

June 1, 2009



LETTER OF COMMENT NO. 19

Russell G. Golden
Financial Accounting Standards Board Technical Director
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

File Reference: Proposed FSP FAS 157-f

First Commonwealth appreciates the opportunity to comment on Proposed FASB Staff Position No. FAS 157-f, "Measuring Liabilities under FASB Statement No. 157." First Commonwealth is a \$6.4 billion NYSE listed financial institution headquartered in Indiana, Pennsylvania. First Commonwealth is 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.

We feel that Proposed FSP FAS 157-f provides additional guidance in measuring the fair value of liabilities, and therefore amendments to FAS 157 are necessary. However, we feel that this FSP does not appropriately address situations in which liabilities cannot be transferred.

In paragraph 8 of Proposed FSP FAS 157-f, FASB acknowledges that "liabilities are rarely transferred in the marketplace because of contractual restrictions preventing the transfer of liabilities." However, this proposal requires that preparers still assume an orderly transaction in the measurement of a liability that is contractually restricted from transfer. Therefore, by following FSP FAS 157-f and assuming an orderly transaction in the measurement of its liabilities that are contractually restricted from transfer, the true financial condition of a company is likely to be misrepresented. In addition, we believe the only time an entity would transfer a liability at less than face value would be in the case of financial distress or when the entity is not expected to continue as a going concern. Fair values are useful in the case of liquidation, or in the case of an entity that is not expected to be a going concern. However, for an entity that is expected to continue as a going concern, we feel that fair value should be a footnote disclosure. We believe that this is the case for changes in values of both the asset and liability side of the balance sheet.

Paragraph 10 of this Proposed FSP requires entities to consider whether adjustments are required when measuring the fair value of a liability using the price of the liability when traded as an asset. Determining whether an adjustment is necessary will require a certain degree of judgment. One of the intents of FASB in issuing FAS 157, "Fair Value Measurements," was to provide increased consistency and comparability in fair value measurements. We believe the judgment necessary in determining whether adjustments are required when measuring fair value of a liability will result in decreased consistency and comparability in fair value measurements.

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In conclusion, while we believe that FSP FAS 157-f provides some additional guidance that will be helpful in measuring the fair value of liabilities, we feel that requiring entities to consider whether adjustments are required when measuring the fair value of a liability will result in decreased consistency and comparability in fair value measurements. In addition, we feel that assuming an orderly transaction in the measurement of liabilities when a liability is contractually restricted from transfer will misrepresent a company's true financial condition. We appreciate the opportunity to comment on Proposed FSP FAS 157-f 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) 463-4724, or at the above address.

Sincerely,



Edward J. Lipkus, III
Executive Vice President and Chief Financial Officer