

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

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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
ASSETS		
Investments, at fair value:		
Park National Corporation Common Stock	\$57,693,149	\$44,344,589
Mutual Funds		
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
Total Investments	77,797,799	61,776,871
Accrued interest and dividends	26,965	10,097
NET ASSETS AVAILABLE FOR BENEFITS	\$77,824,764	\$61,786,968

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
Additions:		
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)
Contributions:		
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
Deductions:		
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