October 12, 2009

Mr. Russell Golden
Technical Director
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Via email: director@fasb.org

File Reference No. 1710-100 Fair Value Measurements and Disclosures (Topic 820) – Improving Disclosures about Fair Value Measurements

Dear Mr. Golden:

First Commonwealth appreciates the opportunity to comment on the Proposed Accounting Standards Update, Fair Value Measurement and Disclosures (Topic 820) – Improving Disclosures about Fair Value Measurements. We are a $6.4 billion NYSE listed financial institution headquartered in Indiana, Pennsylvania. We are particularly interested in this proposal since, not only are we an issuer of financial statements, but as a financial institution we are members of one of the largest users of financial statements, being creditors.

As of June 30, 2009, approximately $1.3 billion of our assets, or 20.6%, are valued on the balance sheet at fair value, .3% of which are based on Level 1 inputs, 91.6% Level 2 inputs, and 8.1% Level 3 inputs. The Level 3 inputs consist of municipal securities, corporate securities, pooled trust preferred collateralized debt obligations, and impaired loans. As of June 30, 2009, approximately $11.4 million of our liabilities are valued on the balance sheet at fair value, 100% of which are based on Level 2 inputs.

We understand that the FASB Board undertook this project in response to concerns raised by constituents regarding the adequacy of the current fair value measurement disclosures. The accounting standards issued in the past few years have significantly expanded our footnote disclosures as well as our Management’s Discussion and Analysis of Financial Condition and Results of Operations. We believe these disclosures provide ample detail for financial statement users to understand significant valuation methods as well as the breakdown of the fair value measurement of assets and liabilities in order to promote increased transparency in our financial reporting.

Specific answers to the questions raised in the Proposed Accounting Standards Update are below along with our comments.

Issue 1: With respect to the disclosure of the effect of changes in reasonably possible, significant, alternative inputs for Level 3 fair value measurements for each class of assets and liabilities (sometimes also referred to as sensitivity disclosures), the Board is seeking input from:

A. Financial statement preparers about their operationality and costs
B. IFRS financial statement preparers about the approach they plan to use to comply with a similar disclosure requirement in IFRS 7
C. Financial statements users about their usefulness - more specifically, a discussion of how they would benefit from, and use, such disclosures.

Level 3 valuations are complex and subjective. Inputs to level 3 valuations are often the result of several variables, all of which were determined to be management’s best estimate. A sensitivity analysis would use variables and inputs other than management’s best estimate, yet would likely be relied on by users of financial statements in the same manner as the fair value measurement. Additionally, we believe a sensitivity analysis for Level 3 instruments has limited usefulness in predicting changes in market liquidity or credit events. The nature and level of disclosures in the Proposed Accounting Standards Update will not help predict adverse changes in market conditions and resulting losses from financial instruments.

Fair value accounting in general has resulted in inconsistent application and measurement of financial instruments on the financial statements of both buyers and sellers. Including a sensitivity analysis in our disclosures would only increase these inconsistencies. A sensitivity analysis by class of Level 3 instruments will not be comparable among companies due to the subjectivity and multiple assumptions utilized in valuing these instruments as well as the differences in the application of the proposed analysis.

We prepare a Level 3 valuation analysis at the instrument level and often engage third parties to assist in the valuation. Providing this information at the instrument level has resulted in increased costs and has proven to be a reporting burden to our organization. Implementing a sensitivity analysis for these instruments will further increase our cost and operational burden and will provide information that we believe is of limited use to investors.

Issue 2: With respect to the reconciliation (sometimes referred to as a roll forward) of fair values using significant unobservable inputs (Level 3), the amendments in this proposed Update would require separate disclosure of purchases, sales, issuances, and settlements during the reporting period. Is this proposed requirement operational? If not, why?

The response below for Issue 3 incorporates our response to Issue 2.

Issue 3: Is the proposed effective date operational? In particular:
  1. Will entities be able to provide information about the effect of reasonably possible alternative inputs for Level 3 fair value measurements for interim reporting periods ending after March 15, 2010?
  2. Are there any reasons why the Board should provide a different effective date for nonpublic entities?

The new disclosures and clarifications of existing disclosures would be effective for interim and annual reporting periods ending after December 15, 2009, except for the sensitivity disclosures about Level 3 fair value measurements. Level 3 sensitivity disclosures would be effective for interim and annual reporting periods ending after March 15, 2010.

We do not believe the effective dates of the Proposed Accounting Standards Update permit sufficient time for financial institutions to develop systems and processes to capture the information necessary to implement these
disclosure requirements and, as such, we expect these disclosures to be very manually intensive. We question whether these disclosures would provide adequate benefit to justify the additional efforts.

Financial institutions have had to implement numerous newly issued FASB guidance during the past year. When new standards are being implemented disclosure processes are often manually intensive and remain such for a period of time following initial adoption until technology enhancements catch up.

If the FASB decides to continue to move forward with this project, we recommend a delay in the effective date to the first annual reporting period ending on or after December 12, 2010 to allow for sufficient time to establish a systematic and controlled process to gather and report the required information.

In conclusion, we believe that the cost of implementing Proposed Accounting Standards Update, Fair Value Measurement and Disclosures (Topic 820) – Improving Disclosures about Fair Value Measurements far outweigh the benefits. We, along with many other financial institutions, have already significantly expanded our footnote disclosures as well as our Management’s Discussion and Analysis of Financial Condition and Results of Operations to provide our financial statement users with transparent financial reporting that are responsive to investors’ changing needs. We do not believe the disclosures required by the proposal provides meaningful information to investors given the number of assumptions and subjectivity of the information included in the disclosures. Furthermore, we do not believe the proposed effective date is operational and would recommend a delay in the implementation date to the first annual reporting period ending on or after December 12, 2010, if the FASB Board decides to move forward with the Proposed Accounting Standards Update.

We appreciate the opportunity to comment on Proposed Accounting Standards Update, Fair Value Measurement and Disclosures (Topic 820) – Improving Disclosures about Fair Value Measurements and would be pleased to discuss our comments with Board members or the FASB staff. If you have any questions, please contact me at (724) 463-4725, or at the above address.

Sincerely,

[Signature]

Teresa Ciambotti
Senior Vice President and Controller