

PARK NATIONAL CORP /OH/  
Form 11-K  
June 03, 2011

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 11-K

(Mark One)

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

For the fiscal year ended December 31, 2010

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 333-91178

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

Park National Corporation  
Employees Stock Ownership Plan

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

Park National Corporation  
50 North Third Street  
Newark, Ohio 43055

---

REQUIRED INFORMATION

The following financial statements and supplemental schedules for the Park National Corporation Employees Stock Ownership Plan are being filed herewith:

Audited Financial Statements:

Report of Independent Registered Public Accounting Firm - Crowe Horwath LLP

Statements of Net Assets Available for Benefits at December 31, 2010 and 2009

Statements of Changes in Net Assets Available for Benefits for the Years Ended December 31, 2010 and 2009

Notes to Financial Statements - December 31, 2010 and 2009

Supplemental Schedules:

Schedule of Assets Held for Investment Purposes, Schedule H, Line 4(i) - December 31, 2010

Schedule of Reportable Transactions, Schedule H, Line 4(j) - December 31, 2010

The following exhibit is being filed herewith:

Exhibit No.	Description
23.1	Consent of Independent Registered Public Accounting Firm – Crowe Horwath LLP

---

SIGNATURES

The Plan. Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

PARK NATIONAL  
CORPORATION  
EMPLOYEES STOCK  
OWNERSHIP PLAN

By THE PARK  
NATIONAL BANK,  
Trustee

Date: June 3, 2011

By: /s/ John W. Kozak

Printed John W. Kozak  
Name:

Title: Chief Financial  
Officer

---

PARK NATIONAL CORPORATION  
EMPLOYEES STOCK OWNERSHIP PLAN

ANNUAL REPORT ON FORM 11-K  
FOR FISCAL YEAR ENDED DECEMBER 31, 2010

INDEX TO EXHIBITS

Exhibit No.	Description
23.1	Consent of Independent Registered Public Accounting Firm – Crowe Horwath LLP

---

Financial Statements and Supplemental Schedules

Park National Corporation  
Employees Stock Ownership Plan  
Years Ended December 31, 2010 and 2009  
With Report of Independent Registered Public Accounting Firm

---

Park National Corporation  
Employees Stock Ownership Plan

Financial Statements and Supplemental Schedules

Years Ended December 31, 2010 and 2009

Contents

<b>Audited Financial Statements</b>	
Report of Independent Registered Public Accounting Firm	1
Statements of Net Assets Available for Benefits	2
Statements of Changes in Net Assets Available for Benefits	3
Notes to Financial Statements	4
<b>Supplemental Schedules</b>	
Schedule H, Line 4i – Schedule of Assets (Held at End of Year)	13
Schedule H, Line 4j – Schedule of Reportable Transactions	14

---

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Executive Committee of the Board of Directors  
Plan Oversight Committee  
Park National Corporation Employees Stock Ownership Plan  
Newark, Ohio

We have audited the accompanying statements of net assets available for benefits of the Park National Corporation Employees Stock Ownership Plan (the "Plan") as of December 31, 2010 and 2009, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2010 and 2009, and the changes in net assets available for benefits for the years then ended in conformity with U.S. generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental Schedule H, Line 4i – Schedule of Assets (Held at End of Year) and Schedule H, Line 4j – Schedule of Reportable Transactions are presented for purposes of additional analysis and are not a required part of the basic financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedules are the responsibility of the Plan's management. The supplemental schedules have been subjected to the auditing procedures applied in the audit of the basic 2010 financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic 2010 financial statements taken as a whole.

/s/ Crowe Horwath LLP

Crowe Horwath LLP

Columbus, Ohio  
June 3, 2011

---

Park National Corporation  
 Employees Stock Ownership Plan  
 Statements of Net Assets Available for Benefits  
 December 31, 2010 and 2009

	2010	2009
<b>ASSETS</b>		
<b>Investments, at fair value:</b>		
Park National Corporation Common Stock	\$57,693,149	\$44,344,589
<b>Mutual Funds</b>		
Equity index funds	10,739,870	9,397,885
Bond funds	2,959,140	2,797,749
Blended index funds	2,889,648	1,851,274
Interest-bearing account, issued by Park National Bank	3,515,992	3,385,374
<b>Total Investments</b>	<b>77,797,799</b>	<b>61,776,871</b>
Accrued interest and dividends	26,965	10,097
<b>NET ASSETS AVAILABLE FOR BENEFITS</b>	<b>\$77,824,764</b>	<b>\$61,786,968</b>

See accompanying notes to financial statements.

2.



Park National Corporation  
 Employees Stock Ownership Plan  
 Statements of Changes in Net Assets Available for Benefits  
 For the years ended December 31, 2010 and 2009

	2010	2009
<b>Additions:</b>		
Investment income (loss):		
Net realized and unrealized appreciation/(depreciation) in fair value of investments	\$12,619,921	\$(6,008,541 )
Interest and dividends	3,330,021	3,058,448
Other	1,059	-
Total investment income (loss)	15,951,001	(2,950,093 )
<b>Contributions:</b>		
Employer	1,024,245	1,553,466
Employee	4,262,451	4,187,185
Rollover	296,693	43,941
Total contributions	5,583,389	5,784,592
Net increase before deductions	21,534,390	2,834,499
<b>Deductions:</b>		
Benefit payments to participants	5,496,594	3,458,842
Net increase (decrease) in net assets available for benefits	16,037,796	(624,343 )
Net assets available for benefits at beginning of year	61,786,968	62,411,311
Net assets available for benefits at end of year	\$77,824,764	\$61,786,968

See accompanying notes to financial statements.

Park National Corporation  
Employees Stock Ownership Plan  
Notes to Financial Statements  
December 31, 2010 and 2009

---

## 1. Description of the Plan

The following description of the Park National Corporation Employees Stock Ownership Plan (the “Plan”) provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan’s provisions.

### General

The Plan is a defined contribution plan covering full-time or part-time employees of Park National Corporation and subsidiaries (“Park”) who have completed 30 days of service, and are age eighteen or older. The Plan was amended January 1, 2010 to include these provisions. Prior to January 1, 2010, the Plan covered full-time or part-time employees of Park who completed one year of service, and were age eighteen or older. It is subject to the provisions of the Employee Retirement Income Security Act of 1974 (“ERISA”).

### Contributions

Each year, participants may contribute up to 25% of their pretax annual compensation, as defined in the Plan. Participants may also contribute rollover amounts representing distributions from other qualified defined contribution plans. The maximum salary deferral permitted by the Internal Revenue Code (Code) was \$16,500 for 2010 and 2009. The Plan also permits participants who are age 50 or older to make catch-up contributions in accordance with Code Section 414(v).

Park provides a matching contribution at a level established by Park. Effective January 1, 2010, Park’s employer matching contribution was 25% of all employee KSOP contributions. Prior to January 1, 2010, Park matched 50% up to the first 12% of compensation contributed by the participant.

### Participant Accounts

Each participant’s account is credited with the participant’s salary deferral, an allocation of Park’s contribution and Plan earnings. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant’s account.

### Vesting

Participants’ accounts are 100% vested at all times.

4.

---

Park National Corporation  
Employees Stock Ownership Plan  
Notes to Financial Statements  
December 31, 2010 and 2009

---

1. Description of the Plan (continued)

Payments of Benefits

Upon termination or after age 59½, a participant may elect lump sum, rollover, or installments over a period not to exceed the participant's (and their designated beneficiary's) life expectancy in an amount equal to the value of his or her account. A participant can elect to take a distribution of their account balance in cash or shares of Park National Corporation Common Stock.

ESOP

Effective January 1, 2002, the Plan was amended and restated to become an ESOP Plan that invests in shares of Park National Corporation Common Stock. The Plan is not leveraged and all new contributions (both employer and employee) will be used to purchase only Park National Corporation Common Stock. Participants are permitted to diversify their investments on a quarterly basis.

2. Summary of Accounting Policies

Basis of Presentation

The financial statements of the Plan are prepared on the accrual basis and are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

Valuation of Investments

The Plan's investments are reported at fair value. Refer to Note 10 – Fair Values. Purchases and sales of securities are recorded on a trade-date basis.

Investment Income

Dividends are recorded as of their ex-dividend date. Interest income is recorded on an accrual basis when earned. Net appreciation (depreciation) includes the Plan's gains and losses on investments bought and sold as well as held during the year.

5.

---

Park National Corporation  
Employees Stock Ownership Plan  
Notes to Financial Statements  
December 31, 2010 and 2009

---

2. Summary of Accounting Policies (continued)

Administrative Expenses

All administrative expenses charged to the Plan are borne by Park. Park also provides other accounting and administrative services to the Plan.

Payment of Benefits

Benefits are recorded when paid.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of investment income and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of Credit Risk

At December 31, 2010 and 2009, approximately 74% and 72%, respectively, of the Plan's assets were invested in Park National Corporation Common Stock.

At December 31, 2010 and 2009, approximately 5% of the Plan's assets were invested in interest bearing accounts issued by Park National Bank. Investments in the deposit account may from time to time exceed the federally insured limits.

6.

---

Park National Corporation  
Employees Stock Ownership Plan  
Notes to Financial Statements  
December 31, 2010 and 2009

---

2. Summary of Accounting Policies (continued)

Adoption of New Accounting Standards

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 these amendments did not have a material effect on the Plan's financial statements.

3. Plan Termination

Although Park has not expressed any intent to do so, it has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA.

7.

---

Park National Corporation  
 Employees Stock Ownership Plan  
 Notes to Financial Statements  
 December 31, 2010 and 2009

#### 4. Investments

The Plan's investments are held in trust by The Park National Bank, a wholly owned subsidiary of Park National Corporation. The Plan's investments (including investments bought and sold as well as held during the year) appreciated/(depreciated) in fair value during the years ended December 31, 2010 and 2009 as follows:

	2010	2009
Park National Corporation Common Stock	\$ 10,940,975	\$ (8,314,468)
Vanguard Institutional Index Fund	575,605	827,563
Vanguard Short-Term Investment-Grade Bond Fund	27,596	137,794
Vanguard Growth Index Fund	252,423	338,008
Vanguard Institutional Extended Market Index Fund	379,754	357,724
Vanguard Balanced Index Fund	205,917	239,469
Vanguard Total International Stock Index Fund	150,565	376,675
Vanguard Target Retirement 2015 Fund	8,529	-
Vanguard Target Retirement 2025 Fund	11,388	-
Vanguard Target Retirement 2035 Fund	6,825	-
Vanguard Target Retirement 2045 Fund	4,053	-
Vanguard Intermediate-Term Bond Index Fund	56,291	28,694
	\$ 12,619,921	\$ (6,008,541)

The following table represents the fair value of those investments that represent 5 percent or more of the Plan's net assets available for benefits as of December 31:

	2010	2009
*Park National Corporation Common Stock	\$ 57,693,149	\$ 44,344,589
Vanguard Institutional Index Fund	4,960,225	4,737,074
* Park National Bank FDIC Account	3,515,992 **	3,385,374

\* Nonparticipant-directed

\*\*Amount is less than 5% of net assets available for benefits but is presented for comparative purposes

8.

Park National Corporation  
 Employees Stock Ownership Plan  
 Notes to Financial Statements  
 December 31, 2010 and 2009

### 5. Nonparticipant-Directed Investments

The following information represents the assets and the significant components of changes in assets related to the nonparticipant-directed portion of the Park National Corporation Common Stock investment. Initial contributions are deposited into the Plan in the form of cash with shares of Park National Corporation Common Stock purchased on a delayed basis.

	December 31,	
	2010	2009
<b>Investment, at fair value:</b>		
Park National Corporation Common Stock	\$57,693,149	\$44,344,589
Park National Bank FDIC Account	123,153	116,696
	\$57,816,302	\$44,461,285
<b>Changes in assets:</b>		
Contributions	\$5,328,019	\$5,742,246
Interest and dividend income	2,959,303	2,706,530
Other	794	-
Distributions to participants	(3,641,467 )	(2,341,343 )
Net transfers to participant directed investments	(2,232,607 )	(1,442,615 )
Net appreciation/(depreciation) in fair value of investments	10,940,975	(8,314,468 )
Increase/(decrease) in assets	\$13,355,017	\$(3,649,650 )

### 6. Income Tax Status

The Plan has received a determination letter from the Internal Revenue Service dated September 30, 2003, stating that the Plan is qualified under Section 401(a) of the Internal Revenue Code (the "Code") and, therefore, the related trust is exempt from taxation. Subsequent to this determination by the Internal Revenue Service, the Plan was amended. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The Plan administrator believes the Plan is being operated in compliance with the applicable requirements of the Code and, therefore, believes that the Plan, as amended, is qualified and the related trust is tax exempt.

9.

Park National Corporation  
 Employees Stock Ownership Plan  
 Notes to Financial Statements  
 December 31, 2010 and 2009

7. Party-in-Interest

The Plan held the following party-in-interest investments (at fair value):

	December 31,	
	2010	2009
Park National Corporation Common Stock	\$ 57,693,149	\$ 44,344,589
The Park National Bank FDIC Account	3,515,992	3,385,374
	\$ 61,209,141	\$ 47,729,963

At December 31, 2010, the Plan held 793,906 shares of Park National Corporation Common Stock, with a fair value of \$57,693,149. At December 31, 2009, the Plan held 753,135 shares of Park National Corporation Common Stock, with a fair value of \$44,344,589.

During 2010 and 2009, cash dividends of \$2,958,915 and \$2,703,931, respectively, were paid to the Plan by Park National Corporation.

At December 31, 2010 and 2009, the Plan held a participant-directed interest bearing account issued by Park National Bank of \$3,392,839 and \$3,268,678, respectively. At December 31, 2010 and 2009, the Plan held nonparticipant-directed interest-bearing accounts issued by Park National Bank of \$123,153 and \$116,696, respectively. During 2010 and 2009, interest of \$6,492 and \$18,077, respectively, was paid to the Plan by the Park National Bank.

During 2010 and 2009, the Plan purchased 64,315 shares and 100,460 shares, respectively, of Park National Corporation Common Stock.

10.



Park National Corporation  
 Employees Stock Ownership Plan  
 Notes to Financial Statements  
 December 31, 2010 and 2009

## 8. Form 5500 Reconciliation

The following is a reconciliation of net assets available for benefits per the financial statements to the Form 5500.

	December 31,	
	2010	2009
Net assets available for benefits per the financial statements	\$ 77,824,764	\$ 61,786,968
Less: Accrued interest and dividends	(26,965 )	(10,097 )
Net assets available for benefits per the Form 5500	\$ 77,797,799	\$ 61,776,871

The following is a reconciliation of net change in net assets available for benefits per the financial statements to the Form 5500:

	2010	2009
Net increase/(decrease) in net assets available for benefits per the financial statements	\$ 16,037,796	\$(624,343 )
Less: Accrued interest and dividends	(26,965 )	(10,097 )
Plus: Prior year accrued interest and dividends	10,097	12,018
Net income/(loss) per the Form 5500	\$ 16,020,928	\$(622,422 )

## 9. Risks and Uncertainties

The Plan invests in various investment securities including Park National Corporation Common Stock, mutual funds, and interest bearing accounts. Investment securities are exposed to various risks such as interest rate, market, liquidity and credit risks. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

11.

Park National Corporation  
Employees Stock Ownership Plan  
Notes to Financial Statements  
December 31, 2010 and 2009

---

10. Fair Values

GAAP defines fair value as the price that would be received by the Plan for an asset or paid by the Plan to transfer a liability (an exit price) in an orderly transaction between market participants on the measurement date in the Plan's principal or most advantageous market for the asset or liability. GAAP establishes a fair value hierarchy which requires the Plan to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The hierarchy places the highest priority on unadjusted quoted market prices in active markets for identical assets or liabilities (level 1 measurements) and gives the lowest priority to unobservable inputs (level 3 measurements). The three levels of inputs within the fair value hierarchy are defined as follows:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the Plan has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect the Plan's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

In some cases, a valuation technique used to measure fair value may include inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

The fair values of mutual fund investments and common stock are determined by obtaining quoted prices on nationally recognized securities exchanges (level 1 inputs). Additionally, due to their short-term nature, the fair value of interest-bearing cash balances are determined by reference to their face value (level 1 input). The fair value of all of the investments held by the Plan have been determined using Level 1 inputs (refer to the Statement of Net Assets Available for Benefits).

12.

---

SUPPLEMENTAL SCHEDULES

---

Park National Corporation  
 Employees Stock Ownership Plan  
 Schedule H, Line 4i  
 Schedule of Assets (Held at End of Year)  
 December 31, 2010

Name of Plan Sponsor: Park National Corporation

Employer identification number: 31-1179518

Three digit plan number: 002

(b) Identity of Issue, Borrower, Lessor or Similar Party	(c) Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	(d) Cost	(e) Current Value
<b>Interest-bearing account</b>			
* The Park National Bank FDIC Account	Interest rate of 0.15%	\$ 3,515,992	\$ 3,515,992
<b>Common Stock:</b>			
* Park National Corporation Common Stock	793,906 shares	\$ 45,507,217	\$ 57,693,149
<b>Mutual Funds:</b>			
Vanguard Institutional Index Fund	43,129 shares	**	\$ 4,960,225
Vanguard Short-Term Investment Grade Fund	147,040 shares	**	1,583,622
Vanguard Growth Index Fund	67,540 shares	**	1,976,209
Vanguard Institutional Extended Market Index Fund	54,622 shares	**	1,936,900
Vanguard Intermediate-Term Bond Index Fund	122,704 shares	**	1,375,518
Vanguard Balanced Index Fund	108,906 shares	**	2,303,363
Vanguard Total International Stock Index Fund	118,435 shares	**	1,866,536
Vanguard Target Retirement 2015 Fund	13,294 shares	**	165,114
Vanguard Target Retirement 2025 Fund	19,413 shares	**	244,990
Vanguard Target Retirement 2035 Fund	7,023 shares	**	91,936
Vanguard Target Retirement 2045 Fund	6,240 shares	**	84,245
<b>Total Mutual Funds</b>		**	<b>\$ 16,588,658</b>
<b>Total Investments Held at End of Year</b>			<b>\$ 77,797,799</b>

\* Indicates party-in-interest to the Plan.

\*\* Disclosure of historical cost is not required for participant-directed investments.

13.

---

Park National Corporation  
 Employees Stock Ownership Plan  
 Schedule H, Line 4j  
 Schedule of Reportable Transactions  
 For the year ended December 31, 2010

Name of Plan Sponsor: Park National Corporation

Employer identification number: 31-1179518

Three digit plan number: 002

(a)	(b) Description of Asset Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	(c) Cost	(d) Selling Price	(g) Cost of Asset	(h) Current Value of Asset	(i) Net Gain (Loss)
Category (iii) – A series of transactions in excess of 5% of plan assets						
Park National Bank	FDIC Account, 98 purchases	\$8,701,563	\$-	\$8,701,563	\$8,701,563	\$-
Park National Bank	FDIC Account, 142 sales	-	8,570,945	8,570,945	8,570,945	-
Park National Corporation Common Stock	Common Stock, 17 purchases	\$3,928,452	\$-	\$3,928,452	\$3,928,452	\$-

14.