

PNC FINANCIAL SERVICES GROUP, INC.  
Form DEF 14A  
March 14, 2013

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the Securities**

**Exchange Act of 1934 (Amendment No.\_)**

Filed by the Registrant

Filed by a Party other than the Registrant

**Check the appropriate box:**

Preliminary Proxy Statement

CONFIDENTIAL, FOR USE OF THE COMMISSION ONLY (AS PERMITTED BY RULE 14A-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §.240.14a-12

**THE PNC FINANCIAL SERVICES GROUP, INC.**

*(Name of Registrant as Specified In Its Charter)*

*(Name of Person(s) Filing Proxy Statement, if other than the Registrant)*

**Payment of Filing Fee (Check the appropriate box):**

**No fee required.**

**Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.**

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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Dear Shareholder

We invite you to attend PNC's 2013 Annual Meeting of Shareholders on Tuesday, April 23, 2013.

The meeting will be held in Pittsburgh, Pennsylvania at the August Wilson Center for African American Culture, 980 Liberty Avenue, beginning at 11:00 a.m., Eastern time. We will consider the matters described in this proxy statement and also review significant developments since last year's meeting of shareholders.

We are again making our proxy materials available to you electronically. We hope that this continues to offer you convenience while allowing us to reduce the number of copies that we print.

The proxy statement contains important information and you should read it carefully. Even if you plan to attend the meeting in person, we strongly encourage you to designate the proxies named on the proxy card to vote your shares. If you will not be there in person, you will be able to listen to the meeting by webcast or conference call. Please see the notice that follows for more information.

We look forward to your participation and thank you for your support of PNC.

March 14, 2013

Sincerely,

James E. Rohr

*Chairman and Chief Executive Officer*

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Your vote is important to us and we want your shares to be represented at the annual meeting. Please cast your vote right away on the proposals listed below.

Under NYSE rules, if you hold your shares through a broker, bank, or other nominee, and you do not provide any voting instructions, your broker can only vote on your behalf for matters that are considered “discretionary”. The only discretionary matter on this year’s ballot is the ratification of our auditor selection. **If a matter is not discretionary and you do not provide voting instructions, your vote will not be counted.**

Proposals requiring your vote

|                   |  | More<br>information | Board<br>recommendation | Discretionary<br>matter? | Abstentions         | Votes<br>required<br>for<br>approval |
|-------------------|--|---------------------|-------------------------|--------------------------|---------------------|--------------------------------------|
| <b>PROPOSAL 1</b> | Election of 16 nominated directors   | Page 11             | <b>FOR</b> each nominee | No                       |                     |                                      |
| <b>PROPOSAL 2</b> | Ratification of independent registered public accounting firm for 2013               | Page 77             | <b>FOR</b>              | Yes                      |                     |                                      |
| <b>PROPOSAL 3</b> | Advisory approval of the compensation of PNC’s named executive officers (say-on-pay) | Page 80             | <b>FOR</b>              | No                       | <b>Do not count</b> | <b>Majority of shares cast</b>       |
| <b>PROPOSAL 4</b> | Shareholder proposal, if properly presented  | Page 82             | <b>AGAINST</b>          | No                       |                     |                                      |

Vote right away

Please read this Proxy Statement with care and vote right away. We offer a number of ways for you to vote your shares. We include voting instructions in the Notice of Availability of Proxy Materials and the proxy card. If you hold shares through a broker, bank, or other nominee (“street name”), you will receive information on how to give voting instructions to your broker or bank. For registered holders, we offer the following methods to vote your shares and give us your proxy:

**Web**

[www.envisionreports.com/PNC](http://www.envisionreports.com/PNC)

**Telephone**

Follow the instructions on the proxy card.

**Mail**

Complete, sign and date the proxy card and return it in the envelope provided.

Attend our 2013 Annual Meeting of Shareholders

**11:00 a.m. on Tuesday, April 23, 2013**

**Directions to attend the annual meeting are available at [www.pnc.com/annualmeeting](http://www.pnc.com/annualmeeting)**

**August Wilson Center for African American Culture**

**980 Liberty Avenue**

**Pittsburgh, Pennsylvania 15222**

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Proxy Summary

*To assist you in reviewing the proposals to be acted upon, we have included a summary of certain information. This summary does not contain all of the information that you should consider, and you should review our Annual Report on Form 10-K and the entire proxy statement before you vote.*

*You may also read our proxy statement at [www.pnc.com/proxystatement](http://www.pnc.com/proxystatement).*

Who can vote (page 85)

You must be a shareholder of record as of January 31, 2013 to vote at the annual meeting.

How to cast your vote (page 86)

We offer our shareholders a number of ways to vote, including by Internet, telephone, or mail. A shareholder of record may always vote in person by submitting a ballot at the annual meeting.

Voting matters

**Item 1: Election of directors (page 11)**

•

The proxy statement contains important information about the experience, qualifications, attributes, and skills of the 16 nominees to our Board of Directors. Our Board's Nominating and Governance Committee performs an annual assessment to confirm that your directors continue to have the skills and experience to serve PNC, and that our Board and its committees continue to be effective in the oversight of management.

•

Our Board recommends that you vote **FOR** all 16 director nominees.

**Item 2: Ratification of auditors (page 77)**

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Each year, our Board's Audit Committee selects PNC's independent registered public accounting firm. For 2013, the Audit Committee selected PricewaterhouseCoopers LLP (PwC) to fulfill this role.

•

Our Board recommends that you vote **FOR** the ratification of the Audit Committee's selection of PwC as our independent registered public accounting firm for 2013.

**Item 3: "Say-on-pay" (page 80)**

•

We ask shareholders to cast a non-binding advisory vote on our executive compensation program – known generally as the “say-on-pay” vote. We have offered a say-on-pay vote since 2009, and our shareholders confirmed their preference for annual votes in 2011. Last year, 96% of the votes cast by our shareholders supported our executive compensation program, and PNC has averaged 96% support for say-on-pay over the past four years.

•

We recommend that you read the CD&A (beginning on page 34), which explains how and why our Board’s Personnel and Compensation Committee made executive compensation decisions for 2012.

•

Our Board recommends that you vote **FOR** the non-binding advisory vote on executive compensation (say-on-pay).

**Item 4: Shareholder proposal (page 82)**

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You will also be asked to consider a shareholder proposal described in this proxy statement. The proposal asks PNC to report to shareholders on our assessment of greenhouse gas emissions resulting from our lending portfolio and our exposure to climate change risk in lending, investing and financing activities.

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Our Board recommends that you vote **AGAINST** the shareholder proposal.

PNC performance highlights (page 36)

•

In 2012, we performed well in a highly challenging environment and continued to grow customers, revenues, loans, and deposits.

•

We further strengthened our balance sheet and remained a core-funded bank.

•

We continued to make strategic investments to grow PNC’s franchise for sustainable long-term growth.

•

We successfully integrated RBC Bank (USA), giving us access to the southeastern United States, a highly desirable market.



While the current environment remains challenging, with low interest rates and slow economic growth, we recognize that we operate in a cyclical business and have made strategic investments and used capital to grow our franchise for the long-term.

•

We managed risk throughout the enterprise, with improving credit quality.

•

We have entered the Basel parallel run process and are well-positioned to achieve regulatory capital goals.

•

We increased our dividend again in 2012 and generated a positive total shareholder return for the year.

•

We earned record employee engagement scores and we were recognized as a Gallup Great Workplace winner.

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PNC compensation (page 34)

At the beginning of 2012, our Board's Personnel and Compensation Committee set total compensation targets for our NEOs, which included a base salary and an incentive compensation target.

•

*See page 40 for a diagram of our compensation process.*

The Committee determined a corporate performance factor, expressed as a percentage of the total incentive compensation targets for executives. This percentage reflected an evaluation of measurable performance metrics, both absolute and relative, as well as an assessment of management's performance against strategic goals and other key considerations.

Based on a review of PNC's performance for 2012, the Committee established a corporate performance factor of 90%.

•

*See pages 41-44 for a discussion of performance and the corporate performance factor.*

The Committee also made a one-time adjustment to each NEO to offset a change in our long-term incentive program, that will reduce the compensation opportunity if PNC performs well in the future. (See pages 43-44 for more information on this.)

| NEO                     | Incentive compensation target | Incentive compensation (excluding one-time adjustment) | One-time adjustment for reduction to incentive performance unit grant | Total incentive compensation awarded | Form of total incentive compensation awarded | Cash | Equity |
|-------------------------|-------------------------------|--|---|--------------------------------------|--|------|--------|
| James E. Rohr           | \$ 6,500,000                  | \$ 6,098,000   | \$ 330,000  | \$ 6,428,000                         |  | 0%   | 100%   |
| Richard J. Johnson      | \$ 2,500,000                  | \$ 2,400,000   | \$ 107,300  | \$ 2,507,300                         |  | 40%  | 60%    |
| William S. Demchak      | \$ 6,000,000                  | \$ 5,400,000   | \$ 289,600  | \$ 5,689,600                         |  | 32%  | 68%    |
| Joseph C. Guyaux        | \$ 2,480,000                  | \$ 2,480,000   | \$ 110,800  | \$ 2,590,800                         |  | 38%  | 62%    |
| Michael P. Lyons        | \$ 4,800,000                  | \$ 4,320,000   | \$ 236,000  | \$ 4,556,000                         |  | 0%   | 100%   |
| E. William Parsley, III | \$ 5,000,000                  | \$ 4,800,000   | \$ 89,400   | \$ 4,889,400                         |  | 14%  | 86%    |

For purposes of this chart, we calculated the CEO performance year compensation on an annualized basis, by adding the base salary for each of the three years, and the incentive compensation amounts awarded for performance during that year.

For each year of the three-year period, as shown in the Summary compensation table on page 53, we added the amounts included in the “Salary” and “Non-Equity Incentive Plan Compensation” columns for that year to the amount included in the “Stock Awards” column for the following year. For 2010 and 2011, the amounts include the grant date fair value of the incentive performance units and performance-based restricted share units granted in the first quarter of the following year, including the special performance-based restricted share unit award granted in 2011. For 2012, we used the total incentive compensation awarded amount (\$6,428,000) shown in the table above.

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[PNC governance \(page 17\)](#)

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You can find out more about our governance policies and principles at [www.pnc.com/corporategovernance](http://www.pnc.com/corporategovernance)

•

Our Board has a substantial majority of independent directors (14 out of 16), with our only non-independent directors being executive officers of PNC

•

Our Board has had a Presiding Director, an independent lead director with specific duties and responsibilities, since 2004

•

Our Board meets regularly in executive session, with no members of management present

•

In 2012, our Board met 10 times and each of our directors attended at least 75% of the aggregate number of meetings of the Board and the Committees on which he or she served. The average attendance of all directors at Board and Committee meetings was 98%.

—

We have four primary board committees:

—

Audit Committee

—

Personnel and Compensation Committee (Compensation)

—

Nominating and Governance Committee (Governance)

—

Risk Committee

[Board nominees \(page 12\)](#)

| <b>Name</b>                 | <b>Age</b> | <b>Director since</b> | <b>Independent</b> | <b>Primary Committee Memberships</b>    |
|-----------------------------|------------|-----------------------|--------------------|---|
| <b>Richard O. Berndt</b>    | <b>70</b>  | <b>2007</b>           |                    | <b>Audit; Risk</b>                      |
| <b>Charles E. Bunch</b>     | <b>63</b>  | <b>2007</b>           |                    | <b>Compensation; Governance</b>         |
| <b>Paul W. Chellgren</b>    | <b>70</b>  | <b>1995</b>           |                    | <b>Audit (Chair); Compensation</b>      |
| <b>William S. Demchak</b>   | <b>50</b>  | <b>2013</b>           |                    |   |
| <b>Kay Coles James</b>      | <b>63</b>  | <b>2006</b>           |                    | <b>Risk</b>                             |
| <b>Richard B. Kelson</b>    | <b>66</b>  | <b>2002</b>           |                    | <b>Audit; Compensation</b>              |
| <b>Bruce C. Lindsay</b>     | <b>71</b>  | <b>1995</b>           |                    | <b>Audit; Risk</b>                      |
| <b>Anthony A. Massaro</b>   | <b>68</b>  | <b>2002</b>           |                    | <b>Governance; Risk</b>                 |
| <b>Jane G. Pepper</b>       | <b>67</b>  | <b>1997</b>           |                    | <b>Risk</b>                             |
| <b>James E. Rohr</b>        | <b>64</b>  | <b>1990</b>           |                    | <b>Risk</b>                             |
| <b>Donald J. Shepard</b>    | <b>66</b>  | <b>2007</b>           |                    | <b>Audit; Risk (Chair)</b>              |
| <b>Lorene K. Steffes</b>    | <b>67</b>  | <b>2000</b>           |                    | <b>Risk</b>                             |
| <b>Dennis F. Strigl</b>     | <b>66</b>  | <b>2001</b>           |                    | <b>Compensation (Chair); Governance</b> |
| <b>Thomas J. Usher*</b>     | <b>70</b>  | <b>1992</b>           |                    | <b>Compensation; Governance (Chair)</b> |
| <b>George H. Walls, Jr.</b> | <b>70</b>  | <b>2006</b>           |                    | <b>Audit; Risk</b>                      |
| <b>Helge H. Wehmeier</b>    | <b>70</b>  | <b>1992</b>           |                    | <b>Governance</b>                       |

\*

Presiding Director

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