

**PARK  
NATIONAL  
CORPORATION**



LETTER OF COMMENT NO.

27 A

August 3, 2006

Mr. Lawrence W. Smith  
Chairman, Emerging Issues Task Force  
Financial Accounting Standards Board  
401 Merritt 7  
P.O. Box 5116  
Norwalk, CT 06856-5116

Re: EITF Issue 06-4, "Accounting for Deferred Compensation and Post-retirement Benefit Aspects of Endorsement Split-Dollar Life Insurance Arrangements"

Dear Mr. Smith:

I write to you in my capacity as the Chief Executive Officer of both The Park National Bank and Park National Corporation. Park National Corporation is a multi-bank holding company with approximately \$5.5 billion in combined assets for the affiliate banks of the company.

I am greatly concerned by the position FASB has taken regarding the above referenced issue. I know you have received input from others including the American Bankers Association, and in addition and very specifically, from the Chief Financial Officer of our bank and company, Mr. John W. Kozak. Without reiterating their points, please understand that I fully support and underscore the points made to you in their previous correspondence.

As I am not an accountant, I do have some understanding, as you might imagine, of our company's balance sheet and income statement. This issue of accounting treatment as identified by FASB is illogical, in my humble opinion.

We have endorsement split-dollar arrangements with senior officers and directors from our various banks. Each of these endorsement split-dollar arrangements is revocable. We can amend the terms and conditions, including complete termination. Each of the officers and directors understand how these arrangements are indeed revocable.

If the insurance company with whom we have made a single premium investment should fail, the officers, directors and covered retirees understand that we have absolutely zero liability to pay their endorsement split-dollar arrangement. We may choose to find a way to establish a new vehicle that would enable us to continue the arrangement; then again, we are not obligated legally to do so. Said another way, we may choose to find another insurance company who will insure lives in order to provide subsequent benefit to us in order to make payments, but we are under no legal obligation to continue the arrangements to officers and directors.

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Likewise, upon the death of an insured, even if an insurance company subsequently pays a claim resulting from the death of an insured, we still have the right today to change the agreement so that 100% of the proceeds would come to the benefit of the owner of the policy, namely the corporation or one of our affiliate banks.

In my opinion, it is irrational to recognize a liability on the balance sheet for these endorsement split-dollar arrangements without having a corresponding asset to offset the liabilities. We fully recognize that upon the death of the insured, we will have a gain. To recognize a liability today without being able to recognize a corresponding asset that is equal to or greater than the death benefit would not be understood by our shareholders nor the general lay person in the community. Again, we believe it is irrational and illogical to recognize the liability without recognizing the asset, in addition to the fact that we can change the split-dollar arrangement at our pleasure.

If this EITF Issue 06-4 is adopted as proposed, it will have a material impact on our capital account. This will undoubtedly cause us to change our endorsement split-dollar program in order to avoid the necessity of recognizing this liability. We can simply replace this benefit with another benefit that is recognized as a current expense, and we of course will terminate any post-retirement benefit that the current endorsement split-dollar arrangement carries. Such termination is unnecessary absent the adoption of EITF Issue 06-4.

I urge you to withdraw this proposal. Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "C. Daniel DeLawder". The signature is fluid and cursive, with a long horizontal stroke at the end.

C. Daniel DeLawder  
Chairman

CDD/blk