

**PARK**  
**NATIONAL**  
**CORPORATION**

May 25, 2006

Fax: (202) 408-2580

Federal Housing Finance Board  
1625 Eye Street NW  
Washington, D.C., 20006

Attention: Public Comments  
Federal Housing Finance Board  
Proposed Rule: Excess Stock  
Restrictions and Retained  
Earnings Requirements for the Federal Home Loan Banks

I am writing to you concerning the proposed revisions to the Capital Regulations (12 CFR Parts 900, 917, 925, 930, 931 and 934) promulgated by the Federal Housing Finance Board ("Finance Board") and published in the Federal Register on March 15, 2006. Thank you for the opportunity to comment on this proposed regulation. I am the CFO for Park National Corporation ("Park"), a \$5.4 billion bank holding company headquartered in Newark, Ohio. Park's stock is traded on the American Stock Exchange and Park is a large accelerated filer with the Securities and Exchange Commission ("SEC"). Park operates eight separately chartered banks in the state of Ohio. All of Park's banks are members of the Federal Home Loan Bank of Cincinnati ("FHLB"). At March 31, 2006, Park's banks owned \$53 million of FHLB stock and had outstanding advances with the FHLB of \$495 million. The FHLB is our primary source for wholesale borrowings and liquidity.

I had the privilege of serving on the FHLB Board of Directors from January 1, 2003 thru December 31, 2005. I served as Chairman of the Audit Committee for the calendar years 2004 and 2005. In this role, I had a considerable amount of contact with the examiners from the Finance Board. I found the examination process to be thorough and strong. During the first quarter of 2003, the FHLB Board of Directors voted to voluntarily file their financial statements with the SEC. I had always been a proponent of doing this and was "thrilled" to be on the Board of Directors during the period that the SEC registration was being worked on. Additionally, during my term on the Board of Directors, the Finance Board challenged the FHLBs to increase the amount of retained earnings that was being held at each FHLB. The Finance Board directed each FHLB to compute a targeted amount of retained earnings and support why that amount was reasonable. I am proud to note that the retained earnings for the FHLB of Cincinnati increased from \$92.2 million at year-end 2003 to \$207.8 million at year-end 2005.

In summary, I believe that the FHLB of Cincinnati is very well managed, very well supervised, is following SEC disclosure standards and has a strong Board of Directors. This organization also does a terrific job of providing funding for affordable housing programs in the states of Ohio, Kentucky and Tennessee. This FHLB has a AAA credit rating with the credit rating agencies.

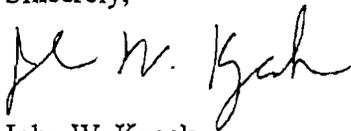
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The management and Board of Directors of the FHLB have notified its members that the proposed capital rules by the Finance Board would have a dramatic negative impact on their future operations. I would offer that there is "nothing broken" with the safety and soundness or capital plan of the Federal Home Loan Bank of Cincinnati. Please do not pass regulations that would hurt their ability to provide liquidity to their members and reduce the funds available for affordable housing programs.

If the Finance Board believes that more retained earnings should be held by the FHLB of Cincinnati, please provide guidance to management and their Board of Directors. I feel extremely confident that given a long enough time period that management can improve the retained earnings position and still meet the needs of its members and provide additional affordable housing funds. There is currently no safety and soundness issues at the FHLB (strong earnings, strong capital and strong management). Please do not pass a regulation that requires the redemption of excess member stock that could be harmful to the FHLB of Cincinnati.

I would be happy to discuss my concerns about the proposed revisions with you over the phone. My direct phone number is (740) 349-3792.

Sincerely,



John W. Kozak  
CFO

JWK: tm

cc: Senator Voinovich  
Senator Dewine  
Representative Boehner  
Representative Oxley  
Representative Tiberi