previously in this paragraph, and the balance (\$82,500) shall remain segregated and paid as provided above.

21. Exclusive jurisdiction is hereby retained over the Parties and the Class Members for all matters relating to the Litigation, including the administration, interpretation, effectuation or enforcement of the Stipulation and this Final Order and Judgment.

22. Without further order of the Court, the parties may agree to reasonable extensions of time to carry out any of the provisions of the Stipulation.

Dated: Pittsburgh, Pennsylvania

_____, 2007

Honorable David Stewart Cercone
UNITED STATES DISTRICT JUDGE