

PNC Releases Statement on Pending Riggs Transaction

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The PNC Financial Services Group, Inc. (NYSE: PNC) released the following statement today concerning its pending merger agreement with Riggs National Corporation (NASDAQ: RIGS):

PNC regrets the precipitous action taken today by the Board of Directors of Riggs. Since July 16, 2004, PNC has been working diligently to proceed with its pending merger with Riggs, while preserving all of PNC's rights under the merger agreement with Riggs. Since July, there have been numerous unexpected adverse developments at Riggs, including a criminal plea of guilty by Riggs National Bank. In addition to sizeable fines that have been imposed on Riggs, it has faced an exorbitant run rate of legal and compliance expenses related to a litany of legal and regulatory matters that Riggs continues to face, along with other losses. The business and results of operations at Riggs have also suffered significant deterioration as illustrated by the recent guidance relating to its 2004 loss.

Despite these matters, PNC has evidenced a good faith desire to negotiate a fair restructuring of the terms of our pending transaction. In recent days, we have approached the Riggs Board and proposed an appropriate price adjustment to reflect the deteriorations that have occurred at Riggs since July, along with proper protection against remaining contingent liabilities.

We believe that the offer that we have put forward is fair. We also do not understand how Riggs can possibly claim that we are without basis for asserting that a Material Adverse Effect under our merger agreement has occurred, based on the facts to which Riggs itself has fully conceded with respect to the deterioration that has occurred at Riggs since the signing of the July merger agreement.

It is nevertheless our intent to work within the current provisions of the Merger Agreement, which remains in full force and effect as of today, in order to seek appropriate protections of our legal rights through a proper renegotiation of the terms or a proper termination of the agreement. It is our hope that the Riggs Board will drop this unfortunate tactic that they have put forward today and negotiate with us to find a fair and sensible resolution of the pending matters between us. If they do not, we are fully prepared to seek full redress of our rights under the contract.

SOURCE: The PNC Financial Services Group, Inc.

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