

PARK NATIONAL CORP /OH/
Form 10-K/A
February 28, 2012

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K/A

Amendment No. 2

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2010

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number: **1-13006**

Park National Corporation

(Exact name of Registrant as specified in its charter)

Ohio	31-1179518
(State or other jurisdiction of	(I.R.S.
incorporation or organization)	Employer
	Identification
	No.)

50 North Third Street, P.O. Box 3500, Newark, Ohio	43058-3500
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(Address of principal executive offices)

(Zip Code)

(740) 349-8451

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
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Common Shares, without par value	NYSE Amex LLC
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Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes No

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes No

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the Registrant's most recently completed second fiscal quarter: **As of June 30, 2010, the aggregate market value of the Registrant's common shares (the only common equity of the Registrant) held by non-affiliates of the Registrant was \$949,242,036 based on the closing sale price as reported on NYSE Amex LLC. For this purpose, executive officers and directors of the Registrant are considered affiliates.**

Indicate the number of shares outstanding of each of the Registrant's classes of common stock, as of the latest practicable date.

Class	Outstanding at February 25, 2011
Common Shares, without par value	15,398,931 common shares

DOCUMENTS INCORPORATED BY REFERENCE

Document	Parts Into Which Incorporated
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Portions of the Registrant's 2010 Annual Report

Parts I and II

Portions of the Registrant's Definitive Proxy Statement for the Annual Meeting of Shareholders to be held on April 18, 2011

Part III

Exhibit Index on Page E-1

EXPLANATORY NOTE

Park National Corporation (“Park”) is filing this Form 10-K/A (Amendment No. 2) (this “2010 form 10-K/A – Amendment 2”) with respect to its Annual Report on Form 10-K for the fiscal year ended December 31, 2010, as originally filed with the Securities and Exchange Commission (the “SEC”) on February 28, 2011 (the “Original 2010 Form 10-K”) and amended by the form 10-K/A Amendment No. 1, filed on October 11, 2011 (the “2010 Form 10-K/A – Amendment 1”), in order to amend Part I – items 1, 1A and 2, Part II – items 6, 7, 7A, 8 and 9A and Part IV – Item 15. This 2010 Form 10-K/A – Amendment 2 is being filed to amend and restate our audited consolidated financial statements as of and for the fiscal year ended December 31, 2010 included in “Item 8 – Financial Statements and Supplementary Data” of Part II and related disclosures in “Item 7 – Management’s Discussion and Analysis of Financial Condition and Results of Operations About Market Risk” of Part II, to make the corrections identified below and to reflect an additional material weakness in internal control over financial reporting as of December 31, 2010.

This 2010 Form 10-K/A – Amendment 2 is being filed to reflect the restatement of Park’s audited consolidated financial statements as of and for the year ended December 31, 2010, which results in the following corrections:

Impact on Items Reported in Consolidated Statements of Income:

- The provision for loan losses increased by \$22.2 million to \$87.1 million, compared to \$64.9 million as originally reported.
- Net interest income after provision for loan losses decreased by \$22.2 million to \$187.0 million, compared to \$209.1 million as originally reported.
- Other real estate owned (“OREO”) devaluations increased by \$2.6 million to \$13.2 million, compared to \$10.6 million as originally reported.
- Total other income decreased by \$2.6 million to \$74.9 million, compared to \$77.5 million as originally reported.
- Income before income taxes decreased by \$24.8 million to \$74.7 million, compared to \$99.5 million as originally reported.
 - Income taxes decreased by \$8.7 million to \$16.6 million, compared to \$25.3 million as originally reported.
 - Net income decreased by \$16.1 million to \$58.1 million, compared to \$74.2 million as originally reported.
- Income available to common shareholders declined by \$16.1 million to \$52.3 million, compared to \$68.4 million as originally reported.
- Basic and diluted earnings per share decreased by \$1.06 to \$3.45 per share, compared to \$4.51 per common share as originally reported.

Impact on Items Reported in Consolidated Balance Sheets:

- The allowance for loan losses increased by \$22.2 million to \$143.6 million, compared to \$121.4 million as originally reported.

Loans, net of the allowance for loan losses decreased by \$22.2 million to \$4,589 million, compared to \$4,611 million as originally reported.

- OREO decreased by \$2.6 million to \$41.7 million, compared to \$44.3 million as originally reported.

Other assets increased by \$8.7 million to \$148.9 million, compared to \$140.2 million as originally reported. The only adjustment within other assets was to reflect the deferred tax asset impact of the restatement.

- Total assets decreased by \$16.1 million to \$7,282 million, compared to \$7,298 million as originally reported.

- Retained earnings decreased by \$16.1 million to \$406.3 million, compared to \$422.5 million as originally reported.

- Total stockholders' equity decreased by \$16.1 million to \$729.7 million, compared to \$745.8 million as originally reported.

- Total liabilities and stockholders' equity decreased by \$16.1 million to \$7,282 million, compared to \$7,298 million as originally reported.

For a more detailed description of the restatement of the consolidated financial statements, see Note 1A, "Restatement of Financial Statements" in our Notes to Consolidated Financial Statements.

Park has not modified or updated the information in the Original 2010 Form 10-K, except as necessary to reflect the effects of the restated consolidated financial statements which took into consideration subsequent additional information about conditions that existed at December 31, 2010. This 2010 Form 10-K/A - Amendment 2 continues to speak as of the dates described herein, and we have not updated the disclosures contained in the 2010 Form 10-K as previously amended by the 2010 Form 10-K/A Amendment 1, to reflect any events that occurred subsequent to such dates except as necessitated by the restatement and to discuss a subsequent event in Note 27 - Sale of Vision Bank. Information not affected by the restatement is unchanged and reflects the disclosures made at the time of the filing of the original 2010 Form 10-K on February 28, 2011 or of the 2010 Form 10-K/A - Amendment 1 on October 11, 2011, as appropriate. Accordingly, this 2010 Form 10-K/A - Amendment 2 should be read in conjunction with our subsequent filings with the SEC, as information in such filings may update or supersede certain information contained in this 2010 Form 10-K/A - Amendment 2.

Park has modified "Item 9A - Controls and Procedures" of Part II in order to reflect the reevaluation by Park's management of the effectiveness of the design and operation of Park's disclosure controls and procedures and the effectiveness of Park's internal controls over financial reporting, in each case as of December 31, 2010, in connection with the restatement of the consolidated financial statements as described in this 2010 Form 10-K/A - Amendment 2.

Park has updated certain references included in "Item 1 - Business" of Part I to reflect the location of the restated financial information. Park has also modified references in "Item 1 - Business" and Item 2 - Properties" of Part I from this "Annual Report on form 10-K" to the "Original 2010 Form 10-K" where appropriate.

Park has updated several of the risk factors included in "Item 1A - Risk Factors" of Part I to include the restated financial information where appropriate.

Park has updated the Computation of Ratio of Earnings to Fixed Charges and the Computation of Ratio of Earnings to Fixed Charges and Preferred Dividends included as Exhibit 12 to this 2010 Form 10-K/A – Amendment 2, in order to reflect the corrected consolidated financial information.

Updated certifications pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 have been included as Exhibits 31.1 and 31.2 to this 2010 Form 10-K/A – Amendment 2, updated certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 have been included as Exhibit 32 to this 2010 Form 10-K/A – Amendment 2 and an updated Consent of Crowe Horwath LLP has been included as Exhibit 23 to this 2010 Form 10-K/A – Amendment 2. In addition, “Item 15 – Exhibits and Financial Statement Schedules” of Part IV of this 2010 Form 10-K/A – Amendment 2 has been updated to reflect the updated exhibits.

For the convenience of the reader, this 2010 Form 10-K/A - Amendment 2 sets forth the disclosures to be included in the Form 10-K for the fiscal year ended December 31, 2010 in their entirety, although Park is only amending and restating Items 1, 1A and 2 of Part I, Items 6, 7, 7A, 8 and 9A of Part II and Item 15 of Part IV from the Original 2010 form 10-K, as previously amended by the 2010 Form 10-K/A – Amendment 1, as these are the only items affected by the corrected consolidated financial information.

Subsequent Event - Sale of Vision Bank

On November 16, 2011, Park and Vision Bank entered into a Purchase and Assumption Agreement (the “Purchase Agreement”) with Home BancShares, Inc. (“Home”) and its wholly-owned subsidiary Centennial Bank, an Arkansas state-chartered bank (“Centennial”), to sell substantially all of the operating assets and liabilities associated with Vision to Centennial for a purchase price of \$27.9 million.

On February 16, 2012, Park and Vision Bank completed the transaction contemplated by the previously announced Purchase Agreement. In accordance with the Agreement, Vision sold approximately \$354 million in performing loans, approximately \$520 million of deposits, fixed assets of approximately \$12.5 million and other miscellaneous assets and liabilities for a purchase price of \$27.9 million.

Immediately following the closing of the transactions contemplated by the Agreement, Vision surrendered its Florida banking charter to the Florida Office of Financial Regulation (the “OFR”) and became a non-bank Florida corporation (the “Florida Corporation”). This Florida Corporation merged with and into a wholly-owned, non-bank subsidiary of Park, SE Property Holdings, LLC (“SE LLC”), with SE LLC being the surviving entity. Subsequent to the transactions contemplated by the Purchase Agreement, Vision will be left with approximately \$22 million of performing loans and non-performing loans with a fair value of \$88 million (both net of any necessary loan loss allowance that may have existed prior to the transactions). Park recognized a pre-tax gain, net of expenses directly related to the sale, of approximately \$22 million.

PART I

ITEM 1. BUSINESS.

General

Park National Corporation (“Park”) is a bank holding company registered under the Bank Holding Company Act of 1956, as amended (the “Bank Holding Company Act”). Although Park was a financial holding company effective in December 2007, Park ceased to be a financial holding company effective June 30, 2008 and neither Park nor any of its subsidiaries engages in any of the activities permitted for a financial holding company but not a bank holding company.

Park was incorporated under Ohio law in 1992. Park’s principal executive offices are located at 50 North Third Street, Newark, Ohio 43055, and its telephone number is (740) 349-8451. Park’s common shares, each without par value (“Common Shares”), are listed on NYSE Amex LLC (“NYSE Amex”), under the symbol “PRK.”

Park maintains an Internet Web site at www.parknationalcorp.com (this uniform resource locator, or URL, is an inactive textual reference only and is not intended to incorporate Park’s Internet Web site into this 2010 Form 10-K/A - Amendment 2). Park makes available free of charge on or through its Internet Web site Park’s Annual Reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), as well as Park’s definitive proxy statements filed pursuant to Section 14 of the Exchange Act, as soon as reasonably practicable after Park electronically files such material with, or furnishes it to, the Securities and Exchange Commission (the “SEC”).

Park’s principal business consists of owning and supervising its subsidiaries. Although Park directs the overall policies of its subsidiaries, including lending policies and financial resources, most day-to-day affairs are managed by its subsidiaries’ respective officers.

Subsidiary Banks

Through Park's subsidiary banks:

The Park National Bank ("Park National Bank"), a national banking association with its main office in Newark, Ohio and financial service offices in Ashland, Athens, Butler, Champaign, Clark, Clermont, Coshocton, Crawford, Darke, Fairfield, Fayette, Franklin, Greene, Hamilton, Hocking, Holmes, Knox, Licking, Madison, Marion, Mercer, Miami, Morrow, Muskingum, Perry, Richland, Tuscarawas and Warren Counties in Ohio and Boone County in Kentucky; and

Vision Bank ("Vision Bank"), a Florida state-chartered bank with its main office in Panama City, Florida and financial service offices in Baldwin County, Alabama and in Bay, Gulf, Okaloosa, Santa Rosa and Walton Counties in the panhandle of Florida.

Park engages in the commercial banking and trust business. This commercial banking and trust business is primarily conducted in small and medium population Ohio communities and, since Vision Bancshares, Inc. ("Vision") merged with and into Park in March 2007 (the "Vision Merger"), in Gulf Coast communities in Alabama and the Florida panhandle.

Vision Bank operates 17 financial service offices in Gulf Coast communities in Baldwin County, Alabama and the Florida panhandle. Vision Bank operates through two banking divisions – Vision Bank headquartered in Panama City, Florida and the Vision Bank Division of Gulf Shores, Alabama.

Park National Bank operates 124 financial service offices in Ohio and Northern Kentucky through eleven banking divisions with: (i) the Park National Division headquartered in Newark, Ohio; (ii) the Fairfield National Division headquartered in Lancaster, Ohio; (iii) The Park National Bank of Southwest Ohio & Northern Kentucky Division headquartered in West Chester, Ohio; (iv) the Century National Division headquartered in Zanesville, Ohio; (v) the Second National Division headquartered in Greenville, Ohio; (vi) the Richland Trust Division headquartered in Mansfield, Ohio; (vii) the United Bank Division headquartered in Bucyrus, Ohio; (viii) the First-Knox National Division headquartered in Mount Vernon, Ohio; (ix) the Farmers & Savings Bank Division headquartered in Loudonville, Ohio; (x) the Security National Division headquartered in Springfield, Ohio; and (xi) the Unity National Division headquartered in Piqua, Ohio.

Park's two subsidiary banks comprise Park's reportable segments. Financial information about Park's reportable segments is included in Note 23 of the Notes to Consolidated Financial Statements located in "Item 8 – Financial Statements and Supplementary Data" in Part II of this 2010 Form 10-K/A - Amendment 2. That financial information is incorporated herein by reference.

At December 31, 2010 and as of the date of the Original 2010 Form 10-K, Park's subsidiary banks operated 142 financial service offices and a network of 169 automated teller machines.

Consumer Finance Subsidiary

Guardian Financial Services Company ("Guardian Finance"), an Ohio consumer finance company based in Hilliard, Ohio, also operates as a separate subsidiary of Park. Guardian Finance provides consumer finance services in the central Ohio area. As of the date of the Original 2010 Form 10-K, Guardian Finance had six financial service offices spanning six counties in Ohio: Clark, Fairfield, Franklin, Licking, Montgomery and Richland. Financial information about Guardian Finance is included in the "All Other" category for purposes of the reportable segment information included in Note 23 of the Notes to Consolidated Financial Statements located in "Item 8 – Financial Statements and Supplementary Data" in Part II of this 2010 Form 10-K/A - Amendment 2. This financial information is immaterial for purposes of separate disclosure.

Leasing Subsidiary

Scope Leasing, Inc. (which does business as “Scope Aircraft Finance”), a subsidiary of Park National Bank, specializes in aircraft financing. The customers of Scope Aircraft Finance include small businesses and entrepreneurs intending to use the aircraft for business or pleasure. Scope Aircraft Finance serves customers throughout the United States of America (the “United States”) and Canada through its one office in Franklin County, Ohio.

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Ohio-Based Insurance Agency Subsidiary

Park National Bank has an insurance agency subsidiary, Park Insurance Group, Inc. (“Park Insurance Group”). Park Insurance Group was formed in 2002 and as of the date of the Original 2010 Form 10-K, offered life insurance and other insurance products through licensed representatives who work for divisions of Park National Bank. However, Park Insurance Group’s results have not been material to the consolidated entity.

Title Agency Subsidiary

As of the date of the Original 2010 Form 10-K, Park National Bank held 49% of the ownership interest of Park Title Agency, LLC (“Park Title Agency”). Park Title Agency is a traditional title agency serving the central Ohio area.

Vision Bank Networking

As of the date of the Original 2010 Form 10-K, Vision Bank conducted permissible insurance and securities networking activities under the d/b/a “Vision Bancshares Financial Group.” In an agency capacity, Vision Bancshares Financial Group offered its customers fixed and variable annuities, life insurance, property and casualty insurance and investment products. The securities activities of Vision Bancshares Financial Group consisted primarily of selling equity securities, municipal bonds, agency bonds, corporate bonds, mutual funds and variable rate annuities on a retail basis, through duly licensed and qualified employees and pursuant to a third-party networking agreement. Since the consummation of the Vision Merger, the results of Vision Bancshares Financial Group have not been material to the consolidated entity.

Vision Bancshares Trust I

In connection with the Vision Merger, Park entered into a First Supplemental Indenture, dated as of the effective time of the Vision Merger (the “First Supplemental Indenture”), with Vision and Wilmington Trust Company, a Delaware banking corporation, as Trustee. Under the terms of the First Supplemental Indenture, Park assumed all of the payment and performance obligations of Vision under the Junior Subordinated Indenture, dated as of December 5, 2005 (the “Indenture”), pursuant to which Vision issued \$15.5 million of junior subordinated debentures to Vision Bancshares Trust I, a Delaware statutory trust (the “Vision Trust”). The junior subordinated debentures were issued by Vision in connection with the sale by the Vision Trust of \$15.0 million of floating rate preferred securities to institutional investors on December 5, 2005.

Under the terms of the First Supplemental Indenture, Park also succeeded to and was substituted for Vision with the same effect as if Park had originally been named (i) as “Depositor” in the Amended and Restated Trust Agreement of the Vision Trust, dated as of December 5, 2005 (the “Trust Agreement”), among Vision, Wilmington Trust Company, as Property Trustee and as Delaware Trustee, and the Administrative Trustees named therein and (ii) as “Guarantor” in the Guarantee Agreement, dated as of December 5, 2005 (the “Guarantee Agreement”), between Vision and Wilmington Trust Company, as Guarantee Trustee. Through these contractual obligations, Park has fully and unconditionally guaranteed all of the Vision Trust’s obligations with respect to the floating rate preferred securities.

Both the junior subordinated debentures and the floating rate preferred securities mature on December 30, 2035 (which maturity may be shortened), and carry a floating interest rate per annum, reset quarterly, equal to the sum of three-month LIBOR plus 148 basis points. Payment of interest on the junior subordinated debentures, and payment of cash distributions on the floating rate preferred securities, may be deferred at any time or from time to time for a period not to exceed twenty consecutive quarters, subject to specified conditions.

Under the terms of the Indenture and the related Guarantee Agreement, Park, as successor to Vision in accordance with the First Supplemental Indenture, is prohibited, subject to limited exceptions, from declaring or paying dividends or distributions on, or redeeming, repurchasing, acquiring or making any liquidation payments with respect to, any shares of Park's capital stock (i) if an event of default under the Indenture has occurred and continues; (ii) if Park is in default with respect to the payment of any obligations under the Guarantee Agreement; or (iii) during any period in which the payment of interest on the junior subordinated debentures by Park (and the payment of cash distributions on the floating rate preferred securities by the Vision Trust) is being deferred.

Other Subsidiaries

Park Investments, Inc., which is a subsidiary of Park National Bank, operates as an asset management company. Its operations are not significant to the consolidated entity.

The following subsidiaries operate as capital management companies: (i) Park Capital Investments, Inc. ("Park Capital"), a subsidiary of Park; (ii) Park National Capital LLC, whose members are Park Capital and Park National Bank; (iii) First-Knox National Capital LLC, whose members are Park Capital and Park National Bank (as successor by merger to The First-Knox National Bank of Mount Vernon); (iv) Security National Capital LLC, whose members are Park Capital and Park National Bank (as successor by merger to The Security National Bank and Trust Co.); and (v) Century National Capital LLC, whose members are Park Capital and Park National Bank (as successor by merger to Century National Bank). The operations of these subsidiaries are also not significant to the consolidated entity.

Recent Developments

Participation in Capital Purchase Program Enacted as part of Troubled Assets Relief Program

On December 23, 2008, Park completed the sale to the United States Department of the Treasury (the “U.S. Treasury”) of \$100.0 million of newly-issued Park non-voting preferred shares as part of the U.S. Treasury’s Capital Purchase Program (the “CPP”) enacted as part of the Troubled Assets Relief Program (“TARP”) under the Emergency Economic Stabilization Act of 2008 (“EESA”). To finalize Park’s participation in the CPP, Park and the U.S. Treasury entered into a Letter Agreement, dated December 23, 2008 (the “Letter Agreement”), including the related Securities Purchase Agreement — Standard Terms attached thereto (the “Securities Purchase Agreement” and together with the Letter Agreement, the “UST Agreement”). Pursuant to the UST Agreement, Park issued and sold to the U.S. Treasury (i) 100,000 of Park’s Fixed Rate Cumulative Perpetual Preferred Shares, Series A, each without par value and having a liquidation preference of \$1,000 per share (the “Series A Preferred Shares”), and (ii) a warrant (the “Warrant”) to purchase 227,376 Park Common Shares, at an exercise price of \$65.97 per share (subject to certain anti-dilution and other adjustments), for an aggregate purchase price of \$100.0 million in cash. The Warrant has a ten-year term. All of the proceeds from the sale of the Series A Preferred Shares and the Warrant by Park to the U.S. Treasury under the CPP will qualify as Tier 1 capital for regulatory purposes. The issuance and sale to the U.S. Treasury of the Series A Preferred Shares and the Warrant was a private placement exempt from the registration requirements of the Securities Act of 1933, as amended (the “Securities Act”), pursuant to Section 4(2) of the Securities Act. In the Securities Purchase Agreement, the U.S. Treasury has agreed not to vote any of the Common Shares it receives upon exercise of the Warrant. Any Common Shares issued by Park upon exercise of the Warrant will be issued from Common Shares held in treasury by Park.

Under standardized CPP terms, cumulative dividends on the Series A Preferred Shares will accrue on the liquidation preference at a rate of 5% per annum from December 23, 2008 to, but excluding, February 15, 2014 and at a rate of 9% per annum from and after February 14, 2014, but will be paid only if, as and when declared by Park’s Board of Directors. The Series A Preferred Shares have no maturity date and rank senior to the Park Common Shares with respect to the payment of dividends and distributions and amounts payable upon liquidation, dissolution and winding up of Park.

The American Recovery and Reinvestment Act of 2009 (“ARRA”) passed by the United States Congress and signed by the President on February 17, 2009, provides that the U.S. Treasury, subject to consultation with the appropriate federal banking agency, must permit a TARP recipient to repay any assistance previously provided under TARP, without regard to whether the TARP recipient has replaced those funds from any other source or to any waiting period. As a result, subject to consultation with the Federal Reserve Board, the U.S. Treasury must permit Park to redeem the Series A Preferred Shares at the appropriate redemption price without regard to whether the redemption price is to be paid from proceeds of a qualified equity offering or any other source or when the redemption date occurs. If the Series A Preferred Shares were redeemed, Park would also have the right to repurchase the related Warrant for its appraised market value. If Park chose not to repurchase the Warrant, the U.S. Treasury may liquidate the Warrant. The U.S. Treasury has provided guidance, in the form of FAQs issued on February 26, 2009 and in May

2009, as to the procedures under which a TARP participant may repay any assistance received. If Park seeks to repay any assistance received under the CPP, Park will be subject to the existing supervisory procedures for approving redemption requests for capital instruments. Supervisors would weigh Park's desire to redeem outstanding Series A Preferred Shares against the contribution of U.S. Treasury capital to Park's overall soundness, capital adequacy and ability to lend, including confirming that Park has a comprehensive internal capital assessment process.

The Securities Purchase Agreement contains limitations on the payment of dividends on the Common Shares from and after December 23, 2008 (including with respect to the payment of cash dividends in excess of \$0.94 per share, which is the amount of the last quarterly cash dividend declared by Park prior to October 14, 2008). Park may not pay dividends on Park Common Shares (other than dividends payable solely in Common Shares) if Park is in arrears on the payment of Series A Preferred Share dividends. Prior to the earlier of (i) December 23, 2011 and (ii) the date on which the Series A Preferred Shares have been redeemed in whole or the U.S. Treasury has transferred the Series A Preferred Shares to unaffiliated third parties, Park may not declare or pay any dividend or make any distribution on the Park Common Shares other than: (i) regular quarterly dividends not exceeding \$0.94 per share; and (ii) dividends payable solely in Park Common Shares. In addition, unless the Series A Preferred Shares have been transferred to unaffiliated third parties or have been redeemed in whole, until December 23, 2011, the U.S. Treasury's consent would be required for any repurchases of (i) Common Shares or other capital stock or other equity securities of any kind of Park or (ii) any trust preferred securities issued by Park or any affiliate of Park, other than (x) repurchases of the Series A Preferred Shares, (y) purchases of junior preferred shares or Common Shares in connection with the administration of any employee benefit plan in the ordinary course of business and consistent with past practice and (z) purchases under certain other limited circumstances specified in the Securities Purchase Agreement. Further, Common Shares may not be repurchased by Park if Park is in arrears on the payment of Series A Preferred Share dividends.

In the Securities Purchase Agreement, Park adopted the U.S. Treasury's standards for executive compensation and corporate governance for the period during which the U.S. Treasury owns any securities acquired from Park pursuant to the Securities Purchase Agreement or upon exercise of the Warrant. These standards generally apply to Park's executive officers. ARRA retroactively amends the executive compensation and corporate governance provisions applicable to participants in the CPP. On June 15, 2009, the U.S. Treasury established executive compensation and corporate governance standards applicable to TARP recipients, including Park, and their subsidiaries by publishing an interim final rule under 31 C.F.R. Part 30. On December 7, 2009, the U.S. Treasury published technical amendments to the interim final rule (collectively, the interim final rule published on June 15, 2009 and the amendments published on December 7, 2009 are referred to as the "Interim Final Rule"). The executive compensation and corporate governance standards established under ARRA and the Interim Final Rule remain in effect during the period in which any obligation arising from financial assistance provided under TARP remains outstanding, excluding any period during which the U.S. Treasury holds only warrants to purchase Common Shares of Park. ARRA and the Interim Final Rule impose limitations on Park's executive compensation practices. Please see the discussion of the standards for executive compensation and corporate governance under EESA, ARRA and the Interim Final Rule in the section captioned "Supervision and Regulation of Park and its Subsidiaries – Capital Purchase Program" below. ARRA and the Interim Final Rule also require that the Park Board of Directors adopt a Company-wide policy regarding "excessive or luxury expenditures," and post this policy on its Internet Website. Such policy was adopted on September 4, 2009 and posted on Park's Website.

2010 Registered Direct Public Offering

On December 7, 2010, Park entered into a letter agreement with Rodman & Renshaw, LLC (the "Placement Agent"), pursuant to which the Placement Agent agreed to act as exclusive placement agent on a "reasonable best efforts" basis in connection with the sale of 71,984 Common Shares together with Series A Warrants and Series B Warrants (the Series A Warrants and the Series B Warrants are collectively referred to as the "RDPO Warrants") in the Registered Direct Public Offering described below. Park agreed in the letter agreement to pay the Placement Agent an aggregate fee

equal to 3% of the gross proceeds from the sale of the Common Shares and RDPO Warrants in the Registered Direct Public Offering, plus 3% of the aggregate gross proceeds Park receives, if any, from the exercise of the RDPO Warrants. Park also agreed to provide the Placement Agent with a non-accountable expense allowance equal to 1% of the aggregate gross proceeds raised by Park in the Registered Direct Public Offering, up to a maximum of \$40,000.

On December 8, 2010, Park entered into Securities Purchase Agreements with certain institutional investors, pursuant to which Park agreed to sell, in a registered direct public offering, (i) an aggregate of 71,984 Common Shares, (ii) Series A Common Share Warrants, which are exercisable on or prior to the close of business on June 10, 2011, to purchase up to an aggregate of 35,992 Common Shares (the "Series A Warrants"), and (iii) Series B Common Share Warrants, which are exercisable on or prior to the close of business on December 10, 2011, to purchase up to an aggregate of 35,992 Common Shares (the "Series B Warrants") for total gross proceeds of approximately \$5.0 million (the "Registered Direct Public Offering"). The aggregate compensation paid to the Placement Agent was \$190,000. The aggregate net proceeds to Park from the Registered Direct Public Offering were approximately \$4.8 million, after deducting compensation to the Placement Agent and legal and accounting fees.

The purchase price for each Common Share together with one-half of a Series A Warrant and one-half of a Series B Warrant was \$69.46 (the "Per Share Purchase Price"), which was the closing price of Park's Common Shares on December 2, 2010. Each RDPO Warrant entitles the investor to purchase one Common Share at \$76.41, or 110% of the Per Share Purchase Price, subject to anti-dilution provisions that require adjustment to reflect stock dividends and splits, pro-rata distributions, certain cash dividends and certain fundamental transactions.

Park will use the net proceeds from the Registered Direct Public Offering for general corporate purposes and to help position Park to (i) redeem a portion or all of the Series A Preferred Shares and (ii) repurchase the Warrant, if and when applicable circumstances indicate that such redemption and repurchase are permitted and appropriate. When property values and problem asset ratios stabilize, Park intends to seek permission to redeem the Series A Preferred Shares and repurchase the Warrant and to cease participation in the CPP.

Services Provided by Park's Subsidiaries

Each of Park's subsidiary banks and their respective divisions provide the following principal services:

- the acceptance of deposits for demand, savings and time accounts and the servicing of those accounts;

- commercial, industrial, consumer and real estate lending, including installment loans, credit cards (which, except for home-equity-based credit cards, are offered through a third party), home equity lines of credit and commercial leasing;

- trust and wealth management services;

- cash management services;

- safe deposit operations;
- electronic funds transfers;
- online Internet banking with bill pay service and mobile banking; and
- a variety of additional banking-related services tailored to the needs of individual customers.

Park believes that the deposit mix of its subsidiary banks is such that no material portion has been obtained from a single customer and, consequently, the loss of any one customer of either subsidiary bank (or their respective divisions) would not have a materially adverse effect on the business of that subsidiary bank (or division) or Park.

Guardian Finance also provides consumer finance services.

Lending Activities

Park's subsidiary banks deal with consumers as well as with a wide cross-section of businesses and corporations located primarily in (i) the 28 Ohio counties and one Kentucky county served by the financial service offices of Park National Bank and (ii) the five Florida counties and one Alabama county serviced by the financial services offices of Vision Bank. Relatively few loans are made to borrowers outside these counties. Each subsidiary bank makes lending decisions in accordance with the written loan policy adopted by Park which is designed to maintain acceptable loan quality. Each subsidiary bank originates and retains for its own portfolio commercial and commercial real estate loans, variable rate residential real estate loans, home equity lines of credit, and installment loans. Each subsidiary bank also generates fixed rate residential real estate loans which are typically sold into the secondary market.

Guardian Finance originates and retains for its own portfolio consumer installment loans. Guardian Finance makes lending decisions in accordance with the written loan policy adopted and approved by the Guardian Finance Board of Directors.

There are certain risks inherent in making loans. These risks include interest rate changes over the time period in which the loans may be repaid, risks resulting from changes in the national and local economies, risks inherent in dealing with borrowers and, in the case of loans secured by collateral, risks resulting from uncertainties about the future value of the collateral.

Commercial Loans

At December 31, 2010, Park's subsidiaries (including Scope Aircraft Finance) had approximately \$1,967 million in commercial loans (commercial, financial and agricultural loans and commercial real estate loans) and commercial leases outstanding, representing approximately 41.5% of their total aggregate loan portfolio as of that date. Of this amount, approximately \$737 million represented commercial, financial and agricultural loans, \$1,227 million represented commercial real estate loans and \$3 million represented commercial leases. Vision Bank had approximately \$226 million in commercial loans outstanding at December 31, 2010, representing approximately 35% of Vision Bank's aggregate loan portfolio at that date. Of this amount, approximately \$66 million represented commercial, financial and agricultural loans and approximately \$160 million represented commercial real estate loans.

Commercial loans are made for a wide variety of general corporate purposes, including financing for industrial and commercial properties, financing for equipment, inventories and accounts receivable, acquisition financing and commercial leasing. The term of each commercial loan varies by its purpose. Repayment terms are structured such that commercial loans will be repaid within the economic useful life of the underlying asset. Information concerning the loan maturity distribution within the commercial loan portfolio is provided in Table 7 included in “Item 7 – Management’s Discussion and Analysis of Financial Condition and Results of Operations” of Part II of this 2010 Form 10-K/A – Amendment 2 and is incorporated herein by reference.

The commercial loan portfolio includes loans to a wide variety of corporations and businesses across many industrial classifications in (i) the 28 Ohio counties and one Kentucky county where Park National Bank operates and (ii) the five Florida counties and one Alabama county where Vision Bank operates. The primary industries represented by these customers include commercial real estate leasing, manufacturing, retail trade, health care and other services.

Commercial loans are evaluated for the adequacy of repayment sources at the time of approval and are regularly reviewed for any possible deterioration in the ability of the borrower to repay the loan. The credit information required generally includes, depending on the amount of money lent, fully completed financial statements, third-party prepared financial statements, two years of federal income tax returns and a current credit report. Loan terms include amortization schedules commensurate with the purpose of each loan, the source of each repayment and the risk involved. In most instances, collateral is required to provide an additional source of repayment in the event of default by a commercial borrower. The structure of the collateral package, including the type and amount of the collateral, varies from loan to loan depending on the financial strength of the borrower, the amount and terms of the loan and the collateral available to be pledged by the borrower. Most often, the collateral is inventory, machinery, accounts receivable or real estate. The guarantee of the principals is generally required on loans made to closely-held business entities.

Commercial real estate loans (“CRE loans”) include mortgage loans to developers and owners of commercial real estate. The lending policy for CRE loans is designed to address the unique risk attributes of CRE lending. The collateral for these CRE loans is the underlying commercial real estate. Each subsidiary bank generally requires that the CRE loan amount be no more than 85% of the purchase price or the appraised value of the commercial real estate securing the CRE loan, whichever is less. CRE loans made for each subsidiary bank’s portfolio generally have a variable interest rate. For more information, please see Table 7 included in “Item 7 – Management’s Discussion and Analysis of Financial Condition and Results of Operations” of Part II of this 2010 Form 10-K/A – Amendment 2 and is incorporated herein by reference.

The regulatory limit for loans made to one borrower by Park National Bank was \$77.1 million at December 31, 2010. Vision Bank’s regulatory limits for loans made to one borrower were \$28.6 million for a secured loan or \$17.2 million for an unsecured loan, at December 31, 2010. Participations in a loan by one or both of Park’s subsidiary banks in an amount larger than \$20.0 million are generally sold to third-party banks or financial institutions based on an internal Park loan policy. While Park National Bank has a loan limit of \$77.1 million, total indebtedness of the largest single borrower within the commercial portfolio was \$24.1 million at December 31, 2010.

Park has a loan review program which annually evaluates substantially all (generally, about 90%) of the loans with an outstanding balance greater than \$250,000. If deterioration has occurred, the lender subsidiary takes prompt action designed to increase the likelihood of payment of the loan. Upon detection of the reduced ability of a borrower to service interest and/or principal on a loan, the subsidiary may downgrade the loan and, under certain circumstances, place the loan on nonaccrual status. The subsidiary then works with the borrower to develop a payment schedule which the subsidiary anticipates will permit service of the principal and interest on the loan by the borrower. Loans which deteriorate and show the inability of a borrower to repay principal and do not meet the subsidiary's standards are charged off. A work-out officer is available to assist each subsidiary when a credit deteriorates. Information about Park's policy for placing loans on nonaccrual status is included under the caption "Loans" in Note 1 of the Notes to Consolidated Financial Statements, included in "Item 8 - Financial Statements and Supplementary Data" of Part II of this 2010 Form 10-K/A - Amendment 2.

Commercial loans are generally viewed as having a higher credit risk than consumer loans because commercial loans usually involve larger loan balances to a single borrower and are more susceptible to a risk of default during an economic downturn. Commercial loans generally have variable interest rates. The Park pricing strategy generally does not include low introductory or "teaser" rates. Park uses several indices for commercial loans. However, the national prime rate is the most common index Park uses. Credit risk for commercial loans arises from borrowers lacking the ability or willingness to pay principal or interest and, in the case of secured loans, by a shortfall in the collateral value in relation to the outstanding loan balance in the event of a default and subsequent liquidation of collateral. The underwriting of all commercial loans, regardless of type, includes cash flow analyses with rates shocked 400 basis points. In the case of commercial loans secured by accounts receivable, the availability of funds for the repayment of these loans may be substantially dependent on the ability of each borrower to collect amounts due from its customers. Other collateral securing commercial loans may depreciate over time, may be difficult to appraise and may fluctuate in value based on the success of the borrower's business. Information concerning the loan loss experience and allowance for loan losses related to the commercial, financial and agricultural loan portfolio and the commercial real estate portfolio is provided in Tables 15 and 16 included in "Item 7 – Management's Discussion and Analysis of Financial Condition and Results of Operations" of Part II of this 2010 Form 10-K/A – Amendment 2.

Aircraft Financing

Scope Aircraft Finance specializes in aircraft financing. The customers of Scope Aircraft Finance include small businesses and entrepreneurs intending to use the aircraft for business or pleasure. The customers of Scope Aircraft Finance are located throughout the United States. The lending officers of Scope Aircraft Finance are experienced in the aircraft financing industry and rely upon that experience and industry guides in determining whether to grant an aircraft loan or lease. At December 31, 2010, Scope Aircraft Finance had outstanding approximately \$150.4 million in loans primarily secured by aircraft (which are included in the commercial loan portfolio).

Consumer Loans

At December 31, 2010, Park's subsidiary banks, together with Guardian Finance, had outstanding consumer loans (including automobile leases and home-equity-based credit cards) in an aggregate amount of approximately \$667 million, constituting approximately 14% of their aggregate total loan portfolio. These subsidiaries make installment credit available to customers and prospective customers in their primary market areas of (i) central and southern Ohio and Northern Kentucky for Park National Bank and (ii) the Gulf Coast communities in Baldwin County, Alabama and the Florida panhandle for Vision Bank.

Credit approval for consumer loans requires income sufficient to repay principal and interest due, stability of employment, an established credit record and sufficient collateral for secured loans. It is the policy of Park's subsidiaries to adhere strictly to all laws and regulations governing consumer lending. A compliance officer is responsible for monitoring each subsidiary's performance and advising and updating loan personnel in this area. Each subsidiary reviews its consumer loan portfolio monthly and charges off loans which do not meet Park's standards. Information about Park's policy for placing loans on nonaccrual status is included under the caption "Loans" in Note 1 of the Notes to Consolidated Financial Statements, included in "Item 8 - Financial Statements and Supplementary Data" of Part II of this 2010 Form 10-K/A - Amendment 2, and is incorporated herein by reference. Each subsidiary bank and its divisions (other than The Park National Bank of Southwest Ohio & Northern Kentucky division of Park National Bank) also offer home-equity-based credit card accounts through the consumer lending department. These accounts are administered under the same standards as other consumer loans and leases.

Consumer loans typically have shorter terms and lower balances with higher yields as compared to real estate mortgage loans, but generally carry higher risks of default. Consumer loan collections are dependent on the borrower's continuing financial stability, and thus are more likely to be affected by adverse personal circumstances. Furthermore, the application of various federal and state laws, including bankruptcy and insolvency laws, may limit the amount that can be recovered on these loans. Information concerning the loan loss experience and allowance for loan losses related to the consumer loan portfolio is provided in Tables 15 and 16 included in "Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations" of Part II of this 2010 Form 10-K/A - Amendment 2, and is incorporated herein by reference.

Residential Real Estate and Construction Loans

At December 31, 2010, Park's subsidiary banks had outstanding approximately \$2,099 million in construction real estate and residential real estate, representing approximately 44.3% of total loans outstanding. Of the \$2,099 million, approximately \$1,692 million was included within the residential real estate loan segment, which included \$465 million of commercial loans, \$907 million of mortgage loans, \$260 million home equity lines of credit and \$60 million of installment loans. The remaining \$407 million was included within the construction real estate loan segment, which included \$328 million of commercial land and development ("CL&D") loans and \$79 million of 1-4 family residential construction loans. The market area for real estate lending by the subsidiary banks is concentrated in (i) central and southern Ohio and Northern Kentucky for Park National Bank and (ii) the Gulf Coast communities in Baldwin County, Alabama and the Florida panhandle for Vision Bank. Park had approximately \$22.5 million of net charge-offs resulting from construction loans (\$123,000 related to 1-4 family residential construction loans and \$22.4 million related to CL&D loans) during the year ended December 31, 2010. Vision Bank accounted for approximately \$19.2 million (\$85,000 related to 1-4 family residential construction loans and \$19.1 million related to CL&D loans), or 86%, of this total. At December 31, 2010, Vision Bank had approximately \$185 million outstanding in construction loans (\$14 million of 1-4 family residential construction loans and \$171 million of CL&D loans), or 45% of Park's consolidated total at the end of 2010. In addition to construction loans, Vision Bank had approximately \$39 million of home equity lines of credit.

Credit approval for residential real estate loans requires demonstration of sufficient income to repay the principal and interest and the real estate taxes and insurance, stability of employment, an established credit record and the appropriate appraised value of the real estate securing the loan. All loans are sent through automated underwriting to determine a risk classification. All loans receiving a risk classification of caution require review by a senior lender and generally require additional documentation if the loan is approved.

Each subsidiary bank generally requires that the residential real estate loan amount be no more than 80% of the purchase price or the appraised value of the real estate securing the loan, whichever is less, unless private mortgage insurance is obtained by the borrower. Loans made for each subsidiary bank's portfolio in this lending category are generally adjustable rate, fully amortized mortgages. The rates used are generally fully-indexed rates. Park generally does not price residential loans using low introductory "teaser" rates. Each subsidiary bank also originates fixed rate real estate loans for the secondary market. These loans are generally sold immediately after closing. All real estate loans are secured by first mortgages with evidence of title in favor of the subsidiary bank in the form of an attorney's opinion of title or a title insurance policy. Each subsidiary bank also requires proof of hazard insurance with the subsidiary bank named as the mortgagee and as the loss payee. Independent appraisals are generally obtained for consumer real estate loans.

Home equity lines of credit are generally made as second mortgages by Park's subsidiary banks. The maximum amount of a home equity line of credit is generally limited to 85% of the appraised value of the property less the balance of the first mortgage. For Vision Bank, this percentage can be as high as 89.9% depending on the credit score and debt-to-income ratio of the borrower. The home equity lines of credit are written with ten-year terms for Park

National Bank and 25-year terms for Vision Bank. A variable interest rate is generally charged on the home equity lines of credit.

Information concerning the loan loss experience and allowance for loan losses related to the residential real estate portfolio is provided in Tables 15 and 16 included in “Item 7 - Management’s Discussion and Analysis of Financial Condition and Results of Operations” of Part II of this 2010 Form 10-K/A - Amendment 2, and is incorporated herein by reference.

Construction loans include commercial construction loans as well as residential construction loans. Construction loans may be in the form of a permanent loan or a short-term construction loan, depending on the needs of the individual borrower. Generally, the permanent construction loans have a variable interest rate although a permanent construction loan may be made with a fixed interest rate for a term generally not exceeding five years. Short-term construction loans are made with variable interest rates. Information concerning the loan maturity distribution within the construction financing portfolio is provided in Table 7 included in “Item 7 - Management’s Discussion and Analysis of Financial Condition and Results of Operations” of Part II of this 2010 Form 10-K/A - Amendment 2, and is incorporated herein by reference.

Construction financing is generally considered to involve a higher degree of risk of loss than long-term financing on improved, occupied real estate. Risk of loss on a construction loan depends largely upon the accuracy of the initial estimate of the property’s value at completion of construction and the estimated cost (including interest) of construction. If the estimate of construction cost proves to be inaccurate, the subsidiary bank making the loan may be required to advance funds beyond the amount originally committed to permit completion of the project. If the estimate of value proves inaccurate, the subsidiary bank may be confronted, at or prior to the maturity of the loan, with a project having a value insufficient to assure full repayment, should the borrower default. In the event a default on a construction loan occurs and foreclosure follows, the subsidiary bank must take control of the project and attempt either to arrange for completion of construction or to dispose of the unfinished project. Additional risk exists with respect to loans made to developers who do not have a buyer for the property, as the developer may lack funds to pay the loan if the property is not sold upon completion. Park’s subsidiary banks attempt to reduce such risks on loans to developers by requiring personal guarantees and reviewing current personal financial statements and tax returns as well as other projects undertaken by the developer. Vision Bank continues to experience high levels of loan losses on CL&D loans. For additional information concerning the loan loss experience, please see “**ITEM 1A. RISK FACTORS – Changes in economic and political conditions could adversely affect our earnings, as our borrowers’ ability to repay loans and the value of the collateral securing our loans decline.**” and “**– Our allowance for loan losses may prove to be insufficient to absorb potential losses in our loan portfolio.**” in this Annual Report on Form 10-K. Information concerning the loan loss experience and allowance for loan losses related to the construction financing portfolio is provided in Tables 15 and 16 included in “Item 7 - Management’s Discussion and Analysis of Financial Condition and Results of Operations” of Part II of this 2010 Form 10-K/A - Amendment 2, and is incorporated herein by reference.

Ohio-Based Insurance Agency

Park Insurance Group offers life insurance and other insurance products to its customers through licensed representatives who work for Park National Bank. Park Insurance Group’s customers include current customers of Park National Bank and other residents in the 28 Ohio counties and one Kentucky county served by Park National Bank. Park Insurance Group’s results to date have not been material to the consolidated entity.

Title Agency

Park Title Agency is a traditional title agency serving residential and commercial customers in the central Ohio area who are seeking title insurance for purchases, construction and refinancing of real estate. Park Title Agency's customers include current customers of Park National Bank and other residents primarily in the 28 Ohio counties and one Kentucky county served by Park National Bank.

Vision Bancshares Financial Group

As of the date of the Original 2010 Form 10-K, Vision Bancshares Financial Group conducted permissible insurance and securities networking activities. In an agency capacity, Vision Bancshares Financial Group offered its customers fixed and variable annuities, life insurance, property and casualty insurance and investment products, through licensed representatives who work for Vision Bank. The securities activities of Vision Bancshares Financial Group consisted primarily of selling equity securities, municipal bonds, agency bonds, corporate bonds, mutual funds and variable rate annuities on a retail basis, through duly licensed and qualified employees and pursuant to a third party networking agreement. Vision Bancshares Financial Group's results since the consummation of the Vision Merger were not been material to the consolidated entity.

Competition

The financial services industry is highly competitive. Park's subsidiaries compete with other local, regional and national service providers, including banks, savings associations, credit unions and other types of financial institutions, finance companies, insurance agencies and title agencies. Other competitors include securities dealers, brokers, mortgage bankers, investment advisors, insurance companies and financial services subsidiaries of commercial and manufacturing companies. Many of these competitors enjoy the benefits of advanced technology, fewer regulatory constraints and lower cost structures. The primary factors in competing for loans are interest rates charged and overall services provided to borrowers. The primary factors in competing for deposits are interest rates paid on deposits, account liquidity, convenience and hours of office locations and having trained and competent staff to deliver services.

Employees

As of December 31, 2010, Park and its subsidiaries had 1,969 full-time equivalent employees.

Supervision and Regulation of Park and its Subsidiaries

Park, its subsidiary banks and many of its other subsidiaries are subject to extensive regulation by federal and state agencies. The regulation of bank holding companies and their subsidiaries is intended primarily for the protection of consumers, depositors, federal deposit insurance funds and the banking system as a whole and not for the protection of shareholders. Applicable laws and regulations restrict permissible activities and investments and require actions to protect loan, deposit, brokerage, fiduciary and other customers, as well as the deposit insurance fund of the Federal Deposit Insurance Corporation (the "FDIC"). They also restrict Park's ability to repurchase its Common Shares or to receive dividends from its bank subsidiaries and impose capital adequacy and liquidity requirements.

Park is registered with the Federal Reserve Board as a bank holding company under the Bank Holding Company Act. As a bank holding company, Park is subject to regulation under the Bank Holding Company Act and to inspection, examination and supervision by the Federal Reserve Board. Park is also subject to the disclosure and regulatory requirements of the Securities Act and the Exchange Act, as administered by the SEC. Park's Common Shares are listed on NYSE Amex under the trading symbol "PRK," which subjects Park to the provisions of the NYSE Amex Company Guide for listed companies. As a result of Park's participation in the U.S. Treasury's CPP, Park is also subject to the regulatory authority granted to the U.S. Treasury and the Special Inspector General for the Troubled Asset Relief Program under EESA and ARRA, as discussed below under the caption "Capital Purchase Program."

Park National Bank, as a national banking association, is subject to regulation, supervision and examination primarily by the Office of the Comptroller of the Company (the "OCC") and secondarily by the FDIC.

Vision Bank, as a Florida state-chartered bank, is subject to regulation, supervision and examination by the Florida Office of Financial Regulation and the FDIC.

Guardian Finance, as an Ohio state-chartered consumer finance company, is subject to regulation, supervision and examination by the Ohio Division of Financial Institutions.

Park Insurance Group, as an Ohio state-chartered insurance agency, and Park Title Agency, as an Ohio state-chartered title agency, are subject to regulation, supervision and examination by the Ohio Department of Insurance.

The following information describes selected federal and state statutory and regulatory provisions and is qualified in its entirety by reference to the full text of the particular statutory or regulatory provisions. These statutes and regulations are continually under review by the United States Congress and state legislatures and federal and state regulatory agencies. A change in statutes, regulations or regulatory policies applicable to Park and its subsidiaries could have a material effect on their respective businesses.

Regulation of Bank Holding Companies

As a bank holding company, Park's activities are subject to extensive regulation by the Federal Reserve Board. Park is required to file reports with the Federal Reserve Board and such additional information as the Federal Reserve Board may require, and is subject to regular examinations by the Federal Reserve Board.

The Federal Reserve Board also has extensive enforcement authority over bank holding companies, including, among other things, the ability to:

- assess civil money penalties;

- issue cease and desist or removal orders; and

- require that a bank holding company divest subsidiaries (including its subsidiary banks).

In general, the Federal Reserve Board may initiate enforcement actions for violations of laws and regulations and unsafe or unsound practices.

Under Federal Reserve Board policy, a bank holding company is expected to act as a source of financial strength to each subsidiary bank and to commit resources to support those subsidiary banks. Under this policy, the Federal Reserve Board may require a bank holding company to contribute additional capital to an undercapitalized subsidiary bank and may disapprove of the payment of dividends to the shareholders if the Federal Reserve Board believes the payment of such dividends would be an unsafe or unsound practice.

The Bank Holding Company Act requires the prior approval of the Federal Reserve Board in any case where a bank holding company proposes to:

- acquire direct or indirect ownership or control of more than 5% of the voting shares of any bank that is not already majority-owned by it;
- acquire all or substantially all of the assets of another bank or another financial or bank holding company; or
- merge or consolidate with any other financial or bank holding company.

The Gramm-Leach-Bliley Act of 1999 (“GLBA”) permits a qualifying bank holding company to become a financial holding company and thereby affiliate with securities firms and insurance companies and engage in other activities that are financial in nature and not otherwise permissible for a bank holding company. Although Park was a financial holding company effective in December 2007, Park ceased to be a financial holding company effective June 30, 2008, and neither Park nor any of its subsidiaries engages in any of the activities permitted for a financial holding company but not a bank holding company.

Subsidiary banks of a bank holding company are subject to certain restrictions imposed by the Federal Reserve Act on the maintenance of reserves against deposits, extensions of credit to the bank holding company or any of its subsidiaries, investments in the stock or other securities of the bank holding company or its subsidiaries and the taking of such stock or securities as collateral for loans to any borrower. Further, a bank holding company and its subsidiaries are prohibited from engaging in certain tying arrangements in connection with any extension of credit, lease or sale of property or furnishing of any services. Various consumer laws and regulations also affect the operations of these subsidiaries.

Transactions with Affiliates, Directors, Executive Officers and Shareholders

Sections 23A and 23B of the Federal Reserve Act and Federal Reserve Board Regulation W generally:

- limit the extent to which a bank or its subsidiaries may engage in “covered transactions” with any one affiliate;
- limit the extent to which a bank or its subsidiaries may engage in “covered transactions” with all affiliates; and

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require that all such transactions be on terms substantially the same, or at least as favorable to the bank or subsidiary, as those provided to a non-affiliate.

An affiliate of a bank is any company or entity which controls, is controlled by or is under common control with the bank. The term “covered transaction” includes the making of loans to the affiliate, the purchase of assets from the affiliate, the issuance of a guarantee on behalf of the affiliate, the purchase of securities issued by the affiliate and other similar types of transactions.

A bank’s authority to extend credit to executive officers, directors and greater than 10% shareholders, as well as entities such persons control, is subject to Sections 22(g) and 22(h) of the Federal Reserve Act and Regulation O promulgated thereunder by the Federal Reserve Board. Among other things, these loans must be made on terms (including interest rates charged and collateral required) substantially the same as those offered to unaffiliated individuals or be made as part of a benefit or compensation program and on terms widely available to employees, and must not involve a greater than normal risk of repayment. In addition, the amount of loans a bank may make to these persons is based, in part, on the bank’s capital position, and specified approval procedures must be followed in making loans which exceed specified amounts.

Regulation of Nationally-Chartered Banks

As a national banking association, Park National Bank is subject to regulation under the National Banking Act and is periodically examined by the OCC. OCC regulations govern permissible activities, capital requirements, dividend limitations, investments, loans and other matters. Furthermore, Park National Bank is subject, as a member bank, to certain rules and regulations of the Federal Reserve Board, many of which restrict activities and prescribe documentation to protect consumers. Park National Bank is an insured depository institution as a member of the Deposit Insurance Fund. As a result, it is subject to regulation and deposit insurance assessments by the FDIC. In addition, the establishment of branches by Park National Bank is subject to prior approval of the OCC. The OCC has broad enforcement powers over national banks, including the power to impose fines and other civil and criminal penalties and to appoint a conservator or receiver if any of a number of conditions are met.

Regulation of Consumer Finance Companies

As a consumer finance company incorporated under Ohio law, Guardian Finance is subject to regulation and supervision by the Ohio Division of Financial Institutions. Division regulation and supervision designed to protect consumers affect the lending activities of Guardian Finance, including interest rates and certain loan terms, advertising and record retention. If grounds provided by law exist, the Ohio Division of Financial Institutions may suspend or revoke an Ohio consumer finance company’s ability to make loans.

Regulation of Florida State-Chartered Banks

Vision Bank is organized under the laws of the State of Florida and its deposits are insured by the FDIC up to the maximum amount permitted by law. Vision Bank is subject to regulation, supervision and regular examination by the State of Florida's Office of Financial Regulation and the FDIC. Federal and state banking laws and regulations regulate, among other things, the scope of the banking business conducted by Vision Bank, its loans and investments, reserves against deposits, mergers and acquisitions, borrowings, dividends, minimum capital requirements and the establishment and closure of branches. The relationships of Vision Bank to its executive officers, directors and affiliates are also the subject of statutory and regulatory requirements. Both the Florida Office of Financial Regulation and the FDIC have broad enforcement powers over Florida state-chartered non-member banks, including the power to terminate deposit insurance, to impose fines and other civil and criminal penalties and to appoint a conservator or receiver if any of a number of conditions are met.

Federal Deposit Insurance Corporation

The FDIC is an independent federal agency which insures the deposits, up to prescribed statutory limits, of federally-insured banks and savings associations and safeguards the safety and soundness of the financial institution industry.

Insurance Premiums

Insurance premiums for each insured depository institution are determined based upon the institution's capital level and supervisory rating provided to the FDIC by the institution's primary federal regulator and other information the FDIC determines to be relevant to the risk posed to the deposit insurance fund by the institution. The assessment rate determined by considering such information is then applied to the amount of the institution's deposits to determine the institution's insurance premium. An increase in the assessment rate could have a material adverse effect on the earnings of the affected institutions, depending on the amount of the increase.

Insurance of deposits may be terminated by the FDIC upon a finding that the insured depository institution has engaged in unsafe or unsound practices, is in an unsafe or unsound condition to continue operations, or has violated any applicable law, regulation, rule, order or condition enacted or imposed by the institution's regulatory agency.

Liability of Commonly Controlled Banks

Under the Federal Deposit Insurance Act, a bank is generally liable for any loss incurred, or reasonably expected to be incurred, by the FDIC in connection with (i) the default of a commonly controlled bank or (ii) any assistance provided by the FDIC to a commonly controlled bank in danger of default. "Default" means generally the appointment of a conservator or receiver. "In danger of default" means generally the existence of conditions indicating that a default is likely to occur in the absence of regulatory assistance. Thus, one of Park's bank subsidiaries could be liable to the FDIC if the FDIC were to suffer a loss in connection with Park's other bank subsidiary. This cross-guarantee liability for a loss at a commonly controlled institution would be subordinated in right of payment to deposit liabilities, secured obligations, any other general or senior liability, and any obligation subordinated to depositors or other general creditors, other than obligations owed to any affiliate of the insured depository institution (with certain exceptions).

Federal Home Loan Bank

The Federal Home Loan Banks ("FHLBs") provide credit to their members in the form of advances. Park National Bank is a member of the FHLB of Cincinnati and Vision Bank is a member of the FHLB of Atlanta. As FHLB members, Park National Bank and Vision Bank must maintain an investment in the capital stock of their respective FHLBs.

Upon the origination or renewal of a loan or advance, each FHLB is required by law to obtain and maintain a security interest in certain types of collateral. Each FHLB is required to establish standards of community investment or service that its members must maintain for continued access to long-term advances from the FHLB. The standards take into account a member's performance under the Community Reinvestment Act and its record of lending to first-time home buyers.

Regulatory Capital

The Federal Reserve Board has adopted risk-based capital guidelines for bank holding companies and state member banks. The OCC and the FDIC have adopted risk-based capital guidelines for national banks and state non-member banks, respectively. The guidelines provide a systematic analytical framework which makes regulatory capital requirements sensitive to differences in risk profiles among banking organizations, takes off-balance sheet exposures expressly into account in evaluating capital adequacy, and minimizes disincentives to holding liquid, low-risk assets. Capital levels as measured by these standards are also used to categorize financial institutions for purposes of certain prompt corrective action regulatory provisions.

The minimum guideline for the ratio of total capital to risk-weighted assets (including certain off-balance sheet items such as standby letters of credit) is 8%. At least half of the minimum total risk-based capital ratio (4%) must be composed of common shareholders' equity, minority interests in certain equity accounts of consolidated subsidiaries and a limited amount of qualifying preferred stock and qualified trust preferred securities, less goodwill and certain other intangible assets, including the unrealized net gains and losses, after applicable taxes, on available-for-sale securities carried at fair value (commonly known as "Tier 1" risk-based capital). The remainder of total risk-based capital (commonly known as "Tier 2" risk-based capital) may consist of certain types and amounts of each of hybrid capital instruments, mandatory convertible debt, subordinated debt, preferred stock not qualifying as Tier 1 capital, allowance for loan losses and net unrealized gains on available-for-sale equity securities.

Under the guidelines, capital is compared to the relative risk related to the balance sheet. To derive the risk included in the balance sheet, one of four risk weights (0%, 20%, 50% and 100%) is applied to different balance sheet and off-balance sheet assets, primarily based on the relative credit risk of the counterparty. The capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings and other factors.

The Federal Reserve Board has established minimum leverage ratio guidelines for bank holding companies. The Federal Reserve Board guidelines provide for a minimum ratio of Tier 1 capital to average assets (excluding the allowance for loan losses, goodwill and certain other intangibles), or "leverage ratio," of 3% for bank holding companies that meet certain criteria, including having the highest regulatory rating, and 4% for all other bank holding companies. The guidelines further provide that bank holding companies making acquisitions will be expected to maintain strong capital positions substantially above the minimum levels. The OCC and the FDIC have each also adopted minimum

leverage ratio guidelines for national banks and for state non-member banks, respectively.

The federal banking agencies have established a system of prompt corrective action to resolve certain of the problems of undercapitalized institutions. This system is based on five capital level categories for insured depository institutions: “well capitalized,” “adequately capitalized,” “undercapitalized,” “significantly undercapitalized,” and “critically undercapitalized.”

The federal banking agencies may (or in some cases must) take certain supervisory actions depending upon a bank’s capital level. For example, the banking agencies must appoint a receiver or conservator for a bank within 90 days after it becomes “critically undercapitalized” unless the bank’s primary regulator determines, with the concurrence of the FDIC, that other action would better achieve regulatory purposes. Banking operations otherwise may be significantly affected depending on a bank’s capital category. For example, a bank that is not “well capitalized” generally is prohibited from accepting brokered deposits and offering interest rates on deposits higher than the prevailing rate in its market, and the holding company of any undercapitalized depository institution must guarantee, in part, specific aspects of the bank’s capital plan for the plan to be acceptable.

In order to be “well-capitalized,” a bank or bank holding company must have total risk-based capital of at least 10%, Tier 1 risk-based capital of at least 6% and a leverage ratio of at least 5%, and the bank or bank holding company must not be subject to any written agreement, order, capital directive or prompt corrective action directive to meet and maintain a specific capital level for any capital measure. Park’s management believes that each of its subsidiary banks as well as Park meet the ratio requirements to be deemed “well-capitalized” according to the guidelines described above. See Note 22 of the Notes to Consolidated Financial Statements located in “Item 8 - Financial Statements and Supplementary Data” of Part II of this 2010 Form 10-K/A - Amendment 2, which is incorporated herein by reference.

The risk-based capital guidelines adopted by the federal banking agencies are based on the “International Convergence of Capital Measurement and Capital Standards” (Basel I), published by the Basel Committee on Banking Supervision (the “Basel Committee”) in 1988. In 2004, the Basel Committee published a new, more risk-sensitive capital adequacy framework (Basel II) for large, internationally active banking organizations. In December 2007, the federal banking agencies issued final rules making the implementation of certain parts of Basel II mandatory for any bank that has consolidated total assets of at least \$250 billion (excluding certain assets) or has consolidated on-balance sheet foreign exposure of at least \$10 billion, and making it voluntary for other banks. In December 2010, the federal banking agencies issued a notice of proposed rulemaking that would amend the Basel II framework to be consistent with certain provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the “Dodd-Frank Act”). The agencies also proposed rules implementing changes approved by the Basel Committee.

In response to concerns regarding the complexity and cost associated with implementing the Basel II rules, in July 2008, the federal banking agencies issued a notice of proposed rulemaking that would revise the existing risk-based capital framework for banks that will not be subject to the Basel II rules. The proposed rules would allow banks other than the large Basel II banks to elect to adopt the new risk weighting methodologies set forth in the proposed rules or remain subject to the existing risk-based capital rules.

Park will not be required to implement Basel II. Until the final rules for the non-Basel II banks are adopted by the federal banking agencies, Park is unable to predict whether and when its subsidiary banks will adopt the new capital guidelines.

Fiscal and Monetary Policies

The business and earnings of Park are affected significantly by the fiscal and monetary policies of the United States Government and its agencies. Park is particularly affected by the policies of the Federal Reserve Board, which regulates the supply of money and credit in the United States. These policies are used in varying degrees and combinations to directly affect the availability of bank loans and deposits, as well as the interest rates charged on loans and paid on deposits.

Limits on Dividends and Other Payments

There are various legal limitations on the extent to which subsidiary banks may finance or otherwise supply funds to their parent holding companies. Under applicable federal and state laws, subsidiary banks may not, subject to certain limited exceptions, make loans or extensions of credit to, or investments in the securities of, their bank holding companies. Subsidiary banks are also subject to collateral security requirements for any loan or extension of credit permitted by such exceptions.

Neither of Park's subsidiary banks may pay dividends out of its surplus if, after paying these dividends, it would fail to meet the required minimum levels under the risk-based capital guidelines and minimum leverage ratio requirements established by the OCC and the FDIC. In addition, each subsidiary bank must have the approval of its regulatory authority if a dividend in any year would cause the total dividends for that year to exceed the sum of the subsidiary bank's current year's "net profits" (or net income, less dividends declared during the period based on regulatory accounting principles) and the retained net profits for the preceding two years, less required transfers to surplus. Payment of dividends by either of Park's subsidiary banks may be restricted at any time at the discretion of its regulatory authorities, if such regulatory authorities deem such dividends to constitute unsafe and/or unsound banking practices or if necessary to maintain adequate capital.

The ability of Park to obtain funds for the payment of dividends and for other cash requirements is largely dependent on the amount of dividends which may be declared by its subsidiary banks. However, the Federal Reserve Board expects Park to serve as a source of strength to its subsidiary banks, which may require Park to retain capital for further investment in its subsidiary banks, rather than pay dividends to the Park shareholders. Payment of dividends by one of Park's subsidiary banks may be restricted at any time at the discretion of its applicable regulatory authorities, if they deem such dividends to constitute an unsafe and/or unsound banking practice. These provisions could have the

effect of limiting Park's ability to pay dividends on its Common Shares.

At December 31, 2010, approximately \$52.8 million of the total stockholders' equity of Park National Bank was available for payment to Park without the approval of the applicable regulatory authorities. See Note 17 of the Notes to Consolidated Financial Statements, located in "Item 8 - Financial Statements and Supplementary Data" of Part II of this 2010 Form 10-K/A - Amendment 2, incorporated herein by reference.

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The Federal Reserve Board has issued a policy statement with regard to the payment of cash dividends by bank holding companies. The policy statement provides that, as a matter of prudent banking, a bank holding company should not maintain a rate of cash dividends unless its net income available to common shareholders has been sufficient to fully fund the dividends, and the prospective rate of earnings retention appears to be consistent with the bank holding company's capital needs, asset quality, and overall financial condition. Accordingly, a bank holding company should not pay cash dividends that exceed its net income or can only be funded in ways that weaken the bank holding company's financial health, such as by borrowing. In addition, the agreement pursuant to which the Series A Preferred Shares and the Warrant were sold by Park as part of the CPP under TARP requires regulatory approval for the payment of dividends on the Common Shares in excess of \$0.94 per share per quarter, which is the amount of the last quarterly cash dividend declared by Park. For more information regarding our participation in the CPP, see the discussion above under the caption "Recent Developments – Participation in Capital Purchase Program Enacted as part of Troubled Assets Relief Program".

Under the terms of the Indenture governing the \$15.5 million of junior subordinated debentures issued by Vision to the Vision Trust and the related Guarantee Agreement, Park, as successor to Vision in accordance with the First Supplemental Indenture, is prohibited, subject to limited exceptions, from declaring or paying any dividends or distributions on any shares of its capital stock (i) if an event of default under the Indenture has occurred and continues, (ii) if Park is in default with respect to the payment of any obligations under the Guarantee Agreement or (iii) during any period in which the payment of interest on the junior subordinated debentures by Park (and the payment of cash distributions on the floating rate preferred securities of the Vision Trust) is being deferred.

The Note Purchase Agreement entered into by Park on December 23, 2009 (the "Note Purchase Agreement") governs the 10% Subordinated Notes due December 23, 2019 issued by Park in December 2009. If an event of default has occurred under the Note Purchase Agreement and is continuing, Park's ability to declare or pay dividends on any of its capital stock will be restricted.

The dividend rights of holders of Park Common Shares are also qualified and subject to the dividend rights of holders of Series A Preferred Shares described above under the caption "Recent Developments – Participation in Capital Purchase Program Enacted as part of Troubled Assets Relief Program" and below under the caption "Capital Purchase Program."

Privacy Provisions of Gramm-Leach-Bliley Act

Under the GLBA, federal banking regulators were required to adopt rules that limit the ability of banks and other financial institutions to disclose non-public information about consumers to nonaffiliated third parties. These limitations require disclosure of privacy policies to consumers and, in some circumstances, allow consumers to prevent disclosure of certain personal information to a nonaffiliated third party.

Patriot Act

In response to the terrorist events of September 11, 2001, the Uniting and Strengthening of America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (the “Patriot Act”) was signed into law in October 2001. The Patriot Act gives the United States Government powers to address terrorist threats through enhanced domestic security measures, expanded surveillance powers, increased information sharing and broadened anti-money laundering requirements. Title III of the Patriot Act takes measures intended to encourage information sharing among bank regulatory agencies and law enforcement bodies. Further, certain provisions of Title III impose affirmative obligations on a broad range of financial institutions. Among other requirements, Title III and related regulations require regulated financial institutions to establish a program specifying procedures for obtaining identifying information from customers seeking to open new accounts and establish enhanced due diligence policies, procedures and controls designed to detect and report suspicious activity. Park’s subsidiary banks have established policies and procedures that are believed to be compliant with the requirements of the Patriot Act.

Corporate Governance

As mandated by the Sarbanes-Oxley Act of 2002, the SEC has adopted rules and regulations governing, among other issues, corporate governance, auditing and accounting, executive compensation and enhanced and timely disclosure of corporate information. NYSE Amex has also adopted corporate governance rules. The Board of Directors of Park has taken a series of actions to strengthen and improve Park’s already strong corporate governance practices in light of the rules of the SEC and NYSE Amex. The Board of Directors has adopted charters for the Audit Committee, the Compensation Committee, the Nominating Committee and the Risk Committee as well as a Code of Business Conduct and Ethics governing the directors, officers and associates of Park and its affiliates.

Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010

On July 21, 2010, President Obama signed the Dodd-Frank Act into law. The Dodd-Frank Act will significantly change the regulation of financial institutions and the financial services industry. Because the Dodd-Frank Act requires various federal agencies to adopt a broad range of regulations with significant discretion, many of the details of the new law and regulations, and the effects they will have on Park will not be known for months and even years.

Some of the provisions of the Dodd-Frank Act will affect only institutions with different charters than Park’s or institutions that engage in activities in which Park does not engage. The following changes that will be implemented pursuant to the Dodd-Frank Act may have an effect on Park’s business:

the Dodd-Frank Act creates a Consumer Financial Protection Bureau with broad powers to adopt and enforce consumer protection regulations;

new capital regulations for bank holding companies will be adopted, which may impose stricter requirements, and any new trust preferred securities will no longer constitute Tier I capital;

the federal law prohibiting the payment of interest on commercial demand deposit accounts will be eliminated effective in July 2011;

the standard maximum amount of deposit insurance per customer is permanently increased to \$250,000, and non-interest bearing transaction accounts will have unlimited insurance through December 31, 2012;

the assessment base for determining deposit insurance premiums will be expanded and change the assessment base from deposits to average assets minus average tangible equity; and

new corporate governance requirements applicable generally to all public companies in all industries will require new compensation practices and disclosure requirements, including requiring companies to “claw back” incentive compensation under certain circumstances, to provide shareholders the opportunity to cast a non-binding vote on executive compensation and to consider the independence of compensation advisers.

Many provisions of the Dodd-Frank Act have not yet been implemented and will require interpretation and rule making by federal regulators. While the ultimate effect of the Dodd-Frank Act on Park cannot yet be determined, the law is likely to increase compliance costs and fees paid to regulators, along with possible restrictions on the operations of Park and its subsidiaries.

Capital Purchase Program

In response to the financial crisis affecting the banking system and financial markets, EESA was signed into law on October 3, 2008 creating TARP. As part of TARP, the U.S. Treasury established the CPP to provide up to \$250 billion of funding to eligible financial institutions through the purchase of capital stock and other financial instruments for the purpose of stabilizing and providing liquidity to the United States financial markets. In connection with EESA, there have been numerous actions by the Federal Reserve Board, the United States Congress, the U.S. Treasury, the FDIC, the SEC and others to further the economic and banking industry stabilization efforts under EESA. It remains unclear at this time what further legislative and regulatory measures will be implemented under EESA or otherwise that affect Park.

ARRA was signed into law on February 17, 2009. ARRA includes a wide array of programs intended to stimulate the economy and provide for extensive infrastructure, energy, health and education needs. In addition, ARRA imposes certain executive compensation and corporate expenditure limits on all recipients of funds under the CPP, including Park, as long as any obligation arising from the financial assistance provided to the recipient under the CPP remains outstanding, excluding any period during which the U.S. Treasury holds only warrants to purchase common stock of a TARP participant. ARRA permits TARP recipients, subject to consultation with the appropriate federal banking agency, to repay to the U.S. Treasury any financial assistance received under the CPP without penalty, delay or the need to raise additional replacement capital.

As discussed in more detail above under the caption “Recent Developments – Participation in Capital Purchase Program Enacted as part of Troubled Assets Relief Program,” Park elected to participate in the CPP. Pursuant to the CPP, on December 23, 2008, the U.S. Treasury purchased 100,000 Series A Preferred Shares from Park, as well as the Warrant to purchase 227,376 Common Shares of Park. As part of participation in the CPP, Park agreed to various requirements and restrictions imposed on all participants in the CPP. Among the terms of participation was a provision that the U.S. Treasury could change the terms of participation at any time.

The current terms of participation in the CPP include the following:

Park must file with the SEC a registration statement under the Securities Act, registering for resale the Series A Preferred Shares or, in the event the Series A Preferred Shares are deposited with a depository at the request of the U.S. Treasury, depository shares evidencing fractional interests in the Series A Preferred Shares; the Warrant to purchase 227,376 Common Shares; and any Common Shares issuable from time to time upon exercise of the Warrant. On January 22, 2009, Park filed a Registration Statement on Form S-3 to register these securities, which Registration Statement became effective on filing.

As long as the Series A Preferred Shares remain outstanding, unless all accrued and unpaid dividends for all past dividend periods on the Series A Preferred Shares are fully paid, Park will not be permitted to declare or pay dividends on any Common Shares (other than dividends payable solely in Common Shares), any junior preferred shares or, generally, any preferred shares ranking pari passu with the Series A Preferred Shares (other than in the case of pari passu preferred shares, dividends on a pro rata basis with the Series A Preferred Shares), nor will Park be permitted to repurchase or redeem any Common Shares or preferred shares other than the Series A Preferred Shares.

Unless the Series A Preferred Shares have been transferred to unaffiliated third parties or redeemed in whole, until December 23, 2011, the U.S. Treasury's approval is required for any increase in common share dividends or any share repurchases other than repurchases of the Series A Preferred Shares, repurchases of junior preferred shares or Common Shares in connection with the administration of any employee benefit plan in the ordinary course of business and consistent with past practice and purchases under certain other limited circumstances specified in the Securities Purchase Agreement with the U.S. Treasury.

As a recipient of government funding under the CPP, Park, together with its subsidiaries, must comply with the executive compensation and corporate governance standards established by the U.S. Treasury under ARRA for so long as the U.S. Treasury holds any securities acquired from Park pursuant to the Securities Purchase Agreement or upon exercise of the Warrant, excluding any period during which the U.S. Treasury holds only the Warrant (the “Covered Period”). On June 15, 2009, the U.S. Treasury published executive compensation and corporate governance standards, which were amended effective December 7, 2009, applicable to TARP recipients, including Park, and their subsidiaries. ARRA and the Interim Final Rule impose limitations on our executive compensation practices by, among other things: (i) limiting the deductibility, for U.S. federal income tax purposes, of compensation paid to any of our Senior Executive Officers (as defined in the Interim Final Rule) to \$500,000 per year; (ii) prohibiting the payment or accrual of any bonus, retention award or incentive compensation to our five most highly-compensated employees, except in the form and under the limited circumstances permitted by the Interim Final Rule; (iii) prohibiting the payment of golden parachute payments (as defined in the Interim Final Rule) to our Senior Executive Officers or any of our next five most highly-compensated employees upon a departure from Park and its subsidiaries or due to a change in control of Park, except for payments for services performed or benefits accrued; (iv) requiring Park or the applicable subsidiary to “claw back” any bonus, retention award or incentive compensation paid (or under a legally binding obligation to be paid) to a Senior Executive Officer or any of our next 20 most highly-compensated employees if the payment was based on materially inaccurate financial statements or any other materially inaccurate performance metric criteria; (v) prohibiting Park and its subsidiaries from maintaining any Employee Compensation Plan (as defined in the Interim Final Rule) that would encourage the manipulation of Park’s reported earnings to enhance the compensation of any of our employees; (vi) prohibiting Park and its subsidiaries from maintaining compensation plans and arrangements for our Senior Executive Officers that encourage our Senior Executive Officers to take unnecessary and excessive risks that threaten the value of Park; (vii) requiring Park and its subsidiaries to limit any Employee Compensation Plan that unnecessarily exposes Park to risk; (viii) prohibiting Park and its subsidiaries from providing (formally or informally) “gross-ups” to any of our Senior Executive Officers or our 20 next most highly-compensated employees; (ix) requiring that Park disclose to the U.S. Treasury and Park’s primary regulator the amount, nature and justification for offering to any of our five most highly-compensated employees any perquisites whose total value exceeds \$25,000; (x) requiring that Park disclose to the U.S. Treasury and Park’s primary regulator whether Park, the Park Board of Directors or the Compensation Committee engaged a compensation consultant and the services performed by that compensation consultant and any of its affiliates; (xi) requiring that Park disclose to the U.S. Treasury the identity of our Senior Executive Officers and 20 next most highly-compensated employees, identified by name and title and ranked in descending order of annual compensation; and (xii) subjecting any bonus, retention award or other compensation paid before February 17, 2009 to our Senior Executive Officers or our 20 next most highly-compensated employees to retroactive review by the U.S. Treasury to determine whether any such payments were inconsistent with the purposes of TARP or otherwise contrary to the public interest. The ARRA and the Interim Final Rule also required that the Park Board of Directors adopt a Company-wide policy regarding “excessive or luxury expenditures,” which was adopted on September 4, 2009, and is posted on Park’s Internet Web site. Park must also permit in its proxy statements for annual meetings of shareholders a non-binding “say on pay” shareholder vote on the compensation of executives, as disclosed pursuant to the compensation disclosure rules of the SEC.

The U.S. Treasury has certain supervisory and oversight duties and responsibilities under EESA, the CPP and ARRA. Also, the Special Inspector General for the Troubled Asset Relief Program (“SIGTARP”), which position was established pursuant to Section 121 of EESA, has the duty, among other things, to conduct, supervise and coordinate audits and investigations of the purchase, management and sale of assets by the U.S. Treasury under TARP and the CPP, including the Series A Preferred Shares purchased from Park.

Statistical Disclosure

The statistical disclosure relating to Park and its subsidiaries required under the SEC's Industry Guide 3, "Statistical Disclosure by Bank Holding Companies," is included in "Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations" of Part II of this Form 10-K/A - Amendment 2 and in Notes 1, 4, 5, 8 and 9 of the Notes to Consolidated Financial Statements, included in "Item 8 - Financial Statements and Supplementary Data" of Part II of this 2010 Form 10-K/A - Amendment 2. This statistical disclosure is incorporated herein by reference.

Effect of Environmental Regulation

Compliance with federal, state and local provisions regulating the discharge of materials into the environment, or otherwise relating to the protection of the environment, has not had a material effect upon the capital expenditures, earnings or competitive position of Park and its subsidiaries. Park believes the nature of the operations of its subsidiaries has little, if any, environmental impact. Park, therefore, anticipates no material capital expenditures for environmental control facilities for its current fiscal year or for the foreseeable future.

Park believes its primary exposure to environmental risk is through the lending activities of its subsidiaries. In cases where management believes environmental risk potentially exists, Park's subsidiaries mitigate their environmental risk exposures by requiring environmental site assessments at the time of loan origination to confirm collateral quality as to commercial real estate parcels posing higher than normal potential for environmental impact, as determined by reference to present and past uses of the subject property and adjacent sites. In addition, environmental assessments are typically required prior to any foreclosure activity involving non-residential real estate collateral.

ITEM 1A. RISK FACTORS.

Cautionary Statement Regarding Forward-Looking Information

Certain statements contained in this 2010 Form 10-K/A - Amendment 2 which are not statements of historical fact constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including, without limitation, the statements specifically identified as forward-looking statements within this document. In addition, certain statements in future filings by Park with the SEC, in press releases, and in oral and written statements made by or with the approval of Park which are not statements of historical fact constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Examples of forward-looking statements include: (i) projections of income or expense, earnings per share, the payment or

non-payment of dividends, capital structure and other financial items; (ii) statements of plans and objectives of Park or our management or Board of Directors, including those relating to products or services; (iii) statements of future economic performance; and (iv) statements of assumptions underlying such statements. Words such as “believes,” “anticipates,” “expects,” “intends,” “targeted” and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying those statements.

The Private Securities Litigation Reform Act of 1995 provides a “safe harbor” for forward-looking statements to encourage companies to provide prospective information so long as those statements are identified as forward-looking and are accompanied by meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those discussed in the forward-looking statements. We desire to take advantage of the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995.

Forward-looking statements involve risks and uncertainties. Actual results may differ materially from those predicted by the forward-looking statements because of various factors and possible events, including those factors and events identified below. There is also the risk that Park’s management or Board of Directors incorrectly analyzes these risks and uncertainties or that the strategies Park develops to address them are unsuccessful.

Forward-looking statements speak only as of the date on which they were originally made, and, except as may be required by law, Park undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made to reflect unanticipated events. All subsequent written and oral forward-looking statements attributable to Park or any person acting on Park’s behalf are qualified in their entirety by the following cautionary statements.

The impact of the oil spill in the Gulf of Mexico could adversely affect our earnings.

Park continues to monitor developments related to the oil spill in the Gulf of Mexico, including the extent of the potential effects on our customers and the areas in which they operate. Park and Vision Bank management are working very closely with those borrowers who could potentially be impacted by the oil spill and assisting them through the claims process. Many of Vision Bank’s loan customers that were negatively impacted by the oil spill have filed claims with BP and have received reimbursement for these claims in the last few months. However, management remains unsure how many loan customers, if any, will not receive reimbursement for the claims that they have filed with BP. The future effects of the oil spill could possibly impact Park and our earnings, but until more is known about the impact on our borrowers, we are unable to determine whether there will be any negative impact on their ability to repay contractual principal and interest.

Changes in economic and political conditions could adversely affect our earnings, as our borrowers’ ability to repay loans and the value of the collateral securing our loans decline.

Our success depends, to a certain extent, upon economic and political conditions, local and national, as well as governmental fiscal and monetary policies. Conditions such as inflation, recession, unemployment, changes in interest rates, money supply and other factors beyond our control may adversely affect our asset quality, deposit levels and loan demand and, therefore, our earnings. Because we have a significant amount of real estate loans, additional

decreases in real estate values could adversely affect the value of property used as collateral and our ability to sell the collateral upon foreclosure. Adverse changes in the economy may also have a negative effect on the ability of our borrowers to make timely repayments of their loans, which would have an adverse impact on our earnings. The substantial majority of the loans made by our subsidiaries are to individuals and businesses in Ohio or in Gulf Coast communities in Alabama and the Florida panhandle. Consequently, a significant continued decline in the economy in Ohio or in Gulf Coast communities in Alabama or the panhandle of Florida could have a materially adverse effect on our financial condition and results of operations.

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We continue to experience difficult credit conditions in the Alabama and Florida markets in which we operate. Vision Bank experienced \$36.6 million in net loan charge-offs in 2010, or an annualized 5.48% of average loans. Vision Bank's net loan charge-offs in 2009 were \$28.9 million, or an annualized 4.18% of average loans. The loan loss provision for Vision Bank was \$61.4 million in 2010 and \$44.4 million for 2009. Park's nonperforming loans, defined as loans that are 90 days past due, nonaccrual and renegotiated loans, were \$292.9 million or 6.2% of total loans at December 31, 2010 and \$248.5 million or 5.4% of total loans at December 31, 2009. At December 31, 2010, Vision Bank had non-performing loans of \$171.8 million or 26.8% of total loans, compared to \$159.6 million or 23.6% of total loans at December 31, 2009. While we continue to generate net earnings on a consolidated basis, Vision Bank continues to generate net losses and may generate net losses in the future. Vision Bank had net losses of \$45.4 million in 2010 and \$30.1 million in 2009. Park contributed \$52.0 million to the capital of Vision Bank in 2010 and \$37.0 million in 2009. Given the current economic environment in Vision Bank's market, Park's management has agreed to maintain the leverage ratio at Vision Bank at 12% and to maintain the total risk-based capital ratio at Vision Bank at 16%. As a result of the restatement, Vision Bank's total risk-based capital ratio declined from 19.55% to 13.12% and its leverage ratio declined from 14.05% to 9.12%. It remains uncertain when the negative credit trends at Vision Bank will reverse. As a result, Park's future earnings continue to be susceptible to further declining credit conditions in the markets in which we operate.

Legislative or regulatory changes or actions could adversely impact us or the businesses in which we are engaged.

The financial services industry is extensively regulated. We are subject to extensive state and federal regulation, supervision and legislation that govern almost all aspects of our operations. Laws and regulations may change from time to time and are primarily intended for the protection of consumers, depositors, federal deposit insurance funds and the banking system as a whole, and not to benefit our shareholders. The impact of any changes to laws and regulations or other actions by regulatory agencies may negatively impact us or our ability to increase the value of our business. Regulatory authorities have extensive discretion in connection with their supervisory and enforcement activities, including the imposition of restrictions on the operation of an institution, the classification of assets held by an institution and the adequacy of an institution's allowance for loan losses. Additionally, actions by regulatory agencies against us could cause us to devote significant time and resources to defending our business and may lead to penalties that materially affect us and our shareholders.

In light of current conditions in the global financial markets and the global economy, regulators have increased their focus on the regulation of the financial services industry. Most recently, Congress and the federal agencies regulating the financial services industry have acted on an unprecedented scale in responding to the stresses experienced in the global financial markets. Some of the laws enacted by Congress and regulations promulgated by federal regulatory agencies subject us, and other financial institutions to which such laws and regulations apply, to additional restrictions, oversight and costs that may have an impact on our business, results of operations or the trading price of our Common Shares.

The Dodd-Frank Act was signed into law on July 21, 2010 and although it became generally effective in July, many of its provisions have extended implementation periods and delayed effective dates and will require extensive rulemaking by regulatory authorities as well as require multiple studies to be conducted over the next one to two years. The Dodd-Frank Act, including future rules implementing its provisions and the interpretation of those rules, could result in a number of adverse impacts. The levels of capital and liquidity with which Park and our subsidiaries must operate may be subject to more stringent capital requirements. Park may be subjected to new and/or higher fees paid to various regulatory entities, including but not limited to deposit insurance premiums to the FDIC. Revenue on interchange fees may decrease as a result of the level of fees the Federal Reserve deems “reasonable and proportional” when it establishes regulation standards on the amount of interchange fees that can be charged to merchants for electronic debit card transactions. The Federal Reserve has proposed two alternative fee standards and rules prohibiting network exclusivity arrangements and routing restrictions, although these standards would not apply to any company that, together with its affiliates, has assets of less than \$10 billion, including Park. Park may also be subject to additional regulations under the newly established Bureau of Consumer Financial Protection which was given broad authority to implement new consumer protection regulations. These and other provisions of the Dodd-Frank Act may place large additional costs on Park, impede its growth opportunities and place it at a competitive disadvantage.

In addition, effective July 2011, the Dodd-Frank Act eliminates the federal law prohibition on the payment of interest on commercial demand deposit accounts. Depending on competitive responses, this change to a long-standing law could have a material adverse effect on Park.

Deposit insurance premiums assessed on Park may increase and have a negative effect on Park's results of operations.

The Deposit Insurance Fund (the “DIF”) maintained by the FDIC to resolve bank failures is funded by fees assessed on insured depository institutions. The costs of resolving bank failures have increased during the last few years and decreased the DIF. The FDIC collected a special assessment in 2009 to replenish the DIF and also required a prepayment of an estimated amount of future deposit insurance premiums. If the costs of future bank failures increase, deposit insurance premiums may also increase.

A default by another larger financial institution could adversely affect financial markets generally.

The commercial soundness of many financial institutions may be closely interrelated as a result of relationships between the institutions. As a result, concerns about, or a default or threatened default by, one institution could lead to significant marketwide liquidity and credit problems, losses or defaults by other institutions. This is sometimes referred to as “systemic risk” and may adversely affect our business.

Changes in the general economic conditions and real estate valuations in our primary market areas could adversely impact results of operations, financial condition and cash flows.

Our lending and deposit gathering activities are concentrated primarily in Ohio and in markets served through Vision Bank operations in Alabama and Florida and our success depends on the general economic conditions of these areas, particularly given that a significant portion of our lending relates to real estate located in these regions. Real estate values in these Ohio and, more dramatically, Gulf Coast communities have been negatively impacted by the ongoing economic crisis. Additional adverse changes in the regional and general economic conditions could reduce our growth rate, impair our ability to collect payments on loans, increase loan delinquencies, increase problem assets and foreclosures, increase claims and lawsuits, increase devaluations recognized within our other real estate owned portfolio, decrease the demand for our products and services and decrease the value of collateral for loans, especially real estate values, which could have a material adverse effect on our financial condition, results of operations and cash flows.

Because of our participation in the Capital Purchase Program, we are subject to several restrictions, including restrictions on our ability to declare or pay dividends and repurchase our Common Shares and restrictions on compensation paid to our executive officers and certain other most highly-compensated employees.

We participate in the CPP. For more information regarding our participation in the CPP, see the discussion under the caption “Recent Developments – Participation in Capital Purchase Program Enacted as part of Troubled Assets Relief Program” in “Item 1 – Business” of Part I of this 2010 Form 10-K/A - Amendment 2.

To finalize Park’s participation in the CPP, Park and the U.S. Treasury entered into the Securities Purchase Agreement. Pursuant to the Securities Purchase Agreement, Park issued and sold to the U.S. Treasury (i) 100,000 Series A Preferred Shares and (ii) the Warrant, for an aggregate purchase price of \$100.0 million in cash. The Securities Purchase Agreement limits our ability to declare or pay dividends on any of our shares. Specifically, we are unable to declare dividend payments on Common Shares, junior preferred shares or *pari passu* preferred shares if we are in arrears on the payment of dividends on the Series A Preferred Shares. Further, we are not permitted to increase dividends on our Common Shares above the amount of the last quarterly cash dividend per Common Share declared prior to October 14, 2008 (\$0.94 per Common Share) without the U.S. Treasury’s approval until December 23, 2011, unless all of the Series A Preferred Shares have been redeemed or transferred by the U.S. Treasury to unaffiliated third parties. In addition, our ability to repurchase our shares is restricted. The consent of the U.S. Treasury generally is required for us to make any share repurchase (other than in connection with the administration of any employee benefit plan in the ordinary course of business and consistent with past practice and certain other limited circumstances specified in our Articles of Incorporation) until December 23, 2011, unless all of the Series A Preferred Shares have been redeemed or transferred by the U.S. Treasury to unaffiliated third parties. Further, Common Shares, junior preferred shares or *pari passu* preferred shares may not be repurchased if we are in arrears on the payment of Series A Preferred Share dividends.

As a recipient of government funding under the CPP, we, together with our subsidiaries, must comply with the executive compensation and corporate governance standards imposed by ARRA and the standards established by the Secretary of the Treasury under ARRA (including the Interim Final Rule) for so long as the U.S. Treasury holds any securities acquired from us pursuant to the Securities Purchase Agreement or upon exercise of the Warrant, excluding any period during which the U.S. Treasury holds only the Warrant (the “Covered Period”). ARRA and the Interim Final Rule impose limitations on our executive compensation practices by, among other things: (i) limiting the deductibility, for U.S. federal income tax purposes, of compensation paid to any of our Senior Executive Officers (as defined in the Interim Final Rule) to \$500,000 per year; (ii) prohibiting the payment or accrual of any bonus, retention award or incentive compensation to our five most highly-compensated employees, except in the form and under the limited circumstances permitted by the Interim Final Rule; (iii) prohibiting the payment of golden parachute payments (as defined in the Interim Final Rule) to our Senior Executive Officers or any of our next five most highly-compensated employees upon a departure from Park and our subsidiaries or due to a change in control of Park, except for payments for services performed or benefits accrued; (iv) requiring Park or the applicable subsidiary to “claw back” any bonus, retention award or incentive compensation paid (or under a legally binding obligation to be paid) to a Senior Executive Officer or any of our next 20 most highly-compensated employees if the payment was based on materially inaccurate financial statements or any other materially inaccurate performance metric criteria; (v) prohibiting Park and our subsidiaries from maintaining any Employee Compensation Plan (as defined in the Interim Final Rule) that would encourage the manipulation of our reported earnings to enhance the compensation of any of our employees; (vi) prohibiting Park and our subsidiaries from maintaining compensation plans and arrangements for our Senior Executive Officers that encourage our Senior Executive Officers to take unnecessary and excessive risks that threaten the value of Park; (vii) requiring Park and our subsidiaries to limit any Employee Compensation Plan that unnecessarily exposes Park to risk; (viii) prohibiting Park and our subsidiaries from providing (formally or informally) “gross-ups” to any of our Senior Executive Officers or our 20 next most highly-compensated employees; (ix) requiring that Park disclose to the U.S. Treasury and Park’s primary regulator the amount, nature and justification for offering to any of our five most highly-compensated employees any perquisites whose total value exceeds \$25,000; (x) requiring that Park disclose to the U.S. Treasury and Park’s primary regulator whether Park, the Park Board of Directors or the Compensation Committee engaged a compensation consultant and the services performed by that compensation consultant and any of its affiliates; (xi) requiring that Park disclose to the U.S. Treasury the identity of our Senior Executive Officers and 20 next most highly-compensated employees, identified by name and title and ranked in descending order of annual compensation; and (xii) subjecting any bonus, retention award or other compensation paid before February 17, 2009 to our Senior Executive Officers or our 20 next most highly-compensated employees to retroactive review by the U.S. Treasury to determine whether any such payments were inconsistent with the purposes of TARP or otherwise contrary to the public interest. ARRA and the Interim Final Rule also required that the Park Board of Directors adopt a Company-wide policy regarding “excessive or luxury expenditures,” which was adopted on September 4, 2009 and is posted on Park’s Internet Web site.

Restrictions on compensation may make it more difficult for us to hire or retain personnel, which might adversely affect our financial condition or results of operations.

Changes in interest rates could have a material adverse effect on our financial condition, results of operations and cash flows.

Our earnings and cash flows depend substantially on our interest rate spread, which is the difference between (i) the rates we earn on loans, investment securities and other interest earning assets and (ii) the interest rates we pay on deposits and our borrowings. These rates are highly sensitive to many factors beyond our control, including general economic conditions and the policies of various governmental and regulatory authorities. Changes in monetary policy influence the origination of loans, the prepayment speed of loans, the purchase of investments, the generation of deposits and rates of interest received and paid. While we have taken measures intended to manage the risks of operating in a changing interest rate environment, there can be no assurance that such measures will be effective in avoiding undue interest rate risk. Information pertaining to the impact changes in interest rates could have on our net income is included in Table 23 in “Item 7 - Management’s Discussion and Analysis of Financial Condition and Results of Operations” of Part II of this 2010 Form 10-K/A - Amendment 2, which is incorporated herein by reference.

We extend credit to a variety of customers based on internally set standards and the judgment of our loan officers and bank division presidents. We manage the credit risk through a program of underwriting standards, the review of certain credit decisions and an on-going process of assessing the quality of the credit already extended. Our credit standards and on-going process of credit assessment might not protect us from significant credit losses.

We take credit risk by virtue of making loans and leases, extending loan commitments and letters of credit and, to a lesser degree, purchasing non-governmental securities. Our exposure to credit risk is managed through the use of consistent underwriting standards that emphasize “in-market” lending while avoiding highly leveraged transactions as well as excessive industry and other concentrations. Our credit administration function employs risk management techniques to ensure that loans and leases adhere to corporate policy and problem loans and leases are promptly identified. While these procedures are designed to provide us with the information needed to implement policy adjustments where necessary, and to take proactive corrective actions, there can be no assurance that such measures will be effective in avoiding undue credit risk.

We may elect or be compelled to seek additional capital in the future, but that capital may not be available when it is needed.

We are required by federal and state regulatory authorities to maintain adequate levels of capital to support our operations. As we experience loan losses, particularly at Vision Bank, additional capital may need to be infused. In addition, we may elect to raise additional capital to support our business or to finance acquisitions, if any, or we may otherwise elect or be required to raise additional capital. Our ability to raise additional capital, if needed, will depend on our financial performance, conditions in the capital markets, economic conditions and a number of other factors, many of which are outside our control. Accordingly, there can be no assurance that we can raise additional capital if

needed or on terms acceptable to us. If we cannot raise additional capital when needed, it may have a material adverse effect on our financial condition, results of operations and prospects.

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Our allowance for loan losses may prove to be insufficient to absorb potential losses in our loan portfolio.

Lending money is a substantial part of our business. However, every loan we make carries a risk of non-payment. This risk is affected by, among other things: cash flow of the borrower and/or the project being financed; in the case of a collateralized loan, the changes and uncertainties as to the future value of the collateral; the credit history of a particular borrower; changes in economic and industry conditions; and the duration of the loan.

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States (“GAAP”) requires management to make significant estimates that affect the financial statements. One of our most critical estimates is the level of the allowance for loan losses. Due to the inherent nature of these estimates, we cannot provide absolute assurance that we will not be required to charge earnings for significant unexpected loan losses.

We maintain an allowance for loan losses that we believe is a reasonable estimate of known and inherent losses within the loan portfolio. We make various assumptions and judgments about the collectability of our loan portfolio, including the creditworthiness of our borrowers and the value of the real estate and other assets serving as collateral for the repayment of loans. Through a periodic review and consideration of the loan portfolio, management determines the amount of the allowance for loan losses by considering general market conditions, the credit quality of the loan portfolio, the collateral supporting the loans and the performance of customers relative to their financial obligations with us. The amount of future losses is susceptible to changes in economic, operating and other conditions, including changes in interest rates, which may be beyond our control, and these losses may exceed current estimates. We cannot fully predict the amount or timing of losses or whether the loan loss allowance will be adequate in the future. If our assumptions prove to be incorrect, our allowance for loan losses may not be sufficient to cover losses inherent in our loan portfolio, resulting in additions to the allowance. Excessive loan losses and significant additions to our allowance for loan losses could have a material adverse impact on our financial condition and results of operations.

In addition, bank regulators periodically review our allowance for loan losses and may require us to increase our provision for loan losses or recognize further loan charge-offs. Any increase in our allowance for loan losses or loan charge-offs as required by these regulatory authorities might have a material adverse effect on our financial condition and results of operations.

If we are unable to redeem the Series A Preferred Shares after five years, the cost of this capital to us will increase substantially.

If we are unable to redeem our Series A Preferred Shares prior to February 15, 2014, the cost of this capital to us will increase substantially on that date, from 5.0% per annum to 9.0% per annum. Depending on our financial condition at the time, this increase in the annual dividend rate on the Series A Preferred Shares could have a material negative effect on our liquidity and cash flows.

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We are exposed to operational risk.

Similar to any large organization, we are exposed to many types of operational risk, including reputational risk, legal and compliance risk, the risk of fraud or theft by employees or outsiders, unauthorized transactions by employees or operational errors, including clerical or record-keeping errors or those resulting from faulty or disabled computer or telecommunications systems.

Negative public opinion can result from our actual or alleged conduct in any number of activities, including lending practices, corporate governance and acquisitions, and from actions taken by governmental regulators and community organizations in response to those activities. Negative public opinion can adversely affect our ability to attract and keep customers and can expose us to potential litigation and regulatory action.

Given the volume of transactions we process, certain errors may be repeated or compounded before they are discovered and successfully rectified. Our necessary dependence upon automated systems to record and process our transaction volume may further increase the risk that technical system flaws or employee tampering or manipulation of those systems will result in losses that are difficult to detect. We may also be subject to disruptions of our operating systems arising from events that are wholly or partially beyond our control (for example, computer viruses or electrical or telecommunications outages), which may give rise to disruption of service to customers and to financial loss or liability. We are further exposed to the risk that our external vendors may be unable to fulfill their contractual obligations (or will be subject to the same risk of fraud or operational errors by their respective employees as we are) and to the risk that our (or our vendors') business continuity and data security systems prove to be inadequate.

We depend upon the accuracy and completeness of information about customers and counterparties.

In deciding whether to extend credit or enter into other transactions with customers and counterparties, we may rely on information provided to us by customers and counterparties, including financial statements and other financial information. We may also rely on representations of customers and counterparties as to the accuracy and completeness of that information and, with respect to financial statements, on reports of independent auditors. For example, in deciding whether to extend credit to a business, we may assume that the customer's audited financial statements conform with GAAP and present fairly, in all material respects, the financial condition, results of operations and cash flows of the customer. We may also rely on the audit report covering those financial statements. Our financial condition, results of operations and cash flows could be negatively impacted to the extent that we rely on financial statements that do not comply with GAAP or on financial statements and other financial information that are materially misleading.

Changes in accounting standards could impact reported earnings.

The accounting standard setters, including the Financial Accounting Standards Board, the SEC and other regulatory bodies, periodically change the financial accounting and reporting guidance that governs the preparation of our consolidated financial statements. The pace of change continues to accelerate and changes in accounting standards can be hard to predict and could materially impact how we record and report our financial condition and results of operations. In some cases, we could be required to apply new or revised guidance retroactively, resulting in the restatement of prior period financial statements.

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We may be a defendant from time to time in the future in a variety of litigation and other actions, which could have a material adverse effect on our financial condition, results of operations and cash flows.

We and our subsidiaries may be involved from time to time in the future in a variety of litigation arising out of our business. The risk of litigation increases in times of increased troubled loan collection activity. Our insurance may not cover all claims that may be asserted against us, and any claims asserted against us, regardless of merit or eventual outcome, may harm our reputation. Should the ultimate judgments or settlements in any litigation exceed our insurance coverage, they could have a material adverse effect on our financial condition, results of operations and cash flows. In addition, we may not be able to obtain appropriate types or levels of insurance in the future, nor may we be able to obtain adequate replacement policies with acceptable terms, if at all.

We are a holding company and depend on our subsidiaries for dividends, distributions and other payments.

As a bank holding company, we are a legal entity separate and distinct from our subsidiaries and affiliates. Our principal source of funds to pay dividends on our Common Shares and service our debt is dividends from these subsidiaries. In the event our subsidiaries become unable to pay dividends to us, we may not be able to service our debt, pay our other obligations or pay dividends on the Series A Preferred Shares or our Common Shares. Accordingly, our inability to receive dividends from our subsidiaries could also have a material adverse effect on our business, financial condition and results of operations. Vision Bank is not currently permitted to pay dividends to us and we can provide no assurances regarding if or when Vision Bank will be permitted to begin paying dividends to us again.

Various federal and state statutory provisions and regulations limit the amount of dividends that our banking and other subsidiaries may pay to us without regulatory approval. Our banking subsidiaries generally may not, without prior regulatory approval, pay a dividend in an amount greater than their undivided profits. In addition, the prior approval of the OCC is required for the payment of a dividend by Park National Bank if the total of all dividends declared in a calendar year would exceed the total of its net income for the year combined with its retained net income for the two preceding years. The Federal Reserve Board and the OCC have issued policy statements that provide that insured banks and bank holding companies should generally only pay dividends out of current operating earnings. Thus, the ability of Park National Bank to pay dividends in the future is currently influenced, and could be further influenced, by bank regulatory policies and capital guidelines and may restrict our ability to declare and pay dividends.

Payment of dividends could also be subject to regulatory limitations if Park's banking subsidiaries became "under-capitalized" for purposes of the applicable "prompt corrective action" regulations. "Under-capitalized" is currently defined as having a total risk-based capital ratio of less than 8.0%, a Tier 1 risk-based capital ratio of less than 4.0%, or a core capital, or leverage, ratio of less than 4.0%. Throughout 2009 and 2010, Park's banking subsidiaries were in compliance with all regulatory capital requirements and had sufficient capital under the "prompt corrective action" regulations to be deemed "well-capitalized."

If any of our subsidiaries becomes insolvent, the direct creditors of that subsidiary will have a prior claim on that subsidiary's assets. Our rights and the rights of our creditors will be subject to that prior claim, unless we are also a direct creditor of that subsidiary.

Unauthorized disclosure of sensitive or confidential client or customer information, whether through a breach of our computer systems or otherwise, could severely harm our business.

As part of our financial institution business, we collect, process and retain sensitive and confidential client and customer information on behalf of our subsidiaries and other third parties. Despite the security measures we have in place, our facilities and systems, and those of our third-party service providers, may be vulnerable to security breaches, acts of vandalism, computer viruses, misplaced or lost data, programming and/or human errors or other similar events. If information security is breached, information can be lost or misappropriated, resulting in financial loss or costs to us. Any security breach involving confidential customer information, whether by us or by our vendors, could severely damage our reputation, expose us to the risks of litigation and liability or disrupt our operations and have a material adverse effect on our business.

Derivative transactions may expose us to unexpected risk and potential losses.

We are party to a number of derivative transactions. Many of these derivative instruments are individually negotiated and non-standardized, which can make exiting, transferring or settling the position difficult. We carry borrowings which contain embedded derivatives. These borrowing arrangements require that we deliver underlying securities to the counterparty as collateral. If market interest rates were to decline, we may be required to deliver more securities to the counterparty. We are dependent on the creditworthiness of the counterparties and are therefore susceptible to credit and operational risk in these situations.

Derivative contracts and other transactions entered into with third parties are not always confirmed by the counterparties on a timely basis. While the transaction remains unconfirmed, we are subject to heightened credit and operational risk and, in the event of a default, may find it more difficult to enforce the contract. In addition, as new and more complex derivative products are created, covering a wider array of underlying credit and other instruments, disputes about the terms of the underlying contracts could arise, which could impair our ability to effectively manage our risk exposures from these products and subject us to increased costs. Any regulatory effort to create an exchange or trading platform for credit derivatives and other over-the-counter derivative contracts, or a market shift toward standardized derivatives, could reduce the risk associated with such transactions, but under certain circumstances could also limit our ability to develop derivatives that best suit the needs of our clients and ourselves and adversely affect our profitability.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

None.

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ITEM 2. PROPERTIES.

Park's principal executive offices are located at 50 North Third Street, Newark, Ohio 43055.

Park National Bank

As of the date of the Original 2010 Form 10-K, Park National Bank, its divisions and its subsidiary Scope Leasing, Inc. had a total of 124 financial service offices in Ohio and one in Kentucky. Park National Bank had six financial service offices (including its main office) and two operations centers in Newark in Licking County. In addition, within Ohio, Park National Bank had:

- financial service offices in Ashland, Loudonville and Perrysville in Ashland County;

- a financial service office in Athens in Athens County;

- a financial service office in West Chester in Butler County;

- financial service offices in Urbana (two offices), Mechanicsburg and North Lewisburg in Champaign County;

- financial service offices in Springfield (six offices), Enon, Medway, New Carlisle (two offices) and South Charleston in Clark County;

- financial service offices in Amelia (two offices), Cincinnati (two offices), Milford, New Richmond and Owensville in Clermont County;

- a financial service office in Coshocton in Coshocton County;

- financial service offices in Bucyrus, Crestline and Galion in Crawford County;

- financial service offices in Greenville (five offices), Arcanum (two offices) and Versailles in Darke County;

· financial service offices in Baltimore, Pickerington (two offices) and Lancaster (eight offices) in Fairfield County;

· a financial service office in Jeffersonville in Fayette County;

· financial service offices in Reynoldsburg, Canal Winchester, Columbus, Gahanna and Worthington in Franklin County;

· financial service offices in Jamestown and Xenia (two offices) in Greene County;

· a financial service office in Anderson in Hamilton County;

· a financial service office in Logan in Hocking County;

· financial service offices in Millersburg (two offices) in Holmes County;

financial service offices (three offices) and an operations center in Mount Vernon, Centerburg, Danville and Fredericktown in Knox County;

financial service offices in Granville, Heath (two offices), Hebron, Johnstown, Kirkersville, Pataskala, Reynoldsburg (two offices) and Utica in Licking County;

- a financial service office in Plain City in Madison County;

- financial service offices in Caledonia, Marion (two offices) and Prospect in Marion County;

- a financial service office in Fort Recovery in Mercer County;

financial service offices (three offices) and an operations center in Piqua, Tipp City and Troy (two offices) in Miami County;

- financial service offices in Mount Gilead (two offices) in Morrow County;

financial service offices (seven offices) and an operations center in Zanesville, New Concord and Dresden in Muskingum County;

- a financial service office in New Lexington in Perry County;

financial service offices in Bellville, Mansfield (eight offices), Butler, Lexington, Ontario and Shelby in Richland County;

- a financial service office in Newcomerstown in Tuscarawas County; and

- a financial service office in Springboro in Warren County.

Park National Bank also had one financial service office in Florence (Boone County), Kentucky.

The financial service offices in Athens, Coshocton, Hocking, Muskingum, Perry and Tuscarawas Counties comprise the Century National Division. The financial service offices in Canal Winchester in Franklin County, Reynoldsburg in Licking County and Fairfield County comprise the Fairfield National Division. The financial service offices in

Ashland County comprise the Farmers & Savings Division. The financial service offices in Bellville in Richland County and in Holmes, Knox and Morrow Counties comprise the First-Knox National Division. The financial service offices in Butler, Clermont, Hamilton and Warren Counties in Ohio and in Boone County, Kentucky comprise The Park National Bank of Southwest Ohio & Northern Kentucky Division. The financial service offices in Richland County (except the Bellville office) comprise the Richland Trust Division. The financial service offices in Darke and Mercer Counties comprise the Second National Division. The financial service offices in Champaign, Clark, Fayette, Greene and Madison Counties comprise the Security National Division. The financial service offices in Crawford and Marion Counties comprise the United Bank Division. The financial service offices in Miami County comprise the Unity National Division. Of the financial service offices described above, 33 were leased and the remainder were owned. Park National Bank also operated 33 off-site automated teller machines.

Scope Leasing, Inc. had an office located in Columbus in Franklin County, Ohio.

Guardian Finance

As of the date of the Original 2010 Form 10-K, Guardian Finance had a total of six financial service offices, all of which are located in Ohio. Guardian Finance has its main office in Hilliard in Franklin County, a financial service office in Springfield in Clark County, a financial service office in Lancaster in Fairfield County where it leases space from the Fairfield National Bank division of Park National Bank, a financial service office in Heath in Licking County, a financial service office in Centerville in Montgomery County and a financial service office in Mansfield in Richland County where it leases space from the Richland Bank division of Park National Bank. All of Guardian Finance's financial service offices are leased.

Vision Bank

As of the date of the Original 2010 Form 10-K, Vision Bank had a total of 17 financial service offices. Vision Bank had nine financial service offices in Florida, including:

- its main office in Panama City and two financial service offices in Panama City Beach in Bay County;
- financial service offices in Port St. Joe, Port St. Joe Beach and Wewahitchka in Gulf County;
- a financial service office in Destin in Okaloosa County;
- a financial service office in Navarre in Santa Rosa County; and
- a financial service office in Santa Rosa Beach in Walton County.

Vision Bank had eight financial service offices in Alabama, one each in Daphne, Elberta, Fairhope, Foley, Gulf Shores, Orange Beach, Point Clear and Robertsdale in Baldwin County and one messenger office in Gulf Shores in Baldwin County, Alabama. Of Vision Bank's 17 financial service offices, 9 were leased and the remainder were owned. Vision Bank also operated five off-site automatic teller machines.

ITEM 3. LEGAL PROCEEDINGS.

There are no pending legal proceedings to which Park or any of its subsidiaries is a party or to which any of their property is subject, except for routine legal proceedings to which Park's subsidiary banks are parties incidental to their respective banking businesses. Park considers none of those proceedings to be material.

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ITEM 4. [RESERVED]**PART II****ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.**

The information called for in this Item 5 by Items 201(a) through 201(c) of SEC Regulation S-K is incorporated herein by reference from "Table 28 – Market and Dividend Information" and the accompanying disclosure in "Item 7 – Management's Discussion and Analysis of Financial Condition and Results of Operations" of Part II of this 2010 Form 10-K/A - Amendment 2.

No purchases of Park's Common Shares were made by or on behalf of Park or any "affiliated purchaser" of Park, as defined in Rule 10b-18(a)(3) under the Exchange Act during the fiscal quarter ended December 31, 2010. The following table provides information concerning changes in the maximum number of Common Shares that may be purchased under Park's previously announced repurchase programs as a result of the forfeiture of previously outstanding incentive stock options.

Period	Total Number of Common Shares Purchased	Average Price Paid per Common Share	Total Number of Common Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Common Shares that May Yet Be Purchased under the Plans or Programs (1)
October 1 through October 31, 2010	–	–	–	903,264
November 1 through November 30, 2010	–	–	–	903,264
December 1 through December 31, 2010	–	–	–	1,047,232
Total	–	–	–	1,047,232

The number shown represents, as of the end of each period, the maximum aggregate number of Common Shares that may yet be purchased under Park's publicly announced stock repurchase authorization to fund the Park
(1) National Corporation 2005 Incentive Stock Option Plan as well as Park's publicly announced stock repurchase program.

The Park National Corporation 2005 Incentive Stock Option Plan (the "2005 Plan") was adopted by the Board of Directors of Park on January 18, 2005 and was approved by the Park shareholders at the Annual Meeting of Shareholders on April 18, 2005. Under the 2005 Plan, 1,500,000 Common Shares are authorized for delivery upon the exercise of incentive stock options granted under the 2005 Plan. All of the Common Shares delivered upon the exercise of incentive stock options granted under the 2005 Plan are to be treasury shares. During 2010, Park did not purchase any Common Shares to be held as treasury shares and delivered upon exercise of incentive stock options granted under the 2005 Plan. As of December 31, 2010, incentive stock options covering 78,075 Common Shares were outstanding and 1,421,925 Common Shares were available for future grants under the 2005 Plan.

With 452,768 Common Shares held as treasury shares for purposes of the 2005 Plan at December 31, 2010, an additional 1,047,232 Common Shares remained authorized for repurchase for purposes of funding the 2005 Plan.

ITEM 6. SELECTED FINANCIAL DATA.

The information called for in this Item 6 is incorporated herein by reference from “Table 25 – Consolidated Five-Year Selected Financial Data” and the accompanying disclosure in “Item 7 – Management’s Discussion and Analysis of Financial Condition and Results of Operations” of this 2010 Form 10-K/A - Amendment 2.

ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

This financial review presents management’s discussion and analysis of the financial condition and results of operations for Park National Corporation and its subsidiaries (“Park” or the “Corporation”). This discussion should be read in conjunction with the consolidated financial statements and related notes and the five-year summary of selected financial data, included in “Item 8 - Financial Statements and Supplementary Data” of Part II of this 2010 Form 10-K/A - Amendment 2. Management’s discussion and analysis contains forward-looking statements that are provided to assist in the understanding of anticipated future financial performance. Forward-looking statements provide current expectations or forecasts of future events and are not guarantees of future performance. The forward-looking statements are based on management’s expectations and are subject to a number of risks and uncertainties. Although management believes that the expectations reflected in such forward-looking statements are reasonable, actual results may differ materially from those expressed or implied in such statements. Risks and uncertainties that could cause actual results to differ materially include, without limitation: Park’s ability to execute its business plan successfully and within the expected timeframe; deterioration in the asset value of our loan portfolio may be worse than expected due to a number of factors, such as adverse changes in economic conditions that impair the ability of borrowers to repay their loans, the underlying collateral could prove less valuable than assumed and cash flows may be worse than expected; changes in general economic and financial market conditions, and weakening in the economy, specifically the real estate market and credit markets, either nationally or in the states in which Park and its subsidiaries do business, may be worse than expected which could decrease the demand for loan, deposit and other financial services and increase loan delinquencies and defaults; the effects of the Gulf of Mexico oil spill; changes in interest rates and prices may adversely impact the value of securities, loans, deposits and other financial instruments and the interest rate sensitivity of our consolidated balance sheet; changes in consumer spending, borrowing and saving habits; our liquidity requirements could be adversely affected by changes in our assets and liabilities; competitive factors among financial institutions may increase significantly, including product and pricing pressures and Park’s ability to attract, develop and retain qualified bank professionals; the nature, timing and effect of changes in banking regulations or other regulatory or legislative requirements affecting the respective businesses of Park and its subsidiaries, including changes in laws and regulations concerning taxes, accounting, banking, securities and other aspects of the financial services industry, specifically the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010; the effect of

fiscal and governmental policies of the United States federal government; and other risk factors relating to our industry as detailed from time to time in Park's reports filed with the Securities and Exchange Commission ("SEC") including those described in "Item 1A. Risk Factors" of Part I of this 2010 Form 10-K/A - Amendment 2. Undue reliance should not be placed on the forward-looking statements, which speak only as of the date originally made. Park does not undertake, and specifically disclaims any obligation, to publicly release the result of any revisions that may be made to update any forward-looking statement to reflect the events or circumstances after the date on which the forward-looking statement was made, or reflect the occurrence of unanticipated events, except to the extent required by law. This management discussion and analysis reflects the impact of the restatement more fully discussed in Note 1A included in "Item 8 - Financial Statements and Supplementary Data" of Part II of this 2010 Form 10-K/A - Amendment 2.

ACQUISITION OF VISION BANCSHARES, INC. AND GOODWILL IMPAIRMENT CHARGES

On March 9, 2007, Park acquired all of the stock and outstanding stock options of Vision Bancshares, Inc. ("Vision") for \$87.8 million in cash and 792,937 shares of Park common stock valued at \$83.3 million or \$105.00 per share. The goodwill recognized was \$109.0 million. The fair value of the acquired assets of Vision was \$686.5 million and the fair value of the liabilities assumed was \$624.4 million as of March 9, 2007.

At the time of the acquisition, Vision operated two bank subsidiaries (both named Vision Bank) which became bank subsidiaries of Park on March 9, 2007. On July 20, 2007, the bank operations of the two Vision Banks were consolidated under a single charter through the merger of the Vision Bank headquartered in Gulf Shores, Alabama with and into the Vision Bank headquartered in Panama City, Florida. Vision Bank operates under a Florida banking charter and has 18 branch locations in Baldwin County, Alabama and in the panhandle of Florida. The acquisition of Vision had a significant negative impact on Park's net income in 2007, 2008, 2009 and 2010.

Vision Bank began experiencing credit problems during the second half of 2007 as nonperforming loans increased from \$6.5 million at June 30, 2007 to \$63.5 million or 9.9% of loan balances at December 31, 2007. As a result of these credit problems at Vision Bank, Park's management concluded that the goodwill of \$109.0 million recorded at the time of acquisition was possibly impaired. A goodwill impairment analysis was completed during the fourth quarter of 2007 and the conclusion was reached that a goodwill impairment charge of \$54.0 million be recorded at Vision Bank at year-end 2007 to reduce the goodwill balance to \$55.0 million.

Credit problems continued to plague Vision Bank in 2008. Net loan charge-offs for Vision Bank were \$5.5 million during the first quarter or an annualized 3.37% of average loans and increased to \$10.8 million during the second quarter or an annualized 6.41% of average loans. Based primarily on the increased level of net loan charge-offs at Vision Bank during 2008, management determined that it would be prudent to test for additional goodwill impairment. A goodwill impairment analysis was completed during the third quarter of 2008 and the conclusion was reached that a goodwill impairment charge of \$55.0 million be recorded at Vision Bank during the third quarter of 2008 to eliminate the goodwill balance pertaining to Vision Bank. Refer to "Overview" section below for 2008, 2009 and 2010 impact of Vision Bank results on Park.

OVERVIEW

Net income was \$58.1 million in 2010, compared to net income of \$74.2 million in 2009 and \$13.7 million in 2008. The primary reason for the large change in net income in the three years was the change in the net loss at Vision Bank. The net loss at Vision Bank was \$45.4 million in 2010, \$30.1 million in 2009 and \$81.2 million in 2008. As previously discussed, Vision Bank recognized a goodwill impairment charge of \$55.0 million in 2008 to write-off the remaining goodwill asset.

Diluted earnings per common share were \$3.45, \$4.82 and \$0.97 for 2010, 2009 and 2008, respectively. Diluted earnings per common share decreased by \$1.37 or 28.4% in 2010 compared to 2009 and increased by \$3.85 or 396.9% in 2009 compared to 2008. The decline in diluted earnings per common share in 2010 compared to 2009 was primarily due to the increased net loss at Vision Bank, which was caused by increases in the provision for loan losses. Additionally, the issuance of common shares during 2010 contributed to the decline in diluted earnings per common share compared to last year.

The following tables show the components of net income for 2010, 2009 and 2008. This information is provided for Park, Vision Bank and Park excluding Vision Bank.

Table 1 – Park – Summary Income Statements

For the years ended December 31,

(In thousands)	2010 (Restated)	2009	2008
Net interest income	\$ 274,044	\$273,491	\$255,873
Provision for loan losses	87,080	68,821	70,487
Other income	74,880	81,190	84,834
Other expense	187,107	188,725	179,515
Goodwill impairment charge	—	—	54,986
Income before taxes	74,737	97,135	35,719
Income taxes	16,636	22,943	22,011
Net income	\$ 58,101	\$74,192	\$13,708

Table 2 – Vision Bank – Summary Income Statements

For the years ended December 31,

(In thousands)	2010 (Restated)	2009	2008
Net interest income	\$ 27,867	\$25,634	\$27,065
Provision for loan losses	61,407	44,430	46,963
Other income (loss)	(6,023)	(2,047)	3,014
Other expense	31,623	28,091	27,149
Goodwill impairment charge	—	—	54,986
Loss before taxes	(71,186)	(48,934)	(99,019)
Income tax benefit	(25,773)	(18,824)	(17,832)
Net loss	\$ (45,413)	\$ (30,110)	\$ (81,187)

Vision Bank continued to have severe credit problems in 2010. Vision Bank's net loan charge-offs were \$36.6 million in 2010, compared to \$28.9 million in 2009 and \$38.5 million in 2008. As a percentage of average loans, net loan charge-offs were 5.48% in 2010, 4.18% in 2009 and 5.69% in 2008. As previously discussed, Vision Bank recognized a goodwill impairment charge of \$55.0 million in 2008.

Table 3 – Park, Excluding Vision Bank – Summary Income Statements

For the years ended December 31,

(In thousands)	2010	2009	2008
Net interest income	\$246,177	\$247,857	\$228,808
Provision for loan losses	25,673	24,391	23,524
Other income	80,903	83,237	81,820
Other expense	155,484	160,634	152,366
Goodwill impairment charge	—	—	—
Income before taxes	145,923	146,069	134,738
Income taxes	42,409	41,767	39,843
Net income	\$ 103,514	\$ 104,302	\$ 94,895

Net income for Park excluding Vision Bank decreased by \$788,000 or .8% to \$103.5 million in 2010 compared to 2009 and increased by \$9.4 million or 9.9% to \$104.3 million in 2009 compared to 2008.

SUMMARY DISCUSSION OF OPERATING RESULTS FOR PARK

A year ago, Park's management projected that net interest income would be \$265 million to \$275 million in 2010. The actual results in 2010 were \$274.0 million, which were very close to the top of the estimated range. Park's

management projected that the average interest earning assets for 2010 would be approximately \$6,550 million. The actual average interest earning assets for the year were \$6,482 million, 1.0% lower than the projected balance. However, Park's net interest margin for 2010 of 4.26% exceeded management's estimated range of 4.15% to 4.20%. This positive variance was largely due to an improvement in the net interest rate spread (the difference between rates received for interest earning assets and the rates paid for interest bearing liabilities.) The net interest rate spread improved by 7 basis points to 4.01% for 2010 from 3.94% for 2009. Management had not projected an improvement in the net interest rate spread for 2010.

Park's management also projected a year ago that the provision for loan losses would be \$45 million to \$55 million in 2010. The actual provision for loan losses in 2010 of \$87.1 million exceeded the top of the estimated range by \$32.1 million. The primary reason that the actual provision for loan losses exceeded management's estimated range in 2010 was due to the large number of new nonaccrual loans during the year, as well as continued devaluations of property values (primarily related to impaired loans at Vision Bank that are considered to be collateral dependent). New nonperforming loans were \$175.2 million in 2010, compared to \$184.2 million in 2009 and \$141.8 million in 2008. Park's management had projected a significant decrease in the amount of new nonperforming loans in 2010 and accordingly had forecast a significant decrease in the loan loss provision for 2010.

Other income for 2010 was \$74.9 million, which includes gains from the sale of investment securities of \$11.9 million. A year ago, Park's management projected that total other income would be \$75.3 million, which included estimated gains from the sale of investment securities of \$7.3 million. Management sold more investment securities in 2010 than anticipated and OREO devaluations were higher than anticipated, which resulted in total other income being \$400,000 lower than projected.

A year ago, Park's management projected that total other expense would be approximately \$191 million in 2010. Total other expense for 2010 was \$187.1 million and was below management's estimate by \$3.9 million or 2.0%.

A year ago, Park's management projected that income before income taxes for 2010 would be approximately \$104.3 million (using the midpoint of ranges where applicable) based on the forecast for net interest income, provision for loan losses, other income and other expense. The actual income before income taxes for 2010 was \$74.7 million, \$29.6 million or 28.4% below the estimate. In summary, the actual results for net interest income and other expense were a little better than the forecast for 2010, other income was slightly lower than the forecast and the provision for loan losses was \$32.1 million higher than the estimated range.

ISSUANCE OF PREFERRED STOCK AND EMERGENCY ECONOMIC STABILIZATION ACT

On October 3, 2008, Congress passed the Emergency Economic Stabilization Act of 2008 ("EESA"), which created the Troubled Asset Relief Program ("TARP") and provided the Secretary of the Treasury with broad authority to implement certain actions to help restore stability and liquidity to U.S. markets. The Capital Purchase Program (the "CPP") was announced by the U.S. Department of the Treasury (the "U.S. Treasury") on October 14, 2008 as part of TARP. The CPP is voluntary and requires a participating institution to comply with a number of restrictions and provisions, including standards for executive compensation and corporate governance and limitations on share repurchases and

the declaration and payment of dividends on common shares.

Park elected to apply for \$100 million of funds through the CPP. On December 23, 2008, Park completed the sale to the U.S. Treasury of \$100 million of newly-issued Park non-voting preferred shares as part of the CPP. Park entered into a Securities Purchase Agreement and a Letter Agreement with the U.S. Treasury on December 23, 2008. Pursuant to these agreements, Park issued and sold to the U.S. Treasury (i) 100,000 of Park's Fixed Rate Cumulative Perpetual Preferred Shares, Series A, each without par value and having a liquidation preference of \$1,000 per share (the "Series A Preferred Shares"), and (ii) a warrant (the "Warrant") to purchase 227,376 Park common shares at an exercise price of \$65.97 per share, for an aggregate purchase price of \$100 million. The Warrant has a ten-year term. All of the proceeds from the sale of the Series A Preferred Shares and the Warrant by Park to the U.S. Treasury under the CPP qualify as Tier 1 capital for regulatory purposes.

U.S. Generally Accepted Accounting Principles (GAAP) require management to allocate the proceeds from the issuance of the Series A Preferred Shares between the Series A Preferred Shares and related Warrant. The terms of the Series A Preferred Shares require Park to pay a cumulative dividend at the rate of 5 percent per annum until February 14, 2014, and 9 percent thereafter. Management determined that the 5 percent dividend rate is below market value; therefore, the fair value of the Series A Preferred Shares would be less than the \$100 million in proceeds. Management determined that a reasonable market discount rate was 12 percent for the fair value of the Series A Preferred Shares and used the Black-Scholes model to calculate the fair value of the Warrant (and related common shares). The allocation between the Series A Preferred Shares and the Warrant at December 23, 2008, the date of issuance, was \$95.7 million and \$4.3 million, respectively. The discount on the Series A Preferred Shares of \$4.3 million is being accreted through retained earnings using the level yield method over a 60-month period. GAAP requires Park to measure earnings per share with earnings available to common shareholders. Therefore, the Consolidated Statements of Income reflect a line item for "Preferred stock dividends and accretion" and a line item for "Income available to common shareholders". The dividends and accretion on the Series A Preferred Shares totaled \$5,807,000 for 2010, \$5,762,000 for 2009 and \$142,000 for 2008. The accretion of the discount was \$807,000 in 2010, \$762,000 in 2009 and \$18,000 in 2008. Management expects the accretion of the discount in 2011 will be \$856,000.

Income available to common shareholders is net income minus the preferred stock dividends and accretion. Income available to common shareholders was \$52.3 million in 2010, \$68.4 million in 2009 and \$13.6 million for 2008.

See Note 1 and Note 25 of the Notes to Consolidated Financial Statements in “Item 8 - Financial Statements and Supplementary Data” of Part II of this 2010 Form 10-K/A - Amendment 2 for additional information on the issuance of the Series A Preferred Shares.

DIVIDENDS ON COMMON SHARES

Park declared quarterly cash dividends on common shares in 2010 that totaled \$3.76 per share. The quarterly cash dividend on common shares was \$0.94 per share for each quarter of 2010.

Under the terms of the Securities Purchase Agreement with the U.S. Treasury under the CPP, Park is not permitted to increase the quarterly cash dividend on its common shares above \$0.94 per share without seeking prior approval from the U.S. Treasury.

Cash dividends declared on common shares were \$3.76 in both 2010 and 2009 and \$3.77 in 2008. Park’s management expects to pay a quarterly cash dividend on its common shares of \$0.94 per share in 2011. This expectation is based on management’s current forecast that earnings will be sufficient to maintain historic dividend levels.

CRITICAL ACCOUNTING POLICIES

The significant accounting policies used in the development and presentation of Park’s consolidated financial statements are listed in Note 1 of the Notes to Consolidated Financial Statements in “Item 8 - Financial Statements and Supplementary Data” of Part II of this 2010 Form 10-K/A - Amendment 2. The accounting and reporting policies of Park conform with U.S. GAAP and general practices within the financial services industry. The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results could differ from those estimates.

Park believes the determination of the allowance for loan losses involves a higher degree of judgment and complexity than its other significant accounting policies. The allowance for loan losses is calculated with the objective of maintaining a reserve level believed by management to be sufficient to absorb probable incurred credit losses in the

loan portfolio. Management's determination of the adequacy of the allowance for loan losses is based on periodic evaluations of the loan portfolio and of current economic conditions. However, this evaluation is inherently subjective as it requires material estimates, including expected default probabilities, the loss given default, the amounts and timing of expected future cash flows on impaired loans, and estimated losses on consumer loans and residential mortgage loans based on historical loss experience and current economic conditions. All of these factors may be susceptible to significant change. To the extent that actual results differ from management estimates, additional loan loss provisions may be required that would adversely impact earnings for future periods. (Refer to the "Credit Experience-Provision for Loan Losses" section for additional discussion.)

Other real estate owned ("OREO"), property acquired through foreclosure, is recorded at estimated fair value less anticipated selling costs (net realizable value). If the net realizable value is below the carrying value of the loan on the date of transfer, the difference is charged to the allowance for loan losses. Subsequent declines in value, OREO devaluations, are reported as adjustments to the carrying amount of OREO and are expensed within other income. Gains or losses not previously recognized, resulting from the sale of OREO, are recognized in other income on the date of sale. At December 31, 2010, OREO totaled \$41.7 million, representing a 1.2% increase compared to \$41.2 million at December 31, 2009.

Effective January 1, 2008, management implemented the fair value hierarchy, which has the objective of maximizing the use of observable market inputs. The related accounting guidance also requires enhanced disclosures regarding the inputs used to calculate fair value. These inputs are classified as Level 1, 2, and 3. Level 3 inputs are those with significant unobservable inputs that reflect a company's own assumptions about the market for a particular instrument. Some of the inputs could be based on internal models and cash flow analysis. At December 31, 2010, financial assets valued using Level 3 inputs for Park had an aggregate fair value of approximately \$154.7 million. This was 10.6% of the total amount of assets measured at fair value as of the end of the year. The fair value of impaired loans was approximately \$109.6 million (or 70.8%) of the total amount of Level 3 inputs. Additionally, there were \$74.4 million of loans that were impaired and carried at cost, as fair value exceeded book value for each individual credit. The large majority of Park's financial assets valued using Level 2 inputs consist of available-for-sale ("AFS") securities. The fair value of these AFS securities is obtained largely by the use of matrix pricing, which is a mathematical technique widely used in the financial services industry to value debt securities without relying exclusively on quoted market prices for the specific securities but rather by relying on the securities' relationship to other benchmark quoted securities.

Management believes that the accounting for goodwill and other intangible assets also involves a higher degree of judgment than most other significant accounting policies. GAAP establishes standards for the amortization of acquired intangible assets and the impairment assessment of goodwill. Goodwill arising from business combinations represents the value attributable to unidentifiable intangible assets in the business acquired. Park's goodwill relates to the value inherent in the banking industry and that value is dependent upon the ability of Park's banking subsidiaries to provide quality, cost-effective banking services in a competitive marketplace. The goodwill value is supported by revenue that is in part driven by the volume of business transacted. A decrease in earnings resulting from a decline in the customer base, the inability to deliver cost-effective services over sustained periods or significant credit problems can lead to impairment of goodwill that could adversely impact earnings in future periods. GAAP requires an annual evaluation of goodwill for impairment, or more frequently if events or changes in circumstances indicate that the asset might be impaired. The fair value of the goodwill, which resides on the books of Park's subsidiary banks, is estimated by reviewing the past and projected operating results for the Park subsidiary banks, deposit and loan totals for the Park subsidiary banks and banking industry comparable information. Park recognized a goodwill impairment charge of

\$55.0 million in the third quarter of 2008 to eliminate the goodwill balance pertaining to Vision Bank. At December 31, 2010, on a consolidated basis, Park had core deposit intangibles of \$6.0 million subject to amortization and \$72.3 million of goodwill, which was not subject to periodic amortization. The core deposit intangibles recorded on the balance sheet of PNB totaled \$1.4 million and the core deposit intangibles at Vision Bank were \$4.6 million. The goodwill asset of \$72.3 million is carried on the balance sheet of PNB.

ABOUT OUR BUSINESS

Through its Ohio-based banking divisions, Park is engaged in the commercial banking and trust business, generally in small to medium population Ohio communities. Vision Bank is primarily engaged in the commercial banking business throughout the panhandle of Florida and in Baldwin County, Alabama. Management believes there are a significant number of consumers and businesses which seek long-term relationships with community-based financial institutions of quality and strength. While not engaging in activities such as foreign lending, nationally syndicated loans or investment banking, Park attempts to meet the needs of its customers for commercial, real estate and consumer loans, consumer and commercial leases, and investment, fiduciary and deposit services.

Park's subsidiaries compete for deposits and loans with other banks, savings associations, credit unions and other types of financial institutions. At December 31, 2010, Park and its Ohio-based banking divisions operated 124 banking offices and a network of 151 automatic teller machines in 28 Ohio counties and one county in northern Kentucky. Vision Bank operated 17 banking offices and a network of 20 automatic teller machines in Baldwin County, Alabama and in five counties in the panhandle of Florida.

A table of financial data for Park's banking subsidiaries and their divisions for 2010, 2009 and 2008 is shown in Table 4. See Note 23 of the Notes to Consolidated Financial Statements in "Item 8 - Financial Statements and Supplementary Data" of Part II of this 2010 Form 10-K/A - Amendment 2 for additional financial information for the Corporation's subsidiaries. Please note that the financial statements for various divisions of PNB are not maintained on a separate basis and, therefore, net income is only an estimate by management.

Table 4 – Park National Corporation Affiliate Financial Data

(In thousands)	2010		2009		2008	
	Average Assets	Net Income (Restated)	Average Assets	Net Income	Average Assets	Net Income
Park National Bank:						
Park National Division	\$1,973,443	\$ 25,903	\$1,798,814	\$26,991	\$1,839,012	\$25,445
Security National Division	770,319	14,603	825,481	14,316	820,571	13,001
Century National Division	647,798	9,860	650,488	11,387	711,162	12,995
First-Knox National Division	642,343	14,374	633,260	12,411	658,151	12,718
Richland Trust Division	519,102	9,754	563,776	9,954	526,989	8,946
Fairfield National Division	459,050	9,695	484,849	9,368	337,355	7,332
Park National SW & N KY Division	405,889	2,590	416,502	1,841	416,398	1,506
Second National Division	385,534	7,570	371,079	6,926	423,062	5,752
United Bank Division	243,909	4,344	242,166	4,300	214,074	3,467
Unity National Division	185,003	2,918	182,373	2,251	190,739	2,061
Farmers & Savings Division	103,121	1,337	107,437	1,713	119,014	2,042
Vision Bank	859,491	(45,413)	904,897	(30,110)	904,420	(81,187)
Parent Company, including consolidating entries	(152,252)	566	(145,591)	2,844	(452,861)	(370)
Consolidated Totals	\$7,042,750	\$ 58,101	\$7,035,531	\$74,192	\$6,708,086	\$13,708

SOURCE OF FUNDS

Deposits: Park's major source of funds is deposits from individuals, businesses and local government units. These deposits consist of noninterest bearing and interest bearing deposits.

Total year-end deposits decreased by \$92.6 million or 1.8% to \$5,095 million at December 31, 2010. Certificates of deposits, excluding brokered deposits, declined by \$358.7 million or 16% in 2010. Brokered time deposits were \$110 million at December 31, 2010. All other deposits increased by \$156 million or 5% in 2010. The following table provides information on the change in deposits in 2010.

Table 5 – Year-End Deposits

December 31, (In thousands)	2010	2009	Change
Noninterest bearing checking	\$937,719	\$897,243	\$40,476
Interest bearing transaction accounts	1,283,158	1,193,845	89,313
Savings	899,288	873,137	26,151
Brokered time deposits	110,065	—	110,065
All other time deposits	1,863,838	2,222,537	(358,699)
Other	1,352	1,290	62
Total	\$5,095,420	\$5,188,052	\$(92,632)

In 2010, total year-end deposits at Vision Bank decreased by \$55.5 million or 8.0% and decreased by \$37.1 million or 0.8% for Park's Ohio-based operations.

Total year-end deposits increased by \$426 million or 9.0% in 2009. Excluding a \$236 million decline in brokered deposits in 2009, deposits increased by \$662 million or 14.6% in 2009. In 2009, Vision Bank's year-end total deposits increased by \$52 million or 8.2% and Park's Ohio-based operations increased deposits by \$374 million or 9.1%.

Average total deposits were \$5,182 million in 2010, compared to \$5,051 million in 2009 and \$4,603 million in 2008. Average noninterest bearing deposits were \$908 million in 2010, compared to \$818 million in 2009 and \$740 million in 2008.

Management expects that total deposits (exclusive of brokered deposits) will modestly increase in 2011 by 1%. Excluding brokered deposits, total year-end deposits decreased by 3.9% in 2010, which was in line with the guidance of a 3% to 5% decline that was provided a year ago by Park's management.

The Federal Open Market Committee ("FOMC") of the Federal Reserve Board decreased the federal funds rate from 4.25% at December 31, 2007 to a range of 0% to 0.25% at year-end 2008. The FOMC aggressively lowered the federal funds rate during 2008 as the severity of the economic recession increased. The FOMC maintained the targeted federal funds rate in the 0% to 0.25% range for all of 2009 and 2010, as the U.S. economy gradually recovered from the severe recession. The average federal funds rate was 0.18% for 2010, compared to an average rate of 0.16% for 2009 and 1.93% in 2008.

The average interest rate paid on interest bearing deposits was 0.98% in 2010, compared to 1.53% in 2009 and 2.33% in 2008. The average cost of interest bearing deposits for each quarter of 2010 was 0.82% for the fourth quarter, 0.91% for the third quarter, 1.04% for the second quarter and 1.15% for the first quarter.

Park's management expects that due to the uncertainty of future economic growth following the economic recession, the FOMC will maintain the federal funds interest rate at approximately 0.25% for most of 2011. As a result, Park's management expects a slight decline in the average interest rate paid on interest bearing deposits in 2011.

Short-Term Borrowings: Short-term borrowings consist of securities sold under agreements to repurchase, Federal Home Loan Bank advances, federal funds purchased and other borrowings. These funds are used to manage the Corporation's liquidity needs and interest rate sensitivity risk. The average rate paid on short-term borrowings generally moves closely with changes in market interest rates for short-term investments. The average rate paid on short-term borrowings was 0.39% in 2010 compared to 0.76% in 2009 and 2.38% in 2008.

The average cost of short-term borrowings for each quarter of 2010 was 0.32% for the fourth quarter, 0.37% for the third quarter, 0.43% for the second quarter and 0.46% for the first quarter. Management expects the average rate paid on short-term borrowings in 2011 will be down slightly compared to 2010.

Average short-term borrowings were \$301 million in 2010 compared to \$420 million in 2009 and \$609 million in 2008. The decrease in average short-term borrowings in 2010 compared to 2009, as well as 2009 compared to 2008, was primarily due to the increase in average deposit balances in both 2010 and 2009. While average short-term borrowings declined in 2010 compared to 2009, the short-term borrowing balance at December 31, 2010 was \$663.7 million compared to \$324.2 million at December 31, 2009, as Park increased its investment portfolio at year-end 2010 and temporarily funded the increase in assets through short-term borrowings.

Long-Term Debt: Long-term debt primarily consists of borrowings from the Federal Home Loan Bank and repurchase agreements with investment banking firms. (The average balance of long-term debt and the average cost of long-term debt includes the subordinated debentures discussed in the following section.)

In 2010, average long-term debt was \$725 million compared to \$780 million in 2009 and \$836 million in 2008. Average total debt (long-term and short-term) was \$1,026 million in 2010 compared to \$1,200 million in 2009 and \$1,445 million in 2008. Average total debt decreased by \$174 million or 14.5% in 2010 compared to 2009 and decreased by \$245 million or 16.9% in 2009 compared to 2008. The decrease in average total debt in 2010 compared to 2009, as well as compared to 2008, was primarily due to the increase in average deposits. Average long-term debt was 71% of average total debt in 2010 compared to 65% in 2009 and 58% in 2008.

The average rate paid on long-term debt was 3.91% for 2010, compared to 3.38% for 2009 and 3.72% for 2008. In 2010, the average cost of long-term debt for each quarter was 3.87% for the fourth quarter, 3.91% for the third quarter, 3.92% for the second quarter and 3.92% for the first quarter.

Management expects the average long-term debt balance will be approximately \$850 million in 2011, as management increased long-term borrowings in January 2011 by \$150 million and used the proceeds to repay short-term borrowings. Additionally, management expects that the average rate paid on long-term debt will be approximately 3.50% in 2011.

Subordinated Debentures/Notes: Park assumed with the Vision acquisition, \$15 million of floating rate junior subordinated notes. The interest rate on these subordinated notes adjusts every quarter at 148 basis points above the three-month LIBOR interest rate. The maturity date for the junior subordinated notes is December 30, 2035 and the junior subordinated notes may be prepaid after December 30, 2010. These junior subordinated notes qualify as Tier 1 capital under current Federal Reserve System guidelines.

Park's Ohio-based banking subsidiary, PNB, issued a \$25 million subordinated debenture on December 28, 2007. The interest rate on this subordinated debenture adjusts every quarter at 200 basis points above the three-month LIBOR interest rate. The maturity date for the subordinated debenture is December 29, 2017 and the subordinated debenture may be prepaid after December 28, 2012. On January 2, 2008, Park entered into a "pay fixed-receive floating" interest rate swap agreement for a notional amount of \$25 million with a maturity date of December 28, 2012. This interest rate swap agreement was designed to hedge the cash flows pertaining to the \$25 million subordinated debenture until December 28, 2012. Management converted the cash flows to a fixed interest rate of 6.01% through the use of the interest rate swap. This subordinated debenture qualifies as Tier 2 capital under the applicable regulations of the Office of the Comptroller of the Currency of the United States of America (the "OCC") and the Federal Reserve System.

On December 23, 2009, Park issued \$35.25 million of subordinated notes to 38 purchasers. These subordinated notes have a fixed annual interest rate of 10% with quarterly interest payments. The maturity date of these subordinated notes is December 23, 2019. These subordinated notes may be prepaid by Park any time after December 23, 2014. The

subordinated notes qualify as Tier 2 capital under applicable rules of the Federal Reserve System. Each subordinated note was purchased at a purchase price of 100% of the principal amount by an accredited investor.

See Note 11 of the Notes to Consolidated Financial Statements in “Item 8 - Financial Statements and Supplementary Data” of Part II of this 2010 Form 10-K/A - Amendment 2 for additional information on the subordinated debentures and subordinated notes.

Sale of Common Stock: Park sold an aggregate of 509,184 common shares, out of treasury shares, during 2010. Of the 509,184 common shares sold in 2010, 437,200 common shares were issued upon the exercise of warrants associated with the capital raise that closed on October 30, 2009. As part of the capital raise that closed on December 10, 2010, Park sold 71,984 common shares and issued warrants for the purchase of 71,984 shares of common stock. The warrants issued as part of the December 10, 2010 transaction have an exercise price of \$76.41 per share. Warrants covering the purchase of an aggregate of 35,992 common shares expire on June 10, 2011 and warrants covering the purchase of the other 35,992 common shares expire on December 10, 2011.

In total for 2010, Park sold 509,184 common shares and warrants covering 71,984 common shares at a weighted average price per share of \$67.99 for gross proceeds of \$34.6 million. Net of selling expenses and professional fees, Park raised \$33.5 million of common equity from capital raising activities in 2010.

During 2009, Park sold 904,072 common shares and warrants covering 500,000 common shares at a weighted average price per share of \$61.20 for gross proceeds of \$55.3 million. Net of selling expenses and professional fees, Park raised \$53.5 million of common equity from capital raising activities in 2009.

Stockholders' Equity: Tangible stockholders' equity (stockholders' equity less goodwill and other intangible assets) to tangible assets (total assets less goodwill and other intangible assets) was 9.04% at December 31, 2010 compared to 9.13% at December 31, 2009 and 7.98% at December 31, 2008.

The ratio of tangible stockholders' equity to tangible assets for each of the past three years includes the issuance of \$100 million of Park Series A Preferred Shares to the U.S. Treasury on December 23, 2008. In 2009, Park's tangible stockholders' equity to tangible assets ratio increased largely as a result of the sale of common stock which increased equity by \$53.5 million. In 2010, Park's tangible stockholders' equity to tangible assets further increased largely as a result of the sale of common stock which increased equity by \$33.5 million. Excluding the \$100.0 million of Series A Preferred Shares, the ratio of tangible stockholders' equity to tangible assets was 7.65% at December 31, 2010, 7.69% at December 31, 2009 and 6.54% at December 31, 2008.

In accordance with GAAP, Park reflects any unrealized holding gain or loss on AFS securities, net of income taxes, as accumulated other comprehensive income (loss) which is part of Park's stockholders' equity. The unrealized holding

gain on AFS securities, net of income taxes, was \$15.1 million at year-end 2010, compared to \$30.1 million at year-end 2009 and \$31.6 million at year-end 2008. Long-term and short-term interest rates decreased sharply during the fourth quarter of 2008 which caused the market value of Park's investment securities to increase and produced the large unrealized holding gain on AFS securities, net of income taxes, at December 31, 2009 and 2008. The net unrealized holding gains on AFS securities, net of taxes, decreased by \$18.4 million in the fourth quarter of 2010 as interest rates increased in November and December.

In accordance with GAAP, Park adjusts accumulated other comprehensive income (loss) to recognize the net actuarial gain or loss reflected in the accounting for Park's Pension Plan. See Note 13 of the Notes to Consolidated Financial Statements in "Item 8 - Financial Statements and Supplementary Data" of Part II of this 2010 Form 10-K/A - Amendment 2 for information on the accounting for Park's Pension Plan.

Pertaining to the Pension Plan, Park recognized a net comprehensive loss of \$2.4 million in 2010, a net comprehensive gain of \$6.3 million in 2009 and a net comprehensive loss of \$16.2 million in 2008. The comprehensive loss in 2010 was primarily due to a change in actuarial assumptions, specifically the discount rate. This actuarial loss more than offset the positive investment returns and contributions to the Pension Plan in 2010. The comprehensive gain in 2009 was due to positive investment returns and contributions to the Pension Plan. The large comprehensive loss in 2008 was primarily due to the negative investment return on Pension Plan assets in 2008, as a result of the poor performance of stock investments in 2008. At year-end 2010, the balance in accumulated other comprehensive income/(loss) pertaining to the Pension Plan was (\$15.9) million, compared to (\$13.5) million at December 31, 2009 and (\$19.8) million at December 31, 2008.

Park also recognized net comprehensive income/(loss) of (\$0.1) million, \$0.3 million and (\$1.3) million for the years ended December 31, 2010, 2009 and 2008, respectively, due to the mark-to-market of the \$25 million cash flow hedge. See Note 19 of the Notes to Consolidated Financial Statements in "Item 8 - Financial Statements and Supplementary Data" of Part II of this 2010 Form 10-K/A - Amendment 2 for information on the accounting for Park's derivative instruments.

INVESTMENT OF FUNDS

Loans: Average loans were \$4,642 million in 2010 compared to \$4,594 million in 2009 and \$4,355 million in 2008. The average yield on loans was 5.80% in 2010 compared to 6.03% in 2009 and 6.93% in 2008. The average prime lending rate in 2010 and 2009 was 3.25% compared to 5.09% in 2008. Approximately 62% of Park's loan balances mature or reprice within one year (see Table 23). The yield on average loan balances for each quarter of 2010 was 5.73% for the fourth quarter, compared to 5.76% for the third quarter, 5.84% for the second quarter and 5.87% for the first quarter. Management expects that the yield on the loan portfolio will decrease modestly in 2011 compared to the average yield of 5.80% for 2010. Year-end loan balances increased by \$92 million or 2.0% in 2010 compared to 2009. Park's Ohio-based subsidiaries increased loans by \$129 million or 3.2% during 2010. Vision Bank had a decline in loans of \$37 million or 5.4% during 2010.

In 2009, year-end loan balances increased by \$149 million or 3.3%. Park's Ohio-based subsidiaries increased loans by \$162 million or 4.3% during 2009. Vision Bank had a small decline in loans of \$13 million or 1.9% in 2009.

In 2008, year-end loan balances increased by \$267 million or 6.3%. During the fourth quarter of 2008, Park's Ohio-based banking divisions sold \$31 million of unsecured credit card balances. Exclusive of the sale of the credit card balances, year-end loan balances grew by \$298 million or 7.0%. At Vision Bank, year-end loan balances increased by \$51 million or 8.0% during 2008 to \$690 million. Park's Ohio-based subsidiaries increased loans by \$216 million or 6.0% during 2008. Excluding the sale of the credit card balances, Park's Ohio-based subsidiaries increased loans by \$247 million or 6.9% in 2008.

A year ago, management projected that year-end loan balances would grow approximately 1% to 3% in 2010. The actual loan growth of 2.0% was consistent with this guidance. Management expects that loan growth for 2011 will continue to be in the 1% to 3% range as the demand for loans continues to be moderate as the economy recovers slowly from the recent recession.

Year-end residential real estate loans were \$1,692 million, \$1,555 million and \$1,560 million in 2010, 2009 and 2008, respectively. Residential real estate loans increased by \$137 million or 8.8% in 2010, decreased by \$5 million or 0.3% in 2009 and increased by \$79 million or 5.3% during 2008. The increase of \$137 million in 2010 was primarily due to management's decision to retain 15-year, fixed-rate residential mortgage loans that were previously sold in the secondary market. The balance of loans for this new product was \$176 million at December 31, 2010, with a weighted average interest rate of 3.82%. Management expects these loans will be held to maturity. Management does not expect any growth in residential real estate loans in 2011, as Park's customers will continue to favor 30-year, fixed-rate residential mortgage loans.

The long-term fixed rate residential mortgage loans that Park originates are sold in the secondary market and Park typically retains the servicing on these loans. As mentioned above, during 2010, Park began to retain 15-year, fixed-rate mortgage loans. The balance of sold fixed-rate residential mortgage loans decreased by \$47 million or 3.1% to \$1,471 million at year-end 2010, compared to \$1,518 million at year-end 2009 and \$1,369 million at year-end 2008. Due to low long-term interest rates in 2009 and 2010, the demand for fixed-rate residential mortgage loans was extraordinary. Park originated and sold \$358 million of fixed-rate residential mortgage loans in 2010 compared to \$615 million in 2009, and \$161 million in 2008. Additionally, as previously discussed, Park originated and retained \$176 million of 15-year, fixed-rate residential mortgages in 2010. During 2009, Park originated and retained \$8 million of fixed-rate residential mortgage loans. Management expects that the loan origination volume of fixed-rate mortgage loans could decrease by 50% or more in 2011. The balance of sold fixed-rate residential mortgage loans is expected to increase by 1% to 3% in 2011.

Year-end consumer loans were \$667 million, \$704 million and \$643 million in 2010, 2009 and 2008, respectively. Consumer loans decreased by \$37 million or 5.3% in 2010, primarily due to a decline in automobile loans originated in Ohio, as competition for automobile loans increased throughout the year.

Consumer loans increased by \$61 million or 9.5% in 2009 and increased by \$50 million or 8.4% in 2008. The increases in consumer loans for 2009 and 2008 were primarily due to an increase in automobile loans originated through automobile dealers in Ohio. Management expects that consumer loans will decrease by 1% to 3% in 2011.

On a combined basis, year-end commercial, financial and agricultural loans, real estate construction loans and commercial real estate loans totaled \$2,371 million, \$2,377 million and \$2,284 million at year-end 2010, 2009 and 2008, respectively. These combined loan totals declined by \$6 million or 0.3% in 2010, increased by \$93 million or 4.1% in 2009 and increased by \$141 million or 6.6% in 2008. Management expects that commercial, financial and agricultural loans, real estate construction loans and commercial real estate loans will grow by 1% to 3% in 2010.

Year-end lease balances were \$3 million in both 2010 and 2009 and \$4 million in 2008. Management continues to de-emphasize leasing and expects the balance to further decline in 2011.

Table 6 reports year-end loan balances by type of loan for the past five years.

Table 6 – Loans by Type

December 31, (In thousands)	2010	2009	2008	2007	2006
Commercial, financial and agricultural	\$737,902	\$751,277	\$714,296	\$613,282	\$548,254
Real estate – construction	406,480	495,518	533,788	536,389	234,988
Real estate – residential	1,692,209	1,555,390	1,560,198	1,481,174	1,300,294
Real estate – commercial	1,226,616	1,130,672	1,035,725	993,101	854,869
Consumer	666,871	704,430	643,507	593,388	532,092

Leases	2,607	3,145	3,823	6,800	10,205
Total Loans	\$4,732,685	\$4,640,432	\$4,491,337	\$4,224,134	\$3,480,702

Table 7 – Selected Loan Maturity Distribution

December 31, 2010 (In thousands)	One Year or Less (1)	Over One Through Five Years	Over Five Years	Total
Commercial, financial and agricultural	\$ 325,895	\$ 263,847	\$ 148,160	\$ 737,902
Real estate – construction	230,426	96,599	79,455	406,480
Real estate – commercial	200,549	235,700	790,367	1,226,616
Total	\$ 756,870	\$ 596,146	\$ 1,017,982	\$ 2,370,998
Total of these selected loans due after one year with:				
Fixed interest rate				\$ 553,098
Floating interest rate				\$ 1,061,030

(1) Nonaccrual loans of \$192,492 are included within the one year or less classification above.

Investment Securities: Park’s investment securities portfolio is structured to minimize credit risk, provide liquidity and contribute to earnings. Park’s investment strategy is dynamic. As conditions change over time, Park’s overall interest rate risk, liquidity needs and potential return on the investment portfolio will change. Management regularly evaluates the securities in the investment portfolio as circumstances evolve. Circumstances that could result in the sale of a security include: to better manage interest rate risk; to meet liquidity needs; or to improve the overall yield in the investment portfolio.

Park classifies most of its securities as AFS (see Note 4 of the Notes to Consolidated Financial Statements in “Item 8 - Financial Statements and Supplementary Data” of Part II of this 2010 Form 10-K/A - Amendment 2). These securities are carried on the books at their estimated fair value with the unrealized holding gain or loss, net of federal taxes, accounted for as accumulated other comprehensive income (loss) which is part of the Corporation’s equity. The securities that are classified as AFS are free to be sold in future periods in carrying out Park’s investment strategies.

Generally, Park classifies U.S. Government Agency collateralized mortgage obligations (“CMOs”) that it purchases as held-to-maturity. A classification of held-to-maturity means that Park has the positive intent and the ability to hold these securities until maturity. Park classifies CMOs as held-to-maturity because these securities are generally not as liquid as the U.S. Government Agency mortgage-backed securities and U.S. Government Agency notes that Park classifies as AFS. At year-end 2010, Park’s held-to-maturity securities portfolio was \$674 million, compared to \$507 million at year-end 2009 and \$428 million at year-end 2008. Park purchased \$314 million of CMOs in 2010, \$119 million of CMOs in 2009 and \$270 million of CMOs in 2008. All of the mortgage-backed securities and CMOs in Park’s investment portfolio were issued by a U.S. Government Agency.

Average taxable investment securities were \$1,730 million in 2010, compared to \$1,848 million in 2009 and \$1,756 million in 2008. The average yield on taxable securities was 4.44% in 2010, compared to 4.90% in 2009 and 5.00% in 2008. Average tax-exempt investment securities were \$17 million in 2010, compared to \$30 million in 2009 and \$45 million in 2008. The average tax-equivalent yield on tax-exempt investment securities was 7.24% in 2010, compared to 7.45% in 2009 and 6.90% in 2008.

Year-end total investment securities (at amortized cost) were \$2,017 million in 2010, \$1,817 million in 2009 and \$2,010 million in 2008. Management purchased investment securities totaling \$3,033 million in 2010, \$469 million in 2009 and \$693 million in 2008. The significant increase in purchases during 2010 was largely due to the purchase of \$1,319 million of 28-day U.S. Government Agency discount notes and \$823 million of U.S. Government Agency callable notes. Proceeds from repayments and maturities of investment securities were \$2,385 million in 2010, \$467 million in 2009 and \$310 million in 2008. The increase in proceeds from repayments and maturities in 2010 was primarily due to the 28-day U.S. Government Agency discount notes and U.S. Government Agency callable notes, which had repayments or maturities of \$1,319 million and \$710 million, respectively during the year. Proceeds from sales of AFS securities were \$460 million in 2010, \$204 million in 2009 and \$81 million in 2008. Park realized net security gains on a pre-tax basis of \$11.9 million in 2010, \$7.3 million in 2009 and \$1.1 million in 2008.

During 2010, Park sold investment securities during the first, second and fourth quarters. In total, these sales resulted in proceeds of \$460.2 million and a pre-tax gain of \$11.9 million.

During the first quarter of 2010, Park sold \$200.7 million of U.S. Government Agency mortgage-backed securities for a pre-tax gain of \$8.3 million. These mortgage-backed securities had a weighted average remaining life of approximately 3 years, a weighted average book yield of 4.75% and were sold at an average price of 103.7% of the principal balance with an estimated yield to the buyer of 2.99%. Additionally, Park sold \$75 million of U.S. Government Agency callable notes for no gain or loss in the first quarter to reduce the extension risk in the investment securities portfolio in the case of interest rate increases in the future. These securities had a book yield of 4.25% and a final maturity in approximately 9 years.

During the second quarter of 2010, Park sold \$57 million of U.S. Government Agency mortgage-backed securities for a pre-tax gain of \$3.5 million. These mortgage-backed securities had a weighted average remaining life of approximately 3 years, a weighted average book yield of 4.64% and were sold at an average price of 105.8% of the principal balance with an estimated yield to the buyer of 2.08%.

During the fourth quarter of 2010, Park sold \$115.8 million of U.S. Government Agency callable notes for a small gain of \$45,000. These securities had a book yield of 3.37% and a final maturity in approximately 10 years.

During the second quarter of 2009, Park sold U.S. Government Agency mortgage-backed securities with a book value of \$197 million, for proceeds of \$204.3 million and a pre-tax gain of \$7.3 million. These securities had a book yield of 4.70% and a weighted average remaining life of about 3 years. These mortgage-backed securities were sold at a price of approximately 103.2% of par with an estimated yield to the buyer of 3.33%.

During the first quarter of 2011, Park sold approximately \$105 million of U.S. Government Agency mortgage-backed securities for a pre-tax gain of \$6.6 million. These securities were sold at a price of approximately 106.2% of par with an estimated yield to the buyer of 2.10%. The book yield on these mortgage-backed securities is approximately 5.02%. Management expects to reinvest the proceeds from the sale of the mortgage-backed securities late in the first quarter of 2011.

At year-end 2010 and 2009, the average tax-equivalent yield on the total investment portfolio was 4.01% and 4.87%, respectively. The weighted average remaining maturity was 3.6 years at December 31, 2010 and 3.5 years at December 31, 2009. U.S. Government Agency asset-backed securities were approximately 82% of the total investment portfolio at year-end 2010 and were approximately 76% of the total investment portfolio at year-end 2009. This segment of the investment portfolio consists of 15-year mortgage-backed securities and CMOs.

The average maturity of the investment portfolio would lengthen if long-term interest rates would increase as the principal repayments from mortgage-backed securities and CMOs would be reduced and callable U.S. Government Agency notes would extend to their maturity dates. At year-end 2010, management estimated that the average maturity of the investment portfolio would lengthen to 6.0 years with a 100 basis point increase in long-term interest rates and to 6.6 years with a 200 basis point increase in long-term interest rates. Likewise, the average maturity of the investment portfolio would shorten if long-term interest rates would decrease as the principal repayments from mortgage-backed securities and CMOs would increase as borrowers would refinance their mortgage loans and the callable U.S. Government Agency notes would shorten to their call dates. At year-end 2010, management estimated that the average maturity of the investment portfolio would decrease to 2.2 years with a 100 basis point decrease in long-term interest rates and to 1.6 years with a 200 basis point decrease in long-term interest rates.

Table 8 sets forth the carrying value of investment securities, as well as the percentage held within each category at year-end 2010, 2009 and 2008:

Table 8 – Investment Securities

December 31, (In thousands)	2010	2009	2008
Obligations of U.S. Treasury and other U.S. Government sponsored entities	\$273,313	\$347,595	\$128,688
Obligations of states and political subdivisions	14,211	20,123	37,188
U.S. Government asset-backed securities	1,681,815	1,425,361	1,822,587
Federal Home Loan Bank stock	61,823	62,044	61,928

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Federal Reserve Bank stock	6,876		6,875		6,876	
Equities	1,753		1,562		1,784	
Total	\$2,039,791		\$1,863,560		\$2,059,051	
Investments by category as a percentage of total investment securities						
Obligations of U.S. Treasury and other U.S. Government sponsored entities	13.4	%	18.6	%	6.2	%
Obligations of states and political subdivisions	0.7	%	1.1	%	1.8	%
U.S. Government asset-backed securities	82.5	%	76.5	%	88.5	%
Federal Home Loan Bank stock	3.0	%	3.3	%	3.0	%
Federal Reserve Bank stock	0.3	%	0.4	%	0.4	%
Equities	0.1	%	0.1	%	0.1	%
Total	100.0	%	100.0	%	100.0	%

ANALYSIS OF EARNINGS

Park's principal source of earnings is net interest income, the difference between total interest income and total interest expense. Net interest income results from average balances outstanding for interest earning assets and interest bearing liabilities in conjunction with the average rates earned and paid on them. (See Table 9 for three years of history on the average balances of the balance sheet categories and the average rates earned on interest earning assets and the average rates paid on interest bearing liabilities.)

Table 9 – Distribution of Assets, Liabilities and Stockholders' Equity

December 31, (In thousands)	2010			2009			2008		
	Daily Average	Interest	AverageDaily Rate	Average	Interest	AverageDaily Rate	Average	Interest	Average Rate
ASSETS									
Interest earning assets:									
Loans (1) (2)	\$4,642,478	\$269,306	5.80 %	\$4,594,436	\$276,893	6.03 %	\$4,354,520	\$301,926	6.93 %
Taxable investment securities	1,729,511	76,838	4.44 %	1,847,706	90,558	4.90 %	1,755,879	87,711	5.00 %
Tax-exempt investment securities (3)	16,845	1,220	7.24 %	29,597	2,205	7.45 %	45,420	3,134	6.90 %
Money market instruments	93,009	200	0.22 %	52,658	116	0.22 %	15,502	295	1.90 %
Total interest earning assets	6,481,843	347,564	5.36 %	6,524,397	369,772	5.67 %	6,171,321	393,066	6.37 %
Noninterest earning assets:									
Allowance for loan losses	(119,639)			(103,683)			(86,485)		
Cash and due from banks	116,961			110,227			143,151		
Premises and equipment, net	69,839			67,944			69,278		
Other assets	493,746			436,646			410,821		
TOTAL	\$7,042,750			\$7,035,531			\$6,708,086		
LIABILITIES AND STOCKHOLDERS' EQUITY									
Interest bearing liabilities:									
Transaction accounts	\$1,354,392	\$4,450	0.33 %	\$1,229,553	\$7,889	0.64 %	\$1,364,635	\$19,509	1.43 %
Savings deposits	891,021	1,303	0.15 %	805,783	2,926	0.36 %	585,505	3,124	0.53 %
Time deposits	2,029,088	36,212	1.78 %	2,197,055	53,805	2.45 %	1,912,640	67,259	3.52 %
Total interest bearing deposits	4,274,501	41,965	0.98 %	4,232,391	64,620	1.53 %	3,862,780	89,892	2.33 %
Short-term borrowings	300,939	1,181	0.39 %	419,733	3,209	0.76 %	609,219	14,469	2.38 %
Long-term debt (4)	725,356	28,327	3.91 %	780,435	26,370	3.38 %	835,522	31,105	3.72 %
Total interest bearing liabilities	5,300,796	71,473	1.35 %	5,432,559	94,199	1.73 %	5,307,521	135,466	2.55 %
Noninterest bearing liabilities:									
Demand deposits	907,514			818,243			739,993		

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Other	87,885	109,415	92,607
Total noninterest bearing liabilities	995,399	927,658	832,600
Stockholders' equity	746,555	675,314	567,965
TOTAL	\$7,042,750	\$7,035,531	\$6,708,086
Net interest earnings	\$276,091	\$275,573	\$257,600
Net interest spread	4.01 %	3.94 %	3.82 %
Net yield on interest earning assets	4.26 %	4.22 %	4.16 %

Loan income includes loan related fee income of \$9 in 2010, \$1,372 in 2009 and \$4,650 in 2008. Loan income also (1) includes the effects of taxable equivalent adjustments using a 35% tax rate in 2010, 2009 and 2008. The taxable equivalent adjustment was \$1,614 in 2010, \$1,294 in 2009 and \$763 in 2008.

(2) For the purpose of the computation, nonaccrual loans are included in the daily average loans outstanding.

Interest income on tax-exempt investment securities includes the effects of taxable equivalent adjustments using a (3) 35% tax rate in 2010, 2009 and 2008. The taxable equivalent adjustments were \$434 in 2010, \$788 in 2009 and \$964 in 2008.

(4) Includes subordinated debenture and subordinated notes.

Net interest income increased slightly by \$553,000 or 0.2% to \$274.0 million for 2010 compared to an increase of \$17.6 million or 6.9% to \$273.5 million for 2009. The tax equivalent net yield on interest earning assets was 4.26% for 2010 compared to 4.22% for 2009 and 4.16% for 2008. The net interest rate spread (the difference between rates received for interest earning assets and the rates paid for interest bearing liabilities) was 4.01% for 2010, compared to 3.94% for 2009 and 3.82% for 2008. The small increase in net interest income in 2010 was due to the increase in the net interest spread to 4.01% from 3.94%. The average balance of interest earning assets decreased slightly by \$42 million or 0.7% to \$6,482 million in 2010. In 2009, the increase in net interest income was primarily due to the increase in average interest earning assets of \$353 million or 5.7% to \$6,524 million and to an increase in the net interest spread to 3.94% from 3.82% in 2008.

The average yield on interest earning assets was 5.36% in 2010 compared to 5.67% in 2009 and 6.37% in 2008. The average federal funds rate for 2010 was 0.18%, compared to an average rate of 0.16% in 2009 and 1.93% in 2008. On a quarterly basis for 2010, the average yield on interest earning assets was 5.23% for the fourth quarter, 5.34% for the third quarter, 5.44% for the second quarter and 5.45% for the first quarter. Management expects that the average yield on interest earning assets will also slightly decrease in 2011, similar to the decrease in 2010.

The average rate paid on interest bearing liabilities was 1.35% in 2010, compared to 1.73% in 2009 and 2.55% in 2008. On a quarterly basis for 2010, the average rate paid on interest bearing liabilities was 1.21% for the fourth quarter, 1.29% for the third quarter, 1.40% for the second quarter and 1.49% for the first quarter. Management expects that the average rate paid on interest bearing liabilities will modestly decrease in 2011, similar to the decrease in 2010.

The following table displays (for each quarter of 2010) the average balance of interest earning assets, net interest income and the tax equivalent net interest margin.

Table 10 – Quarterly Net Interest Margin

(In thousands)	Average Interest Earning Assets	Net Interest Income	Tax Equivalent Net Interest Margin	
First Quarter	\$ 6,528,149	\$ 67,380	4.22	%
Second Quarter	6,468,094	68,721	4.29	%
Third Quarter	6,484,941	69,445	4.28	%
Fourth Quarter	6,447,046	68,498	4.25	%
2010	\$ 6,481,843	\$ 274,044	4.26	%

Management expects that average interest earnings assets will be approximately \$6,550 million for 2011. Management expects that net interest income will be \$268 to \$278 million in 2011 and that the tax equivalent net interest margin will be approximately 4.10% to 4.20% in 2011. (Please see the “Summary Discussion of Operating Results for Park” section of this Financial Review for a comparison of 2010 results to management’s projections from a year ago.)

The change in interest due to both volume and rate has been allocated to volume and rate changes in proportion to the relationship of the absolute dollar amounts of the change in each.

Table 11 – Volume/Rate Variance Analysis

(In thousands)	Change from 2009 to 2010			Change from 2008 to 2009		
	Volume	Rate	Total	Volume	Rate	Total
Increase (decrease) in:						
Interest income:						
Total loans	\$2,915	\$(10,502)	\$(7,587)	\$15,891	\$(40,924)	\$(25,033)
Taxable investments	(5,560)	(8,160)	(13,720)	4,600	(1,753)	2,847
Tax-exempt investments	(925)	(60)	(985)	(1,163)	234	(929)
Money market instruments	84	—	84	250	(429)	(179)
Total interest income	(3,486)	(18,722)	(22,208)	19,578	(42,872)	(23,294)
Interest expense:						
Transaction accounts	\$725	\$(4,164)	\$(3,439)	\$(1,766)	\$(9,854)	\$(11,620)
Savings accounts	270	(1,893)	(1,623)	968	(1,166)	(198)
Time deposits	(3,844)	(13,749)	(17,593)	9,026	(22,480)	(13,454)
Short-term borrowings	(746)	(1,282)	(2,028)	(3,536)	(7,724)	(11,260)
Long-term debt	(1,960)	3,917	1,957	(1,985)	(2,750)	(4,735)
Total interest expense	(5,555)	(17,171)	(22,726)	2,707	(43,974)	(41,267)

Net variance \$2,069 \$(1,551) \$518 \$16,871 \$1,102 \$17,973

Other Income: Total other income decreased by \$6.3 million or 7.8% to \$74.9 million in 2010 compared to a decrease of \$3.6 million or 4.3% to \$81.2 million in 2009. Park's total other income in 2008 was positively impacted by two "one-time" items totaling \$14.9 million. The "one-time" positive items in 2008 were \$3.1 million of revenue recognized as a result of the initial public offering of Visa, Inc. and an aggregate of \$11.8 million of revenue which resulted from the sale of the unsecured credit card balances and the sale of the merchant processing business. In 2009, Park's total other income included a "one-time" positive item of \$3.0 million from the sale of all the Class B shares of stock that Park received from the initial public offering of Visa, Inc.

The following table displays total other income for Park in 2010, 2009 and 2008.

Table 12 – Other Income
Year Ended December 31

(In thousands)	2010 (Restated)	2009	2008
Income from fiduciary activities	\$ 13,874	\$ 12,468	\$ 13,937
Service charges on deposits	19,717	21,985	24,296
Net gains on sales of securities	11,864	7,340	1,115
Other service income	13,816	18,767	8,882
Checkcard fee income	11,177	9,339	8,695
Bank owned life insurance income	4,978	5,050	5,102
ATM fees	2,951	3,082	3,063
OREO devaluations	(13,206)	(6,818)	(2,948)
Other	9,709	9,977	22,692
Total other income	\$ 74,880	\$ 81,190	\$ 84,834

Income from fiduciary activities increased by \$1.4 million or 11.3% to \$13.9 million in 2010 and decreased by \$1.5 million or 10.5% to \$12.5 million in 2009. The increase in fiduciary fee income in 2010 was primarily due to the improvement in the equity markets during the year compared to 2009 and also due to an increase in the total accounts served by Park's Trust department. Park charges fiduciary fees based on the market value of the assets being managed. The Dow Jones Industrial Average stock index annual average was 11,244 for calendar 2008, 8,885 for calendar year 2009, and 10,669 for calendar year 2010. The market value of the assets that Park manages was \$3.3 billion at December 31, 2010 compared to \$3.1 billion at December 31, 2009 and \$2.7 billion at December 31, 2008. Management expects an increase of approximately 5% in fee income from fiduciary activities in 2011.

Service charges on deposit accounts decreased by \$2.3 million or 10.3% to \$19.7 million in 2010 and decreased by \$2.3 million or 9.5% to \$22.0 million in 2009. The decrease in service charge income in 2010 was primarily due to a decrease in fee income from overdraft charges and other non-sufficient funds (NSF) charges. Park's customers did not use our courtesy overdraft program as frequently in 2010 and, as a result, this fee income decreased by \$2.0 million or 11.6% in 2010 compared to 2009. Management expects that revenue from service charges on deposits in 2011 will be within a range of \$18 million to \$20 million.

Fee income earned from origination and sale into the secondary market of long-term fixed-rate mortgage loans is included within other non-yield related fees in the subcategory "Other service income". Other service income decreased by \$5.0 million, or 26.4%, to \$13.8 million in 2010. This large decrease was due to a decline in the volume of fixed-rate residential mortgage loans that Park originated and sold into the secondary market in 2010 compared to 2009. The amount of fixed-rate mortgage loans originated and sold in 2010 was \$358 million, compared to \$615 million in 2009 and \$161 million in 2008. Additionally, as previously discussed, Park originated and retained \$176 million of 15-year, fixed-rate residential mortgages in 2010. During 2009, Park originated and retained \$8 million of fixed-rate residential mortgage loans. In 2009, other service income increased by \$9.9 million or 111.3% to \$18.8 million, which was related to the aforementioned increase in fixed-rate mortgage loans originated and sold in 2009. Park's management expects that the volume of fixed-rate residential mortgage loans will continue to decline in 2011 and as a result expects that other service income will decrease by approximately \$2 million or 14% in 2011.

Checkcard fee income, which is generated from debit card transactions increased \$1.8 million or 19.7% to \$11.2 million in 2010. During 2009, checkcard fee income increased \$644,000 or 7.4% to \$9.3 million. The increases in both 2010 and 2009 were attributable to continued increases in the volume of debit card transactions. Park's management expects checkcard fee income will decline by approximately \$2 million or 18% in 2011, as all banks are likely to experience some impact related to the Durbin Amendment that became a part of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

OREO devaluations, which result from declines in the fair value (less anticipated selling costs) of property acquired through foreclosure, increased \$6.4 million or 93.7% to \$13.2 million in 2010. The increase in OREO devaluations was primarily due to devaluations of other real estate owned at Vision Bank. These devaluations were \$11.4 million in 2010 compared to \$6.1 million in 2009. Park's management expects that OREO devaluations will be less significant in 2011 as property values throughout Park's footprint are expected to stabilize throughout the 2011 year.

The subcategory of "Other" income includes fees earned from the sale of official checks and printed checks, rental fee income from safe deposit boxes and other miscellaneous income. Total other income decreased by \$268,000 or 2.7% to \$9.7 million in 2010 and decreased by \$12.7 million or 56.0% to \$10.0 million in 2009. The large decrease in 2009 was primarily due to the two "one-time" revenue items in 2008 which totaled \$14.9 million. Park also had a \$3.0 million positive "one-time" revenue item in 2009. Park's management expects 2011 revenue within the subcategory of other income will be consistent with the results experienced in 2010.

Park recognized net gains from the sale of investment securities of \$11.9 million in 2010, \$7.3 million in 2009 and \$1.1 million in 2008. As previously discussed, Park expects to recognize a gain of approximately \$6.6 million from the sale of securities in the first quarter of 2011.

A year ago, Park's management forecast that total other income, excluding gains from the sale of securities, would be approximately \$68 million for 2010. The actual performance was below our estimate by \$5.0 million or 7.4% at \$63.0 million. For 2011, Park's management expects that total other income, excluding gains from the sale of securities, will be approximately \$63 million to \$67 million.

Other Expense: Total other expense was \$187.1 million in 2010, compared to \$188.7 million in 2009 and \$234.5 million in 2008. Total other expense included a goodwill impairment charge of \$55.0 million in 2008. Total other expense decreased by \$1.6 million, or 0.9%, to \$187.1 million in 2010. Excluding the goodwill impairment charge in 2008, total other expense increased by \$9.2 million or 5.1% to \$188.7 million in 2009.

The following table displays total other expense for Park in 2010, 2009 and 2008.

Table 13 – Other Expense

Year Ended December 31,

(In thousands)

	2010	2009	2008
Salaries and employee benefits	\$98,315	\$101,225	\$99,018

Goodwill impairment charge	—	—	54,986
Data processing fees	5,728	5,674	7,121
Fees and service charges	19,972	15,935	12,801
Net occupancy expense of bank premises	11,510	11,552	11,534
Amortization of intangibles	3,422	3,746	4,025
Furniture and equipment expense	10,435	9,734	9,756
Insurance	8,983	12,072	2,322
Marketing	3,656	3,775	4,525
Postage and telephone	6,648	6,903	7,167
State taxes	3,171	3,206	2,989
Other	15,267	14,903	18,257
Total other expense	\$187,107	\$188,725	\$234,501

Salaries and employee benefits expense decreased by \$2.9 million or 2.9% to \$98.3 million in 2010 and increased by \$2.2 million or 2.2% to \$101.2 million in 2009. The decrease in 2010 was primarily related to lower employee benefit costs, as pension plan expense decreased approximately \$2.4 million. Full-time equivalent employees at year-end 2010 were 1,969, compared to 2,024 at year-end 2009 and 2,051 at year-end 2008. A year ago, Park's management projected that salaries and benefit expense would be \$102 million for 2010.

The actual performance for the year was \$3.7 million or 3.6% lower than the estimate. For 2011, management is projecting salaries and employee benefits expense to increase by \$3.7 million or 3.7% to \$102 million for the year.

Vision Bank recorded goodwill impairment charges of \$55.0 million in 2008. See Note 1 of the Notes to Consolidated Financial Statements in "Item 8 - Financial Statements and Supplementary Data" of Part II of this 2010 Form 10-K/A - Amendment 2 for a discussion of the goodwill impairment charges. Vision Bank did not have any remaining goodwill at year-end 2008.

Fees and service charges increased by \$4.0 million or 25.3% to \$20.0 million in 2010 and increased by \$3.1 million or 24.5% to \$15.9 million in 2009. This subcategory of total other expense includes legal fees, management consulting fees, director fees, audit fees, regulatory examination fees and memberships in industry associations. The large increase in fees and service charges expense in both 2009 and 2010 was primarily due to an increase in legal fees and consulting fees. This additional expense was primarily related to an increase in costs associated with the workout of problem loans at Park's Vision Bank subsidiary. Park's management expects that fees and service charges will be approximately \$17 million to \$19 million in 2011.

Insurance expense decreased by \$3.1 million or 25.6% to \$9.0 million in 2010 and increased by \$9.8 million or 419% to \$12.1 million in 2009. The decrease in 2010 and the increase in insurance expense in 2009 were primarily due to changes in FDIC insurance expense. In 2010, FDIC insurance expense decreased by \$3.0 million to \$8.0 million and in 2009, FDIC insurance expense increased by \$9.5 million to \$11.0 million. Park's management expects that insurance expense will be between \$6 million to \$8 million in 2011.

The subcategory “other” expense includes expenses for supplies, travel, charitable contributions, amortization of low income housing tax investments, expenses pertaining to other real estate owned and other miscellaneous expenses. The subcategory other expense increased by \$364,000 or 2.4% to \$15.3 million in 2010 and decreased by \$3.4 million or 18.4% to \$14.9 million in 2009. The decrease in the subcategory other expense in 2009 was primarily due to a \$1.9 million decrease to \$2.2 million in other real estate owned expense.

A year ago, Park’s management projected that total other expense would be approximately \$191 million in 2010. The actual expense for the year of \$187.1 million was \$3.9 million or 2.0% lower than the estimate. This variance was primarily due to lower than anticipated employee benefit costs. Management expects that total other expense for 2011 will be approximately \$183 million to \$187 million.

Income Taxes: Federal income tax expense was \$17.8 million in 2010, compared to \$25.4 million in 2009 and \$24.3 million in 2008. State income tax expense was a credit for each of the past three years of \$(1.2) million in 2010, \$(2.5) million in 2009 and \$(2.3) million in 2008. State income tax expense was a credit in 2010, 2009 and 2008, because Vision Bank had losses in all three years. Park performs an analysis to determine if a valuation allowance against deferred tax assets is required in accordance with GAAP. Vision Bank is subject to state income tax in Alabama and Florida. In 2010, a state tax benefit of \$1.16 million was recorded by Vision Bank, consisting of a gross benefit of \$2.26 million and a valuation allowance of \$1.10 million (\$712,000 net of the federal income tax benefit). Management has determined that the likelihood of realizing the full deferred tax asset on state net operating loss carryforwards fails to meet the “more likely than not” level. The net operating loss carryforward period for the states of Alabama and Florida are 8 years and 20 years, respectively. A merger of Vision Bank into Park National Bank would ensure the future utilization of the state net operating loss carry-forward at Vision Bank. However, management is not certain when a merger of Vision Bank into Park National Bank can take place and as a result has decided not to record the additional state tax benefit of losses at Vision Bank until management has a better understanding of the timing and likelihood of a merger of Vision Bank into Park National Bank. Park and its Ohio-based subsidiaries do not pay state income tax to the state of Ohio, but pay a franchise tax based on year-end equity. The franchise tax expense is included in “state taxes” as part of total other expense on Park’s Consolidated Statements of Income.

Federal income tax expense as a percentage of income before taxes was 23.4% in 2010, compared to 26.2% in 2009 and 68.1% in 2008. The goodwill impairment charge of \$55.0 million in 2008 reduced income tax expense by approximately \$1 million. For 2008, the percentage of federal income tax expense to income before taxes (adjusted for the goodwill impairment charges) was 26.8%.

A lower federal effective tax rate than the statutory rate of 35% is primarily due to tax-exempt interest income from state and municipal investments and loans, low income housing tax credits and income from bank owned life insurance. Park's management expects that the federal effective income tax rate for 2011 will be approximately 26% to 28%.

CREDIT EXPERIENCE

Provision for Loan Losses: The provision for loan losses is the amount added to the allowance for loan losses to absorb future loan charge-offs. The amount of the loan loss provision is determined by management after reviewing the risk characteristics of the loan portfolio, historic and current loan loss experience and current economic conditions.

The provision for loan losses was \$87.1 million in 2010, \$68.8 million in 2009 and \$70.5 million in 2008. Net loan charge-offs were \$60.2 million in 2010, \$52.2 million in 2009 and \$57.5 million in 2008. The ratio of net loan charge-offs to average loans was 1.30% in 2010, 1.14% in 2009 and 1.32% in 2008.

The loan loss provision for Vision Bank was \$61.4 million in 2010, \$44.4 million in 2009 and \$47.0 million in 2008. Net loan charge-offs for Vision Bank were \$36.6 million in 2010, \$28.9 million in 2009 and \$38.5 million in 2008. Vision Bank's ratio of net loan charge-offs to average loans was 5.48% in 2010, 4.18% in 2009 and 5.69% in 2008.

Park's Ohio-based subsidiaries had a combined loan loss provision of \$25.7 million in 2010, \$24.4 million in 2009 and \$23.5 million in 2008. Net loan charge-offs for Park's Ohio-based subsidiaries were \$23.6 million in 2010, \$23.3 million in 2009 and \$19.0 million in 2008. The net loan charge-off ratio for Park's Ohio-based subsidiaries was 0.60% for both 2010 and 2009 and 0.52% for 2008.

At year-end 2010, the allowance for loan losses was \$143.6 million or 3.03% of total loans outstanding, compared to \$116.7 million or 2.52% of total loans outstanding at year-end 2009 and \$100.1 million or 2.23% of total loans outstanding at year-end 2008. The increase in the allowance for loan losses as a percentage of total loans outstanding over the past three years is primarily due to an increase in specific reserves established for impaired commercial loans.

As these impaired loans are resolved, management expects the allowance for loan losses as a percentage of total loans will return to historic levels. The table below provides additional information related to specific reserves on impaired commercial loans and general reserves for all other loans in Park's portfolio at December 31, 2010, 2009 and 2008.

Table 14 – General Reserve Trends
Year Ended December 31,

(In thousands)	2010 (Restated)	2009	2008	
Allowance for loan losses, end of period	\$143,575	\$116,717	\$100,088	
Specific reserves	66,904	36,721	8,875	
General reserves	\$76,671	\$79,996	\$91,213	
Total loans	\$4,732,685	\$4,640,432	\$4,491,337	
Impaired commercial loans	250,933	201,143	141,343	
Non-impaired loans	\$4,481,752	\$4,439,289	\$4,349,994	
Allowance for loan losses as a percentage of period end loans	3.03	% 2.52	% 2.23	%
General reserves as a percentage of non-impaired loans	1.71	% 1.80	% 2.10	%

Management believes that the allowance for loan losses at year-end 2010 is adequate to absorb probable incurred credit losses in the loan portfolio. See Note 1 of the Notes to Consolidated Financial Statements in "Item 8 - Financial Statements and Supplementary Data" of Part II of this 2010 Form 10-K/A - Amendment 2 and the discussion under the heading "Critical Accounting Policies" earlier in this discussion for additional information on management's evaluation of the adequacy of the allowance for loan losses.

A year ago, management projected the provision for loan losses would be \$45 million to \$55 million in 2010. As discussed throughout the remainder of this "Credit Experience" section, the primary reasons that the provision for loan losses was greater than management's projection were declines in collateral values for those loans that are collateral dependent and higher than anticipated new nonperforming loans. The table below provides a summary of the loan loss experience over the past five years:

Table 15 – Summary of Loan Loss Experience

(In thousands)	2010 (Restated)	2009	2008	2007	2006
Average loans (net of unearned interest)	\$4,642,478	\$4,594,436	\$4,354,520	\$4,011,307	\$3,357,278
Allowance for loan losses:					
Beginning balance	116,717	100,088	87,102	70,500	69,694
Charge-offs:					
Commercial, financial and agricultural	8,484	10,047	2,953	4,170	853
Real estate – construction	23,308	21,956	34,052	7,899	718
Real estate – residential	18,401	11,765	12,600	5,785	1,915
Real estate – commercial	7,748	5,662	4,126	1,899	556
Consumer	8,373	9,583	9,181	8,020	6,673
Leases	—	9	4	3	57
Total charge-offs	66,314	59,022	62,916	27,776	10,772

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Recoveries:

Commercial, financial and agricultural	\$ 1,237	\$ 1,010	\$ 861	\$ 1,011	\$ 842	
Real estate – construction	813	1,322	137	180	—	
Real estate – residential	1,429	1,723	1,128	718	1,017	
Real estate – commercial	850	771	451	560	1,646	
Consumer	1,763	2,001	2,807	3,035	3,198	
Leases	—	3	31	64	150	
Total recoveries	6,092	6,830	5,415	5,568	6,853	
Net charge-offs	60,222	52,192	57,501	22,208	3,919	
Provision charged to earnings	87,080	68,821	70,487	29,476	3,927	
Allowance for loan losses of acquired bank	—	—	—	9,334	798	
Ending balance	\$ 143,575	\$ 116,717	\$ 100,088	\$ 87,102	\$ 70,500	
Ratio of net charge-offs to average loans	1.30	% 1.14	% 1.32	% 0.55	% 0.12	%
Ratio of allowance for loan losses to end of year loans, net of unearned interest	3.03	% 2.52	% 2.23	% 2.06	% 2.03	%

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The following table summarizes the allocation of the allowance for loan losses for the past five years:

Table 16 – Allocation of Allowance for Loan Losses

December 31, 2010	2009		2008		2007		2006			
(In thousands)	Allowance	Percent of Loans Per Category	Allowance	Percent of Loans Per Category	Allowance	Percent of Loans Per Category	Allowance	Percent of Loans Per Category	Allowance	Percent of Loans Per Category
Commercial, financial and agricultural	\$11,555	15.59 %	\$14,725	16.19 %	\$14,286	15.90 %	\$14,557	14.52 %	\$16,985	15.75 %
Real estate – construction	70,462	8.59 %	47,521	10.68 %	24,794	11.88 %	20,007	12.70 %	4,425	6.75 %
Real estate – residential	30,259	35.75 %	19,753	33.51 %	22,077	34.74 %	15,997	35.06 %	10,402	37.36 %
Real estate – commercial	24,369	25.92 %	23,970	24.37 %	15,498	23.06 %	15,989	23.51 %	17,097	24.56 %
Consumer	6,925	14.09 %	10,713	15.18 %	23,391	14.33 %	20,477	14.05 %	21,285	15.29 %
Leases	5	0.06 %	35	0.07 %	42	0.09 %	75	0.16 %	306	0.29 %
Total	\$143,575	100.00 %	\$116,717	100.00 %	\$100,088	100.00 %	\$87,102	100.00 %	\$70,500	100.00 %

As of December 31, 2010, Park had no significant concentrations of loans to borrowers engaged in the same or similar industries nor did Park have any loans to foreign governments.

Nonperforming Assets: Nonperforming loans include: 1) loans whose interest is accounted for on a nonaccrual basis; 2) renegotiated loans not currently on nonaccrual; and 3) loans which are contractually past due 90 days or more as to principal or interest payments but whose interest continues to accrue. Management's policy is to place all renegotiated loans (troubled debt restructurings) on nonaccrual status. At December 31, 2010, there were \$80.7 million of troubled debt restructurings included in nonaccrual loan totals. Many of these troubled debt restructurings are performing under the renegotiated terms. Management will continue to review the renegotiated loans and may determine it appropriate to move certain of these loans back to accrual status in the second half of 2011 if the loans perform in accordance with their restructured terms. Other real estate owned results from taking possession of property used as collateral for a defaulted loan.

The following is a summary of Park National Corporation's nonaccrual loans, renegotiated loans not currently on nonaccrual, loans past due 90 days or more and still accruing and other real estate owned for the last five years:

Table 17 – Nonperforming Assets

December 31, (In thousands)	2010 (Restated)	2009	2008	2007	2006
Nonaccrual loans	\$ 289,268	\$ 233,544	\$ 159,512	\$ 101,128	\$ 16,004
Renegotiated loans	—	142	2,845	2,804	9,113
Loans past due 90 days or more	3,590	14,773	5,421	4,545	7,832
Total nonperforming loans	292,858	248,459	167,778	108,477	32,949
Other real estate owned	41,709	41,240	25,848	13,443	3,351
Total nonperforming assets	\$ 334,567	\$ 289,699	\$ 193,626	\$ 121,920	\$ 36,300
Percentage of nonperforming loans to loans	6.19	% 5.35	% 3.74	% 2.57	% 0.95
Percentage of nonperforming assets to loans	7.07	% 6.24	% 4.31	% 2.89	% 1.04
Percentage of nonperforming assets to total assets	4.59	% 4.11	% 2.74	% 1.88	% 0.66

Tax equivalent interest income from loans for 2010 was \$269.3 million. Park has forgone interest income of approximately \$19.5 million from nonaccrual loans as of December 31, 2010 that would have been earned during the year if all loans had performed in accordance with their original terms.

Vision Bank nonperforming assets for the last four years were as follows:

Table 18 – Vision Bank – Nonperforming Assets

December 31, (In thousands)	2010 (Restated)	2009	2008	2007
Nonaccrual loans	\$ 171,453	\$ 148,347	\$ 91,206	\$ 63,015
Renegotiated loans	—	—	2,845	—
Loans past due 90 days or more	364	11,277	644	457
Total nonperforming loans	171,817	159,624	94,695	63,472
Other real estate owned	33,324	35,203	19,699	7,074
Total nonperforming assets	\$ 205,141	\$ 194,827	\$ 114,394	\$ 70,546
Percentage of nonperforming loans to loans	26.82	% 23.58	% 13.71	% 9.93
Percentage of nonperforming assets to loans	32.02	% 28.78	% 16.57	% 11.04
Percentage of nonperforming assets to total assets	25.90	% 21.70	% 12.47	% 8.24

Nonperforming assets for Park, excluding Vision Bank for the last five years were as follows:

Table 19 – Park Excluding Vision Bank – Nonperforming Assets

December 31, (In thousands)	2010	2009	2008	2007	2006
Nonaccrual loans	\$ 117,815	\$ 85,197	\$ 68,306	\$ 38,113	\$ 16,004
Renegotiated loans	—	142	—	2,804	9,113
Loans past due 90 days or more	3,226	3,496	4,777	4,088	7,832
Total nonperforming loans	121,041	88,835	73,083	45,005	32,949
Other real estate owned	8,385	6,037	6,149	6,369	3,351
Total nonperforming assets	\$ 129,426	\$ 94,872	\$ 79,232	\$ 51,374	\$ 36,300

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Percentage of nonperforming loans to loans	2.96	%	2.24	%	1.92	%	1.26	%	0.95	%
Percentage of nonperforming assets to loans	3.16	%	2.39	%	2.08	%	1.43	%	1.04	%
Percentage of nonperforming assets to total assets	1.99	%	1.54	%	1.29	%	0.91	%	0.66	%

Economic conditions began deteriorating during the second half of 2007 and continued throughout 2008 and 2009. While conditions across the U.S. improved slightly in 2010, the economic recovery continues to be a slow process. Park and many other financial institutions throughout the country experienced a sharp increase in net loan charge-offs and nonperforming loans over the past three years. Financial institutions operating in Florida and Alabama (including Vision Bank) have been particularly hard hit by the severe recession as the demand for real estate and the price of real estate have sharply decreased.

Park had \$238.7 million of commercial loans included on the watch list of potential problem commercial loans at December 31, 2010 compared to \$277.7 million at year-end 2009 and \$243.2 million at year-end 2008. Commercial loans include: (1) commercial, financial and agricultural loans; (2) commercial real estate loans; (3) certain real estate construction loans; and (4) certain residential real estate loans. Park's watch list includes all criticized and classified commercial loans, defined by Park as loans rated special mention or worse, less those commercial loans currently considered to be impaired. As a percentage of year-end total loans, Park's watch list of potential problem loans was 5.0% in 2010, 6.0% in 2009 and 5.4% in 2008. The existing conditions of these loans do not warrant classification as nonaccrual. However, these loans have shown some weakness and management performs additional analyses regarding a borrower's ability to comply with payment terms for watch list loans.

Park's allowance for loan losses includes an allocation for loans specifically identified as impaired under GAAP. At December 31, 2010, loans considered to be impaired consisted substantially of commercial loans graded as "doubtful" and placed on non-accrual status. During 2009, management made a change in accounting estimate (as defined under GAAP) for the estimation of allowance for loan losses. Based on escalating losses within the Vision Bank CL&D loan portfolio, management determined that it was necessary to segregate this portion of the portfolio for both impaired CL&D credits, as well as performing CL&D loans. Management continued to utilize this methodology throughout 2010. From the date Park acquired Vision (March 9, 2007) through December 31, 2010, Vision had cumulative charge-offs within the CL&D loan portfolio of \$71.0 million. Additionally, at December 31, 2010, management had established a specific reserve of \$39.9 million related to those CL&D loans at Vision Bank that are deemed to be impaired. The aggregate of charge-offs in the CL&D loan portfolio since acquisition, along with the specific reserves on impaired CL&D loans at December 31, 2010, totaled \$110.9 million, compared to \$73.0 million at December 31, 2009. Total provision expense for Vision Bank since the date of acquisition through December 31, 2010 has been \$172.2 million, compared to \$110.8 million through December 31, 2009. The magnitude of the losses coming from the CL&D loan portfolio at Vision, along with the continued run-off of performing CL&D loans, led to the change in accounting estimate made by management during 2009. The following table summarizes the CL&D loan portfolio at Vision Bank:

Table 20 – Vision Bank CL&D Loan Portfolio
Year Ended December 31

(In thousands)	2010 (Restated)	2009	2008		
CL&D loans, period end	\$ 170,989	\$ 218,263	\$ 251,443		
Performing CL&D loans, period end	84,498	132,380	191,712		
Impaired CL&D loans	86,491	85,883	59,731		
Specific reserve on impaired CL&D loans	39,887	21,802	3,134		
Cumulative charge-offs on impaired CL&D loans	28,652	24,931	18,839		
Specific reserve plus cumulative charge-offs	\$ 68,539	\$ 46,733	\$ 21,973		
Specific reserves plus net charge-offs as a percentage of impaired CL&D loans plus cumulative charge-offs	59.5	%	42.2	%	28.0 %

At December 31, 2010, loans considered to be impaired under GAAP totaled \$250.9 million, after charge-offs of \$53.6 million. At December 31, 2009, impaired loans totaled \$201.1 million, after charge-offs of \$43.9 million. The specific allowance for loan losses related to these impaired loans was \$66.9 million at December 31, 2010 and \$36.7 million at December 31, 2009. At December 31, 2010, the impaired loans and related specific reserves are summarized as follows:

Table 21 – Summary of Impaired Commercial Loans and Specific Reserves
December 31, 2010

(In thousands)	Principal Balance	Specific Reserve (Restated)
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Impaired loan type:

Vision Bank impaired CL&D loans	\$ 86,491	\$ 39,887
Other impaired commercial loans	159,599	26,193
Vision other impaired commercial less than \$250,000	4,843	824
Total	\$ 250,933	\$ 66,904

The specific reserves discussed above are typically based on management's best estimate of the fair value of collateral securing these loans. The amount ultimately charged-off for these loans may be different from the specific reserve as the ultimate liquidation of the collateral and/or projected cash flows may be for amounts different from management's estimates.

We have listed in the table below the year-end 2009 and the quarterly and year-end 2010 information pertaining to the provision for loan losses, net loan charge-offs, nonperforming loans and the allowance for loan losses:

Table 22 – Additional Allowance for Loan Losses Data

(In thousands)	Provision for Loan Losses	Net Loan Charge-Offs	Nonperforming Loans	Allowance for Loan Losses
Year-end 2009	\$ 68,821	\$ 52,192	\$ 248,459	\$ 116,717
March 2010	\$ 16,550	\$ 13,593	\$ 242,411	\$ 119,674
June 2010	13,250	12,248	255,137	120,676
September 2010	14,654	17,925	247,894	117,405
December 2010 (Restated)	42,626	16,456	292,858	143,575
Year-end 2010 (Restated)	\$ 87,080	\$ 60,222	\$ 292,858	\$ 143,575

When determining the quarterly loan loss provision, Park reviews the grades of commercial loans. These loans are graded from 1 to 8. A grade of 1 indicates little or no credit risk and a grade of 8 is considered a loss. Commercial loans with grades of 1 to 4 (pass-rated) are considered to be of acceptable credit risk. Commercial loans graded a 5 (special mention) are considered to be watch list credits and a higher loan loss reserve percentage is allocated to these loans. Commercial loans graded 6 (substandard), also considered watch list credits, are considered to represent higher credit risk and, as a result, a higher loan loss reserve percentage is allocated to these loans. Generally, commercial loans that are graded a 6 are considered for partial charge-off. Commercial loans that are graded a 7 (doubtful) are shown as nonperforming and Park generally charges these loans down to their fair value by taking a partial charge-off or recording a specific reserve. Any commercial loan graded an 8 (loss) is completely charged-off.

As of December 31, 2010, management had taken partial charge-offs of approximately \$53.6 million (\$37.3 million for Vision Bank) related to the \$250.9 million of commercial loans considered to be impaired, compared to charge-offs of approximately \$43.9 million (\$30.2 million for Vision Bank) related to the \$201.1 million of impaired commercial loans at December 31, 2009. Historically, Park's management has been quick to recognize charge-offs on problem loans. However, there is a higher level of uncertainty when valuing collateral or projecting cash flows in Vision Bank's Florida and Alabama markets due to the illiquid nature of the collateral. In April 2009, Park engaged a third-party specialist to assist in the resolution of impaired loans at Vision Bank. Management is pleased with the success this third-party specialist experienced in the second half of 2009 and throughout 2010, as they have helped

maximize the value of the impaired loans at Vision Bank. We expect to continue utilizing this third-party specialist through 2011 and thereafter, until such point in time that Vision Bank's impaired loan portfolio shows sustained improvement.

A significant portion of Park's allowance for loan losses is allocated to commercial loans classified as "special mention" or "substandard." "Special mention" loans are loans that have potential weaknesses that may result in loss exposure to Park. "Substandard" loans are those that exhibit a well defined weakness, jeopardizing repayment of the loan, resulting in a higher probability that Park will suffer a loss on the loan unless the weakness is corrected. As previously discussed, during 2009, management segregated the Vision Bank CL&D loans from other commercial loans that are still accruing. The Vision CL&D loans that are still accruing at December 31, 2010 totaled \$84.5 million compared to \$132.4 million at December 31, 2009. Park's loss experience, defined as charge-offs plus changes in specific reserves, on CL&D loans for the last 36 months was an annual rate of 12.92%. Management has allocated an allowance for loan losses to the \$84.5 million of accruing CL&D loans based on this historical loss experience, judgmentally increased to cover approximately 1.25 years of probable incurred losses, for a total reserve of \$13.5 million or 15.86%.

Further, we have allocated 15.86% to the \$84.5 million of CL&D loans, regardless of the current loan grade, as this portion of the loan portfolio has experienced significant declines in collateral values, and thus if management determines that borrowers are unable to pay in accordance with the contractual terms of the loan agreement, significant specific reserves have typically been necessary. Park's 36-month loss experience, defined as charge-offs plus changes in specific reserves, within the remaining commercial loan portfolio (excluding Vision Bank's CL&D loans) has been 1.09% of the principal balance of these loans. Park's management believes it is appropriate to cover approximately 1.5 years worth of probable incurred losses within the other commercial loan portfolio, thus the total reserve for loan losses is \$42.0 million or 1.71% of the outstanding principal balance of other accruing commercial loans at December 31, 2010. The overall reserve of 1.71% for other accruing commercial loans breaks down as follows: pass-rated commercial loans are reserved at 1.05%; special mention commercial loans are reserved at 4.15%; and substandard commercial loans are reserved at 15.35%.

Generally, consumer loans are not individually graded. Consumer loans include: (1) mortgage and installment loans included in the construction real estate segment of the loan portfolio; (2) mortgage, home equity lines of credit (HELOC), and installment loans included in the residential real estate segment of the loan portfolio; and (3) all loans included in the consumer segment of the loan portfolio. The amount of loan loss reserve assigned to these loans is based on historical loss experience over the past 36 months, judgmentally increased to cover approximately 1.5 years of probable incurred losses.

The judgmental increases discussed above incorporates management's evaluation of the impact of environmental qualitative factors which pose additional risks and assigns a component of the allowance for loan losses in consideration of these factors. Such environmental factors include: national and local economic trends and conditions; experience, ability and depth of lending management and staff; effects of any changes in lending policies and procedures; levels of, and trends in, consumer bankruptcies, delinquencies, impaired loans and charge-offs and recoveries. The determination of this component of the allowance for loan losses requires considerable management judgment. As always, management is working to address weaknesses in those loans that may result in future loss. Actual loss experience may be more or less than the amount allocated.

CAPITAL RESOURCES

Liquidity and Interest Rate Sensitivity Management: Park's objective in managing its liquidity is to maintain the ability to continuously meet the cash flow needs of customers, such as borrowings or deposit withdrawals, while at the same time seeking higher yields from longer-term lending and investing activities.

Cash and cash equivalents decreased by \$25.3 million during 2010 to \$133.8 million at year-end. Cash provided by operating activities was \$126.1 million in 2010, \$72.3 million in 2009 and \$91.1 million in 2008. Net income (adjusted for the goodwill impairment charge in 2008) was the primary source of cash for operating activities during

each year. The goodwill impairment charge of \$55 million in 2008 did not impact cash or cash provided by operating activities.

Cash used in investing activities was \$352.1 million in 2010, \$5.3 million in 2009 and \$635.0 million in 2008. Investment security transactions are the major use or source of cash in investing activities. Proceeds from the sale, repayment or maturity of securities provide cash and purchases of securities use cash. Net security transactions used cash of \$187.7 million in 2010, provided cash of \$202.6 million in 2009 and used cash of \$304.8 million in 2008. Another major use or source of cash in investing activities is the net increase or decrease in the loan portfolio. Cash used by the net increase in the loan portfolio, including proceeds from the sale of loans, was \$152.5 million in 2010, \$199.9 million in 2009 and \$351.3 million in 2008.

Cash provided by financing activities was \$200.6 million in 2010 and \$521.8 million in 2008. For 2009, financing activities used cash of \$79.2 million. A major source of cash for financing activities is the net change in deposits. In 2010, deposits decreased and used \$92.6 million of cash. In 2009 and 2008, deposits increased and provided cash of \$426.3 million and \$322.5 million, respectively. Another major source of cash for financing activities is short-term borrowings and long-term debt. In 2010, net short-term borrowings provided \$339.5 million in cash and net long-term borrowings used \$17.6 million in cash. In 2009, net short-term borrowings used \$335.0 million in cash and net long-term borrowings used \$201.2 million in cash. In 2008, net short-term borrowings used \$100.1 million in cash and net long-term borrowings provided \$265.1 million in cash. Park's management generated cash in both 2010 and 2009 from the sale of common stock previously held as treasury shares. The sale of common stock in 2010 provided cash of \$33.5 million in 2010 and \$53.5 million in 2009. Additionally, \$35.3 million of cash was provided in 2009 from the issuance of subordinated notes and in 2008, cash of \$100 million was provided from the issuance of Series A Preferred Shares.

Funds are available from a number of sources, including the securities portfolio, the core deposit base, Federal Home Loan Bank borrowings and the capability to securitize or package loans for sale. The present funding sources provide more than adequate liquidity for Park to meet its cash flow needs.

The following table shows interest rate sensitivity data for five different time intervals as of December 31, 2010:

Table 23 – Interest Rate Sensitivity

(In thousands)	0-3 Months	3-12 Months	1-3 Years	3-5 Years	Over 5 Years	Total
Interest earning assets:						
Investment securities (1)	\$208,588	\$476,738	\$510,001	\$259,940	\$584,524	\$2,039,791
Money market instruments	24,722	—	—	—	—	24,722
Loans (1)	1,387,774	1,550,775	1,420,010	235,936	138,190	4,732,685
Total interest earning assets	1,621,084	2,027,513	1,930,011	495,876	722,714	6,797,198
Interest bearing liabilities:						
Interest bearing transaction accounts	665,726	—	617,432	—	—	1,283,158

(2)									
Savings accounts (2)	214,298	—	684,990	—	—	899,288			
Time deposits	566,761	857,573	404,053	143,147	2,370	1,973,904			
Other	1,351	—	—	—	—	1,351			
Total deposits	1,448,136	857,573	1,706,475	143,147	2,370	4,157,701			
Short-term borrowings	\$663,669	\$—	\$—	\$—	\$—	\$663,669			
Long-term debt	—	16,460	16,000	500	603,773	636,733			
Subordinated debentures/notes	15,000	—	25,000	35,250	—	75,250			
Total	2,126,805	874,033	1,747,475	178,897	606,143	5,533,353			
interest bearing liabilities									
Interest rate sensitivity gap	(505,721)	1,153,480	182,536	316,979	116,571	1,263,845			
Cumulative rate sensitivity gap	(505,721)	647,759	830,295	1,147,274	1,263,845				
Cumulative gap as a percentage of total interest earning assets	-7.44	%	9.53	%	12.22	%	16.88	%	18.59

Investment securities and loans that are subject to prepayment are shown in the table by the earlier of their (1) repricing date or their expected repayment dates and not by their contractual maturity. Nonaccrual loans of \$289.3 million are included within the three to twelve month maturity.

Management considers interest bearing transaction accounts and savings accounts to be core deposits and, therefore, not as rate sensitive as other deposit accounts and borrowed money. Accordingly, only 52% of interest (2) bearing transaction accounts and 24% of savings accounts are considered to reprice within one year. If all of the interest bearing checking accounts and savings accounts were considered to reprice within one year, the one year cumulative gap would change from a positive 9.53% to a negative 9.63%.

The interest rate sensitivity gap analysis provides a good overall picture of Park's static interest rate risk position. Park's policy is that the twelve month cumulative gap position should not exceed fifteen percent of interest earning assets for three consecutive quarters. At December 31, 2010, the cumulative interest earning assets maturing or repricing within twelve months were \$3,649 million compared to the cumulative interest bearing liabilities maturing or repricing within twelve months of \$3,001 million. For the twelve-month cumulative gap position, rate sensitive assets exceed rate sensitive liabilities by \$648 million or 9.5% of interest earning assets.

A positive twelve month cumulative rate sensitivity gap (assets exceed liabilities) would suggest that Park's net interest margin would increase if interest rates were to increase. Conversely, a negative twelve month cumulative rate sensitivity gap would suggest that Park's net interest margin would decrease if interest rates were to decrease. However, the usefulness of the interest sensitivity gap analysis as a forecasting tool in projecting net interest income is limited. The gap analysis does not consider the magnitude, timing or frequency by which assets or liabilities will reprice during a period and also contains assumptions as to the repricing of transaction and savings accounts that may not prove to be correct.

A year ago, the cumulative twelve month interest rate sensitivity gap position at year-end 2009 was a positive \$525 million or 8.0% of interest earning assets. The percentage of interest earning assets maturing or repricing within one year was 53.7% at year-end 2010 compared to 51.7% at year-end 2009. The percentage of interest bearing liabilities maturing or repricing within one year was 54.2% at year-end 2010 compared to 53.4% at year-end 2009.

Management supplements the interest rate sensitivity gap analysis with periodic simulations of balance sheet sensitivity under various interest rate and what-if scenarios to better forecast and manage the net interest margin. Park's management uses an earnings simulation model to analyze net interest income sensitivity to movements in interest rates. This model is based on actual cash flows and repricing characteristics for balance sheet instruments and incorporates market-based assumptions regarding the impact of changing interest rates on the prepayment rate of certain assets and liabilities. This model also includes management's projections for activity levels of various balance sheet instruments and noninterest fee income and operating expense. Assumptions based on the historical behavior of deposit rates and balances in relation to changes in interest rates are also incorporated into this earnings simulation model. These assumptions are inherently uncertain and, as a result, the model cannot precisely measure net interest income and net income. Actual results will differ from simulated results due to timing, magnitude, and frequency of interest rate changes as well as changes in market conditions and management strategies.

Management uses a 50 basis point change in market interest rates per quarter for a total of 200 basis points per year in evaluating the impact of changing interest rates on net interest income and net income over a twelve month horizon. At December 31, 2010, the earnings simulation model projected that net income would increase by 2.4% using a rising interest rate scenario and decrease by 1.4% using a declining interest rate scenario over the next year. At December 31, 2009, the earnings simulation model projected that net income would increase by 2.2% using a rising

interest rate scenario and decrease by 0.1% using a declining interest rate scenario over the next year and at December 31, 2008, the earnings simulation model projected that net income would increase by 0.6% using a rising interest rate scenario and decrease by 3.3% using a declining interest rate scenario over the next year. Consistently, over the past several years, Park's earnings simulation model has projected that changes in interest rates would have only a small impact on net income and the net interest margin. Park's net interest margin has been relatively stable over the past three years at 4.26% in 2010, 4.22% in 2009, and 4.16% in 2008. A major goal of Park's asset/liability committee is to maintain a relatively stable net interest margin regardless of the level of interest rates. Management expects that the net interest margin will be approximately 4.10% to 4.20% in 2011.

CONTRACTUAL OBLIGATIONS

In the ordinary course of operations, Park enters into certain contractual obligations. Such obligations include the funding of operations through debt issuances as well as leases for premises. The following table summarizes Park's significant and determinable obligations by payment date at December 31, 2010.

Further discussion of the nature of each specified obligation is included in the referenced Note to the Consolidated Financial Statements.

Table 24 – Contractual Obligations

December 31, 2010	Payments Due In					Total
	Note	0 – 1 Years	1 – 3 Years	3 – 5 Years	Over 5 Years	
(In thousands)						
Deposits without stated maturity	8	\$3,121,517	\$—	\$—	\$—	\$3,121,517
Certificates of deposit	8	1,421,463	406,924	143,147	2,369	1,973,903
Short-term borrowings	9	663,669	—	—	—	663,669
Long-term debt	10	16,523	16,143	668	603,399	636,733
Subordinated debentures/notes	11	—	—	—	75,250	75,250
Operating leases	7	1,987	3,415	2,577	4,103	12,082
Purchase obligations		2,310	—	—	—	2,310
Total contractual obligations		\$5,227,469	\$426,482	\$146,392	\$685,121	\$6,485,464

The Corporation's operating lease obligations represent short-term and long-term lease and rental payments for facilities and equipment. Purchase obligations represent obligations under agreements to purchase goods or services that are enforceable and legally binding on the Corporation.

Commitments, Contingent Liabilities, and Off-Balance Sheet Arrangements: In order to meet the financing needs of its customers, the Corporation issues loan commitments and standby letters of credit. At December 31, 2010, the Corporation had \$716.6 million of loan commitments for commercial, commercial real estate, and residential real estate loans and had \$24.5 million of standby letters of credit. At December 31, 2009, the Corporation had \$955.3 million of loan commitments for commercial, commercial real estate and residential real estate loans and had \$36.3 million of standby letters of credit.

Commitments to extend credit under loan commitments and standby letters of credit do not necessarily represent future cash requirements. These commitments often expire without being drawn upon. However, all of the loan commitments and standby letters of credit are permitted to be drawn upon in 2011. See Note 18 of the Notes to Consolidated Financial Statements included in "Item 8 - Financial Statements and Supplementary Data" of Part II of this 2010 Form 10-K/A - Amendment 2 for additional information on loan commitments and standby letters of credit.

The Corporation did not have any unrecorded significant contingent liabilities at December 31, 2010.

Capital: Park's primary means of maintaining capital adequacy is throughnet retained earnings. At December 31, 2010, the Corporation's stockholders' equity was \$729.7 million, compared to \$717.3 million at December 31, 2009. Stockholders' equity at December 31, 2010 was 10.02% of total assets compared to 10.19% of total assets at December 31, 2009. During 2010, Park issued an aggregate of 509,184 common shares previously held as treasury shares, at a weighted average purchase price per share of \$67.99, for net proceeds of \$33.5 million.

Tangible stockholders' equity (stockholders' equity less goodwill and other intangible assets) was \$651.3 million at December 31, 2010 and was \$635.5 million at December 31, 2009. At December 31, 2010, tangible stockholders' equity was 9.04% of total tangible assets (total assets less goodwill and other intangible assets), compared to 9.13% at December 31, 2009.

Tangible common equity (tangible stockholders' equity less \$100 million related to the Series A Preferred Shares and warrant issued to the U.S. Treasury) was \$551.3 million at December 31, 2010 compared to \$535.5 million at December 31, 2009. At December 31, 2010, tangible common equity was 7.65% of tangible assets, compared to 7.69% at December 31, 2009.

Net income was \$58.1 million in 2010, \$74.2 million in 2009 and \$13.7 million in 2008. The net income for 2008 includes a goodwill impairment charge at Vision Bank of \$55.0 million. Excluding the goodwill impairment charge at Vision Bank, net income for 2008 would have been \$68.7 million.

Preferred stock dividends paid as a result of Park's participation in the CPP were \$5.0 million in both 2010 and 2009, and \$124,000 in 2008. Accretion of the discount on the Series A Preferred Shares was \$807,000 in 2010, \$762,000 in 2009 and \$18,000 in 2008. Income available to common shareholders is net income less the preferred stock dividends and accretion. Income available to common shareholders was \$52.3 million in 2010, \$68.4 million in 2009 and \$13.6 million in 2008 (\$68.6 million excluding the goodwill impairment charge).

Cash dividends declared for common shares were \$57.1 million in 2010, \$53.6 million in 2009, and \$52.6 million in 2008. On a per share basis, the cash dividends declared were \$3.76 per share in both 2010 and 2009, and \$3.77 per share in 2008.

Park did not purchase any treasury stock during 2010, 2009 or 2008. Treasury stock had a balance in stockholders' equity of \$77.7 million at December 31, 2010, \$125.3 million at December 31, 2009, and \$207.7 million at December 31, 2008. During 2010, Park issued 437,200 shares of common stock as a result of the exercise of warrants that were originally issued in 2009. Also during 2010, Park issued 71,984 shares of common stock resulting in a total of 509,184 shares of common stock issued in 2010, which reduced the amount of treasury stock available. The issuance of these shares out of treasury stock reduced the value of treasury stock by the weighted average cost of \$47.0 million. Additionally, the value of treasury stock was reduced by \$634,000 as a result of the issuance of an aggregate of 7,020 common shares to the Board of Directors of Park and Park's bank subsidiaries (and their divisions). During 2009, Park issued 904,072 shares of common stock out of treasury stock. The issuance of these shares out of treasury stock during 2009 resulted in a reduction in treasury stock by the weighted average cost of \$81.7 million. Additionally, the value of treasury stock was reduced by \$634,000 as a result of the issuance of an aggregate of 7,020 common shares to directors of the Board of Directors of Park and Park's bank subsidiaries (and their divisions).

Park did not issue any new common shares (that were not already held in treasury stock, as discussed above) in either 2010 or 2009. However, in 2010, Park recorded \$0.2 million for the warrants that were issued as part of the issuance of the 71,984 common shares discussed above and also recorded a reduction of \$1.1 million as warrants were either

exercised or cancelled during 2010. In 2009, Park recorded \$1.1 million for the common stock warrants that were issued as part of the issuance of the 904,072 shares discussed above. In 2008, Park recorded \$4.3 million for the common stock warrant as part of the issuance of \$100 million of Series A Preferred Shares (see Note 1 and Note 25 of the Notes to Consolidated Financial Statements included in “Item 8 - Financial Statements and Supplementary Data” of Part II of this 2010 Form 10-K/A - Amendment 2). Common stock had a balance in stockholders’ equity of \$301.2 million at each of the years ended December 31, 2010, 2009, and 2008.

Accumulated other comprehensive income (loss) was (\$1.9) million at December 31, 2010 compared to \$15.7 million at December 31, 2009 and \$10.6 million at December 31, 2008. Long-term interest rates declined significantly in the fourth quarter of 2007, continued declining in 2008 and remained low throughout 2009. In 2010, long-term interest rates remained low through the first three quarters, but then increased fairly significantly during the fourth quarter. The net unrealized gain from investment securities was \$31.6 million at December 31, 2008. During the 2009 year, the change in net unrealized gains, net of tax, was an increase of \$3.3 million and Park realized after-tax gains of \$4.8 million, resulting in an unrealized gain of \$30.1 million at December 31, 2009. During the 2010 year, the change in net unrealized gains, net of tax, was a loss of \$7.3 million and Park realized after-tax gains of \$7.7 million, resulting in an unrealized gain of \$15.1 million at December 31, 2010. In addition, Park recognized other comprehensive loss of \$2.4 million related to the change in Pension Plan assets and benefit obligations in 2010 compared to income of \$6.3 million in 2009 and a loss of \$16.2 million in 2008. Finally, Park has recognized other comprehensive loss of \$0.1 million in 2010 due to the mark-to-market of a cash flow hedge at December 31, 2010 compared to a \$0.3 million increase in comprehensive income for the year ended December 31, 2009 and a \$1.3 million comprehensive loss for 2008.

Financial institution regulators have established guidelines for minimum capital ratios for banks, thrifts, and bank holding companies. Park’s accumulated other comprehensive income (loss) is not included in computing regulatory capital. The minimum leverage capital ratio (defined as stockholders’ equity less intangible assets divided by tangible assets) is 4% and the well capitalized ratio is greater than or equal to 5%. Park’s leverage ratio was 9.54% at December 31, 2010 and exceeded the minimum capital required by \$385 million. The minimum Tier 1 risk-based capital ratio (defined as leverage capital divided by risk-adjusted assets) is 4% and the well capitalized ratio is greater than or equal to 6%. Park’s Tier 1 risk-based capital ratio was 13.24% at December 31, 2010 and exceeded the minimum capital required by \$462 million. The minimum total risk-based capital ratio (defined as leverage capital plus supplemental capital divided by risk-adjusted assets) is 8% and the well capitalized ratio is greater than or equal to 10%. Park’s total risk-based capital ratio was 15.71% at December 31, 2010 and exceeded the minimum capital required by \$386 million.

At December 31, 2010, Park exceeded the well capitalized regulatory guidelines for bank holding companies. Park exceeded the well capitalized leverage capital ratio of 5% by \$315 million, exceeded the well capitalized Tier 1 risk-based capital ratio of 6% by \$362 million and exceeded the well capitalized total risk-based capital ratio of 10% by \$286 million.

The two financial institution subsidiaries of Park each met the well capitalized ratio guidelines at December 31, 2010. See Note 22 of the Notes to Consolidated Financial Statements included in “Item 8 - Financial Statements and Supplementary Data” of Part II of this 2010 Form 10-K/A - Amendment 2 for the capital ratios for Park and its two financial institution subsidiaries.

Effects of Inflation: Balance sheets of financial institutions typically contain assets and liabilities that are monetary in nature and, therefore, differ greatly from most commercial and industrial companies which have significant investments in premises, equipment and inventory. During periods of inflation, financial institutions that are in a net positive monetary position will experience a decline in purchasing power, which does have an impact on growth. Another significant effect on internal equity growth is other expenses, which tend to rise during periods of inflation.

Management believes the most significant impact on financial results is the Corporation's ability to align its asset/liability management program to react to changes in interest rates.

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SELECTED FINANCIAL DATA

The following table summarizes five-year financial information.

Table 25 – Consolidated Five-Year Selected Financial Data

December 31, (Dollars in thousands, except per share data)	2010 (Restated)	2009	2008	2007	2006	
Results of Operations:						
Interest income	\$345,517	\$367,690	\$391,339	\$401,824	\$334,559	
Interest expense	71,473	94,199	135,466	167,147	121,315	
Net interest income	274,044	273,491	255,873	234,677	213,244	
Provision for loan losses	87,080	68,821	70,487	29,476	3,927	
Net interest income after provision for loan losses	186,964	204,670	185,386	205,201	209,317	
Net gains on sale of securities	11,864	7,340	1,115	—	97	
Noninterest income	63,016	73,850	83,719	71,640	64,665	
Noninterest expense	187,107	188,725	234,501	224,164	141,002	
Net income	58,101	74,192	13,708	22,707	94,091	
Net income available to common shareholders	52,294	68,430	13,566	22,707	94,091	
Per common share:						
Net income per common share – basic	3.45	4.82	0.97	1.60	6.75	
Net income per common share – diluted	3.45	4.82	0.97	1.60	6.74	
Cash dividends declared	3.76	3.76	3.77	3.73	3.69	
Average Balances:						
Loans	4,642,478	4,594,436	4,354,520	4,011,307	3,357,278	
Investment securities	1,746,356	1,877,303	1,801,299	1,596,205	1,610,639	
Money market instruments and other	93,009	52,658	15,502	17,838	8,723	
Total earning assets	6,481,843	6,524,397	6,171,321	5,625,350	4,976,640	
Noninterest bearing deposits	907,514	818,243	739,993	697,247	662,077	
Interest bearing deposits	4,274,501	4,232,391	3,862,780	3,706,231	3,162,867	
Total deposits	5,182,015	5,050,634	4,602,773	4,403,478	3,824,944	
Short-term borrowings	\$300,939	\$419,733	\$609,219	\$494,160	\$375,332	
Long-term debt	725,356	780,435	835,522	568,575	553,307	
Stockholders' equity	746,555	675,314	567,965	618,758	545,074	
Common stockholders' equity	649,682	579,224	565,612	618,758	545,074	
Total assets	7,042,750	7,035,531	6,708,086	6,169,156	5,380,623	
Ratios:						
Return on average assets (x)	0.74	% 0.97	% 0.20	% 0.37	% 1.75	%
Return on average common equity (x)	8.05	% 11.81	% 2.40	% 3.67	% 17.26	%
Net interest margin (1)	4.26	% 4.22	% 4.16	% 4.20	% 4.33	%

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Dividend payout ratio	109.14	%	78.27	%	387.79	%	232.35	%	54.65	%
Average stockholders' equity to average total assets	10.60	%	9.60	%	8.47	%	10.03	%	10.13	%
Leverage capital	9.54	%	9.04	%	8.36	%	7.10	%	9.96	%
Tier 1 capital	13.24	%	12.45	%	11.69	%	10.16	%	14.72	%
Risk-based capital	15.71	%	14.89	%	13.47	%	11.97	%	15.98	%

(1) Computed on a fully taxable equivalent basis.

(x) Reported measure uses net income available to common stockholders.

The following table is a summary of selected quarterly results of operations for the years ended December 31, 2010 and 2009. Certain quarterly amounts have been reclassified to conform to the year-end financial statement presentation.

Table 26 – Quarterly Financial Data

(Dollars in thousands,

except per share data)	Three Months Ended			
	March 31	June 30	Sept. 30	Dec. 31 (Restated)
2010:				
Interest income	\$87,202	\$87,242	\$86,682	\$84,391
Interest expense	19,822	18,521	17,237	15,893
Net interest income	67,380	68,721	69,445	68,498
Provision for loan losses	16,550	13,250	14,654	42,626
Gain on sale of securities	8,304	3,515	—	45
Income (loss) before income taxes	27,954	28,632	26,625	(8,474)
Net income (loss)	20,779	21,166	19,577	(3,421)
Net income (loss) available to common shareholders	19,327	19,715	18,125	(4,873)
Per common share data:				
Net income (loss) per common share – basic (x)	1.30	1.30	1.19	(0.32)
Net income (loss) per common share – diluted (x)	1.30	1.30	1.19	(0.32)
Weighted-average common stock outstanding – basic	14,882,774	15,114,846	15,272,720	15,340,427
Weighted-average common stock equivalent – diluted	14,882,774	15,114,846	15,272,720	15,352,600
2009:				
Interest income	\$93,365	\$92,092	\$91,868	\$90,365
Interest expense	25,132	24,098	23,406	21,563
Net interest income	68,233	67,994	68,462	68,802
Provision for loan losses	12,287	15,856	14,958	25,720
Gain on sale of securities	—	7,340	—	—
Income before income taxes	29,294	29,084	25,617	13,140
Net income	21,390	21,307	19,199	12,296
Net income available to common shareholders	19,950	19,866	17,759	10,855
Per common share data:				
Net income per common share – basic (x)	1.43	1.42	1.25	0.74
Net income per common share – diluted (x)	1.43	1.42	1.25	0.74
Weighted-average common stock outstanding – basic	13,971,720	14,001,608	14,193,411	14,658,601

Weighted-average common stock equivalent – diluted 13,971,720 14,001,608 14,193,411 14,658,601
 (x) Reported measure uses net income available to common shareholders.

Non-GAAP Financial Measures: Park’s management uses certain non-GAAP (generally accepted accounting principles) financial measures to evaluate Park’s performance. Specifically, management reviews (i) net income available to common shareholders before impairment charge, (ii) net income available to common shareholders before impairment charge per common share-diluted, (iii) return on average assets before impairment charge, (iv) return on average common equity before impairment charge, and (v) the ratio of noninterest expense excluding impairment charge to net revenue (collectively, the “adjusted performance metrics”) and has included in this discussion information relating to the adjusted performance metrics for the twelve-month period ended December 31, 2008 and 2007. Management believes the adjusted performance metrics present a more reasonable view of Park’s operating performance and ensures comparability of operating performance from period to period while eliminating the one-time non-recurring impairment charges. Park has provided reconciliations of the GAAP measures to the adjusted performance metrics solely for the purpose of complying with SEC Regulation G and not as an indication that the adjusted performance metrics are a substitute for other measures determined by GAAP.

The following table displays net income available to common shareholders and related performance metrics after excluding the 2007 and 2008 goodwill impairment charges related to the Vision Bank acquisition.

Table 27

December 31, (Dollars in thousands, except per share data)	2010	2009	2008	2007	2006
Results of Operations:					
Net income available to common shareholders excluding impairment charge (a)	\$52,294	\$68,430	\$68,552	\$76,742	\$94,091
Per common share:					
Net income per common share excluding impairment charge – diluted (a)	3.45	4.82	4.91	5.40	6.74
Ratios:					
Return on average assets excluding impairment charge (a)(b)	0.74 %	0.97 %	1.02 %	1.24 %	1.75 %
Return on average common equity excluding impairment charge (a)(x)	8.05 %	11.81 %	12.12 %	12.40 %	17.26 %
Noninterest expense excluding impairment charge to net revenue (1)	54.75 %	54.01 %	52.59 %	55.21 %	50.35 %

(1) Computed on a fully taxable equivalent basis.

(x) Reported measure uses net income available to common stockholders.

Net income for the year has been adjusted for the impairment charge to goodwill. Net income before impairment (a) charge equals net income for the year plus the impairment charge to goodwill of \$54,986 and \$54,035 for 2008 and 2007, respectively.

(b) Net income for the year available to common shareholders.

The Corporation's common stock (symbol: PRK) is traded on the NYSE Amex. At December 31, 2010, the Corporation had 4,457 stockholders of record. The following table sets forth the high, low and closing sale prices of, and dividends declared on the common stock for each quarterly period for the years ended December 31, 2010 and 2009, as reported by NYSE Amex.

Table 28 – Market and Dividend Information

	High	Low	Last Price	Cash Dividend Declared Per Share
2010:				
First Quarter	\$ 64.70	\$ 52.58	\$ 62.31	\$ 0.94
Second Quarter	70.25	61.50	65.04	0.94
Third Quarter	67.54	59.35	64.04	0.94
Fourth Quarter	74.39	62.66	72.67	0.94
2009:				
First Quarter	\$ 70.10	\$ 39.90	\$ 55.75	\$ 0.94
Second Quarter	70.00	53.88	56.48	0.94
Third Quarter	66.59	54.01	58.34	0.94
Fourth Quarter	62.55	56.35	58.88	0.94

Table 29 – Total Return Performance

Index	PERIOD ENDING					
	12/31/05	12/31/06	12/31/07	12/31/08	12/31/09	12/31/10
Park National Corporation	100.00	100.03	68.13	80.20	70.09	91.85
NYSE Amex Composite	100.00	119.94	145.36	86.56	117.36	147.40
NASDAQ Bank Stocks	100.00	113.82	91.16	71.52	59.87	68.34
SNL Bank and Thrift Index	100.00	116.85	89.10	51.24	50.55	56.44

PERFORMANCE GRAPH

Table 29 compares the total return performance for Park common shares with the NYSE Amex Composite Index, the NASDAQ Bank Stocks Index and the SNL Financial Bank and Thrift Index for the five-year period from December 31, 2005 to December 31, 2010. The NYSE Amex Composite Index is a market capitalization-weighted index of the stocks listed on NYSE Amex. The NASDAQ Bank Stocks Index is comprised of all depository institutions, holding companies and other investment companies that are traded on The NASDAQ Global Select and Global Markets. Park considers a number of bank holding companies traded on The NASDAQ Global Select to be within its peer group. The SNL Financial Bank and Thrift Index is comprised of all publicly traded bank and thrift stocks researched by SNL Financial.

The NYSE Amex Financial Stocks Index includes the stocks of banks, thrifts, finance companies and securities broker-dealers. Park believes that the NASDAQ Bank Stocks Index and the SNL Financial Bank and Thrift Index are more appropriate industry indices for Park to use for the five-year total return performance comparison.

The total return for Park's common shares has underperformed the total return of the NYSE Amex Composite Index in the five-year comparison as indicated in Table 29, but outperformed both the NASDAQ Bank Stocks Index and the SNL Bank and Thrift Index for the same five-year period. The annual compound total return on Park's common shares for the past five years was a negative 1.7%. By comparison, the annual compound total returns for the past five years on the NYSE Amex Composite Index, the NASDAQ Bank Stocks Index and the SNL Bank and Thrift Index were positive 8.1%, negative 7.3% and negative 10.8%, respectively.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

As noted in Table 9 and Table 23 included in “Item 7 – Management’s Discussion and Analysis of Financial Condition and Results of Operations” of Part II of this 2010 Form 10-K/A – Amendment 2, Park’s tax equivalent net interest margin has remained fairly stable over each of the three fiscal years ended December 31, 2010, 2009 and 2008. Consistently, over the last several years, Park’s earnings simulation model has projected that changes in interest rates would have only a small impact on net income and the tax equivalent net interest margin. The tax equivalent net interest margin was 4.26%, 4.22% and 4.16% for each of the fiscal years ended December 31, 2010, 2009 and 2008, respectively. As noted in Note 21 of the Notes to Consolidated Financial Statements under the caption “Fair Values”, included in “Item 8 – Financial Statements and Supplementary Data” of Part II of this 2010 Form 10-K/A – Amendment 2, on January 2, 2008, Park entered into a “pay fixed-receive floating” interest rate swap agreement for a notional amount of \$25 million, which matures on December 28, 2012. This interest rate swap agreement was designed as a cash flow hedge against the variability of cash flows related to the Subordinated Debenture in the principal amount of \$25,000,000 issued by Park National Bank on December 28, 2007. The discussion of this interest rate swap agreement included in “Item 7 – Management’s Discussion and Analysis of Financial Condition and Results of Operations” of Part II of this 2010 Form 10-K/A – Amendment 2 and in Notes 19 and 21 of the Notes to Consolidated Financial Statements, included in “Item 8 – Financial Statements and Supplementary Data” of Part II of this 2010 Form 10-K/A – Amendment 2, is incorporated herein by reference. The discussion of interest rate sensitivity included in “Item 7 – Management’s Discussion and Analysis of Financial Condition and Results of Operations” of Part II of this 2010 Form 10-K/A – Amendment 2, is incorporated herein by reference. In addition, the discussion of Park’s commitments, contingent liabilities and off-balance sheet arrangements included in “Item 7 – Management’s Discussion and Analysis of Financial Condition and Results of Operations” of Part II of this 2010 Form 10-K/A – Amendment 2 and in Note 18 of the Notes to Consolidated Financial Statements, included in “Item 8 – Financial Statements and Supplementary Data” of Part II of this 2010 Form 10-K/A – Amendment 2, is incorporated herein by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

The Consolidated Balance Sheets of Park and its subsidiaries at December 31, 2010 and 2009, the related Consolidated Statements of Income, of Changes in Stockholders' Equity and of Cash Flows for the years ended December 31, 2010, 2009 and 2008, the related Notes to Consolidated Financial Statements and the Report of Independent Registered Public Accounting Firm (Crowe Horwath LLP) are included herein and set forth on pages F-__ through F-__ herein.

Quarterly Financial Data provided in "Table 26 – Quarterly Financial Data" and the accompanying disclosure included in "Item 7 – Management's Discussion and Analysis of Financial Condition and Results of Operations" of Part II of this 2010 Form 10-K/A - Amendment 2, is also incorporated herein by reference.

CONSOLIDATED BALANCE SHEETS

PARK NATIONAL CORPORATION AND SUBSIDIARIES*at December 31, 2010 and 2009 (In thousands, except share and per share data)*

ASSETS

	2010 (Restated)	2009
Cash and due from banks	\$ 109,058	\$ 116,802
Money market instruments	24,722	42,289
Cash and cash equivalents	133,780	159,091
Investment securities:		
Securities available-for-sale, at fair value (amortized cost of \$1,274,258 and \$1,241,381 at December 31, 2010 and 2009, respectively)	1,297,522	1,287,727
Securities held-to-maturity, at amortized cost (fair value of \$686,114 and \$523,450 at December 31, 2010 and 2009, respectively)	673,570	506,914
Other investment securities	68,699	68,919
Total investment securities	2,039,791	1,863,560
Total loans	4,732,685	4,640,432
Allowance for loan losses	(143,575)	(116,717)
Net loans	4,589,110	4,523,715
Other assets:		
Bank owned life insurance	146,450	137,133
Goodwill	72,334	72,334
Other intangibles	6,043	9,465
Premises and equipment, net	69,567	69,091
Accrued interest receivable	24,137	24,354
Other real estate owned	41,709	41,240
Mortgage loan servicing rights	10,488	10,780
Other	148,852	129,566
Total other assets	519,580	493,963
Total assets	\$7,282,261	\$7,040,329

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED BALANCE SHEETS (CONTINUED)

PARK NATIONAL CORPORATION AND SUBSIDIARIES*at December 31, 2010 and 2009 (In thousands, except share and per share data)*

LIABILITIES AND STOCKHOLDERS' EQUITY

	2010 (Restated)	2009
Deposits:		
Noninterest bearing	\$937,719	\$897,243
Interest bearing	4,157,701	4,290,809
Total deposits	5,095,420	5,188,052
Short-term borrowings	663,669	324,219
Long-term debt	636,733	654,381
Subordinated debentures	75,250	75,250
Total borrowings	1,375,652	1,053,850
Other liabilities:		
Accrued interest payable	6,123	9,330
Other	75,358	71,833
Total other liabilities	81,481	81,163
Total liabilities	6,552,553	6,323,065
COMMITMENTS AND CONTINGENCIES		
Stockholders' equity:		
Preferred stock (200,000 shares authorized; 100,000 shares issued with \$1,000 per share liquidation preference)	97,290	96,483
Common stock, no par value (20,000,000 shares authorized; 16,151,062 shares issued at December 31, 2010 and 16,151,112 issued at December 31, 2009)	301,204	301,208
Common stock warrants	4,473	5,361
Accumulated other comprehensive income (loss), net	(1,868)	15,661
Retained earnings	406,342	423,872
Less: Treasury stock (752,128 shares at December 31, 2010 and 1,268,332 shares at December 31, 2009)	(77,733)	(125,321)
Total stockholders' equity	729,708	717,264
Total liabilities and stockholders' equity	\$7,282,261	\$7,040,329

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME

PARK NATIONAL CORPORATION AND SUBSIDIARIES*for the years ended December 31, 2010, 2009 and 2008 (In thousands, except per share data)*

	2010 (Restated)	2009	2008
Interest and dividend income:			
Interest and fees on loans	\$ 267,692	\$ 275,599	\$ 301,163
Interest and dividends on:			
Obligations of U.S. Government, its agencies and other securities	76,839	90,558	87,711
Obligations of states and political subdivisions	786	1,417	2,171
Other interest income	200	116	294
Total interest and dividend income	345,517	367,690	391,339
Interest expense:			
Interest on deposits:			
Demand and savings deposits	5,753	10,815	22,633
Time deposits	36,212	53,805	67,259
Interest on short-term borrowings	1,181	3,209	14,469
Interest on long-term debt	28,327	26,370	31,105
Total interest expense	71,473	94,199	135,466
Net interest income	274,044	273,491	255,873
Provision for loan losses	87,080	68,821	70,487
Net interest income after provision for loan losses	186,964	204,670	185,386
Other income:			
Income from fiduciary activities	13,874	12,468	13,937
Service charges on deposit accounts	19,717	21,985	24,296
Net gains on sales of securities	11,864	7,340	1,115
Other service income	13,816	18,767	8,882
Checkcard fee income	11,177	9,339	8,695
Bank owned life insurance income	4,978	5,050	5,102
ATM fees	2,951	3,082	3,063
OREO devaluations	(13,206)	(6,818)	(2,948)
Net gain on sale of credit card portfolio	—	—	7,618
Income from sale of merchant processing	—	—	4,200
Other	9,709	9,977	10,874
Total other income	\$ 74,880	\$ 81,190	\$ 84,834

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME (CONTINUED)

PARK NATIONAL CORPORATION AND SUBSIDIARIES*for the years ended December 31, 2010 2009 and 2008 (In thousands, except per share data)*

	2010 (Restated)	2009	2008
Other expense:			
Salaries and employee benefits	\$ 98,315	\$101,225	\$99,018
Goodwill impairment charge	—	—	54,986
Data processing fees	5,728	5,674	7,121
Professional fees and services	19,972	15,935	12,801
Net occupancy expense of bank premises	11,510	11,552	11,534
Amortization of intangibles	3,422	3,746	4,025
Furniture and equipment expense	10,435	9,734	9,756
Insurance	8,983	12,072	2,322
Marketing	3,656	3,775	4,525
Postage and telephone	6,648	6,903	7,167
State taxes	3,171	3,206	2,989
Other	15,267	14,903	18,257
Total other expense	187,107	188,725	234,501
Income before income taxes	74,737	97,135	35,719
Income taxes	16,636	22,943	22,011
Net income	\$ 58,101	\$74,192	\$13,708
Preferred stock dividends and accretion	5,807	5,762	142
Income available to common shareholders	\$ 52,294	\$68,430	\$13,566
Earnings per common share:			
Basic	\$ 3.45	\$4.82	\$0.97
Diluted	\$ 3.45	\$4.82	\$0.97

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF
CHANGES IN STOCKHOLDERS' EQUITY

PARK NATIONAL CORPORATION AND SUBSIDIARIES

for the years ended December 31, 2010, 2009 and 2008 (In thousands, except share and per share data)

	Preferred Stock		Common Stock		Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)		Comprehensive Income
	Shares Outstanding	Amount	Shares Outstanding	Amount			Total	Total	
Balance, January 1, 2008	—	\$—	13,964,576	\$301,213	\$489,511	\$(208,104)	\$(2,608)	\$580,012	
Net income					13,708	—	—	13,708	\$13,708
Other comprehensive income (loss), net of tax:									
Change in funded status of pension plan, net of income taxes of \$(8,735)							(16,223)	(16,223)	(16,223)
Unrealized net holding loss on cash flow hedge, net of income taxes of \$(678)							(1,259)	(1,259)	(1,259)
Unrealized net holding gain on securities available-for-sale, net of income taxes of \$16,522							30,686	30,686	30,686
Total comprehensive income									\$26,912
Cash dividends, \$3.77 per share			—	—	(52,608)	—	—	(52,608)	
Cash payment for fractional shares in dividend reinvestment plan			(49)	(3)	—	—	—	(3)	
Cumulative effect of new accounting pronouncement					(11,634)			(11,634)	

pertaining to endorsement split-dollar life insurance SFAS No. 158 measurement date adjustment, net of taxes of \$(178)						(331)		(331)	
Preferred stock issued	100,000	100,000						100,000	
Discount on preferred stock issued		(4,297)						(4,297)	
Accretion of discount on preferred stock		18				(18)		—	
Common stock warrant issued			—	4,297				4,297	
Preferred stock dividends						(124)		(124)	
Treasury stock reissued for director grants			7,200				439	439	
Balance, December 31, 2008	100,000	\$95,721	13,971,727	\$305,507	\$438,504	\$(207,665)	\$10,596	\$642,663	
Net income			—	—	74,192	—	—	74,192	\$74,192
Other comprehensive income (loss), net of tax:									
Change in funded status of pension plan, net of income taxes of \$3,383							6,283	6,283	6,283
Unrealized net holding gain on cash flow hedge, net of income taxes of \$159							295	295	295
Unrealized net holding loss on securities available-for-sale, net of income taxes of \$(815)							(1,513)	(1,513)	(1,513)
Total comprehensive income			—	—	(53,563)	—	—	(53,563)	\$79,257

Cash dividends, \$3.76 per share									
Cash payment for fractional shares in dividend reinvestment plan			(39)	(2)	—	—	—	(2)	
Reissuance of common stock from treasury shares held			904,072	—	(29,299)	81,710	—	52,411	
Accretion of discount on preferred stock	762				(762)			—	
Common stock warrants issued			—	1,064				1,064	
Preferred stock dividends					(5,000)			(5,000)	
Treasury stock reissued for director grants			7,020		(200)	634		434	
Balance, December 31, 2009	100,000	\$96,483	14,882,780	\$306,569	\$423,872	\$(125,321)	\$15,661	\$717,264	
Net income (Restated)			—	—	58,101	—	—	58,101	\$58,101
Other comprehensive income (loss), net of tax:									
Change in funded status of pension plan, net of income taxes of \$(1,307)							(2,427)	(2,427)	(2,427)
Unrealized net holding loss on cash flow hedge, net of income taxes of \$(53)							(98)	(98)	(98)
Unrealized net holding loss on securities available-for-sale, net of income taxes of \$(8,078)							(15,004)	(15,004)	(15,004)
Total comprehensive income (Restated)									\$40,572
Cash dividends, \$3.76 per share			—	—	(57,076)	—	—	(57,076)	
			(50)	(4)	—	—	—	(4)	

Cash payment for fractional shares in dividend reinvestment plan									
Reissuance of common stock from treasury shares held			509,184	(898)	(12,729)	46,954			33,327
Accretion of discount on preferred stock	807				(807)				—
Common stock warrants issued			—	176					176
Common stock warrants cancelled				(166)	166				—
Preferred stock dividends					(5,000)				(5,000)
Treasury stock reissued for director grants			7,020		(185)	634			449
Balance, December 31, 2010 (Restated)	100,000	\$97,290	15,398,934	\$305,677	\$406,342	\$(77,733)	\$(1,868)		\$729,708

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

PARK NATIONAL CORPORATION AND SUBSIDIARIES*for the years ended December 31, 2010, 2009 and 2008 (In thousands)*

	2010 (Restated)	2009	2008
Operating activities:			
Net income	\$58,101	\$74,192	\$13,708
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision for loan losses	87,080	68,821	70,487
Amortization of loan fees and costs, net	(9)	(1,378)	(4,650)
Provision for depreciation	7,126	7,473	7,517
Other than temporary impairment on investment securities	23	613	980
Goodwill impairment charge	—	—	54,986
Amortization of intangible assets	3,422	3,746	4,025
Accretion of investment securities	(2,413)	(2,682)	(1,592)
Gain on sale of credit card portfolio	—	—	(7,618)
Deferred income tax (benefit)	(9,603)	(8,932)	(1,590)
Realized net investment security gains	(11,864)	(7,340)	(1,115)
Stock dividends on Federal Home Loan Bank stock	—	—	(2,269)
Compensation expense for issuance of treasury stock to directors	449	434	439
Changes in assets and liabilities:			
Increase in other assets	(6,358)	(31,987)	(42,409)
Increase (decrease) in other liabilities	180	(30,622)	239
Net cash provided by operating activities	126,134	72,338	91,138
Investing activities:			
Proceeds from sales of available-for-sale securities	460,192	204,304	80,894
Proceeds from maturities of securities:			
Held-to-maturity	146,986	40,105	7,116
Available-for-sale	2,238,059	426,841	303,160
Purchase of securities:			
Held-to-maturity	(313,642)	(118,667)	(270,045)
Available-for-sale	(2,719,265)	(349,895)	(422,512)
Proceeds from sale of credit card portfolio	—	—	38,841
Net decrease (increase) in other investments	220	(114)	(3,371)
Net loan originations, excluding loan sales	(595,835)	(814,981)	(512,752)
Proceeds from sale of loans	443,369	615,072	161,475
Purchases of bank owned life insurance, net	(4,562)	—	(8,401)
Purchases of premises and equipment, net	(7,602)	(8,011)	(9,436)
Net cash used in investing activities	(352,080)	(5,346)	(635,031)
Financing activities:			
Net (decrease) increase in deposits	(92,632)	426,302	322,511

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Net increase (decrease) in short-term borrowings	339,450	(334,977)	(100,122)
Issuance of preferred stock	—	—	100,000
Issuance of treasury stock, net	33,541	53,475	—
Proceeds from issuance of subordinated notes	—	35,250	—
Proceeds from long-term debt	—	60,100	690,100
Repayment of long-term debt	(17,648)	(261,278)	(424,951)
Cash dividends paid	(62,076)	(58,035)	(65,781)
Net cash provided by (used in) financing activities	200,635	(79,163)	521,757
Decrease in cash and cash equivalents	(25,311)	(12,171)	(22,136)
Cash and cash equivalents at beginning of year	159,091	171,262	193,398
Cash and cash equivalents at end of year	\$133,780	\$159,091	\$171,262

The accompanying notes are an integral part of the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies followed in the preparation of the consolidated financial statements:

Principles of Consolidation

The consolidated financial statements include the accounts of Park National Corporation and its subsidiaries (“Park”, the “Company” or the “Corporation”). Material intercompany accounts and transactions have been eliminated.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. Management has identified the allowance for loan losses, accounting for Other Real Estate Owned (“OREO”) and accounting for goodwill as significant estimates.

Reclassifications

Certain prior year amounts have been reclassified to conform with the current year presentation.

Subsequent Events

Management has evaluated events occurring subsequent to the balance sheet date, determining no events require additional disclosure in these consolidated financial statements.

Investment Securities

Investment securities are classified upon acquisition into one of three categories: held-to-maturity, available-for-sale, or trading (see Note 4 of these Notes to Consolidated Financial Statements).

Held-to-maturity securities are those securities that the Corporation has the positive intent and ability to hold to maturity and are recorded at amortized cost. Available-for-sale securities are those securities that would be available

to be sold in the future in response to the Corporation's liquidity needs, changes in market interest rates, and asset-liability management strategies, among other reasons. Available-for-sale securities are reported at fair value, with unrealized holding gains and losses excluded from earnings but included in other comprehensive income, net of applicable taxes. The Corporation did not hold any trading securities during any period presented.

Available-for-sale and held-to-maturity securities are evaluated quarterly for potential other-than-temporary impairment. Management considers the facts related to each security including the nature of the security, the amount and duration of the loss, the credit quality of the issuer, the expectations for that security's performance and Park's intent and ability to hold the security until recovery. Declines in equity securities that are considered to be other-than-temporary are recorded as a charge to earnings in the Consolidated Statements of Income. Declines in debt securities that are considered to be other-than-temporary are separated into (1) the amount of the total impairment related to credit loss and (2) the amount of the total impairment related to all other factors. The amount of the total other-than-temporary impairment related to the credit loss is recognized in earnings. The amount of the total impairment related to all other factors is recognized in other comprehensive income.

Interest income includes amortization of purchase premium or discount. Premiums and discounts on securities are amortized on the level-yield method without anticipating prepayments, except for mortgage-backed securities where prepayments are anticipated.

Gains and losses realized on the sale of investment securities are recorded on the trade date and determined using the specific identification basis.

Federal Home Loan Bank (FHLB) and Federal Reserve Bank (FRB) Stock

Park's two separately chartered banks are members of the FHLB and FRB. Members are required to own a certain amount of stock based on their level of borrowings and other factors and may invest in additional amounts. FHLB and FRB stock are carried at cost, classified as restricted securities, and are carried at their redemption value. Both cash and stock dividends are reported as income.

Bank Owned Life Insurance

Park has purchased life insurance policies on directors and certain key officers. Bank owned life insurance is recorded at its cash surrender value (or the amount that can be realized).

Mortgage Loans Held for Sale

Mortgage loans held for sale are carried at their fair value. Mortgage loans held for sale were \$8.3 million and \$9.6 million at December 31, 2010 and 2009, respectively. These amounts are included in loans on the Consolidated Balance Sheets.

Mortgage Banking Derivatives

Commitments to fund mortgage loans (interest rate locks) to be sold into the secondary market and forward commitments for the future delivery of these mortgage loans are accounted for as free standing derivatives. Fair values of these mortgage derivatives are estimated based on changes in mortgage interest rates from the date the interest on the loan is locked. The Company enters into forward commitments for the future delivery of mortgage loans when interest rate locks are entered into, in order to hedge the change in interest rates resulting from its commitments to fund the loans. Changes in the fair values of these derivatives are included in net gains on sales of loans.

Loans

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoff, are reported at their outstanding principal balances adjusted for any charge-offs, any deferred fees or costs on originated loans, and any unamortized premiums or discounts on purchased loans. Interest income is reported on the interest method and includes amortization of net deferred loan origination fees and costs over the loan term. Commercial loans include: (1) commercial, financial and agricultural loans; (2) commercial real estate loans; (3) those commercial loans in the real estate construction loan segment; and (4) those commercial loans in the residential real estate loan segment. Consumer loans include: (1) mortgage and installment loans included in the real estate construction segment; (2) mortgage, home equity lines of credit (HELOC), and installment loans included in the residential real estate segment; and (3) all loans included in the consumer segment. Generally, commercial loans are placed on nonaccrual status at 90 days past due and consumer and residential mortgage loans are placed on nonaccrual status at 120 days past due. Interest on these loans is considered a loss, unless the loan is well-secured and in the process of collection. Commercial loans placed on nonaccrual status are considered impaired (See Note 5 of these Notes to Consolidated Financial Statements). For loans which are on nonaccrual status, it is Park's policy to reverse interest previously accrued on the loans against interest income. Interest on such loans is thereafter recorded on a cash basis and is included in earnings only when actually received in cash. Park's charge-off policy for commercial loans requires management to establish a specific reserve or record a charge-off as soon as it is apparent that the borrower is troubled and there is, or likely will be, a collateral shortfall related to the estimated value of the collateral securing the loan. The Company's charge-off policy for consumer loans is dependent on the class of the loan. Mortgage loans and HELOC are typically charged down to the value of the collateral, less estimated selling costs at 180 days past due. The charge-off policy for other consumer loans, primarily installment loans, requires a monthly review of delinquent loans and a complete charge-off for any account that reaches 120 days past due.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The delinquency status of a loan is based on contractual terms and not on how recently payments have been received. Loans are removed from nonaccrual status when loan payments have been received to cure the delinquency status and the loan is deemed to be well-secured by management.

A description of each segment of the loan portfolio, along with the risk characteristics of each segment, is included below:

Commercial, financial and agricultural: Commercial, financial and agricultural loans are made for a wide variety of general corporate purposes, including financing for industrial and commercial properties, financing for equipment, inventories and accounts receivable, acquisition financing and commercial leasing. The term of each commercial loan varies by its purpose. Repayment terms are structured such that commercial loans will be repaid within the economic useful life of the underlying asset. The commercial loan portfolio includes loans to a wide variety of corporations and businesses across many industrial classifications in (i) the 28 Ohio counties and one Kentucky county where Park National Bank operates and (ii) the five Florida counties and one Alabama county where Vision Bank operates. The primary industries represented by these customers include commercial real estate leasing, manufacturing, retail trade, health care and other services.

Commercial real estate: Commercial real estate loans ("CRE loans") include mortgage loans to developers and owners of commercial real estate. The lending policy for CRE loans is designed to address the unique risk attributes of CRE lending. The collateral for these CRE loans is the underlying commercial real estate. Each subsidiary bank generally requires that the CRE loan amount be no more than 85% of the purchase price or the appraised value of the commercial real estate securing the CRE loan, whichever is less. CRE loans made for each subsidiary bank's portfolio generally have a variable interest rate. A CRE loan may be made with a fixed interest rate for a term generally not exceeding five years.

Construction real estate: The Company defines construction loans as both commercial construction loans and residential construction loans where the loan proceeds are used exclusively for the improvement of real estate as to which the Company holds a mortgage. Construction loans may be in the form of a permanent loan or a short-term construction loan, depending on the needs of the individual borrower. Generally, the permanent construction loans have a variable interest rate although a permanent construction loan may be made with a fixed interest rate for a term generally not exceeding five years. Short-term construction loans are made with variable interest rates. Construction financing is generally considered to involve a higher degree of risk of loss than long-term financing on improved, occupied real estate. Risk of loss on a construction loan depends largely upon the accuracy of the initial estimate of the property's value at completion of construction and the estimated cost (including interest) of construction. If the estimate of construction cost proves to be inaccurate, the subsidiary bank making the loan may be required to advance funds beyond the amount originally committed to permit completion of the project. If the estimate of value proves

inaccurate, the subsidiary bank may be confronted, at or prior to the maturity of the loan, with a project having a value insufficient to assure full repayment, should the borrower default. In the event a default on a construction loan occurs and foreclosure follows, the subsidiary bank must take control of the project and attempt either to arrange for completion of construction or to dispose of the unfinished project. Additional risk exists with respect to loans made to developers who do not have a buyer for the property, as the developer may lack funds to pay the loan if the property is not sold upon completion. Park's subsidiary banks attempt to reduce such risks on loans to developers by requiring personal guarantees and reviewing current personal financial statements and tax returns as well as other projects undertaken by the developer.

Residential real estate: The Company defines residential real estate loans as first mortgages on individuals' primary residence or second mortgages of individuals' primary residence in the form of home equity lines of credit or installment loans. Credit approval for residential real estate loans requires demonstration of sufficient income to repay the principal and interest and the real estate taxes and insurance, stability of employment, an established credit record and an appropriately appraised value of the real estate securing the loan. Each subsidiary bank generally requires that the residential real estate loan amount be no more than 80% of the purchase price or the appraised value of the real estate securing the loan, whichever is less, unless private mortgage insurance is obtained by the borrower. Loans made for each subsidiary bank's portfolio in this lending category are generally adjustable rate, fully amortized mortgages. The rates used are generally fully-indexed rates. Park generally does not price residential loans using low introductory "teaser" rates. Home equity lines of credit are generally made as second mortgages by Park's subsidiary banks. The maximum amount of a home equity line of credit is generally limited to 85% of the appraised value of the property less the balance of the first mortgage.

Consumer: The Company originates direct and indirect consumer loans, primarily automobile loans and home equity based credit cards to customers and prospective customers in its primary market areas. Credit approval for consumer loans requires income sufficient to repay principal and interest due, stability of employment, an established credit record and sufficient collateral for secured loans. Consumer loans typically have shorter terms and lower balances with higher yields as compared to real estate mortgage loans, but generally carry higher risks of default. Consumer loan collections are dependent on the borrower's continuing financial stability, and thus are more likely to be affected by adverse personal circumstances.

Allowance for Loan Losses

The allowance for loan losses is that amount believed adequate to absorb probable incurred credit losses in the loan portfolio based on management's evaluation of various factors. The determination of the allowance requires significant estimates, including the timing and amounts of expected cash flows on impaired loans, consideration of current economic conditions, and historical loss experience pertaining to pools of homogeneous loans, all of which may be susceptible to change. The allowance is increased through a provision for loan losses that is charged to earnings based on management's quarterly evaluation of the factors previously mentioned and is reduced by charge-offs, net of recoveries.

The allowance for loan losses includes both (1) an estimate of loss based on historical loss experience within both commercial and consumer loan categories with similar characteristics ("statistical allocation") and (2) an estimate of loss based on an impairment analysis of each commercial loan that is considered to be impaired ("specific allocation").

In calculating the allowance for loan losses, management believes it is appropriate to utilize historical loss rates that are comparable to the current period being analyzed. For the historical loss factor at December 31, 2010, the Company utilized an annual loss rate (“historical loss experience”), calculated based on an average of the net charge-offs and the annual change in specific reserves for impaired commercial loans, experienced during 2008, 2009 and 2010 within the commercial and consumer loan categories. Management believes the 36-month historical loss experience methodology is appropriate in the current economic environment, as it captures loss rates that are comparable to the current period being analyzed. The loss factor applied to Park’s consumer portfolio is based on the historical loss experience over the past 36 months, plus an additional judgmental reserve, increasing the total allowance for loan loss coverage in the consumer portfolio to approximately 1.5 years of historical loss. The loss factor applied to Park’s commercial portfolio is based on the historical loss experience over the past 36 months, plus an additional judgmental reserve, increasing the total allowance for loan loss coverage in the commercial portfolio to approximately 1.5 years of historical loss. Park’s commercial loans are individually risk graded. If loan downgrades occur, the probability of default increases, and accordingly management allocates a higher percentage reserve to those accruing commercial loans graded special mention and substandard.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The judgmental increases discussed above incorporates management’s evaluation of the impact of environmental qualitative factors which pose additional risks and assigns a component of the allowance for loan losses in consideration of these factors. Such environmental factors include: national and local economic trends and conditions; experience, ability and depth of lending management and staff; effects of any changes in lending policies and procedures; levels of, and trends in, consumer bankruptcies, delinquencies, impaired loans and charge-offs and recoveries.

U.S. generally accepted accounting principles (“GAAP”) require a specific allocation to be established as a component of the allowance for loan losses for certain loans when it is probable that all amounts due pursuant to the contractual terms of the loans will not be collected, and the recorded investment in the loans exceeds fair value. Fair value is measured using either the present value of expected future cash flows based upon the initial effective interest rate on the loan, the observable market price of the loan or the fair value of the collateral, if the loan is collateral dependent.

Income Recognition

Income earned by the Corporation and its subsidiaries is recognized on the accrual basis of accounting, except for nonaccrual loans as previously discussed, and late charges on loans which are recognized as income when they are collected.

Premises and Equipment

Premises and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation is generally provided on the straight-line method over the estimated useful lives of the related assets. Leasehold improvements are amortized over the shorter of the remaining lease period or the estimated useful lives of the improvements. Upon the sale or other disposal of an asset, the cost and related accumulated depreciation are removed from the accounts and the resulting gain or loss is recognized. Maintenance and repairs are charged to expense as incurred while renewals and improvements that extend the useful life of an asset are capitalized. Premises and equipment is evaluated for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable.

The range of depreciable lives over which premises and equipment are being depreciated are:

Buildings	5 to 50 Years
Equipment, furniture and fixtures	3 to 20 Years
Leasehold improvements	1 to 10 Years

Buildings that are currently placed in service are depreciated over 30 years. Equipment, furniture and fixtures that are currently placed in service are depreciated over 3 to 12 years. Leasehold improvements are depreciated over the lives of the related leases which range from 1 to 10 years.

Other Real Estate Owned (OREO)

OREO is recorded at fair value less anticipated selling costs (net realizable value) and consists of property acquired through foreclosure and real estate held for sale. If the net realizable value is below the carrying value of the loan at the date of transfer, the difference is charged to the allowance for loan losses. Subsequent declines in value, OREO devaluations, are typically reported as adjustments to the carrying amount of OREO and are expensed within "other income". In certain circumstances where management believes the devaluation may not be permanent in nature, Park utilizes a valuation allowance to record OREO devaluations, which is also expensed through "other income". Costs relating to development and improvement of such properties are capitalized (not in excess of fair value less estimated costs to sell) and costs relating to holding the properties are charged to expense.

Mortgage Loan Servicing Rights

When Park sells mortgage loans with servicing rights retained, servicing rights are recorded at the lower of their amortized cost or fair value, with the income statement effect recorded in gains on sale of loans. Capitalized servicing rights are amortized in proportion to and over the period of estimated future servicing income of the underlying loan. Capitalized mortgage servicing rights totaled \$10.5 million at December 31, 2010 and \$10.8 million at December 31, 2009. The fair value of mortgage servicing rights is determined by discounting estimated future cash flows from the servicing assets, using market discount rates and expected future prepayment rates. In order to calculate fair value, the sold loan portfolio is stratified into homogenous pools of like categories. (See Note 20 of these Notes to Consolidated Financial Statements.)

Mortgage servicing rights are assessed for impairment periodically, based on fair value, with any impairment recognized through a valuation allowance. Fees received for servicing mortgage loans owned by investors are based on a percentage of the outstanding monthly principal balance of such loans and are included in income as loan payments are received. The cost of servicing loans is charged to expense as incurred.

Goodwill and Other Intangible Assets

Goodwill represents the excess of the purchase price over net identifiable tangible and intangible assets acquired in a purchase business combination. Other intangible assets represent purchased assets that have no physical property but represent some future economic benefit to their owner and are capable of being sold or exchanged on their own or in combination with a related asset or liability.

Goodwill and indefinite-lived intangible assets are not amortized to expense, but are subject to annual impairment tests, or more frequently if events or changes in circumstances indicate that the asset might be impaired. Intangible assets with definitive useful lives (such as core deposit intangibles) are amortized to expense over their estimated useful lives.

Management considers several factors when performing the annual impairment tests on goodwill. The factors considered include the operating results for the particular Park segment for the past year and the operating results budgeted for the current year (including multi-year projections), the purchase prices being paid for financial institutions in the markets served by the Park segment, the deposit and loan totals of the Park segment and the economic conditions in the markets served by the Park segment.

The following table reflects the activity in goodwill and other intangible assets for the years 2010, 2009 and 2008. (See Note 2 of these Notes to Consolidated Financial Statements for details on the acquisition of Vision Bancshares, Inc. (“Vision”), and the recognition of impairment charges in 2008 to Vision Bank’s goodwill.)

(In thousands)	Goodwill	Core Deposit	
		Intangibles	Total
December 31, 2007	\$127,320	\$ 17,236	\$144,556
Amortization	—	(4,025)	(4,025)
Impairment of Vision Goodwill	(54,986)	—	(54,986)
December 31, 2008	\$72,334	\$ 13,211	\$85,545
Amortization	—	(3,746)	(3,746)
December 31, 2009	\$72,334	\$ 9,465	\$81,799
Amortization	—	(3,422)	(3,422)
December 31, 2010	\$72,334	\$ 6,043	\$78,377

GAAP requires a company to perform an impairment test on goodwill annually, or more frequently if events or changes in circumstances indicate that the asset might be impaired, by comparing the fair value of such goodwill to its recorded or carrying amount. If the carrying amount of the goodwill exceeds the fair value, an impairment charge must be recorded in an amount equal to the excess.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Park typically evaluates goodwill for impairment on April 1 of each year, with financial data as of March 31. Based on the analysis performed as of April 1, 2010, the Company determined that goodwill for Park's Ohio-based bank (The Park National Bank) was not impaired.

The balance of goodwill was \$127.3 million at December 31, 2007 and was located at four subsidiary banks of Park. The subsidiary banks were Vision Bank (\$55.0 million), The Park National Bank (\$39.0 million), Century National Bank (\$25.8 million) and The Security National Bank and Trust Co. (\$7.5 million). During 2008, Park completed the consolidation of the eight banking charters of Park's Ohio-based subsidiary banks into one national bank charter. With this consolidation, the goodwill at The Park National Bank was \$72.3 million.

Based primarily on the increased level of net loan charge-offs at Vision Bank, management determined that it was appropriate to test for goodwill impairment during the third quarter of 2008. Park continued to experience credit deterioration in Vision Bank's market place during the third quarter of 2008. The fair value of Vision was estimated by using the average of three measurement methods. These included: (1) application of various metrics from bank sale transactions for institutions comparable to Vision Bank; (2) application of a market-derived multiple of tangible book value; and (3) estimations of the present value of future cash flows. Park's management reviewed the valuation of Vision Bank with Park's Board of Directors and concluded that Vision Bank should recognize an impairment charge and write down the remaining goodwill (\$55.0 million), resulting in a goodwill balance of zero with respect to the Vision Bank reporting unit.

Goodwill and other intangible assets (as shown on the Consolidated Balance Sheets) totaled \$78.4 million at December 31, 2010, \$81.8 million at December 31, 2009 and \$85.5 million at December 31, 2008.

The core deposit intangibles are being amortized to expense principally on the straight-line method, over periods ranging from six to ten years. The amortization period for the core deposit intangibles related to the Vision acquisition is six years. Core deposit intangible amortization expense was \$3.4 million in 2010, \$3.7 million in 2009 and \$4.0 million in 2008.

The accumulated amortization of core deposit intangibles was \$16.1 million as of December 31, 2010 and \$12.7 million at December 31, 2009. The expected core deposit intangible amortization expense for each of the next five years is as follows:

(In thousands)

2011	\$2,677
2012	2,677
2013	689
2014	—
2015	—
Total	\$6,043

Consolidated Statement of Cash Flows

Cash and cash equivalents include cash and cash items, amounts due from banks and money market instruments. Generally money market instruments are purchased and sold for one-day periods.

Net cash provided by operating activities reflects cash payments as follows:

December 31, (In thousands)	2010	2009	2008
Interest paid on deposits and other borrowings	\$74,680	\$96,204	\$139,256
Income taxes paid	\$24,600	\$30,660	\$28,365
Transfers to OREO	\$35,507	\$35,902	\$37,823

Loss Contingencies and Guarantees

Loss contingencies, including claims and legal actions arising in the ordinary course of business, are recorded as liabilities when the likelihood of loss is probable and an amount or range of loss can be reasonably estimated.

Income Taxes

The Corporation accounts for income taxes using the asset and liability approach. Under this method, deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. To the extent that Park does not consider it more likely than not that a deferred tax asset will be recovered, a valuation allowance is recorded. All positive and negative evidence is reviewed when determining how much of a valuation allowance is recognized on a quarterly basis. A valuation allowance, if needed, reduces deferred tax assets to the amount expected to be realized.

An uncertain tax position is recognized as a benefit only if it is “more-likely-than-not” that the tax position would be sustained in a tax examination being presumed to occur. The benefit recognized for a tax position that meets the “more-likely-than-not” criteria is measured based on the largest benefit that is more than 50 percent likely to be realized, taking into consideration the amounts and probabilities of the outcome upon settlement. For tax positions not meeting the “more-likely-than-not” test, no tax benefit is recorded. Park recognizes any interest and penalties related to income tax matters in income tax expense.

Preferred Stock

On December 23, 2008, Park issued \$100 million of Senior Preferred Shares to the U.S. Department of Treasury (the "Treasury") under the Capital Purchase Program (CPP), consisting of 100,000 shares, each with a liquidation preference of \$1,000 per share. In addition, on December 23, 2008, Park issued a warrant to the Treasury to purchase 227,376 common shares. These preferred shares and related warrant are considered permanent equity for accounting purposes. GAAP requires management to allocate the proceeds from the issuance of the preferred stock between the preferred stock and related warrant. The terms of the preferred shares require management to pay a cumulative dividend at the rate of 5 percent per annum until February 14, 2014 and 9 percent thereafter. Management determined that the 5 percent dividend rate is below market value; therefore, the fair value of the preferred shares would be less than the \$100 million in proceeds. Management determined that a reasonable market discount rate is 12 percent for the fair value of preferred shares. Management used the Black-Scholes model for calculating the fair value of the warrant (and related common shares). The allocation between the preferred shares and warrant at December 23, 2008, the date of issuance, was \$95.7 million and \$4.3 million, respectively. The discount on the preferred shares of \$4.3 million is being accreted through retained earnings over a 60 month period.

Treasury Stock

The purchase of Park's common stock is recorded at cost. At the date of retirement or subsequent reissuance, the treasury stock account is reduced by the weighted average cost of the common shares retired or reissued.

Comprehensive Income

Comprehensive income consists of net income and other comprehensive income (loss). Other comprehensive income (loss) includes unrealized gains and losses on securities available for sale, changes in the funded status of the Company's Defined Benefit Pension Plan, and the unrealized net holding gains and losses on the cash flow hedge, which are also recognized as separate components of equity.

Stock Based Compensation

Compensation cost is recognized for stock options and stock awards issued to employees and directors, based on the fair value of these awards at the date of grant. A Black-Scholes model is utilized to estimate the fair value of stock options, while the market price of Park's common stock at the date of grant is used for stock awards. Compensation cost is recognized over the required service period, generally defined as the vesting period. Park did not grant any stock options during 2010, 2009 or 2008. No stock options vested in 2010, 2009 or 2008. Park granted 7,020, 7,020 and 7,200 shares of common stock to its directors in 2010, 2009 and 2008, respectively.

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Derivative Instruments

At the inception of a derivative contract, the Company designates the derivative as one of three types based on the Company's intentions and belief as to likely effectiveness as a hedge. These three types are: (1) a hedge of the fair value of a recognized asset or liability or of an unrecognized firm commitment ("fair value hedge"); (2) a hedge of a forecasted transaction or the variability of cash flows to be received or paid related to a recognized asset or liability ("cash flow hedge"); or (3) an instrument with no hedging designation ("stand-alone derivative"). For a fair value hedge, the gain or loss on the derivative, as well as the offsetting loss or gain on the hedged item, are recognized in current earnings as fair values change. For a cash flow hedge, the gain or loss on the derivative is reported in other comprehensive income and is reclassified into earnings in the same periods during which the hedged transaction affects earnings. For both types of hedges, changes in the fair value of derivatives that are not highly effective in hedging the changes in fair value or expected cash flows of the hedged item are recognized immediately in current earnings. Changes in the fair value of derivatives that do not qualify for hedge accounting are reported currently in earnings, as noninterest income.

The Company formally documents the relationship between derivatives and hedged items, as well as the risk-management objective and the strategy for undertaking hedge transactions at the inception of the hedging relationship. This documentation includes linking fair value or cash flow hedges to specific assets and liabilities on the Consolidated Balance Sheet or to specific firm commitments or forecasted transactions. The Company also formally assesses, both at the hedge's inception and on an ongoing basis, whether the derivative instruments that are used are highly effective in offsetting changes in fair values or cash flows of the hedged items. The Company discontinues hedge accounting when it determines that the derivative is no longer effective in offsetting changes in the fair value or cash flows of the hedged item, the derivative is settled or terminates, a hedged forecasted transaction is no longer probable, a hedged firm commitment is no longer firm, or treatment of the derivative as a hedge is no longer appropriate or intended.

When hedge accounting is discontinued, subsequent changes in fair value of the derivative are recorded as noninterest income. When a fair value hedge is discontinued, the hedged asset or liability is no longer adjusted for changes in fair value and the existing basis adjustment is amortized or accreted over the remaining life of the asset or liability. When a cash flow hedge is discontinued but the hedged cash flows or forecasted transactions are still expected to occur, gains or losses that were accumulated in other comprehensive income are amortized into earnings over the same periods which the hedged transactions will affect earnings.

Fair Value Measurement

Fair values of financial instruments are estimated using relevant market information and other assumptions, as more fully disclosed in Note 21 of these Notes to Consolidated Financial Statements. Fair value estimates involve uncertainties and matters of significant judgment regarding interest rates, credit risk, prepayments, and other factors,

especially in the absence of broad markets for particular items. Changes in assumptions or in market conditions could significantly affect the estimates.

Transfers of Financial Assets

Transfers of financial assets are accounted for as sales, when control over the assets has been relinquished. Control over transferred assets is deemed to be surrendered when the assets have been isolated from the Company, the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

Retirement Plans

Pension expense is the net of service and interest cost, return on plan assets and amortization of gains and losses not immediately recognized. Employee 401(k) plan expense is the amount of matching contributions. Deferred compensation and supplemental retirement plan expense allocates the benefits over years of service.

Earnings Per Common Share

Basic earnings per common share is net income available to common stockholders divided by the weighted average number of common shares outstanding during the period. Diluted earnings per common share includes the dilutive effect of additional potential common shares issuable under stock options, warrants and convertible securities. Earnings and dividends per common share are restated for any stock splits and stock dividends through the date of issuance of the consolidated financial statements.

Adoption of New Accounting Pronouncements:

Accounting for Transfers of Financial Assets: In June 2009, FASB issued SFAS No. 166, "*Accounting for Transfers of Financial Assets—an amendment of FASB Statement No. 140.*" This removes the concept of a qualifying special-purpose entity from existing GAAP and removes the exception from applying FASB ASC 810-10, *Consolidation* (FASB Interpretation No. 46 (revised December 2003) *Consolidation of Variable Interest Entities*) to qualifying special purpose entities. The objective of this new guidance is to improve the relevance, representational faithfulness, and comparability of the information that a reporting entity provides in its financial statements about a transfer of financial assets (which includes loan participations); the effects of a transfer on its financial position, financial performance, and cash flows; and a transferor's continuing involvement in transferred financial assets. The Company's adoption of this new guidance on January 1, 2010, did not have a material impact on Park's consolidated financial statements.

Amendments to FASB Interpretation No. 46(R): In June 2009, FASB issued SFAS No. 167, "*Amendments to FASB Interpretation No. 46(R)*" (ASC 810). The objective of this new guidance is to amend certain requirements of FASB Interpretation No. 46 (revised December 2003), *Consolidation of Variable Interest Entities*, to improve

financial reporting by enterprises involved with variable interest entities and to provide more relevant and reliable information to users of financial statements. The Company's adoption of this new guidance on January 1, 2010 had no impact on Park's consolidated financial statements.

Improving Disclosures About Fair Value Measurements: In January 2010, the FASB issued an amendment to Fair Value Measurements and Disclosures, Topic 820, *Improving Disclosures About Fair Value Measurements*. This amendment requires new disclosures regarding significant transfers in and out of Level 1 and 2 fair value measurements and the reasons for the transfers. This amendment also requires that a reporting entity present separately information about purchases, sales, issuances and settlements, on a gross basis rather than a net basis for activity in Level 3 fair value measurements using significant unobservable inputs. This amendment also clarifies existing disclosures on the level of disaggregation, in that the reporting entity needs to use judgment in determining the appropriate classes of assets and liabilities, and that a reporting entity should provide disclosures about the valuation techniques and inputs used to measure fair value for both recurring and nonrecurring fair value measurements for Level 2 and 3. The new disclosures and clarifications of existing disclosures for ASC 820 are effective for interim and annual reporting periods beginning after December 15, 2009, except for the disclosures about purchases, sales, issuances and settlements in the roll forward of activity in Level 3 fair value measurements. Those disclosures are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. The adoption of ASC 820 did not have a material effect on the Company's consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses: In July 2010, FASB issued Accounting Standards Update 2010-20, *Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses* (ASU 2010-20), to address concerns about the sufficiency, transparency, and robustness of credit risk disclosures for finance receivables and the related allowance for credit losses. This ASU requires new and enhanced disclosures at disaggregated levels, specifically defined as “portfolio segments” and “classes”. Among other things, the expanded disclosures include roll-forward schedules of the allowance for credit losses and information regarding the credit quality of receivables as of the end of a reporting period. New and enhanced disclosures are required for interim and annual periods ending after December 15, 2010, although the disclosures of reporting period activity are required for interim and annual periods beginning after December 15, 2010. The adoption of the new guidance impacts annual disclosures within the Annual Report for the period ended December 31, 2010 and will impact disclosures within interim financial statements in future periods, but will not have an impact on the Company’s consolidated financial statements.

No. 2011-01 | Receivables (Topic 310) Deferral of the Effective Date of Disclosures about Troubled Debt Restructurings in Update No. 2010-20: In January 2011, FASB issued Accounting Standards Update 2011-01, *Deferral of the Effective Date of Disclosures about Troubled Debt Restructurings in Update No. 2010-20* (ASU 2011-01). ASU 2011-01 was issued as a result of concerns raised from stakeholders that the introduction of new disclosure requirements (paragraphs 310-10-50-31 through 50-34 of the FASB Accounting Standards Codification) about troubled debt restructurings in one reporting period followed by a change in what constitutes a troubled debt restructuring shortly thereafter would be burdensome for preparers and may not provide financial statement users with useful information.

1A. RESTATEMENT OF FINANCIAL STATEMENTS

In January 2012, management determined that (i) Park’s previously issued audited consolidated financial statements incorporated by reference in Park’s Annual Report on Form 10-K for the year ended December 31, 2010, filed on February 28, 2011, should be restated.

The accounting treatment giving rise to the restatement was the inclusion of estimated future cash flows supporting the allowance for loan losses related to certain impaired commercial loans. For the year ended December 31, 2010, as part of Park’s process to measure impairment on certain impaired commercial loans at Vision Bank, management had relied on expected future cash flows from guarantors, as to whom we were in litigation. Management determined that reliance on expected future cash flows, which may require protracted litigation to actually be received, is inappropriate given the difficulty in obtaining objective verifiable evidence supporting a conclusion as to the amount and timing of the expected cash flows. GAAP requires that our assumptions be “reasonable and supportable” and the facts and circumstances around the existence of protracted litigation make this assumption more difficult to support.

The restatement also reflects certain OREO devaluations and additional loan loss provisions that are not related to guarantor support. These expense items are related to valuation issues identified at December 31, 2010, where Vision Bank management utilized (i) the work of a third-party contractor, which was not a licensed appraiser, when calculating the fair value of collateral for certain impaired loans and the fair value of certain OREO held by Vision Bank, and management did not have sufficient documentation to support the estimates of this third-party contractor, and (ii) internal estimates of collateral value when calculating specific reserves for certain impaired loans when, at times, such internal estimates were outdated. The impact is to reverse provisions for loan losses and OREO devaluations originally recorded in 2011 and recognize these provisions for loan losses and OREO devaluations in the restated audited consolidated financial statements for the year ended December 31, 2010.

The tables below detail the restated financial statement line items and Park's regulatory capital ratios for the year ended December 31, 2010.

Effect on Consolidated Balance Sheets

	December 31, 2010		Effect of Change
	As Previously Reported	As Restated	
Allowance for loan losses	\$ 121,397	\$ 143,575	\$ 22,178
Net loans	4,611,288	4,589,110	(22,178)
Other real estate owned	44,325	41,709	(2,616)
Other assets	140,174	148,852	8,678
Total Assets	7,298,377	7,282,261	(16,116)
Retained Earnings	422,458	406,342	(16,116)
Total stockholders' equity	745,824	729,708	(16,116)
Total liabilities and stockholders' equity	7,298,377	7,282,261	(16,116)

Effect on Consolidated Statements of Income

	Year Ended December 31, 2010		
	As		
	Previously Reported	As Restated	Effect of Change
Provision for loan losses	\$64,902	\$ 87,080	\$ 22,178
Net interest income after provision for loan losses	209,142	186,964	(22,178)
OREO devaluations	(10,590)	(13,206)	(2,616)
Total other income	77,496	74,880	(2,616)
Income before income taxes	99,531	74,737	(24,794)
Income taxes	25,314	16,636	(8,678)
Net income	74,217	58,101	(16,116)
Net income available to common shareholders	68,410	52,294	(16,116)
Earnings per common share			
Basic	\$4.51	\$ 3.45	\$ (1.06)
Diluted	\$4.51	\$ 3.45	\$ (1.06)

Effect on Consolidated Statements of Changes in Stockholders' Equity

	Year Ended December 31, 2010		
	As Previously Reported	As Restated	Effect of Change
Net income	\$74,217	\$ 58,101	\$ (16,116)
Total comprehensive income	56,688	40,572	(16,116)
Retained earnings, December 31, 2010	422,458	406,342	(16,116)
Total stockholders' equity, December 31, 2010	745,824	729,708	(16,116)

Effect on Consolidated Statements of Cash Flows

	Year Ended December 31, 2010		
	As		
	Previously Reported	As Restated	Effect of Change
Net income	\$74,217	\$ 58,101	\$ (16,116)
Provision for loan losses	64,902	87,080	22,178
Deferred income tax (benefit)	(925)	(9,603)	(8,678)
(Increase) in other assets	(8,974)	(6,358)	2,616

Effect on Park National Corporation's Capital Ratios

	December 31, 2010				
	As				
	Previously Reported	As Restated	Effect of Change		
Tier 1 Leverage Ratio	9.77 %	9.54 %	-0.23	%	
Tier 1 Risk-based Capital Ratio	13.52 %	13.24 %	-0.28	%	
Total Risk-based Capital Ratio	15.98 %	15.71 %	-0.27	%	

2. ORGANIZATION AND ACQUISITIONS

Park National Corporation is a multi-bank holding company headquartered in Newark, Ohio. Through its banking subsidiaries, The Park National Bank (PNB) and Vision Bank (VB), Park is engaged in a general commercial banking and trust business, primarily in Ohio, Baldwin County, Alabama and the panhandle of Florida. A wholly-owned subsidiary of Park, Guardian Financial Services Company (GFSC) began operating in May 1999. GFSC is a consumer finance company located in Central Ohio. PNB operates through eleven banking divisions with the Park National Division headquartered in Newark, Ohio, the Fairfield National Division headquartered in Lancaster, Ohio, The Park National Bank of Southwest Ohio & Northern Kentucky Division headquartered in Milford, Ohio, the First-Knox National Division headquartered in Mount Vernon, Ohio, the Farmers and Savings Division headquartered in Loudonville, Ohio, the Security National Division headquartered in Springfield, Ohio, the Unity National Division headquartered in Piqua, Ohio, the Richland Bank Division headquartered in Mansfield, Ohio, the Century National Division headquartered in Zanesville, Ohio, the United Bank Division headquartered in Bucyrus, Ohio and the Second National Division headquartered in Greenville, Ohio. VB operates through two banking divisions with the Vision Bank Florida Division headquartered in Panama City, Florida and the Vision Bank Alabama Division headquartered in Gulf Shores, Alabama. All of the Ohio-based banking divisions provide the following principal services: the acceptance of deposits for demand, savings and time accounts; commercial, industrial, consumer and real estate lending, including installment loans, credit cards, home equity lines of credit, commercial leasing; trust services; cash management; safe deposit operations; electronic funds transfers and a variety of additional banking-related services. VB, with its two banking divisions, provides the services mentioned above, with the exception of commercial leasing. See Note 23 of these Notes to Consolidated Financial Statements for financial information on the Corporation's operating segments.

On March 9, 2007, Park acquired all of the stock and outstanding stock options of Vision Bancshares, Inc. for \$87.8 million in cash and 792,937 shares of Park common stock valued at \$83.3 million or \$105.00 per share.

The goodwill recognized as a result of this acquisition was \$109.0 million. The fair value of the acquired assets of Vision was \$686.5 million and the fair value of the liabilities assumed was \$624.4 million at March 9, 2007. During the fourth quarter of 2007, Park recognized a \$54.0 million impairment charge to the Vision goodwill. In addition, Park recognized an additional impairment charge to the remaining Vision goodwill of \$55.0 million during the third quarter of 2008. The goodwill impairment charge of \$55.0 million in 2008 reduced income tax expense by approximately \$1 million. The goodwill impairment charge of \$54.0 million in 2007 had no impact on income tax expense.

At the time of the acquisition, Vision operated two bank subsidiaries (both named Vision Bank) which became bank subsidiaries of Park on March 9, 2007. On July 20, 2007, the bank operations of the two Vision Banks were consolidated under a single charter through the merger of the Vision Bank headquartered in Gulf Shores, Alabama with and into the Vision Bank headquartered in Panama City, Florida. Vision Bank operates under a Florida banking charter and has 17 branch locations in Baldwin County, Alabama and in the Florida panhandle.

3. RESTRICTIONS ON CASH AND DUE FROM BANKS

The Corporation's two bank subsidiaries are required to maintain average reserve balances with the Federal Reserve Bank. The average required reserve balance was approximately \$37.8 million at December 31, 2010 and \$31.9 million at December 31, 2009. No other compensating balance arrangements were in existence at December 31, 2010.

4. INVESTMENT SECURITIES

The amortized cost and fair value of investment securities are shown in the following table. Management performs a quarterly evaluation of investment securities for any other-than-temporary impairment.

During 2010, Park recognized an other-than-temporary impairment charge of \$23,000, related to an equity investment in a financial institution, which is recorded in "other expenses" within the Consolidated Statements of Income. During 2009, Park recognized impairment losses of \$0.6 million related to equity investments in several financial institutions. Since these are equity securities, no amounts were recognized in other comprehensive income at the time of the impairment recognition.

Investment securities at December 31, 2010 were as follows:

(In thousands)	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
2010:				
Securities Available-for-Sale				
Obligations of U.S. Treasury and other U.S. Government sponsored entities	\$272,301	\$ 2,968	\$ 1,956	\$273,313
Obligations of states and political subdivisions	10,815	281	52	11,044
U.S. Government sponsored entities asset-backed securities	990,204	30,633	9,425	1,011,412
Other equity securities	938	858	43	1,753
Total	\$1,274,258	\$ 34,740	\$ 11,476	\$1,297,522
2010:				
Securities Held-to-Maturity				
Obligations of states and political subdivisions	\$3,167	\$ 7	\$ —	\$3,174
U.S. Government sponsored entities asset-backed securities	670,403	17,157	4,620	682,940
Total	\$673,570	\$ 17,164	\$ 4,620	\$686,114

Park's U.S. Government sponsored entity asset-backed securities consisted of 15-year residential mortgage-backed securities and collateralized mortgage obligations (CMOs). At December 31, 2010, the amortized cost of Park's AFS and held-to-maturity mortgage-backed securities was \$988.5 million and \$0.1 million, respectively. At December 31, 2010, the amortized cost of Park's AFS and held-to-maturity CMOs was \$1.7 million and \$670.3 million, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Other investment securities (as shown on the Consolidated Balance Sheets) consist of stock investments in the Federal Home Loan Bank and the Federal Reserve Bank. Park owned \$61.8 million of Federal Home Loan Bank stock and \$6.9 million of Federal Reserve stock at December 31, 2010. Park owned \$62.0 million of Federal Home Loan Bank stock and \$6.9 million of Federal Reserve Bank stock at December 31, 2009.

Management does not believe any individual unrealized loss as of December 31, 2010 or December 31, 2009, represents an other-than-temporary impairment. The unrealized losses on debt securities are primarily the result of interest rate changes. These conditions will not prohibit Park from receiving its contractual principal and interest payments on these debt securities. The fair value of these debt securities is expected to recover as payments are received on these securities and they approach maturity.

Should the impairment of any of these securities become other-than-temporary, the cost basis of the investment will be reduced and the resulting loss recognized in net income in the period the other-than-temporary impairment is identified.

The following table provides detail on investment securities with unrealized losses aggregated by investment category and length of time the individual securities had been in a continuous loss position at December 31, 2010:

(In thousands)	Less than 12 Months Fair Value	Unrealized Losses	12 Months or Longer Fair Value	Unrealized Losses	Total Fair Value	Unrealized Losses
2010:						
Securities Available-for-Sale						
Obligations of U.S. Treasury and other U.S. Government sponsored entities	\$ 74,379	\$ 1,956	\$ —	\$ —	\$ 74,379	\$ 1,956
Obligations of states and political subdivisions	1,459	52	—	—	1,459	52
U.S. Government sponsored entities asset-backed securities	418,156	9,425	—	—	418,156	9,425
Other equity securities	74	29	221	14	295	43
Total	\$ 494,068	\$ 11,462	\$ 221	\$ 14	\$ 494,289	\$ 11,476
2010:						
Securities Held-to-Maturity						
U.S. Government sponsored entities asset-backed securities	\$ 297,584	\$ 4,620	\$ —	\$ —	\$ 297,584	\$ 4,620

Investment securities at December 31, 2009 were as follows:

(In thousands)	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
2009:				
Securities Available-for-Sale				
Obligations of U.S. Treasury and other U.S. Government sponsored entities	\$349,899	\$ 389	\$ 2,693	\$347,595
Obligations of states and political subdivisions	15,189	493	15	15,667
U.S. Government sponsored entities asset-backed securities	875,331	47,572	—	922,903
Other equity securities	962	656	56	1,562
Total	\$1,241,381	\$ 49,110	\$ 2,764	\$1,287,727
2009:				
Securities Held-to-Maturity				
Obligations of states and political subdivisions	\$4,456	\$ 25	\$ —	\$4,481
U.S. Government sponsored entities asset-backed securities	502,458	16,512	1	518,969
Total	\$506,914	\$ 16,537	\$ 1	\$523,450

The following table provides detail on investment securities with unrealized losses aggregated by investment category and length of time the individual securities had been in a continuous loss position at December 31, 2009:

(In thousands)	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
2009:						
Securities Available-for-Sale						
Obligations of states and political subdivisions	\$ 257,206	\$ 2,693	\$ —	\$ —	\$257,206	\$ 2,693
U.S. Government sponsored entities asset-backed securities	295	15	—	—	295	15
Other equity securities	—	—	202	56	202	56
Total	\$ 257,501	\$ 2,708	\$ 202	\$ 56	\$257,703	\$ 2,764
2009:						
Securities Held-to-Maturity						
U.S. Government sponsored entities asset-backed securities	\$ 50	\$ 1	\$ —	\$ —	\$50	\$ 1

The amortized cost and estimated fair value of investments in debt securities at December 31, 2010, are shown in the following table by contractual maturity or the expected call date, except for asset-backed securities, which are shown as a single total, due to the unpredictability of the timing in principal repayments.

(In thousands)	Amortized Cost	Estimated Fair Value
Securities Available-for-Sale		
U.S. Treasury and sponsored entities notes:		
Due within one year	\$ 149,986	\$ 152,913

Due one through five years	54,335	52,627
Due five through ten years	67,980	67,773
Total	\$ 272,301	\$ 273,313
Obligations of states and political subdivisions:		
Due within one year	\$ 7,999	\$ 8,195
Due one through five years	1,805	1,879
Due over ten years	1,011	970
Total	\$ 10,815	\$ 11,044
U.S. Government sponsored entities asset-backed securities:		
Total	\$ 990,204	\$ 1,011,412
Securities Held-to-Maturity		
Obligations of states and political subdivisions:		
Due within one year	\$ 2,382	\$ 2,389
Due one through five years	785	785
Total	\$ 3,167	\$ 3,174
U.S. Government sponsored entities asset-backed securities:		
Total	\$ 670,403	\$ 682,940

All of Park's securities shown in the above table as U.S. Treasury and sponsored entities notes are callable notes. These callable securities have a final maturity in 8 to 12 years, but are shown in the table at their expected call date.

Investment securities having a book value of \$1,481 million and \$1,720 million at December 31, 2010 and 2009, respectively, were pledged to collateralize government and trust department deposits in accordance with federal and state requirements and to secure repurchase agreements sold, and as collateral for Federal Home Loan Bank (FHLB) advance borrowings.

At December 31, 2010, \$736 million was pledged for government and trust department deposits, \$668 million was pledged to secure repurchase agreements and \$77 million was pledged as collateral for FHLB advance borrowings.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

At December 31, 2009, \$952 million was pledged for government and trust department deposits, \$658 million was pledged to secure repurchase agreements and \$110 million was pledged as collateral for FHLB advance borrowings.

At December 31, 2010, there were no holdings of securities of any one issuer, other than the U.S. Government and its sponsored entities, in an amount greater than 10% of shareholders' equity.

During 2010, Park's management sold investment securities during the first, second and fourth quarters. In total, these sales resulted in proceeds of \$460.2 million and a pre-tax gain of \$11.9 million.

During the first quarter of 2010, Park sold \$200.7 million of U.S. Government sponsored entity mortgage-backed securities for a pre-tax gain of \$8.3 million. During the second quarter of 2010, Park sold \$57 million of U.S. Government sponsored entity mortgage-backed securities for a pre-tax gain of \$3.5 million. During the fourth quarter of 2010, Park sold \$115.8 million of U.S. Government sponsored entity callable notes for a small gain of \$45,000.

During 2009, Park sold \$204.3 million of U.S. Government sponsored entity mortgage-backed securities, realizing a pre-tax gain of \$7.3 million. No gross losses were realized in 2010 or 2009.

5. LOANS

The composition of the loan portfolio is as follows:

December 31 (In thousands)	2010	2009
Commercial, financial and agricultural	\$737,902	\$751,277
Real estate:		
Commercial	1,226,616	1,130,672
Construction	406,480	495,518
Residential	1,692,209	1,555,390
Consumer	666,871	704,430
Leases	2,607	3,145
Total loans	\$4,732,685	\$4,640,432

The composition of the loan portfolio, by class of loan, as of December 31, 2010 is as follows:

(In thousands)	Loan Balance	Accrued Interest Receivable	Recorded Investment
Commercial, financial and agricultural*	\$737,902	\$ 2,886	\$740,788
Commercial real estate*	1,226,616	4,804	1,231,420
Construction real estate:			
Vision commercial land and development	171,334	282	171,616
Remaining commercial	195,693	622	196,315
Mortgage	26,326	95	26,421
Installment	13,127	54	13,181
Residential real estate:			
Commercial	464,903	1,403	466,306
Mortgage	906,648	2,789	909,437
HELOC	260,463	1,014	261,477
Installment	60,195	255	60,450
Consumer	666,871	3,245	670,116
Leases	2,607	56	2,663
Total loans	\$4,732,685	\$ 17,505	\$4,750,190

* Included within commercial, financial and agricultural loans and commercial real estate loans are an immaterial amount of consumer loans that are not broken out by class.

Loans are shown net of deferred origination fees, costs and unearned income of \$6.7 million at December 31, 2010 and \$6.3 million at December 31, 2009.

Overdrawn deposit accounts of \$2.6 million and \$3.3 million have been reclassified to loans at December 31, 2010 and 2009, respectively.

Nonperforming loans are summarized as follows at December 31, 2009:

December 31 (In thousands)	2009
Impaired loans:	
Nonaccrual	\$201,001
Restructured (accruing)	142
Total impaired loans	201,143
Other nonaccrual loans	32,543
Total nonaccrual and restructured loans	\$233,686
Loans past due 90 days or more and accruing	14,773
Total nonperforming loans	\$248,459

The following table presents the recorded investment in nonaccrual, restructured, and loans past due 90 days or more and still accruing by class of loans as of December 31, 2010:

(In thousands)	Nonaccrual Loans	Loans Past Due		Total Nonperforming Loans
		Accrued Loans	Restored and Accruing Loans	
Commercial, financial and agricultural	\$ 19,276	\$—	\$ —	\$ 19,276
Commercial real estate	57,941	—	20	57,961
Construction real estate:				
Vision commercial land and development	87,424	—	—	87,424
Remaining commercial	27,080	—	—	27,080
Mortgage	354	—	—	354
Installment	417	—	13	430
Residential real estate:				
Commercial	60,227	—	—	60,227
Mortgage	32,479	—	2,175	34,654
HELOC	964	—	149	1,113
Installment	1,195	—	277	1,472
Consumer	1,911	—	1,059	2,970
Leases	—	—	—	—
Total loans	\$ 289,268	\$—	\$ 3,693	\$ 292,961

The following table provides additional information regarding those nonaccrual loans that are individually evaluated for impairment and those collectively evaluated for impairment at December 31, 2010.

(In thousands)	Nonaccrual	Loans	Loans
		Individually Evaluated for Impairment	Collectively Evaluated for Impairment
Commercial, financial and agricultural	\$ 19,276	\$ 19,205	\$ 71
Commercial real estate	57,941	57,930	11
Construction real estate:			
Vision commercial land and development	87,424	86,491	933
Remaining commercial	27,080	27,080	—
Mortgage	354	—	354
Installment	417	—	417
Residential real estate:			
Commercial	60,227	60,227	—
Mortgage	32,479	—	32,479
HELOC	964	—	964
Installment	1,195	—	1,195
Consumer	1,911	—	1,911
Leases	—	—	—
Total loans	\$ 289,268	\$ 250,933	\$ 38,335

The majority of the loans individually evaluated for impairment were evaluated using the fair value of the collateral or present value of expected future cash flows as the measurement method.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Impaired loans were as follows at December 31, 2009:

December 31 (In thousands)	2009
Year-end loans with no allocated allowance for loan losses	\$77,487
Year-end loans with allocated allowance for loan losses	123,656
Total	\$201,143
Amount of the allowance for loan losses allocated	\$36,721

The following table presents loans individually evaluated for impairment by class of loans as of December 31, 2010.

(In thousands)	Unpaid Principal Balance (Restated)	Recorded Investment (Restated)	Allowance for Loan Losses Allocated (Restated)
With no related allowance recorded			
Commercial, financial and agricultural	\$ 9,347	\$ 8,891	\$ —
Commercial real estate	21,526	17,170	—
Construction real estate:			
Vision commercial land and development	11,206	7,847	—
Remaining commercial	12,305	11,743	—
Residential real estate:			
Commercial	46,344	43,031	—
With an allowance recorded			
Commercial, financial and agricultural	11,801	10,314	3,028
Commercial real estate	44,789	40,760	12,652
Construction real estate:			
Vision commercial land and development	103,937	78,644	39,887
Remaining commercial	23,563	15,337	5,425
Residential real estate:			
Commercial	19,716	17,196	5,912
Total	\$ 304,534	\$ 250,933	\$ 66,904

Management's general practice is to proactively charge down loans individually evaluated for impairment to the fair value of the underlying collateral. At December 31, 2010, there were \$12.0 million in partial charge-offs on loans individually evaluated for impairment with no related allowance recorded and an additional \$41.6 million of partial charge-offs on loans individually evaluated for impairment that also had a specific reserve allocated.

The allowance for loan losses included specific reserves related to loans individually evaluated for impairment at December 31, 2010 and 2009, of \$66.9 million and \$36.7 million, respectively, related to loans with a recorded investment of \$162.3 million and \$123.7 million.

The average balance of loans individually evaluated for impairment was \$210.4 million, \$184.7 million and \$130.6 million for 2010, 2009 and 2008, respectively.

Interest income on loans individually evaluated for impairment is recognized on a cash basis after all past due and current principal payments have been made. For the year ended December 31, 2010, the Corporation recognized a net reversal to interest income of \$1.3 million, consisting of \$948,000 in interest recognized at PNB and \$2.2 million in interest reversed at Vision, on loans that were individually evaluated for impairment as of the end of the year. For the year ended December 31, 2009, the Corporation recognized a net reversal to interest income of \$1.3 million, consisting of \$1.8 million in interest recognized at PNB and \$3.1 million in interest reversed at Vision, on loans that were individually evaluated for impairment as of the end of the year. For the year ended December 31, 2008, the Corporation recognized \$0.9 million in interest income, consisting of \$2.8 million in interest recognized at PNB and \$1.9 million in interest reversed at Vision.

The following table presents the aging of the recorded investment in past due loans as of December 31, 2010 by class of loans.

(In thousands)	Past Due Nonaccrual		Total Past Due	Total Current	Total Recorded Investment
	Accruing Loans Past Due 30–89 Days	Loans and Loans Past Due 90 Days or More and Accruing			
Commercial, financial and agricultural	\$ 2,247	\$ 15,622	\$ 17,869	\$ 722,919	\$ 740,788
Commercial real estate	9,521	53,269	62,790	1,168,630	1,231,420
Construction real estate:					
Vision commercial land and development	2,406	65,130	67,536	104,080	171,616
Remaining commercial	141	19,687	19,828	176,487	196,315
Mortgage	479	148	627	25,794	26,421
Installment	235	399	634	12,547	13,181
Residential real estate:					
Commercial	3,281	26,845	30,126	436,180	466,306
Mortgage	17,460	24,422	41,882	867,555	909,437
HELOC	1,396	667	2,063	259,414	261,477
Installment	1,018	892	1,910	58,540	60,450
Consumer	11,204	2,465	13,669	656,447	670,116
Leases	5	—	5	2,658	2,663
Total loans	\$ 49,393	\$ 209,546	\$ 258,939	\$ 4,491,251	\$ 4,750,190

Management's policy is to initially place all renegotiated loans (troubled debt restructurings) on nonaccrual status. At December 31, 2010, there were \$80.7 million of troubled debt restructurings included in nonaccrual loan totals. Many of these troubled debt restructurings are performing under the renegotiated terms. At December 31, 2010, of the \$80.7 million in troubled debt restructurings, \$50.3 million were included within current loans presented above.

Management will continue to review the renegotiated loans and may determine it appropriate to move certain of these loans back to accrual status in the future. At December 31, 2010, Park had commitments to lend \$434,000 of additional funds to borrowers whose terms had been modified in a troubled debt restructuring.

Management utilizes past due information as a credit quality indicator across the loan portfolio. The past due information is the primary credit quality indicator within the following classes of loans: (1) mortgage loans and installment loans in the construction real estate segment; (2) mortgage loans, HELOC and installment loans in the residential real estate segment; and (3) consumer loans. The primary credit indicator for commercial loans is based on an internal grading system that grades all commercial loans from 1 to 8. Credit grades are continuously monitored by the respective loan officer and adjustments are made when appropriate. A grade of 1 indicates little or no credit risk and a grade of 8 is considered a loss. Commercial loans with grades of 1 to 4 (pass-rated) are considered to be of acceptable credit risk. Commercial loans graded a 5 (special mention) are considered to be watch list credits and a higher loan loss reserve percentage is allocated to these loans. Loans classified as special mention have potential weaknesses that deserve management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or of the institution's credit position at some future date. Commercial loans graded 6 (substandard), also considered watch list credits, are considered to represent higher credit risk and, as a result, a higher loan loss reserve percentage is allocated to these loans. Loans classified as substandard loans are inadequately protected by the current sound worth and paying capacity of the obligor or of the collateral pledged, if any. Loans so classified have a well defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the institution will sustain some loss if the deficiencies are not corrected. Commercial loans that are graded a 7 (doubtful) are shown as nonperforming and Park generally charges these loans down to their fair value by taking a partial charge-off or recording a specific reserve. Loans classified as doubtful have all the weaknesses inherent in those classified as substandard with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable. Any commercial loan graded an 8 (loss) is completely charged-off. The table below presents the recorded investment by loan grade at December 31, 2010 for all commercial loans:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(In thousands)	5 Rated	6 Rated	Nonaccrual	Pass Rated	Recorded Investment
Commercial, financial and agricultural	\$26,322	\$11,447	\$19,276	\$683,743	\$740,788
Commercial real estate	57,394	26,992	57,941	1,089,093	1,231,420
Construction real estate:					
Vision commercial land and development	10,220	7,941	87,424	66,031	171,616
Remaining commercial	14,021	39,062	27,080	116,152	196,315
Residential real estate:					
Commercial	29,206	18,117	60,227	358,756	466,306
Leases	—	—	—	2,663	2,663
Total commercial loans	\$137,163	\$103,559	\$251,948	\$2,316,438	\$2,809,108

Management transfers a loan to other real estate owned at the time that Park takes possession of the asset. At December 31, 2010 and 2009, Park had \$41.7 million and \$41.2 million, respectively, of other real estate owned. Other real estate owned at Vision Bank has decreased from \$35.2 million at December 31, 2009 to \$33.3 million at December 31, 2010.

Certain of the Corporation's executive officers and directors are loan customers of the Corporation's two banking subsidiaries. As of December 31, 2010 and 2009, loans and lines of credit aggregating approximately \$53.6 million and \$56.8 million, respectively, were outstanding to such parties. During 2010, \$2.1 million of new loans were made to these executive officers and directors and repayments totaled \$5.3 million. New loans and repayments for 2009 were \$27.9 million and \$9.5 million, respectively. Additionally, during 2009, \$20.8 million in loans were removed from the aggregate amount reported due to the resignation of certain directors.

6. ALLOWANCE FOR LOAN LOSSES

Activity in the allowance for loan losses is summarized as follows:

(In thousands)	2010 (Restated)	2009	2008
Average loans	\$4,642,478	\$4,594,436	\$4,354,520
Allowance for loan losses:			
Beginning balance	\$116,717	\$100,088	\$87,102
Charge-offs:			
Commercial, financial and agricultural	8,484	10,047	2,953
Commercial real estate	7,748	5,662	4,126
Construction real estate	23,308	21,956	34,052

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Residential real estate	18,401	11,765	12,600		
Consumer	8,373	9,583	9,181		
Lease financing	—	9	4		
Total charge-offs	66,314	59,022	62,916		
Recoveries:					
Commercial, financial and agricultural	1,237	1,010	861		
Commercial real estate	850	771	451		
Construction real estate	813	1,322	137		
Residential real estate	1,429	1,723	1,128		
Consumer	1,763	2,001	2,807		
Lease financing	—	3	31		
Total recoveries	6,092	6,830	5,415		
Net charge-offs	60,222	52,192	57,501		
Provision for loan losses	87,080	68,821	70,487		
Ending balance	\$143,575	\$116,717	\$100,088		
Ratio of net charge-offs to average loans	1.30	% 1.14	% 1.32	%	%
Ratio of allowance for loan losses to end of period loans	3.03	% 2.52	% 2.23	%	%

The composition of the allowance for loan losses at December 31, 2010, as restated, was as follows:

(In thousands)	Commercial, financial and agricultural	Commercial real estate	Construction real estate	Residential real estate	Consumer	Leases	Total
Allowance for loan losses:							
Ending allowance balance attributed to loans							
Individually evaluated for impairment	\$3,028	\$12,652	\$45,312	\$5,912	\$-	\$-	\$66,904
Collectively evaluated for impairment	8,527	11,717	25,150	24,347	6,925	5	76,671
Total ending ALLL balance	\$11,555	\$24,369	\$70,462	\$30,259	\$6,925	\$5	\$143,575
Loan Balance:							
Loans individually evaluated for impairment	\$19,205	\$57,930	\$113,571	\$60,227	\$-	\$-	\$250,933
Loans collectively evaluated for impairment	718,697	1,168,686	292,909	1,631,982	666,871	2,607	4,481,752
Total ending loan balance	\$737,902	\$1,226,616	\$406,480	\$1,692,209	\$666,871	\$2,607	\$4,732,685
Allowance for loan losses as a percentage of loan balance:							
Loans individually evaluated for	15.77	% 21.84	% 39.90	% 9.82	% -	-	26.66
							%

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impairment Loans collectively evaluated for impairment	1.19	%	1.00	%	8.59	%	1.49	%	1.04	%	0.19	%	1.71	%
Total ending balance	1.57	%	1.99	%	17.33	%	1.79	%	1.04	%	0.19	%	3.03	%

Recorded Investment:

Loans individually evaluated for impairment	\$ 19,205	\$ 57,930	\$ 113,571	\$ 60,227	\$-	\$-	\$ 250,933
Loans collectively evaluated for impairment	721,583	1,173,490	293,962	1,637,443	670,116	2,663	4,499,257
Total ending loan balance	\$ 740,788	\$ 1,231,420	\$ 407,533	\$ 1,697,670	\$ 670,116	\$ 2,663	\$ 4,750,190

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The composition of the allowance for loan losses at December 31, 2009 was as follows:

(In thousands)	Outstanding Loan Balance	Allowance for Loan Losses	ALL as a % of Loan Balance	
Loans collectively evaluated for impairment	\$ 4,439,289	\$ 79,996	1.80	%
Loans individually evaluated for impairment	201,143	36,721	18.26	%
Total loans and allowance for loan losses	\$ 4,640,432	\$ 116,717	2.52	%

Loans collectively evaluated for impairment above include all performing loans at December 31, 2010 and 2009, as well as nonperforming loans internally classified as consumer loans. Nonperforming consumer loans are not typically evaluated for impairment, but receive a portion of the statistical allocation of the allowance for loan losses. Loans individually evaluated for impairment above include all impaired loans internally classified as commercial loans at December 31, 2010 and 2009, which are evaluated for impairment in accordance with GAAP (see Note 1 of these Notes to Consolidated Financial Statements).

7. PREMISES AND EQUIPMENT

The major categories of premises and equipment and accumulated depreciation are summarized as follows:

December 31 (In thousands)	2010	2009
Land	\$23,827	\$23,257
Buildings	78,185	75,583
Equipment, furniture and fixtures	61,086	56,822
Leasehold improvements	6,031	6,080
Total	\$169,129	\$161,742
Less accumulated depreciation and amortization	(99,562)	(92,651)
Premises and equipment, net	\$69,567	\$69,091

Depreciation and amortization expense amounted to \$7.1 million, \$7.5 million and \$7.5 million for the years ended December 31, 2010, 2009 and 2008, respectively.

The Corporation leases certain premises and equipment accounted for as operating leases. The following is a schedule of the future minimum rental payments required for the next five years under such leases with initial terms in excess of one year:

(In thousands)

2011	\$1,987
2012	1,786
2013	1,629
2014	1,416
2015	1,161
Thereafter	4,103
Total	\$12,082

Rent expense was \$2.6 million, \$2.8 million and \$2.8 million, for the years ended December 31, 2010, 2009 and 2008, respectively.

8. DEPOSITS

At December 31, 2010 and 2009, noninterest bearing and interest bearing deposits were as follows:

December 31 (In thousands)	2010	2009
Noninterest bearing	\$937,719	\$897,243
Interest bearing	4,157,701	4,290,809
Total	\$5,095,420	\$5,188,052

At December 31, 2010, the maturities of time deposits were as follows:

(In thousands)

2011	\$1,421,409
2012	323,421
2013	83,557
2014	69,535
2015	73,612
After 5 years	2,369
Total	\$1,973,903

At December 31, 2010, Park had approximately \$17.2 million of deposits received from executive officers, directors, and their related interests.

Maturities of time deposits of over \$100,000 as of December 31, 2010 were:

December 31 (In thousands)	
3 months or less	\$344,820
Over 3 months through 6 months	162,069
Over 6 months through 12 months	212,494
Over 12 months	180,454
Total	\$899,837

Note: The table above includes brokered deposits of \$104.1 million that are included within the 3 months or less maturity category.

9. SHORT-TERM BORROWINGS

Short-term borrowings were as follows:

December 31 (In thousands)	2010	2009
Securities sold under agreements to repurchase and federal funds purchased	\$279,669	\$294,219
Federal Home Loan Bank advances	384,000	30,000
Total short-term borrowings	\$663,669	\$324,219

The outstanding balances for all short-term borrowings as of December 31, 2010 and 2009 and the weighted-average interest rates as of and paid during each of the years then ended were as follows:

(In thousands)	Repurchase Agreements and Federal Funds Purchased	Federal Home Loan Bank Advances	Demand Notes Due U.S. Treasury and Other
2010:			
Ending balance	\$ 279,669	\$ 384,000	\$ —
Highest month-end balance	295,467	384,000	—
Average daily balance	269,260	31,679	—
Weighted-average interest rate:			
As of year-end	0.32	% 0.19	% —
Paid during the year	0.39	% 0.39	% —
2009:			
Ending balance	\$ 294,219	\$ 30,000	\$ —
Highest month-end balance	303,972	442,000	—
Average daily balance	281,941	137,792	—
Weighted-average interest rate:			
As of year-end	0.49	% 0.49	% —
Paid during the year	0.82	% 0.66	% —

At December 31, 2010, 2009 and 2008, Federal Home Loan Bank (FHLB) advances were collateralized by investment securities owned by the Corporation's subsidiary banks and by various loans pledged under a blanket agreement by the Corporation's subsidiary banks.

See Note 4 of these Notes to Consolidated Financial Statements for the amount of investment securities that are pledged. At December 31, 2010, \$2,071 million of commercial real estate and residential mortgage loans were pledged under a blanket agreement to the FHLB by Park's subsidiary banks. At December 31, 2009, \$1,959 million of commercial real estate and residential mortgage loans were pledged under a blanket agreement to the FHLB by Park's subsidiary banks.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 4 states that \$668 million and \$658 million of securities were pledged to secure repurchase agreements as of December 31, 2010 and 2009, respectively. Park's repurchase agreements in short-term borrowings consist of customer accounts and securities which are pledged on an individual security basis. Park's repurchase agreements with a third-party financial institution are classified in long-term debt. See Note 10 of these Notes to Consolidated Financial Statements.

10. LONG-TERM DEBT

Long-term debt is listed below:

December 31	2010		2009		
(In thousands)	Outstanding Balance	Average Rate	Outstanding Balance	Average Rate	
Total Federal Home Loan Bank advances by year of maturity:					
2010	\$—	—	\$17,560	5.68	%
2011	16,460	1.99	% 16,460	1.99	%
2012	15,500	2.09	% 15,500	2.09	%
2013	500	4.03	% 500	4.03	%
2014	500	4.23	% 500	4.23	%
2015	—	0.00	% —	—	
Thereafter	302,342	3.02	% 302,371	3.02	%
Total	\$335,302	2.93	% \$352,891	3.05	%
Total broker repurchase agreements by year of maturity:					
After 2015	\$300,000	4.04	% \$300,000	4.04	%
Total	\$300,000	4.04	% \$300,000	4.04	%
Other borrowings by year of maturity:					
2010	\$—	—	\$59	7.97	%
2011	63	7.97	% 63	7.97	%
2012	69	7.97	% 69	7.97	%
2013	74	7.97	% 74	7.97	%
2014	81	7.97	% 81	7.97	%
2015	87	7.97	% 87	7.97	%
Thereafter	1,057	7.97	% 1,057	7.97	%
Total	\$1,431	7.97	% \$1,490	7.97	%
Total combined long-term debt by year of maturity:					
2010	\$—	—	\$17,619	5.69	%
2011	16,523	2.01	% 16,523	2.01	%
2012	15,569	2.12	% 15,569	2.12	%
2013	574	4.54	% 574	4.54	%
2014	581	4.75	% 581	4.75	%
2015	87	7.97	% 87	7.97	%

Thereafter	603,399	3.54	%	603,428	3.54	%
Total	\$636,733	3.46	%	\$654,381	3.52	%

Other borrowings consist of a capital lease obligation of \$1.4 million, pertaining to an arrangement that was part of the acquisition of Vision on March 9, 2007 and its associated minimum lease payments.

Park had approximately \$603.4 million of long-term debt at December 31, 2010 with a contractual maturity longer than five years. However, approximately \$600 million of this debt is callable by the issuer in 2011.

At December 31, 2010 and 2009, Federal Home Loan Bank (FHLB) advances were collateralized by investment securities owned by the Corporation's subsidiary banks and by various loans pledged under a blanket agreement by the Corporation's subsidiary banks.

See Note 4 of these Notes to Consolidated Financial Statements for the amount of investment securities that are pledged. See Note 9 of these Notes to Consolidated Financial Statements for the amount of commercial real estate and residential mortgage loans that are pledged to the FHLB.

11. SUBORDINATED DEBENTURES/NOTES

As part of the acquisition of Vision on March 9, 2007, Park became the successor to Vision under (i) the Amended and Restated Trust Agreement of Vision Bancshares Trust I (the "Trust"), dated as of December 5, 2005, (ii) the Junior Subordinated Indenture, dated as of December 5, 2005, and (iii) the Guarantee Agreement, also dated as of December 5, 2005.

On December 1, 2005, Vision formed a wholly-owned Delaware statutory business trust, Vision Bancshares Trust I ("Trust I"), which issued \$15.0 million of the Trust's floating rate preferred securities (the "Trust Preferred Securities") to institutional investors. These Trust Preferred Securities qualify as Tier I capital under Federal Reserve Board guidelines. All of the common securities of Trust I are owned by Park. The proceeds from the issuance of the common securities and the Trust Preferred Securities were used by Trust I to purchase \$15.5 million of junior subordinated notes, which carry a floating rate based on a three-month LIBOR plus 148 basis points. The debentures represent the sole asset of Trust I. The Trust Preferred Securities accrue and pay distributions at a floating rate of three-month LIBOR plus 148 basis points per annum. The Trust Preferred Securities are mandatorily redeemable upon maturity of the notes in December 2035, or upon earlier redemption as provided in the notes. Park has the right to redeem the notes purchased by Trust I in whole or in part, on or after December 30, 2010. As specified in the indenture, if the notes are redeemed prior to maturity, the redemption price will be the principal amount, plus any unpaid accrued interest.

In accordance with GAAP, Trust I is not consolidated with Park's financial statements, but rather the subordinated notes are reflected as a liability.

On December 28, 2007, one of Park's wholly-owned subsidiary banks, The Park National Bank ("PNB"), entered into a Subordinated Debenture Purchase Agreement with USB Capital Funding Corp. Under the terms of the Purchase Agreement, USB Capital Funding Corp. purchased from PNB a Subordinated Debenture dated December 28, 2007, in the principal amount of \$25 million, which matures on December 29, 2017. The Subordinated Debenture is intended to qualify as Tier 2 capital under the applicable regulations of the Office of the Comptroller of the Currency of the United States of America (the "OCC"). The Subordinated Debenture accrues and pays interest at a floating rate of three-month LIBOR plus 200 basis points. The Subordinated Debenture may not be prepaid in any amount prior to December 28, 2012; however, subsequent to that date, PNB may prepay, without penalty, all or a portion of the principal amount outstanding in a minimum amount of \$5 million or any larger multiple of \$5 million. The three-month LIBOR rate was 0.30% at December 31, 2010. On January 2, 2008, Park entered into an interest rate swap transaction, which was designated as a cash flow hedge against the variability of cash flows related to the Subordinated Debenture of \$25 million (see Note 19 of these Notes to Consolidated Financial Statements).

On December 23, 2009, Park entered into a Note Purchase Agreement, dated December 23, 2009, with 38 purchasers (the "Purchasers"). Under the terms of the Note Purchase Agreement, the Purchasers purchased from Park an aggregate principal amount of \$35.25 million of 10% Subordinated Notes due December 23, 2019 (the "Notes"). The Notes are intended to qualify as Tier 2 Capital under applicable rules and regulations of the Board of Governors of the Federal Reserve System (the "Federal Reserve Board"). The Notes may not be prepaid in any amount prior to December 23, 2014; however, subsequent to that date, Park may prepay, without penalty, all or a portion of the principal amount outstanding. Of the \$35.25 million in Notes, \$14.05 million were purchased by related parties.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

12. STOCK OPTION PLAN

The Park National Corporation 2005 Incentive Stock Option Plan (the “2005 Plan”) was adopted by the Board of Directors of Park on January 18, 2005, and was approved by the shareholders at the Annual Meeting of Shareholders on April 18, 2005. Under the 2005 Plan, 1,500,000 common shares are authorized for delivery upon the exercise of incentive stock options. All of the common shares delivered upon the exercise of incentive stock options granted under the 2005 Plan are to be treasury shares. At December 31, 2010, 1,421,925 common shares were available for future grants under the 2005 Plan. Under the terms of the 2005 Plan, incentive stock options may be granted at a price not less than the fair market value at the date of the grant, and for an option term of up to five years. No additional incentive stock options may be granted under the 2005 Plan after January 17, 2015.

The fair value of each incentive stock option granted is estimated on the date of grant using a closed form option valuation (Black-Scholes) model. Expected volatilities are based on historical volatilities of Park’s common stock. The Corporation uses historical data to estimate option exercise behavior. The expected term of incentive stock options granted is based on historical data and represents the period of time that options granted are expected to be outstanding, which takes into account that the options are not transferable. The risk-free interest rate for the expected term of the incentive stock options is based on the U.S. Treasury yield curve in effect at the time of the grant.

The activity in the 2005 Plan is listed in the following table for 2010:

	Number	Weighted Average Exercise Price per Share
January 1, 2010	254,892	\$ 97.78
Granted	—	—
Exercised	—	—
Forfeited/Expired	176,817	107.85
December 31, 2010	78,075	\$ 74.96
Exercisable at year end		78,075
Weighted-average remaining contractual life		1.94 years
Aggregate intrinsic value		\$ 0

There were no options granted or exercised in 2010, 2009 or 2008. Additionally, no expense was recognized for 2010, 2009 or 2008.

13. BENEFIT PLANS

The Corporation has a noncontributory Defined Benefit Pension Plan (the "Pension Plan") covering substantially all of the employees of the Corporation and its subsidiaries. The Pension Plan provides benefits based on an employee's years of service and compensation.

The Corporation's funding policy is to contribute annually an amount that can be deducted for federal income tax purposes using a different actuarial cost method and different assumptions from those used for financial reporting purposes. Management made a \$20 million contribution in January 2009, which was deductible on the 2008 tax return and as such was reflected as part of the deferred tax liabilities at December 31, 2008. In addition, management made a \$10 million contribution in November 2009, which was deductible on the 2009 tax return and as such is reflected as part of deferred tax liabilities at December 31, 2009. Management contributed \$2 million in September 2010, which will be deductible on the 2010 tax return and is reflected in deferred tax liabilities at December 31, 2010. In January 2011, management contributed \$14 million, of which \$12.4 million will be deductible on the 2010 tax return and \$1.6 million on the 2011 tax return. The entire \$12.4 million deductible on the 2010 tax return is reflected as part of the deferred tax liabilities at December 31, 2010. See Note 14 of these Notes to Consolidated Financial Statements. Park does not expect to make any additional contributions to the Pension Plan in 2011.

Using an accrual measurement date of December 31, 2010 and 2009, plan assets and benefit obligation activity for the Pension Plan are listed below:

(In thousands)	2010	2009
Change in fair value of plan assets		
Fair value at beginning of measurement period	\$75,815	\$38,506
Actual return on plan assets	11,296	11,689
Company contributions	2,000	30,000
Benefits paid	(3,647)	(4,380)
Fair value at end of measurement period	\$85,464	\$75,815
Change in benefit obligation		
Projected benefit obligation at beginning of measurement period	\$60,342	\$57,804
Service cost	3,671	3,813
Interest cost	3,583	3,432
Actuarial loss or (gain)	10,215	(327)
Benefits paid	(3,647)	(4,380)
Projected benefit obligation at the end of measurement period	\$74,164	\$60,342
Funded status at end of year (assets less benefit obligation)	\$11,300	\$15,473

The asset allocation for the Pension Plan as of the measurement date, by asset category, was as follows:

Asset Category	Target Allocation	Percentage of Plan Assets			
		2010		2009	
Equity securities	50% – 100%	86	%	83	%
Fixed income and cash equivalents	remaining balance	14	%	17	%
Total	—	100	%	100	%

The investment policy, as established by the Retirement Plan Committee, is to invest assets according to the target allocation stated above. Assets will be reallocated periodically based on the investment strategy of the Retirement Plan Committee. The investment policy is reviewed periodically.

The expected long-term rate of return on plan assets was 7.75% in 2010 and 2009. This return was based on the expected return of each of the asset categories, weighted based on the median of the target allocation for each class.

The accumulated benefit obligation for the Pension Plan was \$63.5 million and \$52.6 million at December 31, 2010 and 2009, respectively.

On November 17, 2009, the Park Pension Plan completed the purchase of 115,800 common shares of Park for \$7.0 million or \$60.45 per share. At December 31, 2010 and 2009, the fair value of the 115,800 common shares held by the Pension Plan was \$8.4 million, or \$72.67 per share and \$6.8 million, or \$58.88 per share, respectively.

The weighted average assumptions used to determine benefit obligations at December 31, 2010 and December 31, 2009 were as follows:

	2010	2009
Discount rate	5.50%	6.00%
Rate of compensation increase	3.00%	3.00%

The estimated future pension benefit payments reflecting expected future service for the next ten years are shown below in thousands:

2011	\$4,114
2012	4,372
2013	5,432
2014	5,957
2015	6,146
2016 – 2020	35,867
Total	\$61,888

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following table shows ending balances of accumulated other comprehensive income (loss) at December 31, 2010 and 2009.

(In thousands)	2010	2009
Prior service cost	\$(93)	\$(115)
Net actuarial loss	(24,410)	(20,654)
Total	(24,503)	(20,769)
Deferred taxes	8,576	7,269
Accumulated other comprehensive loss	\$(15,927)	\$(13,500)

Using an actuarial measurement date of December 31 for 2010, 2009 and 2008, components of net periodic benefit cost and other amounts recognized in other comprehensive income (loss) were as follows:

(In thousands)	2010	2009	2008
Components of net periodic benefit cost and other amounts recognized in Other Comprehensive Income (Loss)			
Service cost	\$(3,671)	\$(3,813)	\$(3,451)
Interest cost	(3,583)	(3,432)	(3,157)
Expected return on plan assets	5,867	4,487	4,608
Amortization of prior service cost	(22)	(34)	(34)
Recognized net actuarial loss	(1,079)	(2,041)	—
Net periodic benefit cost	\$(2,488)	\$(4,833)	\$(2,034)
Change to net actuarial (loss)/gain for the period	\$(4,835)	\$7,591	\$(25,000)
Amortization of prior service cost	22	34	42
Amortization of net loss	1,079	2,041	—
Total recognized in other comprehensive (loss)/income	(3,734)	9,666	(24,958)
Total recognized in net benefit cost and other comprehensive (loss)/income	\$(6,222)	\$4,833	\$(26,992)

The estimated prior service costs for the Pension Plan that will be amortized from accumulated other comprehensive income into net periodic benefit cost over the next fiscal year is \$20 thousand. The estimated net actuarial (loss) expected to be recognized in the next fiscal year is (\$1.4) million.

The weighted average assumptions used to determine net periodic benefit cost for the years ended December 31, 2010 and 2009, are listed below:

	2010	2009
Discount rate	6.00%	6.00%

Rate of compensation increase	3.00%	3.00%
Expected long-term return on plan assets	7.75%	7.75%

Management believes the 7.75% expected long-term rate of return is an appropriate assumption given historical performance of the S&P 500 Index, which management believes is a good indicator of future performance of Pension Plan assets.

The Pension Plan maintains cash in a Park National Bank savings account, with a balance of \$0.7 million at December 31, 2010.

GAAP defines fair value as the price that would be received by Park for an asset or paid by Park to transfer a liability (an exit price) in an orderly transaction between market participants on the measurement date, using the most advantageous market for the asset or liability. The fair values of equity securities, consisting of mutual fund investments and common stock held by the Pension Plan and the fixed income and cash equivalents, are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs). The market value of Pension Plan assets at December 31, 2010 was \$85.5 million. At December 31, 2010, \$73.5 million of equity investments in the Pension Plan were categorized as Level 1 inputs; \$12.0 million of plan investments in corporate and U.S. government agency bonds are categorized as Level 2 inputs, as fair value is based on quoted market prices of comparable instruments; and no investments are categorized as Level 3 inputs. The market value of Pension Plan assets was \$75.8 million at December 31, 2009. At December 31, 2009, \$63.0 million of investments in the Pension Plan were categorized as Level 1 inputs; \$12.8 million were categorized as Level 2; and no investments were categorized as Level 3.

The Corporation has a voluntary salary deferral plan covering substantially all of the employees of the Corporation and its subsidiaries. Eligible employees may contribute a portion of their compensation subject to a maximum statutory limitation. The Corporation provides a matching contribution established annually by the Corporation. Contribution expense for the Corporation was \$1.0 million, \$1.5 million, and \$2.0 million for 2010, 2009 and 2008, respectively.

The Corporation has a Supplemental Executive Retirement Plan (SERP) covering certain key officers of the Corporation and its subsidiaries with defined pension benefits in excess of limits imposed by federal tax law. At December 31, 2010 and 2009, the accrued benefit cost for the SERP totaled \$7.2 million and \$7.4 million, respectively. The expense for the Corporation was \$0.5 million for both 2010 and 2009 and \$0.6 million for 2008.

14. INCOME TAXES

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Corporation's deferred tax assets and liabilities are as follows:

December 31 (in thousands)	2010 (Restated)	2009
Deferred tax assets:		
Allowance for loan losses	\$ 52,418	\$42,236
Accumulated other comprehensive loss – interest rate swap	572	519
Accumulated other comprehensive loss – pension plan	8,576	7,269
Intangible assets	2,156	2,756
Deferred compensation	4,123	4,348
OREO devaluations	7,171	2,380
State net operating loss carryforwards	2,812	1,725
Other	4,988	5,273
Valuation allowance	(1,492)	—
Total deferred tax assets	\$ 81,325	\$66,506
Deferred tax liabilities:		
Accumulated other comprehensive income – unrealized gains on securities	\$ 8,142	\$16,221
Deferred investment income	10,199	10,201
Pension plan	16,835	12,664
Mortgage servicing rights	3,671	3,773
Purchase accounting adjustments	2,150	3,228
Other	2,176	1,285
Total deferred tax liabilities	\$ 43,173	\$47,372
Net deferred tax assets	\$ 38,152	\$19,134

Park performs an analysis to determine if a valuation allowance against deferred tax assets is required in accordance with GAAP. Vision Bank is subject to state income tax in Alabama and Florida. A state tax benefit of \$1.16 million was recorded by Vision Bank, consisting of a gross benefit of \$3.45 million and a valuation allowance of \$2.29 million. In the schedule of deferred taxes, the valuation allowance is shown net of the federal tax benefit of \$803,000. Management has determined that the likelihood of realizing the full deferred tax asset on state net operating loss carryforwards fails to meet the more likely than not level. The net operating loss carryforward period for the state of Alabama and Florida are 8 years and 20 years, respectively. A merger of Vision Bank into Park National Bank would ensure the future utilization of the state net operating loss carryforward at Vision Bank. However, management is not certain when a merger of Vision Bank into Park National Bank can take place and as a result has decided to record a valuation allowance against new state tax benefit of losses at Vision Bank until management has a better understanding of the timing and likelihood of a merger of Vision Bank into Park National Bank.

Management has determined that it is not required to establish a valuation allowance against remaining deferred tax assets in accordance with GAAP since it is more likely than not that the deferred tax assets will be fully utilized in future periods.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The components of the provision for federal and state income taxes are shown below:

December 31 (in thousands)	2010 (Restated)	2009	2008
Currently payable			
Federal	\$ 26,130	\$32,148	\$23,645
State	109	(273)	(44)
Deferred			
Federal	(8,333)	(6,745)	697
State	(3,564)	(2,187)	(2,287)
Valuation allowance			
Federal	—	—	—
State	2,294	—	—
Total	\$ 16,636	\$22,943	\$22,011

The following is a reconciliation of income tax expense to the amount computed at the statutory rate of 35% for the years ended December 31, 2010, 2009 and 2008.

December 31	2010 (Restated)	2009	2008
Statutory federal corporate tax rate	35.0 %	35.0 %	35.0 %
Changes in rates resulting from:			
Tax-exempt interest income, net of disallowed interest	(1.7)%	(1.3)%	(3.5)%
Bank owned life insurance	(2.3)%	(1.8)%	(5.0)%
Tax credits (low income housing)	(6.6)%	(4.8)%	(11.7)%
Goodwill impairment	—	—	50.7 %
State income tax expense, net of federal benefit	(3.0)%	(1.6)%	(4.2)%
Valuation allowance, net of federal benefit	2.0 %	—	—
Other	(1.1)%	(1.9)%	0.3 %
Effective tax rate	22.3 %	23.6 %	61.6 %

Park and its Ohio-based subsidiaries do not pay state income tax to the state of Ohio, but pay a franchise tax based on their year-end equity. The franchise tax expense is included in the state tax expense and is shown in “state taxes” on Park’s Consolidated Statements of Income. Vision Bank is subject to state income tax, in the states of Alabama and Florida. State income tax benefit for Vision Bank is included in “income taxes” on Park’s Consolidated Statements of Income. Vision Bank’s 2010 state income tax benefit was \$1.16 million, net of the recorded valuation allowance.

Unrecognized Tax Benefits

The following is a reconciliation of the beginning and ending amount of unrecognized tax benefits.

(In thousands)	2010	2009	2008
January 1 Balance	\$595	\$783	\$828
Additions based on tax positions related to the current year	69	64	102
Additions for tax positions of prior years	7	—	18
Reductions for tax positions of prior years	(131)	(189)	(15)
Reductions due to statute of limitations	(63)	(63)	(150)
December 31 Balance	\$477	\$595	\$783

The amount of unrecognized tax benefits that, if recognized, would favorably affect the effective income tax rate in the future periods at December 31, 2010, 2009 and 2008 was \$370,000, \$504,000 and \$704,000, respectively. Park does not expect the total amount of unrecognized tax benefits to significantly increase or decrease during the next year.

The (income)/expense related to interest and penalties recorded in the Consolidated Statements of Income for the years ended December 31, 2010, 2009 and 2008 was \$(10,500), \$(18,000) and \$16,000, respectively. The amount accrued for interest and penalties at December 31, 2010, 2009 and 2008 was \$60,500, \$71,000 and \$89,000, respectively.

Park and its subsidiaries are subject to U.S. federal income tax. Some of Park's subsidiaries are subject to state income tax in the following states: Alabama, Florida, California and Kentucky. Park is no longer subject to examination by federal or state taxing authorities for the tax year 2006 and the years prior.

The 2007 and 2008 federal income tax returns of Park National Corporation are currently under examination by the Internal Revenue Service. Additionally, the 2009 State of Ohio franchise tax return is currently under examination. Park does not expect material adjustments from the examinations.

15. OTHER COMPREHENSIVE INCOME (LOSS)

Other comprehensive income (loss) components and related taxes are shown in the following table for the years ended December 31, 2010, 2009 and 2008.

Year ended December 31 (In thousands)	Before-Tax Amount	Tax Effect	Net-of-Tax Amount
2010:			
Unrealized losses on available-for-sale securities	\$(11,218)	\$(3,926)	\$(7,292)
Reclassification adjustment for gains realized in net income	(11,864)	(4,152)	(7,712)
Unrealized net holding loss on cash flow hedge	(151)	(53)	(98)
Changes in pension plan assets and benefit obligations recognized in Other Comprehensive Income	(3,734)	(1,307)	(2,427)
Other comprehensive loss	\$(26,967)	\$(9,438)	\$(17,529)

2009:

Unrealized gains on available-for-sale securities	\$ 5,012	\$ 1,754	\$ 3,258
Reclassification adjustment for gains realized in net income	(7,340)	(2,569)	(4,771)
Unrealized net holding gain on cash flow hedge	454	159	295
Changes in pension plan assets and benefit obligations recognized in Other Comprehensive Income	9,666	3,383	6,283
Other comprehensive income	\$ 7,792	\$ 2,727	\$ 5,065

2008:

Unrealized gains on available-for-sale securities	\$ 48,324	\$ 16,913	\$ 31,411
Reclassification adjustment for gains realized in net income	(1,115)	(390)	(725)
Unrealized net holding loss on cash flow hedge	(1,937)	(678)	(1,259)
Changes in pension plan assets and benefit obligations recognized in Other Comprehensive Income	(24,958)	(8,735)	(16,223)
Other comprehensive income	\$ 20,314	\$ 7,110	\$ 13,204

The ending balance of each component of accumulated other comprehensive income (loss) was as follows as of December 31:

(In thousands)	2010	2009
Pension benefit adjustments	\$(15,927)	\$(13,500)
Unrealized net holding loss on cash flow hedge	(1,062)	(964)
Unrealized net holding gains on AFS Securities	15,121	30,125
Total accumulated other comprehensive income (loss)	\$(1,868)	\$ 15,661

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16. EARNINGS PER COMMON SHARE

GAAP requires the reporting of basic and diluted earnings per common share. Basic earnings per common share excludes any dilutive effects of options, warrants and convertible securities.

The following table sets forth the computation of basic and diluted earnings per common share:

Year ended December 31 (in thousands, except per share data)	2010 (Restated)	2009	2008
Numerator:			
Net income available to common shareholders	\$52,294	\$68,430	\$13,566
Denominator:			
Basic earnings per common share:			
Weighted-average shares	15,152,692	14,206,335	13,965,219
Effect of dilutive securities – stock options and warrants	3,043	—	114
Diluted earnings per common share:			
Adjusted weighted-average shares and assumed conversions	15,155,735	14,206,335	13,965,333
Earnings per common share:			
Basic earnings per common share	\$3.45	\$4.82	\$0.97
Diluted earnings per common share	\$3.45	\$4.82	\$0.97

As of December 31, 2010 and 2009, options to purchase 78,075 and 254,892 common shares, respectively, were outstanding under Park's 2005 Plan. A warrant to purchase 227,376 common shares was outstanding at both December 31, 2010 and 2009 as a result of Park's participation in the CPP. Warrants to purchase an aggregate of 71,984 common shares were outstanding at December 31, 2010 as a result of the issuance of common stock and warrants which closed on December 10, 2010. In addition, warrants to purchase an aggregate of 500,000 common shares were outstanding at December 31, 2009 as a result of the issuance of common stock and warrants which closed on October 30, 2009. All warrants issued on October 30, 2009 had been exercised or expired as of December 31, 2010.

The common shares represented by the options and the warrants at December 31, 2010 and 2009, totaling a weighted average of 382,445 and 642,405, respectively, were not included in the computation of diluted earnings per common share because the respective exercise prices exceeded the market value of the underlying common shares such that their inclusion would have had an anti-dilutive effect. The warrant to purchase 227,376 common shares is not included in the 382,445 at December 31, 2010, as the dilutive effect of this warrant pertaining to the CPP was 3,043 shares of common stock at December 31, 2010. The exercise price of this warrant is \$65.97.

17. DIVIDEND RESTRICTIONS

Bank regulators limit the amount of dividends a subsidiary bank can declare in any calendar year without obtaining prior approval. At December 31, 2010, approximately \$52.8 million of the total stockholders' equity of PNB was available for the payment of dividends to the Corporation, without approval by the applicable regulatory authorities. Vision Bank is currently not permitted to pay dividends to the Corporation.

18. FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK AND FINANCIAL INSTRUMENTS WITH CONCENTRATIONS OF CREDIT RISK

The Corporation is party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include loan commitments and standby letters of credit. The instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the consolidated financial statements.

The Corporation's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for loan commitments and standby letters of credit is represented by the contractual amount of those instruments. The Corporation uses the same credit policies in making commitments and conditional obligations as it does for on-balance sheet instruments. Since many of the loan commitments may expire without being drawn upon, the total commitment amount does not necessarily represent future cash requirements. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan commitments to customers.

The total amounts of off-balance sheet financial instruments with credit risk were as follows:

December 31 (in thousands)	2010	2009
Loan commitments	\$716,598	\$955,257
Standby letters of credit	24,462	36,340

The loan commitments are generally for variable rates of interest.

The Corporation grants retail, commercial and commercial real estate loans to customers primarily located in Ohio, Baldwin County, Alabama and the panhandle of Florida. The Corporation evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Corporation upon extension of credit, is based on management's credit evaluation of the customer. Collateral held varies but may include accounts receivable, inventory, property, plant and equipment, and income-producing commercial properties.

Although the Corporation has a diversified loan portfolio, a substantial portion of the borrowers' ability to honor their contracts is dependent upon the economic conditions in each borrower's geographic location and industry.

19. DERIVATIVE INSTRUMENTS

FASB ASC 815, *Derivatives and Hedging*, establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. As required by GAAP, the Company records all derivatives on the Consolidated Balance Sheets at fair value. The accounting for changes in the fair value of derivatives depends on the intended use of the derivatives and the resulting designation. Derivatives used to hedge the exposure to changes in the fair value of an asset, liability, or firm commitment attributable to a particular risk, such as interest rate risk, are considered fair value hedges. Derivatives used to hedge the exposure to variability in expected future cash flows, or other types of forecasted transactions, are considered cash flow hedges.

For derivatives designated as cash flow hedges, the effective portion of changes in the fair value of the derivatives is initially reported in other comprehensive income (outside of earnings) and subsequently reclassified into earnings when the hedged transaction affects earnings, with any ineffective portion of changes in the fair value of the derivative recognized directly in earnings. The Company assesses the effectiveness of each hedging relationship by comparing the changes in cash flows of the derivative hedging instrument with the changes in cash flows of the designated hedged item or transaction.

During the first quarter of 2008, the Company executed an interest rate swap to hedge a \$25 million floating-rate subordinated note that was entered into by PNB during the fourth quarter of 2007. The Company's objective in using this derivative is to add stability to interest expense and to manage its exposure to interest rate risk. Our interest rate swap involves the receipt of variable-rate amounts in exchange for fixed-rate payments over the life of the agreement without exchange of the underlying principal amount, and has been designated as a cash flow hedge.

At December 31, 2010 and 2009, the interest rate swap's fair value of (\$1.6) million and (\$1.5) million, respectively, was included in other liabilities. No hedge ineffectiveness on the cash flow hedge was recognized during the twelve months ended December 31, 2010 or 2009. At December 31, 2010, the variable rate on the \$25 million subordinated note was 2.30% (3-month LIBOR plus 200 basis points) and Park was paying 6.01% (4.01% fixed rate on the interest rate swap plus 200 basis points).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the twelve months ended December 31, 2010 and 2009, the change in the fair value of the interest rate swap reported in other comprehensive income was a loss of \$98,000 (net of taxes of \$53,000) and income of \$295,000 (net of taxes of \$159,000), respectively. Amounts reported in accumulated other comprehensive income related to the interest rate swap will be reclassified to interest expense as interest payments are made on the Company's variable-rate debt.

As of December 31, 2010 and 2009, no derivatives were designated as fair value hedges or hedges of net investments in foreign operations. Additionally, the Company does not use derivatives for trading or speculative purposes.

As of December 31, 2010 and December 31, 2009, Park had mortgage loan interest rate lock commitments outstanding of approximately \$14.5 million and \$17.5 million, respectively. Park has specific forward contracts to sell each of these loans to a third party investor. These loan commitments represent derivative instruments, which are required to be carried at fair value. The derivative instruments used are not designed as hedges under GAAP. The fair value of the derivative instruments was approximately \$166,000 at December 31, 2010 and \$214,000 at December 31, 2009. The fair value of the derivative instruments is included within loans held for sale and the corresponding income is included within non-yield loan fee income. Gains and losses resulting from expected sales of mortgage loans are recognized when the respective loan contract is entered into between the borrower, Park, and the third party investor. The fair value of Park's mortgage interest rate lock commitments (IRLCs) is based on current secondary market pricing.

In connection with the sale of Park's Class B Visa shares during the 2009 year, Park entered into a swap agreement with the purchaser of the shares. The swap agreement adjusts for dilution in the conversion ratio of Class B Visa shares resulting from certain Visa litigation. At December 31, 2010 and December 31, 2009, the fair value of the swap liability of \$60,000 and \$500,000, respectively, is an estimate of the exposure based upon probability-weighted potential Visa litigation losses.

20. LOAN SERVICING

Park serviced sold mortgage loans of \$1,471 million at December 31, 2010 compared to \$1,518 million at December 31, 2009, and \$1,369 million at December 31, 2008. At December 31, 2010, \$36.0 million of the sold mortgage loans were sold with recourse compared to \$53 million at December 31, 2009. Management closely monitors the delinquency rates on the mortgage loans sold with recourse. At December 31, 2010, management determined that no liability was deemed necessary for these loans.

Park capitalized \$3.1 million in mortgage servicing rights in 2010, \$5.5 million in 2009 and \$1.5 million in 2008. Park's amortization of mortgage servicing rights was \$3.2 million in 2010, \$4.0 million in 2009 and \$1.7 million in 2008. The amortization of mortgage loan servicing rights is included within "Other service income". Generally, mortgage servicing rights are capitalized and amortized on an individual sold loan basis. When a sold mortgage loan is paid off, the related mortgage servicing rights are fully amortized.

Activity for mortgage servicing rights and the related valuation allowance follows:

December 31 (In thousands)	2010	2009
Mortgage servicing rights:		
Carrying amount, net, beginning of year	\$10,780	\$8,306
Additions	3,062	5,480
Amortization	(3,180)	(4,077)
Change in valuation allowance	(174)	1,071
Carrying amount, net, end of year	\$10,488	\$10,780
Valuation allowance:		
Beginning of year	\$574	\$1,645
Additions/(reductions) expensed	174	(1,071)
End of year	\$748	\$574

21. FAIR VALUES

The fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs that Park uses to measure fair value are as follows:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that Park has the ability to access as of the measurement date.

Level 2: Level 1 inputs for assets or liabilities that are not actively traded. Also consists of an observable market price for a similar asset or liability. This includes the use of "matrix pricing" used to value debt securities absent the exclusive use of quoted prices.

Level 3: Consists of unobservable inputs that are used to measure fair value when observable market inputs are not available. This could include the use of internally developed models, financial forecasting and similar inputs.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability between market participants at the balance sheet date. When possible, the Company looks to active and observable markets to price identical assets or liabilities. When identical assets and liabilities are not traded in active markets, the Company looks to observable market data for similar assets and liabilities. However, certain assets and liabilities are not traded in observable markets and Park must use other valuation methods to develop a fair value. The fair value of impaired loans is based on the fair value of the underlying collateral, which is estimated through third party appraisals or internal estimates of collateral values.

Assets and Liabilities Measured on a Recurring Basis

The following table presents financial assets and liabilities measured on a recurring basis:

Fair Value Measurements at December 31, 2010 Using:

(In thousands)	Level 1	Level 2	Level 3	Balance at 12/31/10
ASSETS				
Investment Securities				
Obligations of U.S. Treasury and Other U.S. Government sponsored entities	\$—	\$273,313	\$—	\$273,313
Obligations of states and political subdivisions	—	8,446	2,598	11,044
U.S. Government sponsored entities' asset-backed securities	—	1,011,412	—	1,011,412
Equity securities	\$1,008	—	745	1,753
Mortgage loans held for sale	—	8,340	—	8,340
Mortgage IRLCs	—	166	—	166
LIABILITIES				
Interest rate swap	\$—	\$(1,634) \$—	\$(1,634)
Fair value swap	—	—	(60)	(60)

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Fair Value Measurements at December 31, 2009 Using:

(In thousands)	Level 1	Level 2	Level 3	Balance at 12/31/09
ASSETS				
Investment Securities				
Obligations of U.S. Treasury and Other U.S. Government sponsored entities	\$—	\$347,595	\$—	\$ 347,595
Obligations of states and political subdivisions	—	12,916	2,751	15,667
U.S. Government sponsored entities' asset-backed securities	—	922,903	—	922,903
Equity securities	1,562	—	—	1,562
Mortgage loans held for sale	—	9,551	—	9,551
Mortgage IRLCs	—	214	—	214
LIABILITIES				
Interest rate swap	\$—	\$(1,483)	\$—	\$(1,483)
Fair value swap	—	—	(500)	(500)

The following methods and assumptions were used by the Corporation in determining fair value of the financial assets and liabilities discussed above:

Investment Securities: Fair values for investment securities are based on quoted market prices, where available. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments. The Fair Value Measurements tables exclude Park's Federal Home Loan Bank stock and Federal Reserve Bank stock. These assets are carried at their respective redemption values, as it is not practicable to calculate their fair values. For securities where quoted prices or market prices of similar securities are not available, which include municipal securities, fair values are calculated using discounted cash flows.

Interest Rate Swap: The fair value of the interest rate swap represents the estimated amount Park would pay or receive to terminate the agreement, considering current interest rates and the current creditworthiness of the counterparty.

Fair Value Swap: The fair value of the swap agreement entered into with the purchaser of the Visa Class B shares represents an internally developed estimate of the exposure based upon probability-weighted potential Visa litigation losses.

Interest Rate Lock Commitments (IRLCs): IRLCs are based on current secondary market pricing and are classified as Level 2.

Mortgage Loans Held for Sale: Mortgage loans held for sale are carried at their fair value. Mortgage loans held for sale are estimated using security prices for similar product types and, therefore, are classified in Level 2.

The table below is a reconciliation of the beginning and ending balances of the Level 3 inputs for the years ended December 31, 2010 and 2009, for financial instruments measured on a recurring basis and classified as Level 3:

Level 3 Fair Value Measurements

(in thousands)	Obligations of States and			Fair Value Swap
	Political Subdivisions	Equity Securities		
Balance at December 31, 2009	\$ 2,751	\$ —		\$ (500)
Total gains/(losses)				
Included in earnings – realized	—	—		—
Included in earnings – unrealized	—	—		—
Included in Other Comprehensive Income	(43)	—		—
Purchases, sales, issuances and settlements, other, net	(110)	—		—
Other	—	—		(440)
Transfers in and/or out of Level 3	—	745		—
Balance at December 31, 2010	\$ 2,598	\$ 745		\$ (60)
Balance at December 31, 2008	\$ 2,705	\$ —		\$ —
Total gains/(losses)				
Included in earnings	—	—		—
Included in Other Comprehensive Income	46	—		—
Fair value swap	—	—		(500)
Balance at December 31, 2009	\$ 2,751	\$ —		\$ (500)

The fair value for several equity securities with a fair value of \$745,000 as of December 31, 2010 was transferred out of Level 1 and into Level 3 because of a lack of observable market data for these investments. The Company's policy is to recognize transfers as of the end of the reporting period. As a result, the fair value for these equity securities was transferred on December 31, 2010.

Assets and Liabilities Measured on a Nonrecurring Basis

The following table presents financial assets and liabilities measured at fair value on a nonrecurring basis:

Fair Value Measurements at December 31, 2010 (as restated) Using:

(In thousands)	(Level 1)	(Level 2)	(Level 3) (Restated)	Balance at 12/31/10 (Restated)
Impaired loans:				

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Commercial, financial and agricultural	\$	—	\$ —	\$ 8,276	\$ 8,276
Commercial real estate		—	—	32,229	32,229
Construction real estate:					
Vision commercial land and development		—	—	42,274	42,274
Remaining commercial		—	—	10,465	10,465
Residential real estate		—	—	16,399	16,399
Total impaired loans	\$	—	\$ —	\$ 109,643	\$ 109,643
Mortgage servicing rights		—	3,813	—	3,813
Other real estate owned		—	—	41,709	41,709

Fair Value Measurements at December 31, 2009 Using:

(In thousands)	(Level 1)	(Level 2)	(Level 3)	Balance at 12/31/09
Impaired loans	\$ —	\$ —	\$ 109,818	\$ 109,818
Mortgage servicing rights	—	10,780	—	10,780
Other real estate owned	—	—	41,240	41,240

Impaired loans, which are usually measured for impairment using the fair value of collateral or present value of expected future cash flows, had a book value of \$250.9 million at December 31, 2010, after partial charge-offs of \$53.6 million. In addition, these loans had a specific valuation allowance of \$66.9 million. Of the \$250.9 million impaired loan portfolio, loans with a book value of \$176.5 million were carried at their fair value of \$109.6 million, as a result of the aforementioned charge-offs and specific valuation allowance. The remaining \$74.4 million of impaired loans were carried at cost, as the fair value of the underlying collateral or present value of expected future cash flows on these loans exceeded the book value for each individual credit. At December 31, 2009, impaired loans had a book value of \$201.1 million. Of these, \$109.8 million were carried at fair value, as a result of partial charge-offs of \$43.4 million and a specific valuation allowance of \$36.7 million. The remaining \$91.3 million of impaired loans at December 31, 2009 were carried at cost.

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Mortgage servicing rights (MSRs), which are carried at the lower of cost or fair value, were recorded at \$10.5 million at December 31, 2010. Of the \$10.5 million MSR carrying balance at December 31, 2010, \$3.8 million was recorded at fair value and included a valuation allowance of \$748,000. The remaining \$6.7 million was recorded at cost, as the fair value exceeded the cost at December 31, 2010. MSRs do not trade in active, open markets with readily observable prices. For example, sales of MSRs do occur, but precise terms and conditions typically are not readily available. As such, management, with the assistance of a third party specialist, determined fair value based on the discounted value of the future cash flows estimated to be received. Significant inputs include the discount rate and assumed prepayment speeds utilized. The calculated fair value was then compared to market values where possible to ascertain the reasonableness of the valuation in relation to current market expectations for similar products. Accordingly, MSRs are classified in Level 2. At December 31, 2009, MSRs were recorded at a fair value of \$10.8 million, including a valuation allowance of \$574,000.

Other real estate owned (OREO) is recorded at fair value based on property appraisals, less estimated selling costs, at the date of transfer. The carrying value of OREO is not re-measured to fair value on a recurring basis, but is subject to fair value adjustments when the carrying value exceeds the fair value, less estimated selling costs. At December 31, 2010 and 2009, the estimated fair value of OREO, less estimated selling costs amounted to \$41.7 million and \$41.2 million, respectively. The financial impact of OREO valuation adjustments for the year ended December 31, 2010 was \$13.2 million.

The following methods and assumptions were used by the Corporation in estimating its fair value disclosures for assets and liabilities not discussed above:

Cash and cash equivalents: The carrying amounts reported in the Consolidated Balance Sheets for cash and short-term instruments approximate those assets' fair values.

Interest bearing deposits with other banks: The carrying amounts reported in the Consolidated Balance Sheets for interest bearing deposits with other banks approximate those assets' fair values.

Loans receivable: For variable-rate loans that reprice frequently and with no significant change in credit risk, fair values are based on carrying values. The fair values for certain mortgage loans (e.g., one-to-four family residential) are based on quoted market prices of similar loans sold in conjunction with securitization transactions, adjusted for differences in loan characteristics. The fair values for other loans are estimated using discounted cash flow analyses, using interest rates currently being offered for loans with similar terms to borrowers of similar credit quality.

Off-balance sheet instruments: Fair values for the Corporation's loan commitments and standby letters of credit are based on the fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the counterparties' credit standing. The carrying amount and fair value were not material.

Deposit liabilities: The fair values disclosed for demand deposits (e.g., interest and non-interest checking, savings, and money market accounts) are, by definition, equal to the amount payable on demand at the reporting date (i.e., their carrying amounts). The carrying amounts for variable-rate, fixed-term certificates of deposit approximate their fair values at the reporting date. Fair values for fixed rate certificates of deposit are estimated using a discounted cash flow calculation that applies interest rates currently being offered on certificates to a schedule of aggregated expected monthly maturities of time deposits.

Short-term borrowings: The carrying amounts of federal funds purchased, borrowings under repurchase agreements and other short-term borrowings approximate their fair values.

Long-term debt: Fair values for long-term debt are estimated using a discounted cash flow calculation that applies interest rates currently being offered on long-term debt to a schedule of monthly maturities.

Subordinated debentures/notes: Fair values for subordinated debentures and notes are estimated using a discounted cash flow calculation that applies interest rate spreads currently being offered on similar debt structures to a schedule of monthly maturities.

The fair value of financial instruments at December 31, 2010 and December 31, 2009, was as follows:

December 31, (In thousands)	2010		2009	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets:				
Cash and money market instruments	\$ 133,780	\$ 133,780	\$ 159,091	\$ 159,091
Investment securities	1,971,092	1,983,636	1,794,641	1,811,177
Accrued interest receivable	24,137	24,137	24,354	24,354
Mortgage loans held for sale	8,340	8,340	9,551	9,551
Impaired loans carried at fair value (Restated)	109,643	109,643	109,818	109,818
Other loans (Restated)	4,471,127	4,490,855	4,404,346	4,411,526
Loans receivable, net	\$ 4,589,110	\$ 4,608,838	\$ 4,523,715	\$ 4,530,895
Financial liabilities:				
Noninterest bearing checking	\$ 937,719	\$ 937,719	\$ 897,243	\$ 897,243
Interest bearing transaction accounts	1,283,159	1,283,159	1,193,845	1,193,845
Savings	899,288	899,288	873,137	873,137
Time deposits	1,973,903	1,990,163	2,222,537	2,234,599
Other	1,351	1,351	1,290	1,290

Total deposits	\$ 5,095,420	\$ 5,111,680	\$ 5,188,052	\$ 5,200,114
Short-term borrowings	663,669	663,669	324,219	324,219
Long-term debt	636,733	699,080	654,381	703,699
Subordinated debentures/notes	75,250	63,099	75,250	64,262
Accrued interest payable	6,123	6,123	9,330	9,330
Derivative financial instruments:				
Interest rate swap	\$ 1,634	\$ 1,634	\$ 1,483	\$ 1,483
Fair value swap	60	60	500	500

22. CAPITAL RATIOS

At December 31, 2010 and 2009, the Corporation and each of its two separately chartered banks had Tier 1, total risk-based capital and leverage ratios which were well above both the required minimum levels of 4.00%, 8.00% and 4.00%, respectively, and the well-capitalized levels of 6.00%, 10.00% and 5.00%, respectively.

The following table indicates the capital ratios for Park and each subsidiary at December 31, 2010 and December 31, 2009.

	2010			2009		
	Tier 1 Risk- Based	Total Risk- Based	Leverage	Tier 1 Risk- Based	Total Risk- Based	Leverage
Park National Bank	9.43 %	11.38 %	6.68 %	8.81 %	10.89 %	6.27 %
Vision Bank (Restated)	11.75 %	13.12 %	9.12 %	13.15 %	14.46 %	10.77 %
Park (Restated)	13.24 %	15.71 %	9.54 %	12.45 %	14.89 %	9.04 %

Failure to meet the minimum requirements above could cause the Federal Reserve Board to take action. Park's bank subsidiaries are also subject to these capital requirements by their primary regulators. As of December 31, 2010 and 2009, Park and its banking subsidiaries were well-capitalized and met all capital requirements to which each was subject. There are no conditions or events since the most recent regulatory report filings, by PNB or Vision Bank ("VB"), that management believes have changed the risk categories for either of the two banks.

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The following table reflects various measures of capital for Park and each of PNB and VB:

(In thousands)			To Be Adequately Capitalized		To Be Well Capitalized	
	Actual Amount	Ratio	Amount	Ratio	Amount	Ratio
At December 31, 2010:						
Total risk-based capital (to risk-weighted assets)						
PNB	\$ 495,668	11.38%	\$ 348,452	8.00 %	\$ 435,565	10.00 %
VB (1) (Restated)	80,305	13.12%	50,249	8.00 %	62,812	10.00 %
Park (Restated)	786,214	15.71%	401,590	8.00 %	501,988	10.00 %
Tier 1 risk-based capital (to risk-weighted assets)						
PNB	\$ 410,879	9.43 %	\$ 174,226	4.00 %	\$ 261,339	6.00 %
VB (Restated)	71,897	11.75%	25,125	4.00 %	37,687	6.00 %
Park (Restated)	662,390	13.24%	200,795	4.00 %	301,193	6.00 %
Leverage ratio (to average total assets)						
PNB	\$ 410,879	6.68 %	\$ 246,084	4.00 %	\$ 307,605	5.00 %
VB (1) (Restated)	71,897	9.12 %	32,585	4.00 %	40,732	5.00 %
Park (Restated)	662,390	9.54 %	277,824	4.00 %	347,280	5.00 %
At December 31, 2009:						
Total risk-based capital (to risk-weighted assets)						
PNB	\$ 473,694	10.89%	\$ 348,013	8.00 %	\$ 435,016	10.00 %
VB	103,819	14.46%	57,454	8.00 %	71,817	10.00 %
Park	758,291	14.89%	407,366	8.00 %	509,207	10.00 %
Tier 1 risk-based capital (to risk-weighted assets)						
PNB	\$ 383,296	8.81 %	\$ 174,006	4.00 %	\$ 261,010	6.00 %
VB	94,408	13.15%	28,727	4.00 %	43,090	6.00 %
Park	633,726	12.45%	203,683	4.00 %	305,524	6.00 %
Leverage ratio (to average total assets)						
PNB	\$ 383,296	6.27 %	\$ 244,368	4.00 %	\$ 305,460	5.00 %
VB	94,408	10.77%	35,054	4.00 %	43,818	5.00 %
Park	633,726	9.04 %	280,286	4.00 %	350,357	5.00 %

(1) Park management has agreed to maintain Vision Bank's total risk-based capital at 16.00% and the leverage ratio at 12.00%. As a result of the restatement, Vision Bank's total risk-based capital ratio declined from 19.55% as originally reported to 13.12% and its leverage ratio declined from 14.05% as originally reported to 9.12%.

23. SEGMENT INFORMATION

The Corporation is a multi-bank holding company headquartered in Newark, Ohio. The operating segments for the Corporation are its two chartered bank subsidiaries, The Park National Bank (headquartered in Newark, Ohio) (“PNB”) and Vision Bank (headquartered in Panama City, Florida) (“VB”). Guardian Financial Services Company (“GFSC”) is a consumer finance company and is excluded from PNB for segment reporting purposes. GFSC is included within the presentation of “All Other” in the segment reporting tables that follow. During the third quarter of 2008, Park combined the eight separately chartered Ohio-based bank subsidiaries into one national bank charter, that of The Park National Bank. Prior to the charter mergers that were consummated in the third quarter of 2008, Park considered each of its nine chartered bank subsidiaries as a separate segment for financial reporting purposes. GAAP requires management to disclose information about the different types of business activities in which a company engages and also information on the different economic environments in which a company operates, so that the users of the financial statements can better understand a company’s performance, better understand the potential for future cash flows, and make more informed judgments about the company as a whole. The change to two operating segments is in line with GAAP as there are: (i) two separate and distinct geographic markets in which Park operates; (ii) discrete financial information is available for each operating segment; and (iii) the segments are aligned with internal reporting to Park’s Chief Executive Officer, who is the chief operating decision maker.

Operating Results for the year ended December 31, 2010 (In thousands)

	PNB	VB (Restated)	All Other	Total (Restated)
Net interest income	\$237,281	\$ 27,867	\$8,896	\$274,044
Provision for loan losses	23,474	61,407	2,199	87,080
Other income (loss)	80,512	(6,023)	391	74,880
Other expense	144,051	31,623	11,433	187,107
Income (loss) before taxes	150,268	(71,186)	(4,345)	74,737
Income taxes (benefit)	47,320	(25,773)	(4,911)	16,636
Net income (loss)	\$102,948	\$ (45,413)	\$566	\$58,101
Balances at December 31, 2010:				
Assets	\$6,495,558	\$ 791,945	\$(5,242)	\$7,282,261
Loans	4,074,775	640,580	17,330	4,732,685
Deposits	4,622,693	633,432	(160,705)	5,095,420

Operating Results for the year ended December 31, 2009 (In thousands)

	PNB	VB	All Other	Total
Net interest income	\$236,107	\$ 25,634	\$11,750	\$273,491
Provision for loan losses	22,339	44,430	2,052	68,821
Other income (loss)	82,770	(2,047)	467	81,190
Other expense	148,048	28,091	12,586	188,725
Income (loss) before taxes	148,490	(48,934)	(2,421)	97,135
Income taxes (benefit)	47,032	(18,824)	(5,265)	22,943
Net income (loss)	\$101,458	\$ (30,110)	\$2,844	\$74,192
Balances at December 31, 2009:				
Assets	\$6,182,257	\$ 897,981	\$(39,909)	\$7,040,329
Loans	3,950,599	677,018	12,815	4,640,432
Deposits	4,670,113	688,900	\$(170,961)	5,188,052

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Operating Results for the year ended December 31, 2008 (In thousands)

	PNB	VB	All Other	Total
Net interest income	\$219,843	\$27,065	\$8,965	\$255,873
Provision for loan losses	21,512	46,963	2,012	70,487
Other income	81,310	3,014	510	84,834
Goodwill impairment charge	—	54,986	—	54,986
Other expense	137,295	27,149	15,071	179,515
Income (loss) before taxes	142,346	(99,019)	(7,608)	35,719
Income taxes (benefit)	47,081	(17,832)	(7,238)	22,011
Net income (loss)	\$95,265	\$(81,187)	\$(370)	\$13,708
Balances at December 31, 2008:				
Assets	\$6,243,365	\$917,041	\$(89,686)	\$7,070,720
Loans	3,790,867	690,472	9,998	4,491,337
Deposits	4,210,439	636,635	(85,324)	4,761,750

Reconciliation of financial information for the reportable segments to the Corporation's consolidated totals:

(In thousands)	Net Interest Income	Depreciation Expense	Other Expense	Income Taxes	Assets	Deposits
2010 (as restated):						
Totals for reportable segments	\$ 265,148	\$ 7,109	\$168,565	\$21,547	\$7,287,503	\$5,256,125
Elimination of intersegment items	—	—	—	—	(77,876)	(160,705)
Parent Co. and GFC totals – not eliminated	8,896	17	11,416	(4,911)	72,634	—
Totals	\$ 274,044	\$ 7,126	\$179,981	\$16,636	\$7,282,261	\$5,095,420
2009:						
Totals for reportable segments	\$ 261,741	\$ 7,451	\$168,688	\$28,208	\$7,080,238	\$5,359,013
Elimination of intersegment items	—	—	—	—	(114,214)	(170,961)
Parent Co. and GFC totals – not eliminated	11,750	22	12,564	(5,265)	74,305	—
Totals	\$ 273,491	\$ 7,473	\$181,252	\$22,943	\$7,040,329	\$5,188,052
2008:						
Totals for reportable segments	\$ 246,908	\$ 7,488	\$211,942	\$29,249	\$7,160,406	\$4,847,074
Elimination of intersegment items	—	—	—	—	(186,809)	(85,324)
Parent Co. and GFC totals – not eliminated	8,965	29	15,042	(7,238)	97,123	—
Totals	\$ 255,873	\$ 7,517	\$226,984	\$22,011	\$7,070,720	\$4,761,750

24. PARENT COMPANY STATEMENTS

The Parent Company statements should be read in conjunction with the consolidated financial statements and the information set forth below.

Investments in subsidiaries are accounted for using the equity method of accounting.

The effective tax rate for the Parent Company is substantially less than the statutory rate due principally to tax-exempt dividends from subsidiaries.

Cash represents noninterest bearing deposits with a bank subsidiary.

Net cash provided by operating activities reflects cash payments (received from subsidiaries) for income taxes of \$5.97 million, \$5.22 million and \$8.23 million in 2010, 2009 and 2008, respectively.

At December 31, 2010 and 2009, stockholders' equity reflected in the Parent Company balance sheet includes \$143 million and \$125 million, respectively, of undistributed earnings of the Corporation's subsidiaries which are restricted from transfer as dividends to the Corporation.

Balance Sheets

December 31, 2010 and 2009

(In thousands)	2010 (Restated)	2009
Assets:		
Cash	\$ 160,011	\$ 155,908
Investment in subsidiaries	601,201	587,309
Debentures receivable from subsidiary banks	5,000	7,500
Other investments	1,451	1,288
Other assets	69,845	76,821
Total assets	\$ 837,508	\$ 828,826
Liabilities:		
Dividends payable	\$ —	\$ 651
Subordinated notes	50,250	50,250
Other liabilities	57,550	60,661
Total liabilities	107,800	111,562
Total stockholders' equity	729,708	717,264
Total liabilities and stockholders' equity	\$ 837,508	\$ 828,826

Statements of Income

for the years ended December 31, 2010, 2009 and 2008

(In thousands)	2010 (Restated)	2009	2008
Income:			

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Dividends from subsidiaries	\$ 80,000	\$75,000	\$93,850
Interest and dividends	4,789	4,715	3,639
Other	411	489	575
Total income	85,200	80,204	98,064
Expense:			
Other, net	12,632	10,322	14,158
Total expense	12,632	10,322	14,158
Income before federal taxes and equity in undistributed losses of subsidiaries	72,568	69,882	83,906
Federal income tax benefit	5,993	6,210	8,057
Income before equity in undistributed losses of subsidiaries	78,561	76,092	91,963
Equity in undistributed losses of subsidiaries	(20,460)	(1,900)	(78,255)
Net income	\$ 58,101	\$74,192	\$13,708

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Statements of Cash Flows

for the years ended December 31, 2010, 2009 and 2008

(In thousands)	2010 (Restated)	2009	2008
Operating activities:			
Net income	\$ 58,101	\$74,192	\$13,708
Adjustments to reconcile net income to net cash provided by operating activities:			
Undistributed losses of subsidiaries	20,460	1,900	78,255
Other than temporary impairment charge, investments	23	140	774
Decrease (increase) in other assets	7,321	(18,420)	9,244
(Decrease) increase in other liabilities	(3,763)	24,178	2,042
Net cash provided by operating activities	82,142	81,990	104,023
Investing activities:			
Purchase of investment securities	—	(113)	(158)
Capital contribution to subsidiary	(52,000)	(37,000)	(76,000)
Repayment of debentures receivable from subsidiaries	2,500	—	—
Net cash used in investing activities	(49,500)	(37,113)	(76,158)
Financing activities:			
Cash dividends paid	\$(62,076)	\$(58,035)	\$(65,781)
Proceeds from issuance of common stock and warrants	33,541	53,475	—
Proceeds from issuance of subordinated notes	—	35,250	—
Cash payment for fractional shares	(4)	(2)	(3)
Proceeds from issuance of preferred stock	—	—	95,721
Net cash (used in) provided by financing activities	(28,539)	30,688	29,937
Increase in cash	4,103	75,565	57,802
Cash at beginning of year	155,908	80,343	22,541
Cash at end of year	\$ 160,011	\$155,908	\$80,343

25. PARTICIPATION IN THE U.S. TREASURY CAPITAL PURCHASE PROGRAM

On December 23, 2008, Park issued \$100 million of cumulative perpetual preferred shares, with a liquidation preference of \$1,000 per share (the "Senior Preferred Shares"). The Senior Preferred Shares constitute Tier 1 capital and rank senior to Park's common shares. The Senior Preferred Shares pay cumulative dividends at a rate of 5% per annum through February 14, 2014 and will reset to a rate of 9% per annum thereafter. For the year ended December 31, 2010, Park recognized a charge to retained earnings of \$5.8 million representing the preferred stock dividend and accretion of the discount on the preferred stock, associated with its participation in the CPP.

As part of its participation in the CPP, Park also issued a warrant to the U.S. Treasury to purchase 227,376 common shares, which is equal to 15% of the aggregate amount of the Senior Preferred Shares purchased by the U.S. Treasury, having an exercise price of \$65.97. The initial exercise price for the warrant and the market price for determining the number of common shares subject to the warrant were determined by reference to the market price of the common shares on the date the Company's application for participation in the CPP was approved by the United States

Department of the Treasury (calculated on a 20-day trailing average). The warrant has a term of 10 years.

A company that participates in the CPP must adopt certain standards for compensation and corporate governance, established under the American Recovery and Reinvestment Act of 2009 (the "ARRA"), which amended and replaced the executive compensation provisions of the Emergency Economic Stabilization Act of 2008 ("EESA") in their entirety, and the Interim Final Rule promulgated by the Secretary of the U.S. Treasury under 31 C.F.R. Part 30 (collectively, the "Troubled Asset Relief Program (TARP) Compensation Standards"). In addition, Park's ability to declare or pay dividends on or repurchase its common shares is partially restricted as a result of its participation in the CPP.

26. SALE OF COMMON SHARES AND ISSUANCE OF COMMON STOCK WARRANTS

During 2009, Park sold a total of 904,072 common shares, out of treasury shares, and issued, in conjunction with the October 30, 2009 registered public offering, 500,000 Series A/Series B Common Share Warrants. The common shares were issued at a weighted average sales price of \$61.20 with net proceeds of \$53.6 million. Through December 31, 2009, there were no exercises of the Series A/Series B Common Share Warrants.

During the year ended December 31, 2010, 437,200 common shares were issued upon the exercise of the Series A and Series B Common Share Warrants at a price of \$67.75 per common share. Park raised \$28.7 million, net of all selling costs, from the sale of the 437,200 common shares. The remaining portion of the Series B Common Share Warrants Park issued in October 2009 (covering 62,800 common shares) expired on October 30, 2010.

In addition, on December 10, 2010, Park sold, in a registered direct public offering, 71,984 common shares, out of treasury shares, for gross proceeds of \$5.0 million. In addition to the common shares, Park also issued:

Series A Common Share Warrants, which are exercisable within six months of the closing date, to purchase up to an aggregate of 35,992 common shares at an exercise price of \$76.41.

Series B Common Share Warrants, which are exercisable within twelve months of the closing date, to purchase up to an aggregate of 35,922 common shares at an exercise price of \$76.41.

Net proceeds (net of all selling and legal expenses) from the December 10, 2010 sale of 71,984 Common Shares and Series A/Series B Common Share Warrants was \$4.8 million. Through December 31, 2010, there were no exercises of the Series A/Series B Common Share Warrants issued in this registered direct public offering.

27. Sale of Vision Bank

On February 16, 2012, Park and its wholly-owned subsidiary, Vision Bank, a Florida state-chartered bank, completed its sale of substantially all of the operating assets and liabilities associated with Vision Bank to Home BancShares, Inc. (“Home”) and its wholly-owned Arkansas state-chartered bank, Centennial Bank (“Centennial”), as contemplated by the previously announced Purchase and Assumption Agreement (the “Agreement”) by and between Park, Vision, Home and Centennial, dated as of November 16, 2011.

In accordance with the Agreement, Vision sold approximately \$354 million in performing loans, approximately \$520 million of deposits, fixed assets of approximately \$12.5 million and other miscellaneous assets and liabilities for a purchase price of \$27.9 million.

Immediately following the closing of the transactions contemplated by the Agreement, Vision surrendered its Florida banking charter to the Florida Office of Financial Regulation (the “OFR”) and became a non-bank Florida corporation (the “Florida Corporation”). This Florida Corporation merged with and into a wholly-owned, non-bank subsidiary of Park, SE Property Holdings, LLC (“SE LLC”), with SE LLC being the surviving entity. Subsequent to the transactions contemplated by the Purchase Agreement, Vision will be left with approximately \$22 million of performing loans and non-performing loans with a fair value of \$88 million (both net of any necessary loan loss allowance that may have existed prior to the transactions). Vision recognized a pre-tax gain, net of expenses directly related to the sale, of approximately \$22 million.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders

Park National Corporation

Newark, Ohio

We have audited the accompanying consolidated balance sheets of Park National Corporation as of December 31, 2010 and 2009 and the related consolidated statements of income, changes in stockholders' equity and cash flows for each of the three years in the period ended December 31, 2010. We also have audited Park National Corporation's internal control over financial reporting as of December 31, 2010, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Park National Corporation's management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on these financial statements and an opinion on the company's internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our report dated February 28, 2011, we expressed an unqualified opinion on the Company's internal control over financial reporting as of December 31, 2010, based upon the COSO criteria. As described in the following two paragraphs below, material weaknesses were subsequently identified. Accordingly, management has revised its assessment about the effectiveness of the Company's internal control over financial reporting, and our present opinion on the effectiveness of the Company's internal control over financial reporting as of December 31, 2010, as expressed herein, is different from that expressed in our opinion dated February 28, 2011.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. The Company subsequently identified the following material weakness as of December 31, 2010: management was utilizing the work of a third-party contractor, which was not a licensed appraiser, when estimating the fair value of collateral for certain impaired loans and the fair value of certain other real estate at a subsidiary, Vision Bank. Additionally, management did not obtain sufficient documentation to support the estimates of this third-party contractor. In addition, management was relying on internal estimates of collateral value when calculating specific reserves for certain other impaired loans at Vision Bank, where some of these internal estimates were more than a year old. Economic conditions had changed in certain instances and the internal estimates of value had not been updated.

Subsequent to the material weakness identified in the preceding paragraph, the Company identified the following material weakness as a result of the restatement of its December 31, 2010 financial statements. Management was incorporating expected future cash flows from guarantors into impaired loan measurements in situations which may require protracted litigation to actually receive the cash. Management determined it was inappropriate to incorporate these expected cash flows given the difficulty in obtaining objective verifiable evidence supporting a conclusion as to the amount and timing of the expected cash flows.

These material weaknesses were considered in determining the nature, timing, and extent of audit tests applied in our audit of the 2010 consolidated financial statements and the restatement thereof as identified in Note 1A, and these matters do not affect our opinion on those financial statements, as restated.

In our opinion, because of the effects of the material weaknesses described above, Park National Corporation has not maintained effective internal control over financial reporting as of December 31, 2010, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Park National Corporation as of December 31, 2010 and 2009, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2010, in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1A of the consolidated financial statements, the Company has restated its 2010 consolidated financial statements to correct its accounting for certain impaired loans

/s/ Crowe Horwath LLP

Columbus, Ohio

February 28, 2011, except for the matter described in the sixth paragraph above, as to which the date is October 11, 2011, and the effects on the consolidated financial statements of the matter described in the seventh paragraph above and in Notes 1A and 27 to the Company's consolidated financial statements, as to which the date is February 28, 2012

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ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

No response required.

ITEM 9A. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

As of December 31, 2010, the end of the annual period covered by this 2010 Form 10-K/A – Amendment 2, Park carried out an evaluation under the supervision and with the participation of Park’s management, including Park’s Chairman of the Board and Chief Executive Officer (the principal executive officer) and Park’s Chief Financial Officer (the principal financial officer), of the effectiveness of Park’s disclosure controls and procedures. In designing and evaluating Park’s disclosure controls and procedures, Park and its management recognize that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and Park’s management necessarily was required to apply its judgment in evaluating and implementing controls and procedures. Based upon the evaluation, Park’s Chairman of the Board and Chief Executive Officer and Park’s Chief Financial Officer concluded that Park’s disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by Park in the reports it files or submits under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms and the such information is accumulated and communicated to Park’s management, including Park’s Chairman of the Board and Chief Executive Officer and Park’s Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

As a result of the events necessitating the restatement described in the Explanatory Note and in Notes 1 and 1A of the Notes to Unaudited Consolidated Condensed Financial Statements set forth in “Item 8 – Financial Statements and Supplementary Data” of Part II of this 2010 Form 10-K/A – Amendment 2, however, Park’s management, including Park’s Chairman of the Board and Chief Executive Officer and Park’s Chief Financial Officer, has reevaluated the design and operation of Park’s disclosure controls and procedures and has now concluded that, as of December 31, 2010, Park did not maintain effective controls to ensure that the allowance for loan losses related to certain impaired commercial loans with guarantor support and the expenses related to certain devaluations of other real estate owned (“OREO”) and additional loan loss provisions that are not related to guarantor support were properly calculated.

Specifically, the accounting treatment giving rise to the restatement was the inclusion of estimated future cash flows supporting the allowance for loan losses related to certain impaired commercial loans. For the year ended December 31, 2010, as part of Park’s process to measure impairment on certain impaired commercial loans at Vision Bank, management had relied on expected cash flows from guarantors, as to whom Vision Bank was in litigation. Management has determined that reliance on expected cash flows, which may require protracted litigation to actually

be received, is inappropriate given the difficulty in obtaining objective verifiable evidence supporting the conclusion as to the amount and timing of the expected cash flows. U.S. generally accepted accounting principles require that Park's assumptions be "reasonable and supportable" and the facts and circumstances around the existence of protracted litigation make this assumption more difficult to support.

The restatement also reflects certain OREO devaluations and additional loan loss provisions that are not related to guarantor support. These expense items are related to valuation issues identified at December 31, 2010, where Vision Bank management utilized (i) the work of a third-party contractor, which was not a licensed appraiser, when calculating the fair value of collateral for certain impaired loans and the fair value of certain OREO held by Vision Bank, and management did not have sufficient documentation to support the estimates of this third-party contractor, and (ii) internal estimates of collateral value when calculating specific reserves for certain impaired loans when, at times, such internal estimates were outdated. The impact is to reverse provisions for loan losses and OREO devaluations in the restated audited consolidated financial statements for the year ended December 31, 2010.

Because of these control deficiencies, which are considered to be material weaknesses and resulted in the restatement of not only Park's previously issued audited consolidated financial statements incorporated by reference in Park's Annual Report on Form 10-K for the year ended December 31, 2010 but also Park's unaudited condensed consolidated financial statements included in Park's Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2011, June 30, 2011 and September 30, 2011, Park's management has restated its assessment for the period ended December 31, 2010 and concluded that Park's disclosure controls and procedures were not effective as of December 31, 2010.

Park reviews its disclosure controls and procedures, which may include its internal control over financial reporting, on an ongoing basis and may from time to time make changes aimed at enhancing their effectiveness. Park's management made process improvements throughout 2011 in an effort to address the material weakness related to guarantor support and as of the date of this filing, when calculating impairment under ASC 310, management no longer relies on expected cash flows from guarantors where litigation is required to collect those cash flows. Additionally, Park's management made process improvements throughout 2011 in an effort to address the material weakness related to the OREO devaluations and loan loss provisions that are not related to guarantor support. These process improvements included:

Management has discontinued the use of value-related information received from a third-party contractor, who is not a licensed appraiser. While management continues to consult with this third-party contractor on the current status of loan workouts and progress related to the pursuit of legally bound borrowers and guarantors, management no longer utilizes the third-party contractor's estimates of value to determine the specific reserves that should be established on impaired loans.

Management has discontinued the use of information received from the third-party contractor to value OREO properties. Currently, OREO properties are valued based on external appraisals that are no more than 12 months old and were prepared by external licensed appraisers.

Management has discontinued the use of retail lot values (discounted by management's standard bulk sale discount) on lot development projects and is now utilizing the bulk sale value provided by external licensed appraisers, which in certain cases applies a larger discount.

In addition to the real estate appraisal policy in place as of December 31, 2010, management has enhanced its commercial loan policy to formalize the requirements for the frequency and dollar threshold for which updated real estate appraisals are to be obtained from qualified licensed appraisers with respect to impaired loans and OREO properties. This enhancement to the commercial loan policy also discusses those situations where internally prepared valuations ("IPV") are considered appropriate, the documentation that should accompany IPVs and the frequency of evaluating the accuracy of the assumptions and data used in the IPV estimates.

Management believes that the enhancements to Park's internal control processes have resolved the material weaknesses that existed as of December 31, 2010.

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Management's Annual Report on Internal Control over Financial Reporting

Management's Report on Internal Control Over Financial Reporting

The management of Park National Corporation ("Park" or the "Company") is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. Under the supervision and with the participation of management, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies or procedures may deteriorate.

Park's management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2010, and this assessment identified the following:

A deficiency in internal controls because management was utilizing the work of a third-party contractor, which was not a licensed appraiser, when calculating the fair value of collateral for certain impaired loans and the fair value of certain other real estate owned held by Vision Bank, and management did not have sufficient documentation to support the estimates of this third-party contractor. In addition, management was relying on internal estimates of collateral value when calculating specific reserves for impaired loans at Vision Bank, when at times, such internal estimates were more than a year old. Economic conditions had changed in certain instances and the internal estimates of value were not updated. Initially, management concluded that this deficiency constituted a significant deficiency. However, upon further review, management determined that this deficiency constituted a material weakness in the Company's internal control over financial reporting.

A deficiency in internal controls because management was incorporating expected future cash flows from guarantors into impaired loan measurements in its analysis of the allowance for loan losses in situations which may require protracted litigation to actually receive the cash. Following discussions with the Florida Office of Financial Regulation (the "OFR") and the Federal Deposit Insurance Corporation (the "FDIC"), and consultations with the Securities and Exchange Commission ("SEC"), management determined it was inappropriate to incorporate these expected future cash flows given the difficulty in obtaining objective verifiable evidence supporting the conclusion as to the amount and timing of the expected cash flows. GAAP requires that our assumptions be "reasonable and supportable" and the facts and circumstances around the existence of protracted litigation make this assumption more difficult to support. Management has determined that the present value of expected cash flows approach should not have been used with respect to these loans and instead, impairment of these loans should have been calculated based on the fair value of the underlying collateral. Based on this conclusion and the determination that fiscal 2010 results should be restated to increase the loan loss provision, management determined that a second material weakness in internal control over financial reporting existed at December 31, 2010.

A material weakness is a deficiency in internal controls or a combination of internal control deficiencies, such that there is a reasonable possibility that a material misstatement of the annual or interim consolidated financial statements will not be prevented or detected on a timely basis. Based on the material weaknesses identified, management believes that Park did not maintain effective internal control over financial reporting as of December 31, 2010.

The Company's independent registered public accounting firm, Crowe Horwath LLP, has audited the Company's internal control over financial reporting as of December 31, 2010, and has issued their Report of Independent Registered Public Accounting Firm, which is included below.

Management's Remediation Efforts

After the control deficiency related to valuations was identified in January 2011, the Company started to make several process improvements in an effort to address the above-mentioned material weakness. These process improvements include the discontinuation of the use of value-related information from a third-party contractor, who is not a licensed appraiser, when valuing both collateral for impaired loans and other real estate owned (and using external appraisals instead), discontinuation of the use of retail lot values on lot development projects and using in lieu thereof the bulk sale value provided by external licensed appraisers, and the enhancement of the Company's commercial loan policy. Additionally, management no longer relies on expected cash flows from guarantors where litigation is required to collect those cash flows. We believe that the enhancements to our internal control processes represent significant progress in addressing the material weaknesses that existed at December 31, 2010.

/s/ C. Daniel DeLawder	/s/ David L. Trautman	/s/ John W. Kozak
C. Daniel DeLawder	David L. Trautman	John W. Kozak
Chairman and Chief Executive Officer	President	Chief Financial Officer

Attestation Report of the Registered Public Accounting Firm

The “REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM” included with in Item 8 – Financial Statements and Supplementary Data” in Part II of this 2010 Form 10-K/A - Amendment 2 and is incorporated herein by reference.

Changes in Internal Control over Financial Reporting

There were no changes in Park’s internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that occurred during Park’s fiscal quarter ended December 31, 2010, that have materially affected, or are reasonably likely to materially affect, Park’s internal control over financial reporting.

Park reviews its disclosure controls and procedures, which may include its internal control over financial reporting, on an ongoing basis and may from time to time make changes aimed at enhancing their effectiveness. Park’s management made process improvements throughout 2011 in an effort to address the material weakness related to guarantor support and as of the date of this filing, when calculating impairment under ASC 310, management no longer relies on expected cash flows from guarantors where litigation is required to collect those cash flows. Additionally, Park’s management made process improvements throughout 2011 in an effort to address the material weakness related to the OREO devaluations and loan loss provisions that are not related to guarantor support. These process improvements included:

Management has discontinued the use of value-related information received from a third-party contractor, who is not a licensed appraiser. While management continues to consult with this third-party contractor on the current status of loan workouts and progress related to the pursuit of legally bound borrowers and guarantors, management no longer utilizes the third-party contractor’s estimates of value to determine the specific reserves that should be established on impaired loans.

Management has discontinued the use of information received from the third-party contractor to value OREO properties. Currently, OREO properties are valued based on external appraisals that are no more than 12 months old and were prepared by external licensed appraisers.

Management has discontinued the use of retail lot values (discounted by management’s standard bulk sale discount) on lot development projects and is now utilizing the bulk sale value provided by external licensed appraisers, which in certain cases applies a larger discount.

In addition to the real estate appraisal policy in place as of December 31, 2010, management has enhanced its commercial loan policy to formalize the requirements for the frequency and dollar threshold for which updated real estate appraisals are to be obtained from qualified licensed appraisers with respect to impaired loans and OREO properties. This enhancement to the commercial loan policy also discusses those situations where internally prepared

valuations (“IPV”) are considered appropriate, the documentation that should accompany IPV’s and the frequency of evaluating the accuracy of the assumptions and data used in the IPV estimates.

Management believes that the enhancements to Park’s internal control processes have resolved the material weaknesses that existed as of December 31, 2010.

ITEM 9B. OTHER INFORMATION.

No response required.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

Directors, Executive Officers and Persons Nominated or Chosen to Become Directors or Executive Officers

The information required by Item 401 of SEC Regulation S-K concerning the directors of Park and the nominees for re-election as directors of Park at the Annual Meeting of Shareholders held on April 18, 2011 (the “2011 Annual Meeting”) is incorporated herein by reference from the disclosure included under the caption “PROPOSAL 1 – ELECTION OF DIRECTORS” in Park’s definitive Proxy Statement relating to the 2011 Annual Meeting filed pursuant to SEC Regulation 14A (“Park’s 2011 Proxy Statement”).

The information required by Item 401 of SEC Regulation S-K concerning the executive officers of Park is incorporated herein by reference from the disclosure included under the caption “EXECUTIVE OFFICERS” in Park’s 2011 Proxy Statement.

Compliance with Section 16(a) of the Exchange Act

The information required by Item 405 of SEC Regulation S-K is incorporated herein by reference from the disclosure included under the caption “BENEFICIAL OWNERSHIP OF PARK COMMON SHARES – Section 16(a) Beneficial Ownership Reporting Compliance” in Park’s 2011 Proxy Statement.

Committee Charters; Code of Business Conduct and Ethics

Park's Board of Directors has adopted charters for each of the Audit Committee, the Compensation Committee, the Nominating Committee and the Risk Committee.

In accordance with the requirements of Section 807 of the NYSE Amex Company Guide, the Board of Directors of Park has adopted a Code of Business Conduct and Ethics covering the directors, officers and employees of Park and its affiliates, including Park's Chairman of the Board and Chief Executive Officer (the principal executive officer), Park's President and Secretary, Park's Chief Financial Officer (the principal financial officer) and Park's Chief Accounting Officer (the principal accounting officer). Park intends to disclose the following events, if they occur, in a current report on Form 8-K within four business days following their occurrence: (A) the date and nature of any amendment to a provision of Park's Code of Business Conduct and Ethics that (i) applies to Park's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, (ii) relates to any element of the code of ethics definition enumerated in Item 406(b) of SEC Regulation S-K, and (iii) is not a technical, administrative or other non-substantive amendment; and (B) a description of any waiver (including the nature of the waiver, the name of the person to whom the waiver was granted and the date of the waiver), including an implicit waiver, from a provision of the Code of Business Conduct and Ethics granted to Park's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions that relates to one or more of the elements of the code of ethics definition set forth in Item 406(b) of SEC Regulation S-K. In addition, Park will disclose any waivers from the provisions of the Code of Business Conduct and Ethics granted to a director or executive officer of Park in a current report on Form 8-K within four business days following their occurrence.

The text of each of the Code of Business Conduct and Ethics, the Audit Committee Charter, the Compensation Committee Charter, the Nominating Committee Charter and the Risk Committee Charter is posted on the "Governance Documents" section of the "Investor Relations" page of Park's Internet Web site located at www.parknationalcorp.com. Interested persons may also obtain copies of the Code of Business Conduct and Ethics, the Audit Committee Charter, the Compensation Committee Charter, the Nominating Committee Charter and the Risk Committee Charter, without charge, by writing to the President of Park at Park National Corporation, 50 North Third Street, P.O. Box 3500, Newark, Ohio 43058-3500, Attention: David L. Trautman.

Procedures for Recommending Director Nominees

Information concerning the procedures by which shareholders of Park may recommend nominees to Park's Board of Directors is incorporated herein by reference from the disclosure included under the caption "CORPORATE GOVERNANCE – Nominating Procedures" in Park's 2011 Proxy Statement. These procedures have not materially changed from those described in Park's definitive Proxy Statement for the 2010 Annual Meeting of Shareholders held on April 19, 2010.

Audit Committee

The information required by Items 407(d)(4) and 407(d)(5) of SEC Regulation S-K is incorporated herein by reference from the disclosure included under the caption “BOARD OF DIRECTORS STRUCTURE AND MEETINGS – Committees of the Board – Audit Committee” in Park’s 2011 Proxy Statement.

ITEM 11. EXECUTIVE COMPENSATION.

The information required by Item 402 of SEC Regulation S-K is incorporated herein by reference from the disclosure included under the captions “EXECUTIVE COMPENSATION” and “DIRECTOR COMPENSATION” in Park’s 2011 Proxy Statement.

The information required by Item 407(e)(4) of SEC Regulation S-K is incorporated herein by reference from the disclosure included under the caption “COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION” in Park’s 2011 Proxy Statement.

The information required by Item 407(e)(5) of SEC Regulation S-K is incorporated herein by reference from the disclosure included under the caption “EXECUTIVE COMPENSATION – Compensation Committee Report” in Park’s 2011 Proxy Statement.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

Beneficial Ownership of Common Shares of Park

The information required by Item 403 of SEC Regulation S-K is incorporated herein by reference from the disclosure included under the caption “BENEFICIAL OWNERSHIP OF PARK COMMON SHARES” in Park’s 2011 Proxy Statement.

Equity Compensation Plan Information

Park has two compensation plans under which Common Shares of Park are authorized for issuance to directors, officers or employees of Park and Park's subsidiaries in exchange for consideration in the form of goods or services – the Park National Corporation 2005 Incentive Stock Option Plan (the “2005 Plan”) and the Park National Corporation Stock Plan for Non-Employee Directors of Park National Corporation and Subsidiaries (the “Directors’ Stock Plan”). In addition, Park maintains the Park National Corporation Employees Stock Ownership Plan (the “Park KSOP”), which is intended to meet the qualification requirements of Section 401(a) of the Internal Revenue Code of 1986, as amended. The 2005 Plan and the Directors’ Stock Plan have been approved by Park’s shareholders.

The following table shows the number of Common Shares issuable upon exercise of incentive stock options (“ISOs”) granted under the 2005 Plan outstanding at December 31, 2010, the weighted-average exercise price of those ISOs and the number of Common Shares remaining available for future issuance under the 2005 Plan and the Directors’ Stock Plan at December 31, 2010, excluding Common Shares issuable upon exercise of outstanding ISOs granted under the 2005 Plan. The table does not include Common Shares subject to outstanding options granted under the Assumed Security Plans. Footnote (2) to the table sets forth the total number of Common Shares issuable upon exercise of options granted under the Assumed Security Plans which were outstanding at December 31, 2010, and the weighted-average exercise price of those options. Park cannot grant additional options under the Assumed Security Plans.

Plan category	Number of Common Shares to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of Common Shares remaining available for future issuance under equity compensation plans (excluding Common Shares reflected in column (a)) (c)	
Equity compensation plans approved by shareholders	78,075	\$ 74.96	1,475,305	(1)
Total	78,075	\$ 74.96	1,475,305	(1)

(1) Includes 1,421,925 Common Shares remaining available for future issuance under the 2005 Plan and 53,380 Common Shares remaining available for future issuance under the Directors’ Stock Plan.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

Certain Relationships and Related Party Transactions

The information required by Item 404 of SEC Regulation S-K is incorporated herein by reference from the disclosure included under the captions “CORPORATE GOVERNANCE – Transactions with Related Persons” and

“COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION” in Park’s 2011 Proxy Statement.

Director Independence

The information required by Item 407(a) of SEC Regulation S-K is incorporated herein by reference from the disclosure included under the caption “CORPORATE GOVERNANCE – Independence of Directors” in Park’s 2011 Proxy Statement.

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ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

The information called for in this Item 14 is incorporated herein by reference from the disclosure included under the captions “AUDIT COMMITTEE MATTERS – Pre-Approval of Services Performed by Independent Registered Public Accounting Firm” and “AUDIT COMMITTEE MATTERS – Fees of Independent Registered Public Accounting Firm” in Park’s 2011 Proxy Statement.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

(a)(1) Financial Statements.

The consolidated financial statements (and report thereon) listed below are filed as part of this 2010 Form 10-K/A - Amendment 2:

Report of Independent Registered Public Accounting Firm (Crowe Horwath LLP)

Consolidated Balance Sheets at December 31, 2010 (Restated) and 2009

Consolidated Statements of Income for the years ended December 31, 2010 (Restated), 2009 and 2008

Consolidated Statements of Changes in Stockholders’ Equity for the years ended December 31, 2010 (Restated), 2009 and 2008

Consolidated Statements of Cash Flows for the years ended December 31, 2010 (Restated), 2009 and 2008

Notes to Consolidated Financial Statements

(a)(2) Financial Statement Schedules.

All schedules for which provision is made in the applicable accounting regulations of the SEC are not required under the related instructions or are inapplicable and have been omitted.

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(a)(3) Exhibits.

The documents listed below are filed with this 2010 Form 10-K/A - Amendment 2 as exhibits or incorporated into this 2010 Form 10-K/A - Amendment 2 by reference as noted:

Exhibit No. Description of Exhibit

- 3.1(a) Articles of Incorporation of Park National Corporation as filed with the Ohio Secretary of State on March 24, 1992 (incorporated herein by reference to Exhibit 3(a) to Park National Corporation's Form 8-B, filed on May 20, 1992 (File No. 0-18772) ("Park's Form 8-B"))
- 3.1(b) Certificate of Amendment to the Articles of Incorporation of Park National Corporation as filed with the Ohio Secretary of State on May 6, 1993 (incorporated herein by reference to Exhibit 3(b) to Park National Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1993 (File No. 0-18772))
- 3.1(c) Certificate of Amendment to the Articles of Incorporation of Park National Corporation as filed with the Ohio Secretary of State on April 16, 1996 (incorporated herein by reference to Exhibit 3(a) to Park National Corporation's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 1996 (File No. 1-13006))
- 3.1(d) Certificate of Amendment by Shareholders to the Articles of Incorporation of Park National Corporation as filed with the Ohio Secretary of State on April 22, 1997 (incorporated herein by reference to Exhibit 3(a)(1) to Park National Corporation's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1997 (File No. 1-13006) ("Park's June 30, 1997 Form 10-Q"))
- 3.1(e) Certificate of Amendment by Shareholders or Members as filed with the Secretary of State of the State of Ohio on December 18, 2008 in order to evidence the adoption by the shareholders of Park National Corporation on December 18, 2008 of an amendment to Article FOURTH of Park National Corporation's Articles of Incorporation to authorize Park National Corporation to issue up to 200,000 preferred shares, without par value (incorporated herein by reference to Exhibit 3.1 to Park National Corporation's Current Report on Form 8-K dated and filed December 19, 2008 (File No. 1-13006))
- 3.1(f) Certificate of Amendment by Directors or Incorporators to Articles as filed with the Secretary of State of the State of Ohio on December 19, 2008, evidencing adoption of amendment by Board of Directors of Park National Corporation to Article FOURTH of Articles of Incorporation to establish express terms of Fixed Rate Cumulative Perpetual Preferred Shares, Series A, each without par value, of Park National Corporation (incorporated herein by reference to Exhibit 3.1 to Park National Corporation's Current Report on Form 8-K dated and filed December 23, 2008 (File No. 1-13006) ("Park's December 23, 2008 Form 8-K"))

- 3.1(g) Articles of Incorporation of Park National Corporation (reflecting amendments through December 19, 2008) [for SEC reporting compliance purposes only – not filed with Ohio Secretary of State] (incorporated herein by reference to Exhibit 3.1(g) to Park National Corporation’s Annual Report on Form 10-K for the fiscal year ended December 31, 2008 (File No. 1-13006) (“Park’s 2008 Form 10-K”))
- 3.2(a) Regulations of Park National Corporation (incorporated herein by reference to Exhibit 3(b) to Park’s Form 8-B)
- 3.2(b) Certified Resolution regarding Adoption of Amendment to Subsection 2.02(A) of the Regulations of Park National Corporation by Shareholders on April 21, 1997 (incorporated herein by reference to Exhibit 3(b)(1) to Park’s June 30, 1997 Form 10-Q)
- 3.2(c) Certificate Regarding Adoption of Amendments to Sections 1.04 and 1.11 of Park National Corporation’s Regulations by the Shareholders on April 17, 2006 (incorporated herein by reference to Exhibit 3.1 to Park National Corporation’s Current Report on Form 8-K dated and filed on April 18, 2006 (File No. 1-13006))
- 3.2(d) Certificate Regarding Adoption by the Shareholders of Park National Corporation on April 21, 2008 of Amendment to Regulations to Add New Section 5.10 to Article FIVE (incorporated herein by reference to Exhibit 3.2(d) to Park National Corporation’s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2008 (“Park’s March 31, 2008 Form 10-Q”) (File No. 1-13006))
- 3.2(e) Regulations of Park National Corporation (reflecting amendments through April 21, 2008) [For purposes of SEC reporting compliance only] (incorporated herein by reference to Exhibit 3.2 (e) to Park’s March 31, 2008 Form 10-Q)
- 4.1(a) Junior Subordinated Indenture, dated as of December 5, 2005, between Vision Bancshares, Inc. and Wilmington Trust Company, as Trustee (incorporated herein by reference to Exhibit 10.16 to Vision Bancshares, Inc.’s Annual Report on Form 10-KSB for the fiscal year ended December 31, 2005 (File No. 000-50719))
- 4.1(b) First Supplemental Indenture, dated to be effective as of 6:00 p.m., Eastern Standard Time, on March 9, 2007, among Wilmington Trust Company, as Trustee; Park National Corporation; and Vision Bancshares, Inc. (incorporated herein by reference to Exhibit 4.1(b) to Park National Corporation’s Current Report on Form 8-K dated and filed March 15, 2007 (File No. 1-13006) (“Park’s March 15, 2007 Form 8-K”))
- 4.2(a) Amended and Restated Trust Agreement, dated as of December 5, 2005, among Vision Bancshares, Inc., as Depositor; Wilmington Trust Company, as Property Trustee and as Delaware Trustee; and the Administrative Trustees named therein, in respect of Vision Bancshares Trust I (incorporated herein by reference to Exhibit 10.15 to Vision Bancshares, Inc.’s Annual Report on Form 10-KSB for the fiscal year ended December 31, 2005 (File No. 000-50719))

Note: Pursuant to the First Supplemental Indenture, dated to be effective as of 6:00 p.m., Eastern Standard Time, on March 9, 2007, among Wilmington Trust Company, as Trustee; Park National Corporation; and Vision Bancshares, Inc., Park National Corporation succeeded to and was substituted for Vision Bancshares, Inc. as “Depositor”

4.2(b) Notice of Resignation of Administrative Trustees and Appointment of Successors, dated March 9, 2007, delivered to Wilmington Trust Company by the Resigning Administrative Trustees named therein, the Successor Administrative Trustees named therein and Park National Corporation (incorporated herein by reference to Exhibit 4.2(b) to Park’s March 15, 2007 Form 8-K)

4.3 Guarantee Agreement, dated as of December 5, 2005, between Vision Bancshares, Inc., as Guarantor, and Wilmington Trust Company, as Guarantee Trustee, in respect of Vision Bancshares Trust I (incorporated herein by reference to Exhibit 10.17 to Vision Bancshares, Inc.’s Annual Report on Form 10-KSB for the fiscal year ended December 31, 2005 (File No. 000-50719))

Note: Pursuant to the First Supplemental Indenture, dated to be effective as of 6:00 p.m., Eastern Standard Time, on March 9, 2007, among Wilmington Trust Company, as Trustee; Park National Corporation; and Vision Bancshares, Inc., Park National Corporation succeeded to and was substituted for Vision Bancshares, Inc. as “Guarantor”

4.4 Subordinated Debenture, dated December 28, 2007, in the principal amount of \$25,000,000, issued by The Park National Bank to USB Capital Funding Corp. (incorporated herein by reference to Park National Corporation’s Current Report on Form 8-K dated and filed on January 2, 2008 (“Park’s January 2, 2008 Form 8-K”))

4.5 Warrant to Purchase 227,376 Shares of Common Stock (Common Shares) of Park National Corporation issued to the United States Department of the Treasury on December 23, 2008 (incorporated herein by reference to Exhibit 4.1 to Park’s December 23, 2008 Form 8-K)

4.6 Letter Agreement, dated December 23, 2008, including Securities Purchase Agreement – Standard Terms attached thereto as Exhibit A, between Park National Corporation and the United States Department of the Treasury (incorporated herein by reference to Exhibit 10.1 to Park’s December 23, 2008 Form 8-K) [NOTE: Annex A to Securities Purchase Agreement is not included therewith; filed as Exhibit 3.1 to Park’s December 23, 2008 Form 8-K and incorporated by reference at Exhibit 3.1(f) of this Annual Report on Form 10-K]

4.7 Form of Series A / Series B Common Share Warrant (incorporated herein by reference to Exhibit 4.1 to Park National Corporation’s Current Report on Form 8-K dated and filed on October 28, 2009 (File No. 1-13006) (“Park’s October 28, 2009 Form 8-K”))

- 4.8 Note Purchase Agreement, dated December 23, 2009, between Park National Corporation and 38 accredited investors (incorporated herein by reference to Exhibit 4.1 to Park National Corporation's Current Report on Form 8-K dated and filed on December 28, 2009 (File No. 1-13006) ("Park's December 28, 2009 Form 8-K"))
- 4.9 Form of 10% Subordinated Note due December 23, 2019 (incorporated herein by reference to Exhibit 4.2 to Park's December 28, 2009 Form 8-K)
- 4.10 Form of Series A / Series B Common Share Warrant (incorporated herein by reference to Exhibit 4.1 to Park National Corporation's Current Report on Form 8-K dated and filed on December 8, 2010 (File No. 1-13006) ("Park's December 8, 2010 Form 8-K"))
- 4.11 Agreement to furnish instruments and agreements defining rights of holders of long-term debt (previously filed as Exhibit 4.11 to the Annual Report on Form 10-K of Park National Corporation for the fiscal year ended December 31, 2010 (File No. 1-13006) filed on February 28, 2011 ("Park's 2010 Form 10-K filed on February 28, 2011"))
- 10.1† Summary of Base Salaries for Executive Officers of Park National Corporation (previously filed as Exhibit 10.1 to Park's 2010 Form 10-K filed on February 28, 2011)
- 10.2(a)† Split-Dollar Agreement, dated May 17, 1993, between William T. McConnell and The Park National Bank (incorporated herein by reference to Exhibit 10(f) to Park National Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1993 (File No. 0-18772))
- 10.2(b)† Schedule identifying Split-Dollar Agreements covering executive officers or employees of The Park National Bank or one of its divisions who are also directors or executive officers of Park National Corporation, which Split-Dollar Agreements are identical to the Split-Dollar Agreement, dated May 17, 1993, between William T. McConnell and The Park National Bank (incorporated herein by reference to Exhibit 10.3(b) to Park's 2008 Form 10-K)
- 10.3(a)† Description of Park National Corporation Supplemental Executive Retirement Benefits as in effect from and after February 18, 2008 (incorporated herein by reference to Exhibit 10.7(a) to Park's 2008 Form 10-K)
- 10.3(b)† Supplemental Executive Retirement Benefits Agreement, made as of February 18, 2008, between Park National Corporation and David L. Trautman (incorporated herein by reference to Exhibit 10.1 to Park National Corporation's Current Report on Form 8-K dated and filed February 19, 2008 (File No. 1-13006) ("Park's February 19, 2008 Form 8-K"))
- 10.3(c)† Form of Amended and Restated Supplemental Executive Retirement Benefits Agreement, made as of February 18, 2008, between Park National Corporation and each of C. Daniel DeLawder, John W. Kozak and William T. McConnell (incorporated herein by reference to Exhibit 10.2 to Park's February 19, 2008 Form 8-K)

- 10.4† Security Banc Corporation 1998 Stock Option Plan, which was assumed by Park National Corporation (incorporated herein by reference to Exhibit 10(c) to Park National Corporation’s Registration Statement on Form S-8 filed April 23, 2001 (Registration No. 333-59378))
- 10.5† Employment Agreement, made and entered into as of December 22, 1999, and the Amendment thereto, dated March 23, 2001, between The Security National Bank and Trust Co. (also known as Security National Bank and Trust Co.) and Harry O. Egger (incorporated herein by reference to Exhibit 10(e) to Park National Corporation’s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2001 (File No. 1-13006))
- 10.6† Park National Corporation Stock Plan for Non-Employee Directors of Park National Corporation and Subsidiaries (incorporated herein by reference to Exhibit 10 to Park National Corporation’s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2004 (File No. 1-13006))
- 10.7† Summary of Certain Compensation for Directors of Park National Corporation (previously filed as Exhibit 10.7 to Park’s 2010 Form 10-K filed on February 28, 2011)
- 10.9† Park National Corporation 2005 Incentive Stock Option Plan (incorporated herein by reference to Exhibit 10.1 to Park National Corporation’s Current Report on Form 8-K dated and filed on April 20, 2005 (File No. 1-13006) (“Park’s April 20, 2005 Form 8-K”))
- 10.10† Form of Stock Option Agreement to be used in connection with the grant of incentive stock options under the Park National Corporation 2005 Incentive Stock Option Plan (incorporated herein by reference to Exhibit 10.2 to Park’s April 20, 2005 Form 8-K)
- 10.11 Subordinated Debenture Purchase Agreement, dated as of December 28, 2007, between The Park National Bank, as “Borrower,” and USB Capital Funding Corp., as “Lender” (incorporated herein by reference to Exhibit 10.1 to Park’s January 2, 2008 Form 8-K)
- 10.12(a)† Form of Split-Dollar Agreement, made and entered into effective as of December 28, 2007, covering Non-Employee Directors of Park National Corporation (incorporated herein by reference to Exhibit 10.2(a) to Park’s January 2, 2008 Form 8-K)
- 10.12(b)† Schedule identifying Non-Employee Directors of Park National Corporation covered by Split-Dollar Agreement, made and entered into effective as of December 28, 2007 (previously filed as Exhibit 10.12(b) to Park’s 2010 Form 10-K filed on February 28, 2011)

- 10.13† Split-Dollar Agreement, made and entered into effective as of May 19, 2008, between Park National Bank and David L. Trautman (incorporated herein by reference to Exhibit 10.1 to Park National Corporation's Current Report on Form 8-K dated and filed on May 20, 2008 (File No. 1-13006))
- 10.14† Park National Corporation Bonus Program adopted on December 16, 2008 (incorporated herein by reference to Exhibit 10.1 to Park National Corporation's Current Report on Form 8-K dated and filed on December 19, 2008 (File No. 1-13006))
- 10.15(a)† Letter Agreement, dated July 20, 2009, between Park National Corporation and C. Daniel DeLawder (incorporated herein by reference to Exhibit 10.1 to Park National Corporation's Current Report on Form 8-K dated and filed on July 20, 2009 (File No. 1-13006) ("Park's July 20, 2009 Form 8-K"))
- 10.15(b)† Letter Agreement, dated July 20, 2009, between Park National Corporation and David L. Trautman (incorporated herein by reference to Exhibit 10.2 to Park's July 20, 2009 Form 8-K)
- 10.15(c)† Letter Agreement, dated July 20, 2009, between Park National Corporation and John W. Kozak (incorporated herein by reference to Exhibit 10.3 to Park's July 20, 2009 Form 8-K)
- 10.16 Letter Agreement, dated October 26, 2009, by and between Park and Rodman & Renshaw, LLC (incorporated herein by reference to Exhibit 10.1 to Park's October 28, 2009 Form 8-K)
- 10.17 Form of Securities Purchase Agreement — Common Shares and Warrants (incorporated herein by reference to Exhibit 10.2 to Park's October 28, 2009 Form 8-K)
- 10.18 Form of Securities Purchase Agreement — Common Shares Only (incorporated herein by reference to Exhibit 10.3 to Park's October 28, 2009 Form 8-K)
- 10.19 Form of Securities Purchase Agreement — Warrants Only (incorporated herein by reference to Exhibit 10.4 to Park's October 28, 2009 Form 8-K)
- 10.20 Subscription Agreement for Common Shares of Park National Corporation, dated November 17, 2009, by and between Park National Corporation and the Park National Corporation Defined Benefit Pension Plan (incorporated herein by reference to Exhibit 10.1 to Park National Corporation's Current Report on Form 8-K dated and filed on November 17, 2009 (File No. 1-13006))
- 10.21 Letter Agreement, dated December 7, 2010, by and between Park and Rodman & Renshaw, LLC (incorporated herein by reference to Exhibit 10.1 to Park's December 8, 2010 Form 8-K)

- 10.22 Form of Securities Purchase Agreement — Common Shares and Warrants (incorporated herein by reference to Exhibit 10.2 to Park’s December 8, 2010 Form 8-K)
- 12 Computation of ratios (filed herewith)
- 14 Code of Business Conduct and Ethics, as amended July 19, 2010 and updated July 20, 2010 (previously filed as Exhibit 14 to Park’s 2010 Form 10-K filed on February 28, 2011)
- 21 Subsidiaries of Park National Corporation (previously filed as Exhibit 21 to Park’s 2010 Form 10-K filed on February 28, 2011)
- 23 Consent of Crowe Horwath LLP (filed herewith)
- 24 Powers of Attorney of Directors and Executive Officers of Park National Corporation (previously filed as Exhibit 24 to Park’s 2010 Form 10-K filed on February 28, 2011)
- 31.1 Rule 13a-14(a)/15d-14(a) Certifications – Principal Executive Officer (filed herewith)
- 31.2 Rule 13a-14(a)/15d-14(a) Certifications – Principal Financial Officer (filed herewith)
- 32 Certifications Pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code – Principal Executive Officer and Principal Financial Officer (furnished herewith)
- 99.1 Certification Pursuant to Section 111(b)(4) of the Emergency Economic Stabilization Act of 2008 and 31 CFR § 30.15 — Principal Executive Officer (previously filed as Exhibit 99.1 to Park’s 2010 Form 10-K filed on February 28, 2011)
- 99.2 Certification Pursuant to Section 111(b)(4) of the Emergency Economic Stabilization Act of 2008 and 31 CFR § 30.15 — Principal Financial Officer (previously filed as Exhibit 99.2 to Park’s 2010 Form 10-K filed on February 28, 2011)
- 101 The following materials from Park National Corporation’s 2010 Annual Report and incorporated by reference therefrom into Park National Corporation’s Annual Report on Form 10-K/A (Amendment No. 2) for the fiscal year ended December 31, 2010, formatted in XBRL (eXtensible Business Reporting Language) pursuant to Rule 405 of Regulation S-T: (i) the Consolidated Balance Sheets as of December 31, 2010 and December 31, 2009; (ii) the Consolidated Statements of Income for the years ended December 31, 2010, 2009 and 2008; (iii) the Consolidated Statements of Changes in Stockholders’ Equity for the years ended December 31, 2010, 2009 and 2008; (iv) the Consolidated Statements of Cash Flows for the years ended December 31, 2010, 2009 and 2008; and (v) the Notes to Consolidated Financial Statements tagged as blocks of text (furnished herewith)*

Pursuant to Rule 406T of SEC Regulation S-T, the Interactive Data Files on Exhibit 101 hereto are furnished and not *deemed filed or part of a registration statement or prospectus for purposes of Sections 11 and 12 of the Securities Act of 1933, as amended, and are deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise are not subject to liability under those Sections.

Management contract or compensatory plan or arrangement.

(b) Exhibits.

The documents listed in Item 15(a)(3) are filed with this 2010 Form 10-K/A - Amendment 2 as exhibits or incorporated into this 2010 Form 10-K/A - Amendment 2 by reference.

(c) Financial Statement Schedules.

None

[Remainder of page intentionally left blank; signatures on following page]

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Annual Report on Form 10-K/A - (Amendment No. 2) to be signed on its behalf by the undersigned, thereunto duly authorized.

PARK NATIONAL CORPORATION

Date: February 28, 2012 By: /s/ C. Daniel DeLawder
C. Daniel DeLawder,
Chairman of the Board and Chief Executive Officer

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PARK NATIONAL CORPORATION

Annual Report on Form 10-K for the

Fiscal Year Ended December 31, 2010

INDEX TO EXHIBITS

Exhibit No. Description of Exhibit

Articles of Incorporation of Park National Corporation as filed with the Ohio Secretary of State on March 24, 3.1(a) 1992 (incorporated herein by reference to Exhibit 3(a) to Park National Corporation's Form 8-B, filed on May 20, 1992 (File No. 0-18772) ("Park's Form 8-B"))

Certificate of Amendment to the Articles of Incorporation of Park National Corporation as filed with the Ohio 3.1(b) Secretary of State on May 6, 1993 (incorporated herein by reference to Exhibit 3(b) to Park National Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1993 (File No. 0-18772))

Certificate of Amendment to the Articles of Incorporation of Park National Corporation as filed with the Ohio 3.1(c) Secretary of State on April 16, 1996 (incorporated herein by reference to Exhibit 3(a) to Park National Corporation's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 1996 (File No. 1-13006))

Certificate of Amendment by Shareholders to the Articles of Incorporation of Park National Corporation as filed 3.1(d) with the Ohio Secretary of State on April 22, 1997 (incorporated herein by reference to Exhibit 3(a)(1) to Park National Corporation's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1997 (File No. 1-13006) ("Park's June 30, 1997 Form 10-Q"))

Certificate of Amendment by Shareholders or Members as filed with the Secretary of State of the State of Ohio 3.1(e) on December 18, 2008 in order to evidence the adoption by the shareholders of Park National Corporation on December 18, 2008 of an amendment to Article FOURTH of Park National Corporation's Articles of Incorporation to authorize Park National Corporation to issue up to 200,000 preferred shares, without par value (incorporated herein by reference to Exhibit 3.1 to Park National Corporation's Current Report on Form 8-K dated and filed December 19, 2008 (File No. 1-13006))

3.1(f) Certificate of Amendment by Directors or Incorporators to Articles as filed with the Secretary of State of the State of Ohio on December 19, 2008, evidencing adoption of amendment by Board of Directors of Park National Corporation to Article FOURTH of Articles of Incorporation to establish express terms of Fixed Rate Cumulative Perpetual Preferred Shares, Series A, each without par value, of Park National Corporation (incorporated herein by reference to Exhibit 3.1 to Park National Corporation's Current Report on Form 8-K dated and filed December 23, 2008 (File No. 1-13006) ("Park's December 23, 2008 Form 8-K"))

3.1(g) Articles of Incorporation of Park National Corporation (reflecting amendments through December 19, 2008) [for SEC reporting compliance purposes only – not filed with Ohio Secretary of State] (incorporated herein by reference to Exhibit 3.1(g) to Park National Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 2008 (File No. 1-13006) ("Park's 2008 Form 10-K"))

3.2(a) Regulations of Park National Corporation (incorporated herein by reference to Exhibit 3(b) to Park's Form 8-B)

3.2(b) Certified Resolution regarding Adoption of Amendment to Subsection 2.02(A) of the Regulations of Park National Corporation by Shareholders on April 21, 1997 (incorporated herein by reference to Exhibit 3(b)(1) to Park's June 30, 1997 Form 10-Q)

3.2(c) Certificate Regarding Adoption of Amendments to Sections 1.04 and 1.11 of Park National Corporation's Regulations by the Shareholders on April 17, 2006 (incorporated herein by reference to Exhibit 3.1 to Park National Corporation's Current Report on Form 8-K dated and filed on April 18, 2006 (File No. 1-13006))

3.2(d) Certificate Regarding Adoption by the Shareholders of Park National Corporation on April 21, 2008 of Amendment to Regulations to Add New Section 5.10 to Article FIVE (incorporated herein by reference to Exhibit 3.2(d) to Park National Corporation's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2008 ("Park's March 31, 2008 Form 10-Q") (File No. 1-13006))

3.2(e) Regulations of Park National Corporation (reflecting amendments through April 21, 2008) [For purposes of SEC reporting compliance only] (incorporated herein by reference to Exhibit 3.2 (e) to Park's March 31, 2008 Form 10-Q)

4.1(a) Junior Subordinated Indenture, dated as of December 5, 2005, between Vision Bancshares, Inc. and Wilmington Trust Company, as Trustee (incorporated herein by reference to Exhibit 10.16 to Vision Bancshares, Inc.'s Annual Report on Form 10-KSB for the fiscal year ended December 31, 2005 (File No. 000-50719))

4.1(b) First Supplemental Indenture, dated to be effective as of 6:00 p.m., Eastern Standard Time, on March 9, 2007, among Wilmington Trust Company, as Trustee; Park National Corporation; and Vision Bancshares, Inc. (incorporated herein by reference to Exhibit 4.1(b) to Park National Corporation's Current Report on Form 8-K dated and filed March 15, 2007 (File No. 1-13006) ("Park's March 15, 2007 Form 8-K"))

4.2(a) Amended and Restated Trust Agreement, dated as of December 5, 2005, among Vision Bancshares, Inc., as Depositor; Wilmington Trust Company, as Property Trustee and as Delaware Trustee; and the Administrative Trustees named therein, in respect of Vision Bancshares Trust I (incorporated herein by reference to Exhibit 10.15 to Vision Bancshares, Inc.'s Annual Report on Form 10-KSB for the fiscal year ended December 31, 2005 (File No. 000-50719))

Note: Pursuant to the First Supplemental Indenture, dated to be effective as of 6:00 p.m., Eastern Standard Time, on March 9, 2007, among Wilmington Trust Company, as Trustee; Park National Corporation; and Vision Bancshares, Inc., Park National Corporation succeeded to and was substituted for Vision Bancshares, Inc. as "Depositor"

4.2(b) Notice of Resignation of Administrative Trustees and Appointment of Successors, dated March 9, 2007, delivered to Wilmington Trust Company by the Resigning Administrative Trustees named therein, the Successor Administrative Trustees named therein and Park National Corporation (incorporated herein by reference to Exhibit 4.2(b) to Park's March 15, 2007 Form 8-K)

4.3 Guarantee Agreement, dated as of December 5, 2005, between Vision Bancshares, Inc., as Guarantor, and Wilmington Trust Company, as Guarantee Trustee, in respect of Vision Bancshares Trust I (incorporated herein by reference to Exhibit 10.17 to Vision Bancshares, Inc.'s Annual Report on Form 10-KSB for the fiscal year ended December 31, 2005 (File No. 000-50719))

Note: Pursuant to the First Supplemental Indenture, dated to be effective as of 6:00 p.m., Eastern Standard Time, on March 9, 2007, among Wilmington Trust Company, as Trustee; Park National Corporation; and Vision Bancshares, Inc., Park National Corporation succeeded to and was substituted for Vision Bancshares, Inc. as "Guarantor"

4.4 Subordinated Debenture, dated December 28, 2007, in the principal amount of \$25,000,000, issued by The Park National Bank to USB Capital Funding Corp. (incorporated herein by reference to Park National Corporation's Current Report on Form 8-K dated and filed on January 2, 2008 ("Park's January 2, 2008 Form 8-K"))

Warrant to Purchase 227,376 Shares of Common Stock (Common Shares) of Park National Corporation issued to
4.5 the United States Department of the Treasury on December 23, 2008 (incorporated herein by reference to Exhibit
4.1 to Park's December 23, 2008 Form 8-K)

Letter Agreement, dated December 23, 2008, including Securities Purchase Agreement – Standard Terms attached
thereto as Exhibit A, between Park National Corporation and the United States Department of the Treasury
4.6 (incorporated herein by reference to Exhibit 10.1 to Park's December 23, 2008 Form 8-K) [NOTE: Annex A to
Securities Purchase Agreement is not included therewith; filed as Exhibit 3.1 to Park's December 23, 2008 Form
8-K and incorporated by reference at Exhibit 3.1(f) of this Annual Report on Form 10-K]

Form of Series A / Series B Common Share Warrant (incorporated herein by reference to Exhibit 4.1 to Park
4.7 National Corporation's Current Report on Form 8-K dated and filed on October 28, 2009 (File No. 1-13006) ("Park's
October 28, 2009 Form 8-K"))

Note Purchase Agreement, dated December 23, 2009, between Park National Corporation and 38 accredited
4.8 investors (incorporated herein by reference to Exhibit 4.1 to Park National Corporation's Current Report on Form
8-K dated and filed on December 28, 2009 (File No. 1-13006) ("Park's December 28, 2009 Form 8-K"))

Form of 10% Subordinated Note due December 23, 2019 (incorporated herein by reference to Exhibit 4.2 to Park's
4.9 December 28, 2009 Form 8-K)

Form of Series A / Series B Common Share Warrant (incorporated herein by reference to Exhibit 4.1 to Park
4.10 National Corporation's Current Report on Form 8-K dated and filed on December 8, 2010 (File No. 1-13006)
("Park's December 8, 2010 Form 8-K"))

Agreement to furnish instruments and agreements defining rights of holders of long-term debt (previously filed as
4.11 Exhibit 4.11 to the Annual Report on Form 10-K of Park National Corporation for the fiscal year ended
December 31, 2010 (File No. 1-13006) filed on February 28, 2011 ("Park's 2010 Form 10-K filed on February 28,
2011"))

Summary of Base Salaries for Executive Officers of Park National Corporation (previously filed as Exhibit 10.1
10.1† to Park's 2010 Form 10-K filed on February 28, 2011)

Split-Dollar Agreement, dated May 17, 1993, between William T. McConnell and The Park National Bank
10.2(a) (incorporated herein by reference to Exhibit 10(f) to Park National Corporation's Annual Report on Form 10-K
for the fiscal year ended December 31, 1993 (File No. 0-18772))

Schedule identifying Split-Dollar Agreements covering executive officers or employees of The Park National Bank or one of its divisions who are also directors or executive officers of Park National Corporation, which
10.2(b) Split-Dollar Agreements are identical to the Split-Dollar Agreement, dated May 17, 1993, between William T. McConnell and The Park National Bank (incorporated herein by reference to Exhibit 10.3(b) to Park's 2008 Form 10-K)

10.3(a) Description of Park National Corporation Supplemental Executive Retirement Benefits as in effect from and after February 18, 2008 (incorporated herein by reference to Exhibit 10.7(a) to Park's 2008 Form 10-K)

10.3(b) Supplemental Executive Retirement Benefits Agreement, made as of February 18, 2008, between Park National Corporation and David L. Trautman (incorporated herein by reference to Exhibit 10.1 to Park National Corporation's Current Report on Form 8-K dated and filed February 19, 2008 (File No. 1-13006) ("Park's February 19, 2008 Form 8-K"))

10.3(c) Form of Amended and Restated Supplemental Executive Retirement Benefits Agreement, made as of February 18, 2008, between Park National Corporation and each of C. Daniel DeLawder, John W. Kozak and William T. McConnell (incorporated herein by reference to Exhibit 10.2 to Park's February 19, 2008 Form 8-K)

10.4 Security Banc Corporation 1998 Stock Option Plan, which was assumed by Park National Corporation (incorporated herein by reference to Exhibit 10(c) to Park National Corporation's Registration Statement on Form S-8 filed April 23, 2001 (Registration No. 333-59378))

10.5 Employment Agreement, made and entered into as of December 22, 1999, and the Amendment thereto, dated March 23, 2001, between The Security National Bank and Trust Co. (also known as Security National Bank and Trust Co.) and Harry O. Egger (incorporated herein by reference to Exhibit 10(e) to Park National Corporation's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2001 (File No. 1-13006))

10.6 Park National Corporation Stock Plan for Non-Employee Directors of Park National Corporation and Subsidiaries (incorporated herein by reference to Exhibit 10 to Park National Corporation's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2004 (File No. 1-13006))

10.7 Summary of Certain Compensation for Directors of Park National Corporation (previously filed as Exhibit 10.7 to Park's 2010 Form 10-K filed on February 28, 2011)

10.9 Park National Corporation 2005 Incentive Stock Option Plan (incorporated herein by reference to Exhibit 10.1 to Park National Corporation's Current Report on Form 8-K dated and filed on April 20, 2005 (File No. 1-13006) ("Park's April 20, 2005 Form 8-K"))

Form of Stock Option Agreement to be used in connection with the grant of incentive stock options under the
10.10 Park National Corporation 2005 Incentive Stock Option Plan (incorporated herein by reference to Exhibit 10.2
to Park's April 20, 2005 Form 8-K)

Subordinated Debenture Purchase Agreement, dated as of December 28, 2007, between The Park National
10.11 Bank, as "Borrower," and USB Capital Funding Corp., as "Lender" (incorporated herein by reference to Exhibit 10.1
to Park's January 2, 2008 Form 8-K)

Form of Split-Dollar Agreement, made and entered into effective as of December 28, 2007, covering
10.12(a) Non-Employee Directors of Park National Corporation (incorporated herein by reference to Exhibit 10.2(a) to
Park's January 2, 2008 Form 8-K)

Schedule identifying Non-Employee Directors of Park National Corporation covered by Split-Dollar
10.12(b) Agreement, made and entered into effective as of December 28, 2007 (previously filed as Exhibit 10.12(b) to
Park's 2010 Form 10-K filed on February 28, 2011)

Split-Dollar Agreement, made and entered into effective as of May 19, 2008, between Park National Bank and
10.13 David L. Trautman (incorporated herein by reference to Exhibit 10.1 to Park National Corporation's Current
Report on Form 8-K dated and filed on May 20, 2008 (File No. 1-13006))

Park National Corporation Bonus Program adopted on December 16, 2008 (incorporated herein by reference to
10.14 Exhibit 10.1 to Park National Corporation's Current Report on Form 8-K dated and filed on December 19, 2008
(File No. 1-13006))

Letter Agreement, dated July 20, 2009, between Park National Corporation and C. Daniel DeLawder
10.15(a) (incorporated herein by reference to Exhibit 10.1 to Park National Corporation's Current Report on Form 8-K
dated and filed on July 20, 2009 (File No. 1-13006) ("Park's July 20, 2009 Form 8-K"))

10.15(b) Letter Agreement, dated July 20, 2009, between Park National Corporation and David L. Trautman
(incorporated herein by reference to Exhibit 10.2 to Park's July 20, 2009 Form 8-K)

10.15(c) Letter Agreement, dated July 20, 2009, between Park National Corporation and John W. Kozak (incorporated
herein by reference to Exhibit 10.3 to Park's July 20, 2009 Form 8-K)

10.16 Letter Agreement, dated October 26, 2009, by and between Park and Rodman & Renshaw, LLC (incorporated herein by reference to Exhibit 10.1 to Park's October 28, 2009 Form 8-K)

10.17 Form of Securities Purchase Agreement — Common Shares and Warrants (incorporated herein by reference to Exhibit 10.2 to Park's October 28, 2009 Form 8-K)

10.18 Form of Securities Purchase Agreement — Common Shares Only (incorporated herein by reference to Exhibit 10.3 to Park's October 28, 2009 Form 8-K)

10.19 Form of Securities Purchase Agreement — Warrants Only (incorporated herein by reference to Exhibit 10.4 to Park's October 28, 2009 Form 8-K)

10.20 Subscription Agreement for Common Shares of Park National Corporation, dated November 17, 2009, by and between Park National Corporation and the Park National Corporation Defined Benefit Pension Plan (incorporated herein by reference to Exhibit 10.1 to Park National Corporation's Current Report on Form 8-K dated and filed on November 17, 2009 (File No. 1-13006))

10.21 Letter Agreement, dated December 7, 2010, by and between Park and Rodman & Renshaw, LLC (incorporated herein by reference to Exhibit 10.1 to Park's December 8, 2010 Form 8-K)

10.22 Form of Securities Purchase Agreement — Common Shares and Warrants (incorporated herein by reference to Exhibit 10.2 to Park's December 8, 2010 Form 8-K)

12 Computation of ratios (filed herewith)

14 Code of Business Conduct and Ethics, as amended July 19, 2010 and updated July 20, 2010 (previously filed as Exhibit 14 to Park's 2010 Form 10-K filed on February 28, 2011)

21 Subsidiaries of Park National Corporation (previously filed as Exhibit 21 to Park's Form 10-K filed on February 28, 2011)

23 Consent of Crowe Horwath LLP (filed herewith)

24 Powers of Attorney of Directors and Executive Officers of Park National Corporation (previously filed as Exhibit 24 to Park's 2010 Form 10-K filed on February 28, 2011)

31.1 Rule 13a-14(a)/15d-14(a) Certifications – Principal Executive Officer (filed herewith)

31.2 Rule 13a-14(a)/15d-14(a) Certifications – Principal Financial Officer (filed herewith)

32 Certifications Pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code – Principal Executive Officer and Principal Financial Officer (furnished herewith)

Certification Pursuant to Section 111(b)(4) of the Emergency Economic Stabilization Act of 2008 and 31 CFR 99.1 § 30.15 — Principal Executive Officer (previously filed as Exhibit 99.1 to Park's 2010 Form 10-K filed on February 28, 2011)

Certification Pursuant to Section 111(b)(4) of the Emergency Economic Stabilization Act of 2008 and 31 CFR 99.2 § 30.15 — Principal Financial Officer (previously filed as Exhibit 99.2 to Park's 2010 Form 10-K filed on February 28, 2011)

The following materials from Park National Corporation's Annual Report on Form 10-K/A (Amendment No. 2) for the fiscal year ended December 31, 2010, formatted in XBRL (eXtensible Business Reporting Language) pursuant to Rule 405 of Regulation S-T: (i) the Consolidated Balance Sheets as of December 31, 2010 and December 31, 101 2009; (ii) the Consolidated Statements of Income for the years ended December 31, 2010, 2009 and 2008; (iii) the Consolidated Statements of Changes in Stockholders' Equity for the years ended December 31, 2010, 2009 and 2008; (iv) the Consolidated Statements of Cash Flows for the years ended December 31, 2010, 2009 and 2008; and (v) the Notes to Consolidated Financial Statements tagged as blocks of text (furnished herewith)*

Pursuant to Rule 406T of SEC Regulation S-T, the Interactive Data Files on Exhibit 101 hereto are furnished and not *deemed filed or part of a registration statement or prospectus for purposes of Sections 11 and 12 of the Securities Act of 1933, as amended, and are deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise are not subject to liability under those Sections.

Management contract or compensatory plan or arrangement.