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PNC

October 30, 2008

Office of the Comptroller of the Currency
250 E Street, S.W.
Mail Stop 1-5
Washington, DC 20219
Attention: Docket Number OCC-2008-0014

Mr. Robert E. Feldman, Executive Secretary
Federal Deposit Insurance Corporation
550 17th St., N.W.
Washington, D.C. 20429
Attention: RIN #3064-AD32

Ms. Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, N.W.
Washington, D.C. 20551
Attention: Docket Number R-1329

Regulation Comments, Chief Counsel's Office
Office of Thrift Supervision
1700 G. Street, N.W.
Washington, D.C. 20552
Attention: OTS-2008-0010

Re: Joint Notice of Proposed Rulemaking: Proposed Capital Treatment for Goodwill Arising from a Taxable Business Combination (73 Fed. Reg. 56756 (September 30, 2008)

The PNC Financial Services Group, Inc ("PNC"), Pittsburgh, Pennsylvania, is pleased to provide comments on the notice of proposed rulemaking (the "Proposal") issued jointly by the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the Office of Thrift Supervision (collectively, the "Agencies"). The Proposal would permit banking institutions to reduce the amount of goodwill deducted from Tier 1 capital by the amount of deferred tax liabilities ("DTL") associated with that goodwill.

PNC is in agreement with the revision as set forth in the Proposal. PNC concurs with the Agencies' position that the reduced Tier I deduction related to such goodwill recognizes the maximum exposure to loss if that goodwill were to become impaired or derecognized for financial reporting purposes.

DTL's associated with tax deductible goodwill represents the cash savings realized as a result of the tax deductibility of the goodwill over time. Such tax savings are not recognized in income under GAAP, but are instead recorded as a deferred tax liability. Such DTL's do not represent a liability that could require a future cash outflow. Even if the underlying goodwill were to become impaired and written off, no cash outflow would be required. In fact, the DTL balance existing at that time would be reversed into income, therefore becoming a direct addition to the Tier I capital base.

The Agencies requested comment whether additional intangible assets associated with taxable combinations should similarly be deducted from Tier I capital net of associated DTL's. PNC believes that an extension of this concept to such other intangible assets is appropriate. Such other intangibles created in taxable business combinations can have associated deferred tax assets or liabilities, due to differences between book and tax valuations and amortization periods. We believe net tax credit balances should be treated as a reduction in the amount of such identifiable intangibles that a banking institution must deduct from Tier I capital, under the identical logic described in the Proposal regarding DTL's associated with goodwill.

In conclusion, PNC wishes to thank all four Agencies for addressing this appropriate adjustment to the definition of Tier I capital. The adjustment is needed to recognize that U.S. GAAP does not reflect the reduced tax expense (or the associated cash generation) through the tax deductibility of such goodwill and other intangibles associated with taxable combination transactions. PNC is hopeful that this enhancement will be effective for the year-end 2008 reporting cycle.

Sincerely Yours,

R J Johnson

Richard J. Johnson
Chief Financial Officer

cc: Michael D. Coldwell
Federal Reserve Bank of Cleveland

Gary T. TeKolste
Office of the Comptroller of the Currency

James Moschella
Federal Deposit Insurance Corporation