WOMEN BUSINESS OWNERS OUTLOOK

July 2011

Business Results Meet Expectations for Most Women Owners in PA, But Few Plan to Hire Amid Gloomy View of Economy

Most women business owners in Pennsylvania are pleased with their financial results and far more optimistic about their own business compared to the U.S. or regional economy. But views are mixed about sales and profits during the next six months. Few plan to hire more employees or invest in their business – five out of 10 have no plans for capital spending in the coming months.

These findings from PNC's first survey of Pennsylvania women business owners support the PNC economists' forecast that the U.S. economy is slogging through an economic "soft patch" but they don't expect to slide back into a "double dip" recession. PNC has a longstanding tradition of offering financial advice and solutions to women-owned businesses, including hundreds of PNC-Certified Women's Business Advocates and \$6.8 billion in loans since 2005 to help them expand and achieve their financial goals.

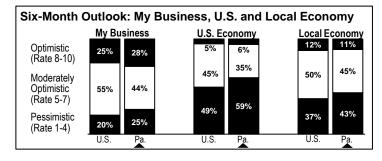
Key Findings

How's Business? The majority of Pennsylvania women owners are pleased with the current financial performance of their business. 16% say their business is exceeding expectations and 50% say it is meeting expectations. Meanwhile, 33% say the business is falling short.



Mixed Views on Sales and Profits: Four out of 10 (42%) expect their sales to increase during the next six months, somewhat lower than the 51% nationwide. In terms of profits, 29% expect profits to rise compared to 41% nationally.

Holding Off on Hiring: Three out of four (77%) expect their number of full-time employees to remain the same while only 8% plan to hire, fewer than the 15% expecting to hire nationally.



Good News, Bad News: Pennsylvania women business owners are significantly more optimistic about their own business during the next six months than they are about the national or regional economy.

Capital Spending on Hold: Five out of 10 have no plans for capital spending during the next six months. Of the 50% with plans for capital investments, technology equipment is the top priority (21%) with other business equipment a distant second (12%).

Managing Cash Flow: Women business owners in Pennsylvania use a wide array of sources for funding, with a rich mix of business and personal sources. On average, PNC found they use 2.8 sources of money. The top five are:

- · Business credit card: 55%
- Line of credit from a financial institution: 52%
- Personal/family savings: 38%
- Personal credit card: 37%
- · Business loan from a financial institution: 35%

Building Your Business: Four C's of Credit

By investing in a business when it's strong, and by having credit available in good times and bad, the owner is protected against the unexpected bump in the road. Beth Marcello, manager of women's business development for PNC Bank, says owners who rely on personal credit leave few options to weather downturns without cashing in personal assets or taking a hit to their personal credit history. To establish separate business credit and use it wisely, she offers four C's of credit:

- 1. Know Your CAPACITY: There are numerous financial benchmarks such as debt and liquidity ratios that banks use before providing a loan or line of credit. What is your company's borrowing history and track record of repayment? How much debt can your company handle?
- 2. Personal CAPITAL: It's best not to put all of your personal assets on the line, but if you have invested in your company, it demonstrates to the bank a personal commitment, and could make the banker more inclined to lend to you.
- 3. Make Use of Business COLLATERAL: Unless you are a business with a proven payments track record, you will almost always be required to pledge collateral. While cash flow is usually the primary source of repayment of a loan, bankers also look at secondary sources of repayment such as real estate, inventory or accounts receivable.
- **4. Your Good CHARACTER:** Simply put, banks want to put their money with business owners who have the best credentials and references.

With credit in hand, how do you use it wisely? If it's invested in capital spending, do not overextend business lines of credit or credit cards. Look for ways to streamline processes for issuing and collecting payments, such as remote deposit.

Most importantly, stay on top of credit and cash flow needs to be well-positioned to respond to changing market conditions. The best way to avoid a credit crunch is to secure and use credit wisely throughout the life of your business.

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