PRK 10-K 12/31/2007

Section 1: 10-K (PARK NATIONAL CORPORATION 10-K)

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

FORM 10-K

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

For the fiscal year ended December 31, 2007

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 (State or other jurisdiction of incorporation or organization)	**31-1179518** (I.R.S. Employer Identification No.)
50 North Third Street, P.O. Box 3500, Newark, Ohio (Address of principal executive offices)	**43058-3500** (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
Common Shares, without par value	American Stock Exchange LLC

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 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 ☐ (Do not check if a smaller reporting company)	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 29, 2007, 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 $1,117,673,630 based on the closing sale price as reported on the American Stock Exchange 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, 2008
Common Shares, without par value	13,964,569 common shares

DOCUMENTS INCORPORATED BY REFERENCE

Document	Parts Into Which Incorporated
Portions of the Registrant's 2007 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 21, 2008	Part III

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PART I

ITEM 1. BUSINESS.

General

Park National Corporation ("Park") is a financial holding company registered under the Bank Holding Company Act of 1956, as amended (the "Bank Holding Company Act"). In November 2007, Park filed a written declaration with the Federal Reserve Board electing to become a financial holding company. Park's election became effective on December 11, 2007.

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 are listed on the American Stock Exchange LLC ("AMEX") under the symbol "PRK."

Park maintains an Internet website 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 website into this Annual Report on Form 10-K). Park makes available free of charge on or through its Internet website, 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 its 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 Butler, Clermont, Fairfield, Franklin, Hamilton, Licking and Montgomery Counties in Ohio and Boone County in Kentucky;
- The Richland Trust Company ("Richland Trust Company"), an Ohio state-chartered bank with its main office in Mansfield, Ohio and financial service offices in Richland County, Ohio;
- Century National Bank, a national banking association with its main office in Zanesville, Ohio and financial service offices in Athens, Coshocton, Hocking, Muskingum, Perry and Tuscarawas Counties in Ohio;

- The First-Knox National Bank of Mount Vernon ("First-Knox National Bank"), a national banking association with its main office in Mount Vernon, Ohio and financial service offices in Ashland, Holmes, Knox, Morrow and Richland Counties in Ohio;
- United Bank, N.A. ("United Bank"), a national banking association with its main office in Bucyrus, Ohio and financial service offices in Crawford and Marion Counties in Ohio;
- Second National Bank, a national banking association with its main office in Greenville, Ohio and offices in Darke and Mercer Counties in Ohio;
- The Security National Bank and Trust Co. ("Security National Bank"), a national banking association with its main office in Springfield, Ohio and financial service offices in Clark, Fayette, Greene and Miami Counties in Ohio;
- The Citizens National Bank of Urbana ("Citizens National Bank"), a national banking association with its main office in Urbana, Ohio and financial service offices in Champaign and Madison Counties in Ohio; and
- 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, Leon, Okaloosa, Santa Rosa and Walton Counties in the panhandle of Florida.

Park's subsidiaries engage in the commercial banking and trust business. This commercial banking and trust business is primarily conducted in small and medium population Ohio communities and, following our March 9, 2007 merger with Vision Bancshares, Inc., in Gulf Coast communities in Alabama and the Florida panhandle.

Effective as of 6:00 p.m., Eastern Standard Time, on March 9, 2007, Vision Bancshares, Inc., an Alabama bank holding company then headquartered in Panama City, Florida ("Vision"), merged with and into Park (the "Vision Merger"). In connection with the Vision Merger, Park acquired all of the outstanding shares of common stock and outstanding stock options held by Vision shareholders and option holders for $87.8 million in cash and 792,937 Park common shares valued at $83.3 million or $105 per share. Additional details regarding the Vision Merger are provided below within the section captioned "**Recent Developments — Merger with Vision Bancshares, Inc. and Subsequent Transactions.**" At the effective time of the Vision Merger, Vision operated two bank subsidiaries - Vision Bank, an Alabama state-chartered bank with its main office in Gulf Shores, Alabama ("Vision Alabama"), and Vision Bank, a Florida state-chartered bank with its main office in Panama City, Florida ("Vision Florida" or "Vision Bank") — which became bank subsidiaries of Park on March 9, 2007. Effective July 20, 2007, the bank operations of Vision Alabama and Vision Florida were consolidated under a single charter through the merger of Vision Alabama with and into Vision Florida, under the charter of Vision Florida (the "Vision Bank Merger"). Vision Bank operates 18 financial service offices in Gulf Coast communities in Baldwin County, Alabama and the Florida panhandle.

Park National Bank operates through three banking divisions with the Park National Division headquartered in Newark, Ohio, the Fairfield National Division headquartered in

Lancaster, Ohio, and The Park National Bank of Southwest Ohio & Northern Kentucky division headquartered in Milford, Ohio. First-Knox National Bank operates through two banking divisions with the First-Knox National Division headquartered in Mount Vernon, Ohio, and the Farmers and Savings Division headquartered in Loudonville, Ohio. Security National Bank operates through two banking divisions with the Security National Division headquartered in Springfield, Ohio, and the Unity National Division (formerly The Third Savings and Loan Company) headquartered in Piqua, Ohio. Vision Bank operates through two banking divisions — Vision Bank headquartered in Panama City, Florida and the Vision Bank Division of Gulf Shores, Alabama.

Park's subsidiary banks comprise Park's reportable segments. Financial information about Park's reportable segments is included in Note 21 of the Notes to Consolidated Financial Statements located on pages 57 and 58 of Park's 2007 Annual Report. That financial information is incorporated herein by reference.

At December 31, 2007 and as of the date of this Annual Report on Form 10-K, Park's subsidiary banks operated 154 financial service offices and a network of 170 automated teller machines. These financial service offices span (i) 28 Ohio counties — Ashland, Athens, Butler, Champaign, Clark, Clermont, Coshocton, Crawford, Darke, Fairfield, Fayette, Franklin, Greene, Hamilton, Hocking, Holmes, Knox, Licking, Madison, Marion, Mercer, Miami, Montgomery, Morrow, Muskingum, Perry, Richland and Tuscarawas; (ii) one county in northern Kentucky — Boone; (iii) six counties in the panhandle of Florida — Bay, Gulf, Leon, Okaloosa, Santa Rosa and Walton; and (iv) one county on the Gulf Coast of Alabama — Baldwin.

Consolidated Computer Center, a division of Park National Bank, handles the data processing needs of Park's Ohio-based subsidiaries.

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 this Annual Report on Form 10-K, Guardian Finance had seven financial service offices spanning seven counties in Ohio: Clark, Delaware, Fairfield, Franklin, Licking, Montgomery and Richland. Financial information about Guardian Finance is included in the "All Others" category for purposes of the reportable segment information included in Note 21 of the Notes to Consolidated Financial Statements located on pages 57 and 58 of Park's 2007 Annual Report. This financial information is immaterial for purposes of separate disclosure.

Leasing Subsidiaries

Scope Leasing, Inc. ("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").

Another subsidiary of Park National Bank, Park Leasing Company ("Park Leasing"), was formed in 2001 for the purpose of participating in an automobile leasing program with a major national insurance company. However, that program was terminated during the fourth quarter of 2004 and Park Leasing is winding down its operations.

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 offers life insurance and other insurance products through licensed representatives who work for Park's subsidiary banks. However, Park Insurance Group's results to date have not been material to the consolidated entity.

Title Agency Subsidiary

Park National Bank holds 80% of the voting membership interest of Park Title Agency, LLC. ("Park Title Agency"). Park Title Agency is a traditional title agency serving the central Ohio area.

Vision Bancshares Financial Group, Inc.

Vision Bancshares Financial Group, Inc., a wholly-owned subsidiary of Vision Bank ("Vision Bancshares Financial Group"), conducts permissible insurance and securities networking activities and is licensed with the Alabama Department of Insurance as a provider. In an agency capacity, Vision Bancshares Financial Group offers its customers fixed and variable annuities, life insurance, property and casualty insurance and investment products. The securities activities of Vision Bancshares Financial Group consist 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.

Both the junior subordinated debentures and the preferred securities mature on December 30, 2035 (which maturity may be shortened to a date not earlier than December 30, 2010), 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 preferred securities, may be deferred at any time or from time to time for a period not to exceed twenty consecutive quarters.

Under the terms of the Indenture, Park, as successor to Vision in accordance with the First Supplemental Indenture, is prohibited from declaring or paying dividends to the holders of Park common shares (i) if an event of default under the Indenture has occurred and continues or (ii) during any period in which the payment of interest on the junior subordinated debentures by Park (and the payment of cash distributions on the preferred securities by the Vision Trust) is being deferred.

Under the terms of the First Supplemental Indenture, Park also succeeds to and is 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, 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, 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 preferred securities.

Other Subsidiaries

Park Investments, Inc., a subsidiary of Park National Bank, Richland Investments, Inc., a subsidiary of Richland Trust Company, and MFS Investments, Inc., a subsidiary of Century National Bank, operate as asset management companies. Their 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 First-Knox National Bank; (iv) Security National Capital LLC, whose members are Park Capital and Security National Bank; and (v) Century National Capital LLC, whose members are Park Capital and Century National Bank. The operations of these subsidiaries are also not significant to the consolidated entity.

Recent Developments

Merger with Vision Bancshares, Inc. and Subsequent Transactions

On March 9, 2007, Vision merged into Park. In connection with the Vision Merger, Park acquired all of the outstanding shares of common stock and outstanding stock options held by Vision shareholders and optionholders for $87.8 million in cash and 792,937 Park common shares valued at $83.3 million.

Management of Vision Alabama and Vision Florida; Merger of Vision Alabama into Vision Florida

In connection with the Vision Merger, Park, together with Vision Alabama and Vision Florida, as applicable, entered into employment agreements with five executive officers of Vision — J. Daniel Sizemore (Chairman of the Board, Chief Executive Officer and President of Vision and Chairman of the Board and Chief Executive Officer of Vision Alabama and Vision Florida);

William E. Blackmon (Executive Vice President and Chief Financial Officer of Vision and Vision Alabama); Andrew W. Braswell (Executive Vice President and Senior Lending Officer of Vision Alabama); Joey W. Ginn (President of Vision Florida); and Robert S. McKean (President of Vision Alabama) — as well as with seven other senior officers of Vision Alabama and Vision Florida. Each of these employment agreements became effective as of the March 9, 2007 effective time of the Vision Merger.

Effective as of March 9, 2007, J. Daniel Sizemore became a director of Park and C. Daniel DeLawder, Park's Chairman of the Board and Chief Executive Officer, became a director of each of Vision Alabama and Vision Florida. Following the Vision Merger, the members of the Boards of Directors of Vision Alabama and Vision Florida continued to serve as such.

At the time of the Vision Merger, Vision operated two bank subsidiaries (Vision Florida, headquartered in Panama City, Florida, and Vision Alabama, headquartered in Gulf Shores, Alabama), which became bank subsidiaries of Park on March 9, 2007. On July 20, 2007, the bank operations of Vision Alabama and Vision Florida were consolidated under a single charter through the merger of Vision Alabama with and into Vision Florida, under the charter of Vision Florida. The resulting financial institution is a Florida state-chartered bank operating under the name "Vision Bank" and its main office is located at 2200 Stanford Road, Panama City, Florida 32405. The branch locations of Vision Alabama immediately prior to the Vision Bank Merger became financial service offices of Vision Florida. There were no changes with respect to the then-existing financial service offices of Vision Florida as a result of the Vision Bank Merger. As a result of the Vision Bank Merger, Vision Bank operates financial service offices located in the Florida cities of Destin, Navarre, Panama City, Panama City Beach (2 offices), Port St. Joe, Port St. Joe Beach, Santa Rosa Beach, Tallahassee (loan production office) and Wewahitchka, and in the Alabama cities of Daphne, Elberta, Fairhope, Foley, Gulf Shores, Orange Beach, Point Clear and Robertsdale. As a result of the Vision Bank Merger, Vision Bancshares Financial Group, which had been a wholly-owned subsidiary of Vision Alabama, became a subsidiary of Vision Bank.

Following the Vision Bank Merger, J. Daniel Sizemore became Chairman of the Board and Chief Executive Officer of Vision Bank; William E. Blackmon became Executive Vice President and Regional President of Vision Bank; Andrew W. Braswell became Executive Vice President and Senior Lending Officer of Vision Bank; Joey W. Ginn became President of Vision Bank; and Robert S. McKean became Executive Vice President of Vision Bank.

On November 1, 2007, J. Daniel Sizemore and William E. Blackmon submitted their formal resignations to the Boards of Directors of Vision Bank and Park, to be effective November 30, 2007, in order to pursue opportunities with another bank headquartered in western Alabama (whose market does not overlap or compete with the markets that Vision Bank currently serves). Pursuant to their employment agreements, Mr. Sizemore and Mr. Blackmon voluntarily terminated their employment with Vision Bank and, as a result, there were no severance payments made by Vision Bank or Park. Joey W. Ginn became Chairman of the Board and Chief Executive Officer of Vision Bank following the resignation of Mr. Sizemore.

Purchase of Real Property Associated with Certain Vision Alabama and Vision Florida Financial Service Offices

At the time of the Vision Merger, Vision and Vision Alabama leased real property associated with Vision Alabama's financial service offices in Gulf Shores and Orange Beach, Alabama from Gulf Shores Investment Group, LLC, an Alabama limited liability company. The following directors and executive officers of Vision (prior to consummation of the Vision Merger) and Vision Alabama were members of Gulf Shores Investment Group, LLC: Gordon Barnhill, Jr., R. J. Billingsley, Julian Brackin, Joe C. Campbell, William D. Moody, James R. Owen, Jr., Donald W. Peak, Rick A. Phillips, Daniel M. Scarbrough, MD, J. Daniel Sizemore, George W. Skipper, III, Thomas Gray Skipper, J. Douglas Warren, Patrick Willingham and Royce T. Winborne. Vision and Vision Alabama also leased real property associated with Vision Alabama's financial service office in Elberta, Alabama from Elberta Holdings, LLC, an Alabama limited liability company. J. Daniel Sizemore and James R. Owen, Jr. were both members of Elberta Holdings, LLC.

At the time of the Vision Merger, Vision and Vision Florida leased real property associated with Vision Florida's financial service office in Panama City, Florida from Bay County Investment Group, LLC, a Florida limited liability company. The following directors and executive officers of Vision (prior to the consummation of the Vision Merger) and Vision Florida were members of Bay County Investment Group, LLC: Warren Banach, Gordon Barnhill, Jr., Julian B. Brackin, R. J. Billingsley, James D. Campbell, DDS, Joe C. Campbell, Jr., Joey W. Ginn, Charles S. Isler, III, William D. Moody, James R. Owen, Jr., Donald W. Peak, Rick A. Phillips, Daniel M. Scarbrough, MD, George W. Skipper, III, Thomas Gray Skipper, J. Daniel Sizemore, J. Douglas Warren, Patrick Willingham, Lana Jane Lewis-Brent, Jimmy Patronis, Jr., John S. Robbins, Jerry F. Sowell, Jr., and James R. Strohmenger, MD.

Effective as of March 29, 2007:

(i) Vision Alabama purchased the real property associated with Vision Alabama's financial service office in Gulf Shores, Alabama from Gulf Shores Investment Group, LLC for a purchase price of $2,400,000;

(ii) Vision Alabama purchased the real property associated with Vision Alabama's financial service office in Orange Beach, Alabama from Gulf Shores Investment Group, LLC for a purchase price of $2,000,000;

(iii) Vision Alabama purchased the real property associated with Vision Alabama's financial service office in Elberta, Alabama from Elberta Holdings, LLC for a purchase price of $880,000; and

(iv) Vision Florida purchased the real property associated with Vision Florida's financial service office in Panama City, Florida from Bay County Investment Group, LLC for a purchase price of $2,975,000.

Each purchase price represented the average of the appraised values obtained on behalf of each of Park and Vision. Each branch location was purchased for cash. Prior to purchasing the properties described above, Vision Alabama and Vision Florida calculated their respective "capital stock and surplus" for purposes of 12 C.F.R. § 223.3 in order to confirm that the amount of the proposed "covered transaction," when combined with other "covered transactions," satisfied the limitations in respect of "covered transactions" set forth in Regulation W promulgated by the Federal Reserve Board. Park made an additional capital contribution to Vision Florida (in the amount of $4,700,000) to ensure that the limitations in respect of "covered transactions" were satisfied.

Election to Become Financial Holding Company

On November 8, 2007, Park filed a written declaration with the Federal Reserve Board electing to become a financial holding company. The declaration became complete on November 14, 2007 and the election was effective on December 11, 2007. A financial holding company is a type of bank holding company that is permitted to engage in certain expanded financial activities that are not otherwise permitted for a bank holding company. Financial holding companies are subject to the same regulatory oversight as bank holding companies. Please see the discussion of financial holding companies under the section captioned "**Supervision and Regulation of Park and its Subsidiaries**."

Acquisition of Millersburg, Ohio Banking Office

Effective as of June 6, 2007, First-Knox National Bank entered into a purchase and assumption agreement with Ohio Legacy Bank, N.A. ("Ohio Legacy") for the sale of the Millersburg, Ohio banking office of Ohio Legacy located at 225 North Clay Street (the "Millersburg Branch") to First-Knox National Bank. The sale of the Millersburg Branch was completed on September 21, 2007. Under the terms of the purchase and assumption agreement, First-Knox National Bank acquired substantially all of the loans administered at the Millersburg Brach and assumed substantially all of the deposit liabilities relating to the deposit accounts assigned to the Millersburg Branch. The loans sold to First-Knox National Bank totaled approximately $38 million as of September 21, 2007 and the deposit liabilities assumed by First-Knox National Bank totaled approximately $23 million based upon the deposit liabilities related to the deposit accounts as of September 21, 2007. First-Knox National Bank paid a premium of approximately $1.7 million in connection with the purchase of the deposit liabilities. Following the acquisition, First-Knox National Bank consolidated its office and staff at the 60 West Jackson Street location of First-Knox National Bank and the Ohio Legacy office and staff at the 225 North Clay Street location into one team operating from 225 North Clay Street.

In addition, on September 21, 2007, First-Knox National Bank consummated a "like-kind exchange" of the real property associated with the financial service office of First-Knox National Bank located at 60 West Jackson Street for the real property associated with the 225 North Clay Street location which Ohio Legacy had been leasing from a third party. As part of the "like-kind exchange", First-Knox National Bank paid $1.1 million for the 225 North Clay Street real property and received $200,000 in exchange for the 60 West Jackson Street real property.

Pending Consolidation of Ohio Banking Operations

On July 30, 2007, Park announced its intention to consolidate the banking operations of its eight subsidiary banks located in Ohio under one charter — that of Park National Bank, which will remain a national bank. Richland Trust Company, Century National Bank, First-Knox National Bank, United Bank, Second National Bank, Security National Bank and Citizens National Bank will merge into Park National Bank. The twelve Ohio-based community banking subsidiaries and divisions of Park's subsidiary banks will merge into one charter and will become divisions of Park National Bank. Each community bank division will retain its local leadership, local decision-making and unique local identity. Park expects to complete the mergers of Richland Trust Company, Century National Bank, First-Knox National Bank, United Bank, Second National Bank, Security National Bank and Citizens National Bank into Park National Bank on a serial basis in such order as determined by management of Park to be appropriate and in the best interest of the merging banks' respective operations. Park expects the mergers of Park's Ohio-based subsidiary banks to begin during the fourth quarter of 2008 and the consolidation of the Ohio-based subsidiary banks to be completed by May 2009.

Services Provided by Park's Subsidiaries

Except as noted below, all 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, home equity lines of credit and commercial and auto leasing;
- trust services;
- cash management;
- safe deposit operations;
- electronic funds transfers;
- online Internet banking with bill pay service; and
- a variety of additional banking-related services tailored to the needs of individual customers.

Vision Bank does not offer credit cards, automobile or commercial leasing services, or cash management services (sweep accounts). Vision Bank offers insurance and investment products in its Alabama financial service offices.

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 any subsidiary bank would not have a materially adverse effect on the business of that subsidiary bank 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's eight Ohio-based subsidiary banks and (ii) the six 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 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, installment loans and credit card loans. Each subsidiary bank also generates fixed rate residential real estate loans for the secondary market.

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

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, 2007, Park's subsidiaries (including Scope Aircraft Finance) had approximately $1,612.2 million in commercial loans (including commercial real estate loans) and commercial leases outstanding, representing approximately 38.2% of their total aggregate loan portfolio as of that date. Of this amount, approximately $613.3 million represented commercial loans, $993.1 million represented commercial real estate loans and $5.8 million represented commercial leases. Vision Bank had approximately $170 million in commercial loans (including commercial real estate loans) outstanding at December 31, 2007, representing approximately 27% of Vision Bank's aggregate loan portfolio at that date. Of this amount, approximately $67 million represented commercial loans and approximately $103 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 4 included in the section of Park's 2007 Annual Report captioned "FINANCIAL REVIEW," on page 26, 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's eight Ohio-based subsidiary banks operate and (ii) the six Florida counties and one Alabama county where Vision Bank operates. The primary industries represented by these customers include commercial real estate leasing, commercial real estate construction, 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 fully completed 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 will generally be required on loans made to closely-held business entities.

Commercial real estate loans include mortgage loans to developers and owners of commercial real estate. The lending policy for commercial real estate loans is the same as that for the commercial loan portfolio. The collateral for these loans is the underlying commercial real estate. Each subsidiary bank generally requires that the commercial real estate loan amount be no more than 85% of the purchase price or the appraised value of the real estate securing the loan. Commercial real estate loans made for each subsidiary bank's portfolio generally have a variable interest rate although occasionally a commercial real estate loan may be made with a fixed interest rate for a term generally not exceeding five years.

The regulatory limits for loans made to one borrower by Park National Bank, Richland Trust Company, Century National Bank, First-Knox National Bank, United Bank, Second National Bank, Security National Bank and Citizens National Bank were $26.1 million, $5.2 million, $8.2 million, $9.5 million, $2.1 million, $4.4 million, $8.8 million and $1.6 million, respectively, at December 31, 2007. Vision Florida's regulatory limits for loans made to one borrower were $17.0 million for a secured loan or $10.2 million for an unsecured loan, at December 31, 2007. Participations in loans of amounts larger than $25.0 million are sold to other banks or financial institutions.

Park has a loan review program which annually evaluates substantially all (approximately 90%) of the loans with an outstanding balance greater than $250,000. If deterioration has occurred, the lender subsidiary takes effective and 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 it 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 quarterly. 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 located on page 44 of Park's 2007 Annual Report, and is incorporated herein by reference.

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. The total indebtedness of the largest single borrower within the commercial portfolio was $23.2 million at December 31, 2007. Since commercial loans generally have variable interest rates, an increase in interest rates increases the debt service requirement for the borrowing, and a decrease in interest rates decreases the debt service requirement for the borrowing. 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. 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 the 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 success of the borrower’s business. Information concerning the loan loss experience and allowance for loan losses related to the commercial loan portfolio and the commercial real estate portfolio is provided in Tables 8 and 9 included in the section of Park’s 2007 Annual Report captioned “FINANCIAL REVIEW,” on page 30, and is incorporated herein by reference.

Park National Bank also leases equipment under terms similar to the commercial lending policies described above. Park Commercial Leasing, a division of Park National Bank, originates and services direct leases of equipment which it acquires with no outside financing. Commercial leases are primarily secured by equipment and have little residual risk since the residual values are generally ten percent or less of the financed amount. The estimated residual values of equipment leases are established at inception by determining the estimated residual value for the equipment from the appropriate industry leasing guide. Management re-evaluates the estimated residual values of equipment leases on a quarterly basis from a review of the industry leasing guides.

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, 2007, Scope Aircraft Finance had outstanding approximately $72.0 million in loans primarily secured by aircraft (which are included in the commercial loan portfolio). In addition to the loans outstanding at December 31, 2007, Scope Aircraft Finance had $4.7 million of operating leases primarily secured by aircraft.

Consumer Loans

At December 31, 2007, Park’s subsidiary banks, together with Park Leasing and Guardian Finance, had outstanding consumer loans (including automobile leases and credit cards) in an aggregate amount of approximately $593.4 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 for the eight

Ohio-based subsidiary banks 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, a positive 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 qualified 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 that subsidiary'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 located on page 44 of Park's 2007 Annual Report, and is incorporated herein by reference. Each subsidiary bank (other than The Park National Bank of Southwest Ohio & Northern Kentucky division of Park National Bank) also offers credit card accounts through its 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 8 and 9 included in the section of Park's 2007 Annual Report captioned "FINANCIAL REVIEW," on page 30, and is incorporated herein by reference.

Residential Real Estate and Construction Loans

At December 31, 2007, Park's subsidiary banks had outstanding approximately $2,017.6 million in residential real estate, home equity lines of credit and construction mortgages, representing approximately 48% of total loans outstanding. Of this amount, approximately $1,229.0 million represented residential real estate loans, $252.2 million represented home equity lines of credit and $536.4 million represented construction loans. The market area for real estate lending by the subsidiary banks is concentrated in (i) central and southern Ohio for the eight Ohio-based subsidiary banks and (ii) the Gulf Coast communities in Baldwin County, Alabama and the Florida panhandle for Vision Bank. Park had approximately $7.7 million of net charge-offs resulting from construction loans during the year ended December 31, 2007. Vision Bank accounted for approximately $7.4 million, or 96% of this total. At December 31, 2007, Vision Bank had approximately $295.7 million outstanding in construction loans, or 55% of Park's consolidated total at the end of 2007. In addition to construction loans, Vision Bank had approximately $134.2 million of residential real estate loans and $31.2 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, a positive 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, 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. 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% 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 the Ohio-based subsidiary banks 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 8 and 9 included in the section of Park's 2007 Annual Report captioned "FINANCIAL REVIEW," on page 30, 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 occasionally 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 4 included in the section of Park's 2007 Annual Report captioned "FINANCIAL REVIEW," on page 26, 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 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. Information concerning the loan loss experience and allowance for loan losses related to the construction financing portfolio is provided in Tables 8 and 9 included in the section of Park's 2007 Annual Report captioned "FINANCIAL REVIEW," on page 30, 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's subsidiary banks. Park Insurance Group's customers include current customers of Park's Ohio-based subsidiary banks and other residents in the 28 Ohio counties and one Kentucky county served by those subsidiaries. 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's Ohio-based subsidiary banks and other residents primarily in the 28 Ohio counties and one Kentucky county served by those subsidiary banks.

Vision Bancshares Financial Group, Inc.

Vision Bancshares Financial Group conducts permissible insurance and securities networking activities and is licensed with the Alabama Department of Insurance as a provider. In an agency capacity, Vision Bancshares Financial Group offers 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 consist 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. At the time of the filing of this Annual Report on Form 10-K, Vision Bancshares Financial Group is in the process of applying to the Florida Department of Financial Services for insurance agency licenses so that it may offer the same products to customers in Vision Bank's financial service offices located in Florida as Vision Bank offers in its Alabama financial service offices. Vision Bancshares Financial Group's results since the consummation of the Vision Merger have 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. Many of the newer competitors offer one-stop financial services to their customers that may include services that banks and their subsidiaries may not have been able or legally permitted to offer their customers in the past. 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, 2007, Park and its subsidiaries had 2,066 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 financial holding companies and their subsidiaries is intended primarily for the protection of depositors, federal deposit insurance funds and the banking system as a whole and not for the protection of shareholders.

Park is registered with the Federal Reserve Board as a financial holding company under the Bank Holding Company Act. As a financial 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 under the jurisdiction of the SEC and certain state securities commissions related to the offering and sale of its securities. Park is subject to the disclosure and regulatory requirements of the Securities Act of 1933, as amended, and the Exchange Act, as administered by the SEC. Park's common shares are listed on AMEX under the trading symbol "PRK," and Park is subject to the AMEX rules for listed companies.

Park National Bank, Century National Bank, First-Knox National Bank, United Bank, Second National Bank, Security National Bank and Citizens National Bank, as national banking associations, are subject to regulation, supervision and examination primarily by the Office of the Comptroller of the Currency ("OCC") and secondarily by the FDIC. Richland Trust Company, as an Ohio state-chartered bank, is subject to regulation, supervision and examination by the Ohio Division of Financial Institutions and the FDIC.

On July 30, 2007, Park announced its intention to consolidate the banking operations of its eight subsidiary banks located in Ohio under one charter — that of Park National Bank, which will remain a national bank. Park expects to complete the mergers of Richland Trust Company, Century National Bank, First-Knox National Bank, United Bank, Second National Bank, Security National Bank and Citizens National Bank into Park National Bank on a serial basis in such order as determined by management of Park to be appropriate and in the best interest of the merging banks' respective operations. Park expects the mergers of Park's Ohio-based subsidiary banks to begin during the fourth quarter of 2008 and the consolidation of the Ohio-based subsidiary banks to be completed by May 2009.

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.

Vision Bancshares Financial Group is licensed with the Alabama Department of Insurance as a provider and is subject to regulation, supervision and examination by the Alabama Department of Insurance and the Alabama State Securities Commission.

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 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 Financial Holding Companies

As a financial 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 financial holding companies, including, among other things, the ability to:

- assess civil money penalties;
- issue cease and desist or removal orders; and
- require that a financial 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 financial 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 financial holding company to contribute additional capital to an undercapitalized subsidiary bank.

The Bank Holding Company Act requires the prior approval of the Federal Reserve Board in any case where a financial 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. Permitted financial activities include securities underwriting, dealing and market making; sponsoring mutual funds and investment companies; insurance underwriting and agency; merchant banking activities; and other activities that the Federal Reserve Board has determined to be closely related to banking.

A bank holding company may become a financial holding company if each of its subsidiary banks is well capitalized, is well managed, and has at least a satisfactory rating under the Community Reinvestment Act, by filing a declaration that the bank holding company wishes to become a financial holding company. A financial holding company is permitted to conduct permissible new financial activities and acquire companies, other than banks or savings associations, engaged in activities that are financial in nature or incidental to activities that are financial in nature, as determined by the Federal Reserve Board, by providing after-the-fact notice to the Federal Reserve Board.

Park filed a written declaration with the Federal Reserve Board to become a financial holding company in November 2007, and Park's financial holding company election became effective on December 11, 2007.

Unless a bank holding company becomes a financial holding company under the GLBA, the Bank Holding Company Act prohibits a bank holding company, with certain exceptions, from acquiring more than 5% of the voting shares of any company that is not a bank or a bank holding company and from engaging in any business other than banking or managing or controlling banks. The primary exception allows the ownership of shares by a bank holding company in any company the activities of which the Federal Reserve Board had determined as of November 19, 1999 to be so closely related to banking as to be a proper incident thereto. The Federal Reserve Board by regulation had determined that the following activities, among others, were so closely related to banking:

- operating a savings association, mortgage company, finance company, credit card company or factoring company;
- performing certain data processing operations;
- providing investment and financial advice;
- engaging in certain asset management services;
- leasing personal or real property, subject to certain restrictions; and
- acting as an insurance agent for certain types of credit-related insurance.

Subsidiary banks of a financial 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 financial holding company or any of its subsidiaries, investments in the stock or other securities of the financial holding company or its subsidiaries and the taking of such stock or securities as collateral for loans to any borrower. Further, a financial 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 restrict transactions by banks and their subsidiaries with their affiliates. An affiliate of a bank is any company or entity which controls, is controlled by or is under common control with the bank.

Generally, Sections 23A and 23B and Regulation W:

- limit the extent to which a bank or its subsidiaries may engage in “covered transactions” with any one affiliate to an amount equal to 10% of that bank’s capital stock and surplus (i.e., tangible capital);
- limit the extent to which a bank or its subsidiaries may engage in “covered transactions” with all affiliates to 20% of that bank’s capital stock and surplus; and
- 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.

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 and collateral) 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 national banking associations, Park National Bank, Century National Bank, First-Knox National Bank, United Bank, Second National Bank, Security National Bank and Citizens National Bank are subject to regulation under the National Banking Act and are periodically examined by the OCC. Furthermore, they are subject, as member banks, to certain rules and regulations of the

Federal Reserve Board. Each is an insured institution as a member of the Deposit Insurance Fund. As a result, they are subject to regulation by the FDIC. In addition, the establishment of branches by each of Park National Bank, Century National Bank, First-Knox National Bank, United Bank, Second National Bank, Security National Bank and Citizens National Bank is subject to prior approval of the OCC.

Regulation of Ohio State-Chartered Banks and Consumer Finance Companies

The FDIC is the primary federal regulator of Richland Trust Company. The FDIC issues regulations governing the operations of Richland Trust Company and examines Richland Trust Company. The FDIC may initiate enforcement actions against insured depository institutions and persons affiliated with them for violations of laws and regulations or for engaging in unsafe or unsound practices. If the grounds provided by law exist, the FDIC may appoint a conservator or a receiver for a nonmember bank.

As a bank incorporated under Ohio law, Richland Trust Company is also subject to regulation and supervision by the Ohio Division of Financial Institutions. Division regulation and supervision affects the internal organization of Richland Trust Company, as well as its savings, mortgage lending and other investment activities. The Division of Financial Institutions may initiate supervisory measures or formal enforcement actions against Ohio commercial banks. Ultimately, if the grounds provided by law exist, the Division of Financial Institutions may place an Ohio bank in conservatorship or receivership. Whenever the Superintendent of Financial Institutions considers it necessary or appropriate, the Superintendent may also examine the affairs of any holding company or any affiliate or subsidiary of an Ohio bank.

As a consumer finance company incorporated under Ohio law, Guardian Finance is also subject to regulation and supervision by the 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 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 Florida 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 Florida 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 Florida, its loans and investments, reserves against deposits, mergers and acquisitions, borrowings, dividends, minimum capital requirements and the locations of financial service offices and certain facilities. The relationships of Vision Florida to its executive officers, directors and affiliates are also the subject of statutory and regulatory requirements. Both the Office of Financial Regulation and the FDIC have the authority to impose regulatory sanctions upon Florida state-charted banks and, if the circumstances provided by federal and state laws and regulations exist, may place a Florida state-chartered bank in receivership or conservatorship.

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 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 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.

Deposit Insurance Reform Act of 2005

In February of 2006, President Bush signed into law the Deposit Insurance Reform Act of 2005 and its companion bill, the Deposit Insurance Reform Conforming Amendments Act of 2005 (collectively, the “Deposit Insurance Reform Acts”), pursuant to which the Bank Insurance Fund (BIF) and the Savings Association Insurance Fund (SAIF) were merged to create a new Deposit Insurance Fund (DIF). The Deposit Insurance Reform Acts provide for several additional changes to the deposit insurance system, including the following:

- Increasing the deposit insurance limit for retirement accounts from $100,000 to $250,000;
- Adjusting the deposit insurance limits (currently $100,000 for most accounts) every five years based on an inflation index, with the first adjustment to be effective on January 1, 2011;
- Allocating an aggregate of $4.7 billion of one-time credits to offset the premiums of depository institutions based on their assessment bases at the end of 1996;
- Establishing rules for awarding cash dividends to depository institutions, based on their relative contributions to the DIF and its predecessor funds, when the DIF reserve ratio reaches certain levels; and
- Revising the rules and procedures for risk-based premium assessments.

On January 1, 2007, final rules under the Deposit Insurance Reform Acts became effective. The final rules set a base assessment schedule for 2007 for DIF premiums. For banks with less than

$10 billion in assets, the premium assessment rates are based on a combination of financial ratios and CAMELS component ratings. The final rules also provide a one-time credit to institutions to offset amounts owed for deposit insurance. The credit will be applied by the FDIC to offset 100% of a bank's FDIC premiums from June 29, 2007 through March 30, 2008, up to 90% of a bank's FDIC premiums from June 30, 2008 through March 30, 2011, and up to 100% of a bank's FDIC premiums from June 30, 2011 until the credit is exhausted.

Park's management does not expect that the Deposit Insurance Reform Acts will have a significant impact on Park or its subsidiary banks in 2008.

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.

Federal Home Loan Bank

The Federal Home Loan Banks ("FHLBs") provide credit to their members in the form of advances. Vision Bank is a member of the FHLB of Atlanta, and each of the other subsidiary banks of Park is a member of the FHLB of Cincinnati. As FHLB members, each of the subsidiary banks 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. All long-term advances by each FHLB must be made only to provide funds for residential housing finance.

Regulatory Capital

The Federal Reserve Board has adopted risk-based capital guidelines for financial and 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 amounts of hybrid capital instruments, mandatory convertible debt, subordinated debt, preferred stock not qualifying as Tier 1 capital, loan and lease loss allowance and net unrealized gains on certain available-for-sale equity securities, all subject to limitations established by the guidelines.

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 financial holding companies. The Federal Reserve Board guidelines provide for a minimum ratio of Tier 1 capital to average assets (excluding the loan and lease loss allowance, goodwill and certain other intangibles), or "leverage ratio," of 3% for financial holding companies that meet certain criteria, including having the highest regulatory rating, and 4% for all other financial holding companies. The guidelines further provide that financial 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 Reserve Bank's review of certain financial holding company transactions is affected by whether the applying financial holding company is "well-capitalized." To be deemed "well-capitalized," the financial holding company must have a Tier 1 risk-based capital ratio of at least 6% and a total risk-based capital ratio of at least 10%, and must not be subject to any written agreement, order, capital directive or prompt corrective action directive issued by the Federal Reserve Board to meet and maintain a specific capital level for any capital measure. Park is well capitalized.

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 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 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 is "well capitalized" according to the guidelines described above. See Note 20 of the Notes to Consolidated Financial Statements located on pages 56 and 57 of Park's 2007 Annual Report, 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 September 2006, the federal banking agencies issued a notice of proposed rulemaking regarding the implementation of Basel II in the United States. As proposed, the application of the new Basel II rules would be mandatory for any bank that has consolidated total assets of at least $250 billion or has consolidated on-balance sheet foreign exposure of at least $10 billion, and would be voluntary for all other banks.

In response to concerns regarding the complexity and cost associated with implementing the Basel II rules, in December 2006, the federal banking agencies issued a notice of proposed rulemaking that would revise the existing risk-based capital framework (Basel IA) for U.S. banks which will not be subject to the Basel II rules. The proposed Basel IA rules would allow banks other than the large Basel II banks to elect to adopt Basel IA or remain subject to the existing risk-based capital rules. Basel IA would increase the number of risk-weight categories to which credit exposures may be assigned; use loan-to-value ratios to determine risk-weights for most residential mortgages; expand the use of external credit ratings to risk-weight certain exposures; expand the range of collateral and guarantors that may qualify an exposure for lower risk weights; increase the credit conversion factors for certain commitments with an original maturity of less than one year; assess a risk-based capital charge to reflect the risks of securitizations with early amortization provisions that are backed by revolving exposures; and remove the 50% limit on the risk weight that applies to certain derivative contracts.

Until the final rules are adopted by the federal banking agencies, Park is unable to predict whether and when it 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 financial holding companies. Subsidiary banks are also subject to collateral security requirements for any loans or extension of credit permitted by such exceptions.

None 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 any 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.

Under the terms of the Indenture governing the $15.5 million of junior subordinated debentures issued by Vision to the Vision Trust, Park, as successor to Vision in accordance with the First Supplemental Indenture, is prohibited from declaring or paying dividends to the holders of Park common shares (i) if an event of default under the Indenture has occurred and continues or (ii) during any period in which the payment of interest on the junior subordinated debentures by Park (and the payment of cash distributions by the Vision Trust on the preferred securities of the Vision Trust) is being deferred.

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. 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 AMEX. The Board of Directors has adopted charters for the Audit Committee, the Compensation Committee and the Nominating Committee as well as a Code of Business Conduct and Ethics governing the directors, officers and associates of Park and its affiliates. In addition, Park has implemented a "whistleblower" hotline called the "Park Improvement Line." Calls that relate to accounting, internal accounting controls or auditing matters or that relate to possible wrongdoing by associates of Park or one of its affiliates can be made anonymously through this hotline. The calls are received by an independent third party service and the information received is forwarded directly to the Chair of the Audit Committee and the Head of Park's Internal Audit Department. The Park Improvement Line number is 1-800-418-6423, Ext. PRK (775).

The Board of Directors of Park also established a Risk Committee on November 21, 2006. The Risk Committee, which conducts its business under a charter adopted by the Board of Directors, assists the Board in overseeing Park's enterprise-wide risks.

The text of each of the Audit Committee Charter, the Compensation Committee Charter, the Nominating Committee Charter, the Risk Committee Charter and the Code of Business Conduct and Ethics is posted on the "Governance Documents" section of the "Investor Relations" page of Park's Internet website located at www.parknationalcorp.com. Interested persons may also obtain copies of these documents, 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.

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 the section of Park's 2007 Annual Report captioned "FINANCIAL REVIEW," on pages 21 through 35, and in Note 1 of the Notes to Consolidated Financial Statements located on pages 44 through 48 of Park's 2007 Annual Report, Note 4 of the Notes to Consolidated Financial Statements located on pages 49 through 51 of Park's 2007 Annual Report, Note 5 of the Notes to Consolidated Financial Statements located on page 51 of Park's 2007 Annual Report and Note 9 of the Notes to Consolidated Financial Statements located on pages 51 and 52 of Park's 2007 Annual Report. 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 Annual Report on Form 10-K 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 are 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.

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 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, decreases in real estate values could adversely affect the value of property used as collateral. 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 our loans are to individuals and businesses in Ohio and in Gulf Coast communities in Alabama and on the Florida panhandle. Consequently, a significant 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.

We have experienced deteriorating credit conditions in the Ohio, Alabama and Florida markets in which we operate. Park had net loan charge-offs of $22.2 million for 2007 ($11.3 million for the fourth quarter of 2007) and recorded a provision for loan losses for 2007 of $29.5 million ($18.6 million for the fourth quarter of 2007). The provision for loan losses for 2006 was $3.9 million. Nonperforming loans, defined as loans that are 90 days past due and still accruing, nonaccrual and renegotiated loans, were $108.5 million, or 2.57% of total loans, at December 31, 2007, compared to $32.9 million, or 0.95% of total loans, at December 31, 2006. Nonaccrual loans increased by $85.1 million during 2007, $43.1 million of the increase coming in the fourth quarter.

Of the nearly $26 million increase in the provision for loan losses in 2007, $19.4 million was associated with Vision Bank. Vision Bank had $8.6 million of net loan charge-offs in 2007. Our loan loss provision for the twelve-month period ended December 31, 2007 exceeds the net loan charge-offs for the same period by $7.3 million reflecting the deterioration of credit quality within Vision Bank's portfolio. Vision Bank's nonperforming loans increased from $26.3 million in September 30, 2007 to $63.5 million at December 31, 2007, representing 9.93% of Vision Bank's outstanding loans at December 31, 2007.

Conditions in the State of Ohio also deteriorated during 2007. The provision for loan losses related to our Ohio-based subsidiary banks increased from $3.9 million in 2006 to $10.1 million in 2007. Our Ohio-based subsidiary banks had non-performing loans of $45.0 million at December 31, 2007, representing an increase of $12.1 million over the balance at December 31, 2006.

It is uncertain when the negative credit trends in our markets will reverse and, therefore, Park's future earnings are susceptible to further declining credit conditions in the markets in which we operate.

The preparation of our financial statements requires the use of estimates that may vary from actual results.

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make significant estimates that affect the financial statements. Two of our most critical estimates are the level of the allowance for loan losses and the accounting for goodwill and other intangible assets. 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, nor that we will not recognize a significant provision for impairment of our goodwill. For more information on the sensitivity of these estimates, refer to the discussion of our "Critical Accounting Policies" included in the section of our 2007 Annual Report captioned "FINANCIAL REVIEW" on pages 22 and 23.

We extend credit to a variety of customers based on internally set standards and the judgment of our loan officers and bank 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.

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

Our earnings 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. 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 11 in the section of Park's 2007 Annual Report captioned "FINANCIAL REVIEW" on page 31, and is incorporated herein by reference.

We operate in extremely competitive markets, and our business will suffer if we are unable to compete effectively.

In our market areas, we encounter significant competition from 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. The increasingly competitive environment is a result primarily of changes in regulation, changes in technology and product delivery systems and the accelerating pace of consolidation among financial service providers. Many of our competitors enjoy the benefits of advanced technology, fewer regulatory constraints and lower cost structures. Many of the new competitors offer one-stop financial services to their customers that may include services that banks and their subsidiaries may not have been able or legally permitted to offer their customers in the past. Our financial performance and return on investment to shareholders will depend in part on our continued ability to compete successfully in our market area and on our ability to expand our scope of available financial services as needed to meet the needs and demands of our customers.

Consumers may decide not to use banks to complete their financial transactions.

Technology and other changes are allowing parties to utilize alternative methods to complete financial transactions that historically have involved banks. For example, consumers can now maintain funds in brokerage accounts or mutual funds that would have historically been held as bank deposits. Consumers can also complete transactions such as paying bills and/or transferring funds directly without the assistance of banks. The process of eliminating banks as intermediaries, known as "disintermediation," could result in the loss of fee income, as well as the loss of customer deposits and the related income generated from those deposits. The loss of these revenue streams and the lower cost deposits as a source of funds could have a material adverse effect on our financial condition and results of operations.

We have no prior operating experience in the Alabama and Florida markets in which Vision Bank operates.

As of the date of this Annual Report on Form 10-K, our Ohio-based bank subsidiaries operated 136 offices across 28 Ohio counties and one county in Northern Kentucky. Vision Bank operated, eight offices in one Alabama county and ten offices across six Florida counties. Our merger with Vision, which was effective as of 6:00 p.m., Eastern Standard Time, on March 9, 2007, resulted in the expansion of our banking operations into the Alabama and Florida markets served by Vision Bank. We have no prior operating experience in these markets and, therefore, have relied and will continue to rely to a large extent on the existing Board of Directors and management of Vision Bank with respect to its operations. We, together with Vision Bank, entered into employment agreements with the then executive officers of Vision Bank: J. Daniel Sizemore, Chairman of the Board and Chief Executive Officer of Vision Bank; William E. Blackmon, Executive Vice President and Regional President of Vision Bank; Andrew W. Braswell, Executive Vice President and Senior Lending Officer of Vision Bank; Joey W. Ginn, President of Vision Bank; and Robert S. McKean, Executive Vice President of Vision Bank; as well as seven other senior officers of Vision. Each of these employment agreements, which became effective at the effective time of the Vision Merger, is to continue the executive officer's or employee's employment relationship with Vision Bank, after the effective time of the Vision Merger for at least a three-year term. However, there is no guarantee that we will be able to retain the services of these executive officers and employees of Vision Bank, or that we will be able to successfully manage the operations of Vision Bank in the Alabama and Florida markets. Furthermore, on November 1, 2007, J. Daniel Sizemore and William E. Blackmon submitted their formal resignations to the Boards of Directors of Vision Bank and Park, to be effective November 30, 2007, in order to pursue opportunities with another bank headquartered in western Alabama (whose market does not overlap or compete with the markets that Vision Bank currently serves). Pursuant to their employment agreements, Mr. Sizemore and Mr. Blackmon voluntarily terminated their employment with Vision Bank, and, as a result, there were no severance payments made by Vision Bank or Park. Mr. Sizemore and Mr. Blackmon were entitled to the rights and benefits (if any) provided under plans and programs of Vision Bank, determined in accordance with the applicable terms and provisions of such plans and programs. On November 1, 2007, Joey W. Ginn was promoted to Chairman of the Board and Chief Executive Officer of Vision Bank. We believe that we can maintain our focus in the Florida and Alabama markets and that the remaining management team of Vision Bank is qualified to carry out our existing Vision Bank strategy.

We may face risks and uncertainties as we convert our Ohio-based community banking subsidiaries and divisions to one operating system and combine their charters.

On July 30, 2007, we announced our intention to consolidate the banking operations of our eight subsidiary banks located in Ohio under one charter — that of Park National Bank, which will remain a national bank. In addition, we will create a single operating system for our 12 Ohio-based community banking subsidiaries and divisions, which will operate as divisions of Park National Bank. Each community bank division will retain its local leadership, local decision-making and unique local identity. We anticipate that a single charter and common operating system will ease complex reporting procedures, reduce time and money spent on duplicated efforts, enhance risk management and strengthen each bank's ability to provide more rapid responses and high-quality services. As we proceed with the combination of charters and conversions to one operation system, we will face risks and uncertainties which must be addressed. These risks and uncertainties include, but may not be limited to: (i) difficulties we may encounter in the consolidation of the charters of our eight Ohio-based subsidiary banks with respect to product offerings, customer service, customer retention, reporting and enterprise risk management systems and realizing the anticipated operating efficiencies; and (ii) the loss of key employees as we proceed with the consolidation.

Impairment of goodwill or other intangible assets could require further charges to earnings, which could result in a negative impact on our results of operations.

Under current accounting standards, goodwill and certain other intangible assets with indeterminate lives are no longer amortized but, instead, are assessed for impairment periodically or when impairment indicators are present.

Accounting principles generally accepted in the United States ("GAAP") require 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 loss must be recorded in an amount equal to the excess. GAAP does not permit a subsequent increase in goodwill if future valuations indicate an increase in the fair value of the acquired assets.

Park acquired all of the outstanding shares of common stock and outstanding stock options held by Vision shareholders and option holders for $171.1 million, including $87.8 million in cash and $83.3 million in Park common shares. Total intangible assets recognized by Park as a result of the acquisition were $121.7 million, consisting of $109.0 million of goodwill and $12.7 million in core deposit intangibles. The core deposit intangible balance continues to be amortized over six years and had a balance of $11.0 million at December 31, 2007. The increase in nonperforming loans at Vision Bank during the fourth quarter of 2007 coupled with the deteriorating credit markets in Florida and Alabama triggered Park's management to perform a valuation of the fair value of the assets of Vision Bank. Based on this estimate, Park recorded a reduction in goodwill and associated charge to earnings of $54 million as of December 31, 2007.

It is uncertain when the negative credit trends in the markets served by Vision Bank will reverse and, therefore, further assessments of the goodwill associated with Vision Bank for impairment may be triggered.

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 government 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 of 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 generally accepted accounting principles 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 and results of operations could be negatively impacted to the extent that we rely on financial statements that do not comply with generally accepted accounting principles or on financial statements and other financial information that are materially misleading.

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 and the deposit insurance funds, 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 by the 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. Proposals to change the laws governing financial institutions are frequently raised in Congress and before bank regulatory authorities. It is impossible to predict the ultimate form that any proposed legislation might take or how it might affect us. Future changes in the laws or regulations or their interpretations or enforcement could be materially adverse to our business and our shareholders.

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 standards that govern the preparation of our consolidated financial statements. These changes can be hard to predict and can materially impact how we record and report our financial condition and results of operations. In some cases, we could be required to apply a new or revised standard retroactively, resulting in the restatement of prior period financial statements.

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 and results of operation.

We and our subsidiaries may be involved from time to time in the future in a variety of litigation arising out of our business. 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 and results of operation. 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.

Environmental liability associated with commercial lending could have a material adverse effect on our business, financial condition and results of operations.

In the course of our business, we may acquire, through foreclosure, commercial properties securing loans that are in default. There is a risk that hazardous substances could be discovered on those properties. In this event, we could be required to remove the hazardous substances from and remediate the properties at our cost and expense. The cost of removal and environmental remediation could be substantial. We may not have adequate remedies against the owners of the properties or other responsible parties and could find it difficult or impossible to sell the affected properties. These events could have a material adverse effect on our financial condition and results of operation.

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 or damages to others. Any security breach involving the misappropriation, loss or other unauthorized disclosure of 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.

Terrorism, acts of war or international conflicts could have a material adverse effect on our financial condition and results of operations.

Acts or threats of war or terrorism, international conflicts, including ongoing military operations in Iraq and Afghanistan, and the actions taken by the United States and other governments in response to such events could negatively impact general business and economic conditions in the United States. If terrorist activity, acts of war or other international hostilities cause an overall economic decline, our financial condition and operating results could be materially adversely affected. The potential for future terrorist attacks, the national and international responses to terrorist attacks or perceived threats to national security and other actual or potential conflicts or acts of war, including conflict in the Middle East, have created many economic and political uncertainties that could seriously harm our business and results of operations in ways that cannot presently be predicted.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

None.

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 this Annual Report on Form 10-K, Park National Bank and its divisions have a total of 43 financial service offices in Ohio and one in Kentucky. Park National Bank has six financial service offices (including its main office) and its operations center in Newark in Licking County. In addition, within Ohio, Park National Bank has: (a) financial service offices in Granville, Heath (two offices), Hebron, Johnstown, Kirkersville, Pataskala, Reynoldsburg (two offices) and Utica in Licking County; (b) financial service offices in Canal Winchester, Columbus, Gahanna and Worthington in Franklin County; (c) a financial service office in West Chester in Butler County; (d) a financial service office in Dayton in Montgomery County; (e) financial service offices in Baltimore, Pickerington (two offices) and Lancaster (eight offices) in Fairfield County; (f) financial service offices in Amelia (two offices), Cincinnati (two offices), Milford (two offices), New Richmond and Owensville in Clermont County; and (g) a financial service office in Anderson in Hamilton County. Park National Bank also has one financial service office in Florence (Boone County), Kentucky. The financial service offices in Canal Winchester and Fairfield County comprise the Fairfield National Division. The financial service offices in Butler, Clermont, Hamilton and Montgomery Counties in Ohio and in Boone County, Kentucky comprise The Park National Bank of Southwest Ohio & Northern Kentucky.

Of the financial service offices described above, 20 are leased and the remainder are owned. Park National Bank also operates 12 off-site automated teller machines, three of which are operated by the Fairfield National Division and two of which are operated by The Park National Bank of Southwest Ohio & Northern Kentucky.

Richland Trust Company

As of the date of this Annual Report on Form 10-K, Richland Trust Company has a total of 12 financial service offices, all of which are located in Ohio. Richland Trust Company has eight financial service offices in Mansfield (including its main office) as well as financial service offices in Butler, Lexington, Ontario and Shelby in Richland County. Of these financial service offices, three are leased and the remainder are owned. Richland Trust Company also operates two off-site automated teller machines.

Century National Bank

As of the date of this Annual Report on Form 10-K, Century National Bank has a total of 16 financial service offices, all of which are located in Ohio. Century National Bank has seven financial service offices (including its main office) and a mortgage lending office in Zanesville in Muskingum County. Century National Bank also has a financial service office in Athens in Athens County, two financial service offices in Coshocton in Coshocton County, a financial service office in Logan in Hocking County, financial service offices in New Concord and Dresden in Muskingum County, a financial service office in New Lexington in Perry County, and a financial service office in Newcomerstown in Tuscarawas County. Of these financial service offices, two are leased and the remainder are owned. Century National Bank also operates three off-site automated teller machines.

First-Knox National Bank

As of the date of this Annual Report on Form 10-K, First-Knox National Bank and its divisions have a total of 14 financial service offices, all of which are located in Ohio. First-Knox National Bank has three financial service offices (including its main office) and its operations center in Mount Vernon in Knox County. First-Knox National Bank also has financial service offices in Ashland, Loudonville and Perrysville in Ashland County, two financial service offices in Millersburg in Holmes County, financial service offices in Centerburg, Danville and Fredericktown in Knox County, two financial service offices in Mount Gilead in Morrow County and a financial service office in Bellville in Richland County. The financial service offices in Ashland County comprise the Farmers and Savings Division. Of these financial service offices, two are leased and the remainder are owned. First-Knox National Bank also operates 11 off-site automated teller machines, one of which is operated by the Farmers and Savings Division.

United Bank

As of the date of this Annual Report on Form 10-K, United Bank has a total of eight financial service offices, all of which are located in Ohio. United Bank has its main office in Bucyrus and financial service offices in Crestline and Galion in Crawford County and financial service offices in Caledonia, Marion (two offices), Prospect and Waldo in Marion County. Of these financial service offices, three are leased and the remainder are owned. United Bank also operates one off-site automated teller machine.

Second National Bank

As of the date of this Annual Report on Form 10-K, Second National Bank has a total of nine financial service offices, all of which are located in Ohio. Second National Bank has five financial service offices (including its main office) in Greenville in Darke County. Second National Bank also has two financial service offices in Arcanum (two offices) and Versailles in Darke County and a financial service office in Fort Recovery in Mercer County. Of these financial service offices, two are leased and the remainder are owned.

Security National Bank

As of the date of this Annual Report on Form 10-K, Security National Bank and its divisions have a total of 22 financial service offices, all of which are located in Ohio. Security National Bank has six financial service offices (including its main office) in Springfield in Clark County. Security National Bank also has financial service offices in Enon, Medway, New Carlisle (two offices) and South Charleston in Clark County, a financial service office in Jeffersonville in Fayette County, financial service offices in Jamestown (two offices) and Xenia (two offices) in Greene County, and financial service offices in Piqua (three offices including an administrative building), Tipp City and Troy (two offices) in Miami County. The financial service offices in Miami County comprise the Unity National Division. Of these financial service offices, four are leased and the remainder are owned. Security National Bank also operates four off-site automated teller machines.

Citizens National Bank

As of the date of this Annual Report on Form 10-K, Citizens National Bank has a total of five financial service offices, all of which are located in Ohio. Citizens National Bank has two financial service offices (including its main office) in Urbana in Champaign County. In addition, Citizens National Bank has financial service offices in Mechanicsburg and North Lewisburg in Champaign County and a financial service office in Plain City in Madison County. All of Citizens National Bank's financial service offices are owned. Citizens National Bank also operates two off-site automated teller machines.

Guardian Finance

As of the date of this Annual Report on Form 10-K, Guardian Finance has a total of seven 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 Delaware in Delaware County, a financial service office in Lancaster in Fairfield County where it leases space from the Fairfield National 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 Richland Trust Company. All of Guardian Finance's financial service offices are leased.

Vision Bank

As of the date of this Annual Report on Form 10-K, Vision Bank had a total of 18 financial service offices. Vision Bank has ten 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 loan production office in Tallahassee in Leon 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 has eight financial service offices in Alabama, one each in Daphne, Elberta, Fairhope, Foley, Gulf Shores, Orange Beach, Point Clear and Robertsdale in Baldwin County. Of Vision Bank's 18 financial service offices, 10 are leased and the remainder are owned. Vision Bank also operates 23 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.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

There were no matters submitted to a vote of the shareholders of Park during the fourth quarter of the fiscal year ended December 31, 2007.

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 (c) of SEC Regulation S-K is incorporated herein by reference from "Table 15 — Market and Dividend Information" and the accompanying disclosure in the section of Park's 2007 Annual Report captioned "FINANCIAL REVIEW," on page 34.

The following table provides information regarding purchases of Park's common shares made by or on behalf of Park or any "affiliated purchaser" of Park, as defined in Rule 10b-18(a)(3) under the Securities Exchange Act of 1934, as amended, during the fiscal quarter ended December 31, 2007, as well as 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(1)	Maximum Number of Common Shares that May Yet Be Purchased under the Plans or Programs (2)
October 1 through October 31, 2007	35,400	$79.68	35,400	1,913,251
November 1 through November 30, 2007	96,100	$75.74	96,100	1,815,686
December 1 through December 31, 2007	8,500	$76.70	8,500	1,806,668
Total	140,000	$76.79	140,000	1,806,668

(1) All of the common shares reported were purchased in the open market under Park's publicly announced stock repurchase programs.

(2) 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 National Corporation 2005 and 1995 Incentive Stock Option Plans as well as Park's publicly announced stock repurchase programs.

On November 21, 2005, Park announced that its Board of Directors had granted management the authority to purchase up to an aggregate of 1,000,000 common shares from time to time over the three-year period ending November 20, 2008. During 2007, Park purchased 662,180 common shares under this stock repurchase authorization. As a result, no further common shares remained authorized for repurchase under this stock purchase authorization and the authorization expired in December of 2007.

On July 16, 2007, Park announced that its Board of Directors had authorized management to purchase up to an aggregate of 1,000,000 additional common shares over the three-year period ending July 15, 2010 in open market purchases or through privately negotiated transactions, to be held as treasury shares for general corporate purposes. During 2007, Park purchased 7,826 common shares under this authorization. At December 31, 2007, an aggregate of 992,174 common shares remained authorized for repurchase under this stock repurchase authorization.

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 2007, Park purchased 90,525 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, 2007, incentive stock options covering 292,016 common shares were outstanding and 1,207,984 common shares were available for future grants under the 2005 Plan.

The Park National Corporation 1995 Incentive Stock Option Plan (as amended, the "1995 Plan") was adopted April 17, 1995, and amended April 20, 1998 and April 16, 2001. Pursuant to the terms of the 1995 Plan, all of the common shares delivered upon exercise of incentive stock options granted under the 1995 Plan are to be treasury shares. No further incentive stock options may be granted under the 1995 Plan. As of December 31, 2007, incentive stock options covering 311,393 common shares were outstanding under the 1995 Plan.

Incentive stock options, granted under both the 2005 Plan and the 1995 Plan, covering 603,409 common shares were outstanding as of December 31, 2007 and 1,207,984 common shares were available for future grants under the 2005 Plan. With 996,899 common shares held as treasury shares for purposes of the 2005 Plan and the 1995 Plan at December 31, 2007, an additional 814,494 common shares remained authorized for repurchase for purposes of funding the 2005 Plan and the 1995 Plan.

ITEM 6. SELECTED FINANCIAL DATA.

The information called for in this Item 6 is incorporated herein by reference from "Table 13 — Consolidated Five-Year Selected Financial Data" and the accompanying disclosure in the section of Park's 2007 Annual Report captioned "FINANCIAL REVIEW," on page 33.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION.

The information called for in this Item 7 is incorporated herein by reference from the section of Park's 2007 Annual Report captioned "FINANCIAL REVIEW," on pages 21 through 35.

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

As noted in Note 1 of the Notes to Consolidated Financial Statements under the caption "Derivative Instruments" on page 47 of Park's 2007 Annual Report, Park and its subsidiaries did not use any derivative instruments in 2007, 2006 or 2005. However, on January 2, 2008, Park entered into a "pay fixed-receive floating" interest rate swap agreement with 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 the section of Park's 2007 Annual Report captioned "FINANCIAL REVIEW — SOURCE OF FUNDS — Subordinated Debentures" on page 25 is incorporated herein by reference. The discussion of interest rate sensitivity included in the section of Park's 2007 Annual Report captioned "FINANCIAL REVIEW — CAPITAL RESOURCES — Liquidity and Interest Rate Sensitivity Management," on pages 31 and 32, is incorporated herein by reference. In addition, the discussion of Park's commitments, contingent liabilities and off-balance sheet arrangements included on page 32 of Park's 2007 Annual Report under the caption "FINANCIAL REVIEW — CONTRACTUAL OBLIGATIONS — Commitments, Contingent Liabilities, and Off-Balance Sheet Arrangements," and in Note 18 of the Notes to

Consolidated Financial Statements included on pages 55 and 56 of Park's 2007 Annual Report, is incorporated herein by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

The Consolidated Balance Sheets of Park and its subsidiaries at December 31, 2007 and 2006, the related Consolidated Statements of Income, of Changes in Stockholders' Equity and of Cash Flows for the years ended December 31, 2007, 2006 and 2005, the related Notes to Consolidated Financial Statements and the Report of Independent Registered Public Accounting Firm (Crowe Chizek and Company LLC) appearing on pages 37 through 59 of Park's 2007 Annual Report, are incorporated herein by reference. The Report of Ernst & Young LLP, Park's predecessor independent registered public accounting firm, on the Consolidated Statements of Income, of Changes in Stockholders' Equity and of Cash Flows for the fiscal year ended December 31, 2005, is included on page 42 of this Annual Report on Form 10-K. Quarterly Financial Data provided in "Table 14 — Quarterly Financial Data" and the accompanying disclosure included in the section of Park's 2007 Annual Report captioned "FINANCIAL REVIEW," on page 34, is also incorporated herein by reference.

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Park National Corporation

We have audited the accompanying consolidated statements of income, stockholders' equity and cash flows of Park National Corporation and subsidiaries for the year ended December 31, 2005. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 audit provides a reasonable basis for our opinion.

In our opinion, the accompanying consolidated statements of income, stockholders' equity and cash flows of Park National Corporation and subsidiaries, present fairly, in all material respects, the consolidated results of their operations and their cash flows for the year ended December 31, 2005, in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

Columbus, Ohio
February 21, 2006

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

With the participation of the Chairman of the Board and Chief Executive Officer (the principal executive officer) and the Chief Financial Officer (the principal financial officer) of Park, Park’s management has evaluated the effectiveness of Park’s disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of the end of the fiscal year covered by this Annual Report on Form 10-K. Based on that evaluation, Park’s Chairman of the Board and Chief Executive Officer and Park’s Chief Financial Officer have concluded that:

- information required to be disclosed by Park in this Annual Report on Form 10-K and the other reports that Park files or submits under the Exchange Act would be accumulated and communicated to Park’s management, including its principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure;
- information required to be disclosed by Park in this Annual Report on Form 10-K and the other reports that Park files or submits under the Exchange Act would be recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms; and
- Park’s disclosure controls and procedures were effective as of the end of the fiscal year covered by this Annual Report on Form 10-K.

Management’s Annual Report on Internal Control over Financial Reporting

The “MANAGEMENT’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING” on page 36 of Park’s 2007 Annual Report is incorporated herein by reference.

Attestation Report of the Registered Public Accounting Firm

The “REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM” on page 37 of Park’s 2007 Annual Report 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, 2007, that have materially affected, or are reasonably likely to materially affect, Park’s internal control over financial reporting.

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 to be held on April 21, 2008 (the “2008 Annual Meeting”) is incorporated herein by reference from the disclosure to be included under the caption “PROPOSAL 1 — ELECTION OF DIRECTORS” in Park’s definitive Proxy Statement relating to the 2008 Annual Meeting to be filed pursuant to SEC Regulation 14A (“Park’s 2008 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 to be included under the caption “EXECUTIVE OFFICERS” in Park’s 2008 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 to be included under the caption “BENEFICIAL OWNERSHIP OF PARK COMMON SHARES — Section 16(a) Beneficial Ownership Reporting Compliance” in Park’s 2008 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 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 website 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. In addition, Park's Code of Business Conduct and Ethics, as amended on July 16, 2007 and updated July 24, 2007, is filed as Exhibit 14 to this Annual Report on Form 10-K.

Procedures for Recommending Director Nominees

The information required by Item 407(c)(3) of SEC Regulation S-K is incorporated herein by reference from the disclosure to be included under the caption "CORPORATE GOVERNANCE — Nominating Procedures" in Park's 2008 Proxy Statement.

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 to be included under the caption "BOARD OF DIRECTORS MEETINGS AND COMMITTEES OF THE BOARD — Committees of the Board — Audit Committee" in Park's 2008 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 to be included under the captions "EXECUTIVE COMPENSATION" and "DIRECTOR COMPENSATION" in Park's 2008 Proxy Statement.

The information required by Item 407(e)(4) of SEC Regulation S-K is incorporated herein by reference from the disclosure to be included under the caption "COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION" in Park's 2008 Proxy Statement.

The information required by Item 407(e)(5) of SEC Regulation S-K is incorporated herein by reference from the disclosure to be included under the caption "EXECUTIVE COMPENSATION — Compensation Committee Report" in Park's 2008 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 to be included under the caption "BENEFICIAL OWNERSHIP OF PARK COMMON SHARES" in Park's 2008 Proxy Statement.

Equity Compensation Plan Information

Park has three compensation plans (excluding plans assumed by Park in the merger with Security Banc Corporation effective March 23, 2001 (the "Assumed Security 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 1995 Incentive Stock Option Plan (as amended, the "1995 Plan"), 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 1995 Plan (and amendments thereto), 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 1995 Plan and the 2005 Plan outstanding at December 31, 2007, 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, 2007, excluding common shares issuable upon exercise of outstanding ISOs granted under the 2005 Plan. No further ISOs may be granted under the 1995 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, 2007, 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	603,409	$100.21	1,282,604(1)
Equity compensation plans not approved by shareholders	(2)	(2)	(2)
Total	603,409	$100.21	1,282,604(1)

(1) Includes 1,207,984 common shares remaining available for future issuance under the 2005 Plan and 74,620 common shares remaining available for future issuance under the Directors' Stock Plan.

(2) The table does not include information for the Assumed Security Plans. A total of 11,782 common shares were issuable upon exercise of options granted under Assumed Security Plans which were outstanding at December 31, 2007. The weighted-average exercise price of all options granted under the Assumed Security Plans which were outstanding at December 31, 2007, was $121.81. Park cannot grant additional options under the Assumed Security Plans.

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 to be included under the captions "CORPORATE GOVERNANCE — Transactions with Related Persons" and "COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION" in Park's 2008 Proxy Statement.

Director Independence

The information required by Item 407(a) of SEC Regulation S-K is incorporated herein by reference from the disclosure to be included under the caption "CORPORATE GOVERNANCE — Independence of Directors" in Park's 2008 Proxy Statement.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

The information called for in this Item 14 is incorporated herein by reference from the disclosure to be included under the captions "AUDIT COMMITTEE MATTERS — Pre-Approval of Services Performed by Independent Registered Public Accounting Firms" and "AUDIT COMMITTEE MATTERS — Fees of Independent Registered Public Accounting Firm" in Park's 2008 Proxy Statement.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

(a)(1) Financial Statements.

The consolidated financial statements (and reports thereon) listed below are filed as a part of this Annual Report on Form 10-K or incorporated herein by reference from Park's 2007 Annual Report as noted:

Report of Independent Registered Public Accounting Firm (Crowe Chizek and Company LLC) — Incorporated by reference from page 37 of Park's 2007 Annual Report

Report of Independent Registered Public Accounting Firm (Ernst & Young LLP) — Included on page 42 of this Annual Report on Form 10-K

Consolidated Balance Sheets at December 31, 2007 and 2006 — Incorporated by reference from pages 38 and 39 of Park's 2007 Annual Report

Consolidated Statements of Income for the years ended December 31, 2007, 2006 and 2005 — Incorporated by reference from pages 40 and 41 of Park's 2007 Annual Report

Consolidated Statements of Changes in Stockholders' Equity for the years ended December 31, 2007, 2006 and 2005 — Incorporated by reference from page 42 of Park's 2007 Annual Report

Consolidated Statements of Cash Flows for the years ended December 31, 2007, 2006 and 2005 — Incorporated by reference from page 43 of Park's 2007 Annual Report

Notes to Consolidated Financial Statements — Incorporated by reference from pages 44 through 59 of Park's 2007 Annual Report

(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.

(a)(3) Exhibits.

The documents listed below are filed with this Annual Report on Form 10-K as exhibits or incorporated into this Annual Report on Form 10-K by reference as noted:

Exhibit No.	Description of Exhibit
2.1(a)	Agreement and Plan of Merger, dated to be effective as of September 14, 2006, by and between Park National Corporation and Vision Bancshares, Inc. (the "Vision Bancshares Merger Agreement") (incorporated herein by reference to Annex A to the Prospectus of Park National Corporation/Proxy Statement of Vision Bancshares, Inc. dated January 9, 2007, filed on January 11, 2007 pursuant to Rule 424 (b)(3) under the Securities Act of 1933 (Registration No. 333-139083))*
2.1(b)	First Amendment to Agreement and Plan of Merger, dated to be effective as of February 6, 2007, by and between Park National Corporation and Vision Bancshares, Inc. (incorporated herein by reference to Exhibit 2.1(b) to Park National Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 2006 (File No. 1-13006) ("Park's 2006 Form 10-K"))
2.2(a)	Second Amended and Restated Agreement and Plan of Merger, dated to be effective as of August 14, 2006, by and among Park National Corporation, The Park National Bank and Anderson Bank Company (the "Anderson Merger Agreement") (incorporated herein by reference to Annex A to the Prospectus of Park National Corporation/Proxy Statement of Anderson Bank Company dated November 13, 2006, filed on November 16, 2006 pursuant to Rule 424(b)(3) under the Securities Act of 1933 (Registration No. 333-138028)**
2.2(b)	Amendment to the Second Amended and Restated Agreement and Plan of Merger, entered into as of December 15, 2006, by and among Park National Corporation, The Park National Bank and Anderson Bank Company (incorporated herein by reference to Exhibit 2.2 to Park National Corporation's Current Report on Form 8-K dated and filed on December 18, 2006 (File No. 1-13006))

Exhibit No.	Description of Exhibit
2.3	Plan of Merger and Merger Agreement between Vision Bank (an Alabama state-chartered bank with its main office located in Gulf Shores, Alabama) and Vision Bank (a Florida state-chartered bank with its main office located in Panama City, Florida), dated July 10, 2007 (incorporated herein by reference to Exhibit 2.1 to Park National Corporation's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2007 (File No. 1-13006))
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)	Articles of Incorporation of Park National Corporation (reflecting amendments through April 22, 1997) [for SEC reporting compliance purposes only — not filed with Ohio Secretary of State] (incorporated herein by reference to Exhibit 3(a)(2) to Park's June 30, 1997 Form 10-Q)
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))

Exhibit No.	Description of Exhibit
3.2(d)	Regulations of Park National Corporation (reflecting amendments through April 17, 2006) [for purposes of SEC reporting compliance only] (incorporated herein by reference to Exhibit 3.2 to Park National Corporation's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2006 (File No. 1-13006))
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"

Exhibit No.	Description of Exhibit
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	Agreement to furnish instruments and agreements defining rights of holders of long-term debt (filed herewith)
10.1†	Summary of Base Salaries for Executive Officers of Park National Corporation (filed herewith).
10.2†	Summary of Incentive Compensation Plan of Park National Corporation for the twelve-month period ended September 30, 2007 (filed herewith)
10.3(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))
10.3(b)†	Schedule identifying Split-Dollar Agreements between subsidiaries of Park National Corporation and executive officers or employees of such subsidiaries who are 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 National Corporation's Form S-4 Registration Statement filed on December 1, 2006 (Registration No. 333-139083))
10.4†	Park National Corporation 1995 Incentive Stock Option Plan (reflects amendments and share dividends through December 15, 2004) (incorporated herein by reference to Exhibit 10.5 to Park National Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 2004 (File No. 1-13006) ("Park's 2004 Form 10-K"))
10.5†	Form of Stock Option Agreement executed in connection with the grant of options under the Park National Corporation 1995 Incentive Stock Option Plan, as amended (incorporated herein by reference to Exhibit 10(i) to Park National Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1998 (File No. 1-13006))
10.6(a)†	Description of Park National Corporation Supplemental Executive Retirement Benefits as in effect during fiscal year ended December 31, 2007 and until February 18, 2008 (filed herewith)
10.6(b)†	Form of Supplemental Executive Retirement Plan Agreement entered into by and between Park National Corporation or a wholly-owned subsidiary of Park National Corporation and each of C. Daniel DeLawder, John W. Kozak and William T. McConnell on December 27, 1996 (incorporated herein by reference to Exhibit 10.7(b) to Park's 2006 Form 10-K)

Exhibit No.	Description of Exhibit
10.7(a) †	Description of Park National Corporation Supplemental Executive Retirement Benefits as in effect from and after February 18, 2008 (filed herewith)
10.7(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"))
10.7(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)
10.8†	Security Banc Corporation 1987 Stock Option Plan, which was assumed by Park National Corporation (incorporated herein by reference to Exhibit 10(a) to Park National Corporation's Registration Statement on Form S-8 filed April 23, 2001 (Registration No. 333-59378))
10.9†	Security Banc Corporation 1995 Stock Option Plan, which was assumed by Park National Corporation (incorporated herein by reference to Exhibit 10(b) to Park National Corporation's Registration Statement on Form S-8 filed April 23, 2001 (Registration No. 333-59378))
10.10†	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))
10.11†	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))
10.12†	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))
10.13†	Summary of Certain Compensation for Directors of Park National Corporation (filed herewith)
10.14†	Security National Bank and Trust Co. Amended and Restated 1988 Deferred Compensation Plan (incorporated herein by reference to Exhibit 10.16 to Park's 2004 Form 10-K)

Exhibit No.	Description of Exhibit
10.15†	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"))
10.16†	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)
10.17(a)†	Employment Agreement for J. Daniel Sizemore, entered into September 14, 2006, by and among Park National Corporation; Vision Bank, an Alabama banking corporation; Vision Bank, a Florida banking corporation; and J. Daniel Sizemore effective as of 6:00 p.m., Eastern Standard Time, on March 9, 2007 — the effective time of the merger of Vision Bancshares, Inc. with and into Park National Corporation) (incorporated herein by reference to Exhibit C-1 to Annex A to the Prospectus of Park National Corporation/Proxy Statement of Vision Bancshares, Inc. dated January 9, 2007, filed on January 11, 2007 pursuant to Rule 424(b)(3) under the Securities Act of 1933 (Registration No. 333-139083))
10.17(b)†	First Amendment to Employment Agreement for J. Daniel Sizemore, entered into February 6, 2007, by and among Park National Corporation; Vision Bank, an Alabama banking corporation; Vision Bank, a Florida banking corporation; and J. Daniel Sizemore effective as of 6:00 p.m., Eastern Standard Time, on March 9, 2007 — the effective time of the merger of Vision Bancshares, Inc. with and into Park National Corporation (incorporated herein by reference to Exhibit 10.17(b) to Park's 2006 Form 10-K)
10.18(a)	Credit Agreement, dated as of March 12, 2007, between JPMorgan Chase Bank, N.A. and Park National Corporation (incorporated herein by reference to Exhibit 10.1(a) to Park's March 15, 2007 Form 8-K)
10.18(b)	Amendment to Credit Agreement, dated as of January 10, 2008, between Park National Corporation and JPMorgan Chase Bank, N.A. (incorporated herein by reference to Exhibit 10.1 to Park National Corporation's Current Report on Form 8-K dated and filed on January 11, 2008 (File No. 1-13006) ("Park's January 11, 2008 Form 8-K"))
10.18(c)	Line of Credit Note, dated January 10, 2008, issued by Park National Corporation to JPMorgan Chase Bank, N.A. or order (incorporated herein by reference to Exhibit 10.2 to Park's January 11, 2008 Form 8-K)
10.19(a)†	Salary Continuation Agreement, adopted as of July 14, 2004, between Vision Bank, an Alabama banking corporation, and J. Daniel Sizemore (incorporated herein by reference to Exhibit 10.1(e) to Park's March 15, 2007 Form 8-K)
10.19(b)†	First Amendment to the Vision Bank Salary Continuation Plan, adopted as of June 26, 2006, between Vision Bank, an Alabama banking corporation, and J.

Exhibit No.	Description of Exhibit
	Daniel Sizemore (incorporated herein by reference to Exhibit 10.1(f) to Park's March 15, 2007 Form 8-K)
10.19(c)†	Second Amendment to the Vision Bank Salary Continuation Plan dated July 14, 2004 for J. Daniel Sizemore, executed and effective June 1, 2007, between Vision Bank, a state-chartered commercial bank located in Gulf Shores, Alabama, and J. Daniel Sizemore (incorporated herein by reference to Exhibit 10.2 to Park National Corporation's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2007 (File No. 1-13006) ("Park's September 30, 2007 Form 10-Q))
10.20(a)†	Salary Continuation Agreement, adopted as of July 14, 2004, between Vision Bank, FSB (predecessor by merger to Vision Bank, a Florida banking corporation), and J. Daniel Sizemore (incorporated herein by reference to Exhibit 10.1(g) to Park's March 15, 2007 Form 8-K)
10.20(b)†	First Amendment to the Vision Bank Salary Continuation Plan, adopted as of June 26, 2006, between Vision Bank, a Florida banking corporation, and J. Daniel Sizemore (incorporated herein by reference to Exhibit 10.1(h) to Park's March 15, 2007 Form 8-K)
10.20(c)†	Second Amendment to the Vision Bank Salary Continuation Plan dated July 14, 2004 for J. Daniel Sizemore, executed and effective June 1, 2007, between Vision Bank, a state-chartered commercial bank located in Panama City, Florida, and J. Daniel Sizemore (incorporated herein by reference to Exhibit 10.1 to Park's September 30, 2007 Form 10-Q)
10.21	Agreement for Purchase and Sale, made and entered into as of March 26, 2007, between Bay County Investment Group, LLC, a Florida limited liability company, and Vision Bank, a Florida banking corporation, with respect to purchase and sale of real property located at 2200 Stanford Road, Panama City, Florida (incorporated herein by reference to Exhibit 10.8 to Park's March 31, 2007 Form 10-Q)
10.22	Agreement for Purchase and Sale, made and entered into as of March 26, 2007, between Elberta Holdings, LLC, an Alabama limited liability company, and Vision Bank, an Alabama banking corporation, with respect to purchase and sale of real property located at 24989 State Street, Elberta, Alabama and 13027 Main Street, Elberta, Alabama (incorporated herein by reference to Exhibit 10.9 to Park's March 31, 2007 Form 10-Q)
10.23	Agreement for Purchase and Sale, made and entered into as of March 26, 2007, between Gulf Shores Investment Group, LLC, an Alabama limited liability company, and Vision Bank, an Alabama banking corporation, with respect to purchase and sale of real property located at 2201 West 1st Street, Gulf Shores, Alabama (incorporated herein by reference to Exhibit 10.10 to Park's March 31, 2007 Form 10-Q)
10.24	Agreement for Purchase and Sale, made and entered into as of March 26, 2007, between Gulf Shores Investment Group, LLC, an Alabama limited liability

Exhibit No.	Description of Exhibit
	company, and Vision Bank, an Alabama banking corporation, with respect to purchase and sale of real property located at 25051 Canal Road, Orange Beach, Alabama (incorporated herein by reference to Exhibit 10.11 to Park's March 31, 2007 Form 10-Q)
10.25	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)
10.26(a)†	Form of Split-Dollar Agreement, made and entered into effective as of December 28, 2007, between one of the bank subsidiaries of Park National Corporation (The Park National Bank, The First-Knox National Bank of Mount Vernon or The Richland Trust Company) and a Non-Employee Director of Park National Corporation (incorporated herein by reference to Exhibit 10.2(a) to Park's January 2, 2008 Form 8-K)
10.26(b)†	Schedule identifying Split-Dollar Agreements entered into by Non-Employee Directors of Park National Corporation and The Park National Bank, The Richland Trust Company or The First-Knox National Bank of Mount Vernon as identified in such Schedule (incorporated herein by reference to Exhibit 10.2(b) to Park's January 2, 2008 Form 8-K)
12	Computation of ratios (filed herewith)
13	2007 Annual Report (not deemed filed except for portions thereof which are specifically incorporated by reference in this Annual Report on Form 10-K) (filed herewith)
14	Code of Business Conduct and Ethics, as amended July 16, 2007 and updated July 24, 2007 (filed herewith)
21	Subsidiaries of Park National Corporation (filed herewith)
23.1	Consent of Crowe Chizek and Company LLC (filed herewith)
23.2	Consent of Ernst & Young LLP (filed herewith)
24	Powers of Attorney of Directors and Executive Officers of Park National Corporation (filed herewith)
31.1	Rule 13a-14(a)/15d-14(a) Certification — Principal Executive Officer (filed herewith)
31.2	Rule 13a-14(a)/15d-14(a) Certification — Principal Financial Officer (filed herewith)

Exhibit No.	Description of Exhibit
32	Section 1350 Certification — Principal Executive Officer and Principal Financial Officer (filed herewith)

* The forms of employment agreements attached as Exhibits C-6 through C-12 to the Vision Bancshares Merger Agreement and the Vision Bancshares Disclosure Schedule referenced in the Vision Bancshares Merger Agreement have been omitted pursuant to Item 601(b)(2) of SEC Regulation S-K. Park National Corporation hereby undertakes to furnish supplementally a copy of the Vision Bancshares Disclosure Schedule and Exhibits C-6 through C-12 to the Vision Bancshares Merger Agreement upon request by the SEC.

** The Anderson Disclosure Schedule referenced in the Anderson Merger Agreement has been omitted pursuant to Item 601(b)(2) of SEC Regulation S-K. Park hereby undertakes to furnish supplementally a copy of the Anderson Disclosure Schedule upon request by the SEC.

† Management contract or compensatory plan or arrangement.

(b) Exhibits.

The documents listed in Item 15(a)(3) are filed with this Annual Report on Form 10-K as exhibits or incorporated into this Annual Report on Form 10-K by reference.

(c) Financial Statement Schedules.

None

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

PARK NATIONAL CORPORATION

Date: February 29, 2008

By: /s/ C. Daniel DeLawder
C. Daniel DeLawder,
Chairman of the Board and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated on the 29th day of February, 2008.

Name	Capacity
/s/ C. Daniel DeLawder C. Daniel DeLawder	Chairman of the Board, Chief Executive Officer and Director
/s/ David L. Trautman* David L. Trautman	President, Secretary and Director
/s/ John W. Kozak John W. Kozak	Chief Financial Officer
/s/ Brady T. Burt Brady T. Burt	Chief Accounting Officer
/s/ Nicholas L. Berning* Nicholas L. Berning	Director
/s/ Maureen Buchwald* Maureen Buchwald	Director
/s/ James J. Cullers* James J. Cullers	Director

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Name	Capacity
/s/ Harry O. Egger* Harry O. Egger	Director
/s/ F. William Englefield IV* F. William Englefield IV	Director
/s/ William T. McConnell* William T. McConnell	Director
/s/ John J. O'Neill* John J. O'Neill	Director
/s/ William A. Phillips* William A. Phillips	Director
/s/ J. Gilbert Reese* J. Gilbert Reese	Director
/s/ Rick R. Taylor* Rick R. Taylor	Director
/s/ Leon Zazworsky* Leon Zazworsky	Director

* The above-named directors of the Registrant sign this Annual Report on Form 10-K by C. Daniel DeLawder, their attorney-in-fact, pursuant to Powers of Attorney signed by the above-named directors, which Powers of Attorney are filed with this Annual Report on Form 10-K as exhibits, in the capacities indicated and on the 29th day of February, 2008.

By: /s/ C. Daniel DeLawder
C. Daniel DeLawder
Chairman of the Board and Chief Executive Officer

PARK NATIONAL CORPORATION

Annual Report on Form 10-K
for the
Fiscal Year Ended December 31, 2007

INDEX TO EXHIBITS

Exhibit No.	Description of Exhibit
2.1(a)	Agreement and Plan of Merger, dated to be effective as of September 14, 2006, by and between Park National Corporation and Vision Bancshares, Inc. (the “Vision Bancshares Merger Agreement”) (incorporated herein by reference to Annex A to the Prospectus of Park National Corporation/Proxy Statement of Vision Bancshares, Inc. dated January 9, 2007, filed on January 11, 2007 pursuant to Rule 424(b)(3) under the Securities Act of 1933 (Registration No. 333-139083))*
2.1(b)	First Amendment to Agreement and Plan of Merger, dated to be effective as of February 6, 2007, by and between Park National Corporation and Vision Bancshares, Inc. (incorporated herein by reference to Exhibit 2.1(b) to Park National Corporation’s Annual Report on Form 10-K for the fiscal year ended December 31, 2006 (File No. 1-13006) (“Park’s 2006 Form 10-K”))
2.2(a)	Second Amended and Restated Agreement and Plan of Merger, dated to be effective as of August 14, 2006, by and among Park National Corporation, The Park National Bank and Anderson Bank Company (the “Anderson Merger Agreement”) (incorporated herein by reference to Annex A to the Prospectus of Park National Corporation/Proxy Statement of Anderson Bank Company dated November 13, 2006, filed on November 16, 2006 pursuant to Rule 424(b)(3) under the Securities Act of 1933 (Registration No. 333-138028)**
2.2(b)	Amendment to the Second Amended and Restated Agreement and Plan of Merger, entered into as of December 15, 2006, by and among Park National Corporation, The Park National Bank and Anderson Bank Company (incorporated herein by reference to Exhibit 2.2 to Park National Corporation’s Current Report on Form 8-K dated and filed on December 18, 2006 (File No. 1-13006))
2.3	Plan of Merger and Merger Agreement between Vision Bank (an Alabama state-chartered bank with its main office located in Gulf Shores, Alabama) and Vision Bank (a Florida state-chartered bank with its main office located in Panama City, Florida), dated July 10, 2007 (incorporated herein by reference to Exhibit 2.1 to Park National Corporation’s Quarterly Report

Exhibit No.	Description of Exhibit
	on Form 10-Q for the quarterly period ended June 30, 2007 (File No. 1-13006))
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)	Articles of Incorporation of Park National Corporation (reflecting amendments through April 22, 1997) [for SEC reporting compliance purposes only — not filed with Ohio Secretary of State] (incorporated herein by reference to Exhibit 3(a)(2) to Park's June 30, 1997 Form 10-Q)
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)	Regulations of Park National Corporation (reflecting amendments through April 17, 2006) [for purposes of SEC reporting compliance only]

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	(incorporated herein by reference to Exhibit 3.2 to Park National Corporation's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2006 (File No. 1-13006))
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))
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10.14†	Security National Bank and Trust Co. Amended and Restated 1988 Deferred Compensation Plan (incorporated herein by reference to Exhibit 10.16 to Park's 2004 Form 10-K)
10.15†	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"))
10.16†	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)
10.17(a)†	Employment Agreement for J. Daniel Sizemore, entered into September 14, 2006, by and among Park National Corporation; Vision Bank, an Alabama banking corporation; Vision Bank, a Florida banking corporation; and J. Daniel Sizemore effective as of 6:00 p.m., Eastern Standard Time, on March 9, 2007 – the effective time of the merger of Vision Bancshares, Inc. with and into Park National Corporation) (incorporated herein by reference to Exhibit C-1 to Annex A to the Prospectus of Park National Corporation/Proxy Statement of Vision Bancshares, Inc. dated January 9, 2007, filed on January 11, 2007 pursuant to Rule 424(b)(3) under the Securities Act of 1933 (Registration No. 333-139083))
10.17(b)†	First Amendment to Employment Agreement for J. Daniel Sizemore, entered into February 6, 2007, by and among Park National Corporation; Vision Bank, an Alabama banking corporation; Vision Bank, a Florida banking corporation; and J. Daniel Sizemore effective as of 6:00 p.m., Eastern Standard Time, on March 9, 2007 – the effective time of the merger of Vision Bancshares, Inc. with and into Park National Corporation (incorporated herein by reference to Exhibit 10.17(b) to Park's 2006 Form 10-K)
10.18(a)	Credit Agreement, dated as of March 12, 2007, between JPMorgan Chase Bank, N.A. and Park National Corporation (incorporated herein by reference to Exhibit 10.1(a) to Park's March 15, 2007 Form 8-K)
10.18(b)	Amendment to Credit Agreement, dated as of January 10, 2008, between Park National Corporation and JPMorgan Chase Bank, N.A. (incorporated herein by reference to Exhibit 10.1 to Park National Corporation's Current

Exhibit No.	Description of Exhibit
	Report on Form 8-K dated and filed on January 11, 2008 (File No. 1-13006) (“Park’s January 11, 2008 Form 8-K”))
10.18(c)	Line of Credit Note, dated January 10, 2008, issued by Park National Corporation to JPMorgan Chase Bank, N.A. or order (incorporated herein by reference to Exhibit 10.2 to Park’s January 11, 2008 Form 8-K)
10.19(a)†	Salary Continuation Agreement, adopted as of July 14, 2004, between Vision Bank, an Alabama banking corporation, and J. Daniel Sizemore (incorporated herein by reference to Exhibit 10.1(e) to Park’s March 15, 2007 Form 8-K)
10.19(b)†	First Amendment to the Vision Bank Salary Continuation Plan, adopted as of June 26, 2006, between Vision Bank, an Alabama banking corporation, and J. Daniel Sizemore (incorporated herein by reference to Exhibit 10.1(f) to Park’s March 15, 2007 Form 8-K)
10.19(c)†	Second Amendment to the Vision Bank Salary Continuation Plan dated July 14, 2004 for J. Daniel Sizemore, executed and effective June 1, 2007, between Vision Bank, a state-chartered commercial bank located in Gulf Shores, Alabama, and J. Daniel Sizemore (incorporated herein by reference to Exhibit 10.2 to Park National Corporation’s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2007 (File No. 1-13006) (“Park’s September 30, 2007 Form 10-Q))
10.20(a)†	Salary Continuation Agreement, adopted as of July 14, 2004, between Vision Bank, FSB (predecessor by merger to Vision Bank, a Florida banking corporation), and J. Daniel Sizemore (incorporated herein by reference to Exhibit 10.1(g) to Park’s March 15, 2007 Form 8-K)
10.20(b)†	First Amendment to the Vision Bank Salary Continuation Plan, adopted as of June 26, 2006, between Vision Bank, a Florida banking corporation, and J. Daniel Sizemore (incorporated herein by reference to Exhibit 10.1(h) to Park’s March 15, 2007 Form 8-K)
10.20(c)†	Second Amendment to the Vision Bank Salary Continuation Plan dated July 14, 2004 for J. Daniel Sizemore, executed and effective June 1, 2007, between Vision Bank, a state-chartered commercial bank located in Panama City, Florida, and J. Daniel Sizemore (incorporated herein by reference to Exhibit 10.1 to Park’s September 30, 2007 Form 10-Q)
10.21	Agreement for Purchase and Sale, made and entered into as of March 26, 2007, between Bay County Investment Group, LLC, a Florida limited liability company, and Vision Bank, a Florida banking corporation, with respect to purchase and sale of real property located at 2200 Stanford Road, Panama City, Florida (incorporated herein by reference to Exhibit 10.8 to Park’s March 31, 2007 Form 10-Q)

Exhibit No.	Description of Exhibit
10.22	Agreement for Purchase and Sale, made and entered into as of March 26, 2007, between Elberta Holdings, LLC, an Alabama limited liability company, and Vision Bank, an Alabama banking corporation, with respect to purchase and sale of real property located at 24989 State Street, Elberta, Alabama and 13027 Main Street, Elberta, Alabama (incorporated herein by reference to Exhibit 10.9 to Park's March 31, 2007 Form 10-Q)
10.23	Agreement for Purchase and Sale, made and entered into as of March 26, 2007, between Gulf Shores Investment Group, LLC, an Alabama limited liability company, and Vision Bank, an Alabama banking corporation, with respect to purchase and sale of real property located at 2201 West 1st Street, Gulf Shores, Alabama (incorporated herein by reference to Exhibit 10.10 to Park's March 31, 2007 Form 10-Q)
10.24	Agreement for Purchase and Sale, made and entered into as of March 26, 2007, between Gulf Shores Investment Group, LLC, an Alabama limited liability company, and Vision Bank, an Alabama banking corporation, with respect to purchase and sale of real property located at 25051 Canal Road, Orange Beach, Alabama (incorporated herein by reference to Exhibit 10.11 to Park's March 31, 2007 Form 10-Q)
10.25	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)
10.26(a)†	Form of Split-Dollar Agreement, made and entered into effective as of December 28, 2007, between one of the bank subsidiaries of Park National Corporation (The Park National Bank, The First-Knox National Bank of Mount Vernon or The Richland Trust Company) and a Non-Employee Director of Park National Corporation (incorporated herein by reference to Exhibit 10.2(a) to Park's January 2, 2008 Form 8-K)
10.26(b)†	Schedule identifying Split-Dollar Agreements entered into by Non-Employee Directors of Park National Corporation and The Park National Bank, The Richland Trust Company or The First-Knox National Bank of Mount Vernon as identified in such Schedule (incorporated herein by reference to Exhibit 10.2(b) to Park's January 2, 2008 Form 8-K)
12	Computation of ratios (filed herewith)
13	2007 Annual Report (not deemed filed except for portions thereof which are specifically incorporated by reference in this Annual Report on Form 10-K) (filed herewith)
14	Code of Business Conduct and Ethics, as amended July 16, 2007 and updated July 24, 2007 (filed herewith)

Exhibit No.	Description of Exhibit
21	Subsidiaries of Park National Corporation (filed herewith)
23.1	Consent of Crowe Chizek and Company LLC (filed herewith)
23.2	Consent of Ernst & Young LLP (filed herewith)
24	Powers of Attorney of Directors and Executive Officers of Park National Corporation (filed herewith)
31.1	Rule 13a-14(a)/15d-14(a) Certification – Principal Executive Officer (filed herewith)
31.2	Rule 13a-14(a)/15d-14(a) Certification – Principal Financial Officer (filed herewith)
32	Section 1350 Certification – Principal Executive Officer and Principal Financial Officer (filed herewith)

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* The forms of employment agreements attached as Exhibits C-6 through C-12 to the Vision Bancshares Merger Agreement and the Vision Bancshares Disclosure Schedule referenced in the Vision Bancshares Merger Agreement have been omitted pursuant to Item 601(b)(2) of SEC Regulation S-K. Park National Corporation hereby undertakes to furnish supplementally a copy of the Vision Bancshares Disclosure Schedule and Exhibits C-6 through C-12 to the Vision Bancshares Merger Agreement upon request by the SEC.

** The Anderson Disclosure Schedule referenced in the Anderson Merger Agreement has been omitted pursuant to Item 601(b)(2) of SEC Regulation S-K. Park hereby undertakes to furnish supplementally a copy of the Anderson Disclosure Schedule upon request by the SEC.

† Management contract or compensatory plan or arrangement.

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Section 2: EX-4.5 (EX-4.5)

Exhibit 4.5

[Park National Corporation Letterhead]

February 29, 2008

Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

Re: Park National Corporation — Annual Report on Form 10-K for the fiscal year ended December 31, 2007

Ladies and Gentlemen:

Park National Corporation, an Ohio corporation ("Park"), is today filing with the Securities and Exchange Commission (the "SEC") the Annual Report on Form 10-K of Park for the fiscal year ended December 31, 2007 ("Park's 2007 Form 10-K").

Neither (i) Park nor (ii) any of Park's consolidated subsidiaries has outstanding any instrument or agreement with respect to its long-term debt under which the total amount of long-term debt authorized exceeds 10% of the total assets of Park and Park's subsidiaries on a consolidated basis. In accordance with the provisions of Item 601 (b)(4)(iii) of SEC Regulation S-K, Park hereby agrees to furnish to the SEC, upon request, a copy of each such instrument or agreement defining (i) the rights of holders of long-term debt of Park or (ii) the rights of holders of long-term debt of a consolidated subsidiary of Park, in each case which is not being filed or incorporated by reference as an exhibit to Park's 2007 Form 10-K.

Very truly yours,

PARK NATIONAL CORPORATION

/s/ John W. Kozak

John W. Kozak
Chief Financial Officer

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Section 3: EX-10.1 (EX-10.1)

Exhibit 10.1

Summary of Base Salaries
for
Executive Officers of Park National Corporation

On January 16, 2008, the Compensation Committee of the Board of Directors of Park National Corporation ("Park") approved the base salaries for the fiscal year ending December 31, 2008, for each of the executive officers of Park: (a) C. Daniel DeLawder, Chairman of the Board and Chief Executive Officer of Park and The Park National Bank, a subsidiary of Park; (b) David L. Trautman, President and Secretary of Park and President of The Park National Bank; and (c) John W. Kozak, Chief Financial Officer of Park and Senior Vice President and Chief Financial Officer of The Park National Bank.

Those base salaries, which will be the same as the base salaries paid to each of the executive officers of Park for the fiscal year ended December 31, 2007, will be:

* C. Daniel DeLawder — $473,525
* David L. Trautman — $313,250
* John W. Kozak — $214,455

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Section 4: EX-10.2 (EX-10.2)

Exhibit 10.2

Summary of Incentive Compensation Plan of Park National
Corporation for the Twelve-Month Period Ending September 30, 2007

The Compensation Committee of the Board of Directors of Park National Corporation ("Park") administers Park's incentive compensation plan which may enable the officers of The Park National Bank (the Park National Division, the Fairfield National Division, the Consolidated Computer Center Division and The Park National Bank of Southwest Ohio & Northern Kentucky division), The Richland Trust Company, Century National Bank, The First-Knox National Bank of Mount Vernon (the First-Knox National Division and the Farmers and Savings Division), Second National Bank, United Bank, N.A., The Security National Bank and Trust Co. (the Security National Division and the Unity National Division), The Citizens National Bank of Urbana, Vision Bank (the Vision Bank headquartered in Panama City, Florida and the Vision Bank Division of Gulf Shores, Alabama), Scope Leasing, Inc. and Guardian Financial Services Company (collectively, "Park's Principal Subsidiaries") to share in any above-average return on equity (as defined below) which Park and Park's subsidiaries on a consolidated basis may generate during each twelve-month period ending September 30. During the fiscal year ended December 31, 2007 (the "2007 fiscal year"), all officers of Park's Principal Subsidiaries other than Vision Bank, including C. Daniel DeLawder (who served as Chairman of the Board and Chief Executive Officer of Park and The Park National Bank during the 2007 fiscal year and continues to so serve), David L. Trautman (who served as President and Secretary of Park and as President of The Park National Bank during the 2007 fiscal year and continues to so serve) and John W. Kozak (who served as Chief Financial Officer of Park and as Senior Vice President and Chief Financial Officer of The Park National Bank during the 2007 fiscal year and continues to so serve) were eligible to participate in the incentive compensation plan. For the fiscal year ending December 31, 2008, all officers of Park's Principal Subsidiaries (including Vision Bank) may be eligible to participate.

Above-average return on equity is defined as the amount by which the net income to average shareholders' equity ratio of Park and Park's subsidiaries on a consolidated basis for a twelve-month period ended September 30 exceeds the median net income to average shareholders' equity ratio of all U.S. bank holding companies of similar asset size ($3 billion to $10 billion). A historically applied formula determines the amount, if any, by which Park's return on equity ratio exceeds the median return on equity ratio of these peer bank holding companies. Approximately twenty percent (20%) of any such excess amount on a before-tax equivalent basis may then be available for incentive compensation. If Park's return on equity ratio is equal to or less than that of the peer group, no incentive compensation will be available with respect to that twelve-month period.

For the 2007 incentive compensation paid in 2008, the Compensation Committee met on January 16, 2008 and reviewed management's computation of the incentive compensation pool for the twelve months ended September 30, 2007 (the "2007 Incentive Compensation Period"). Management's computation of the incentive compensation pool was determined by using 20% of the amount by which Park's return on equity ratio for the 2007 Incentive Compensation Period exceeded the median return on equity ratio of the peer bank holding companies (the "computed return on equity advantage") and decreasing this amount based upon the decrease in Park's diluted earnings per share for the 2007 Incentive Compensation Period compared to the twelve months ended September 30, 2006 (the "2006 Incentive Compensation Period").

The following table indicates by how much the computed return on equity advantage was to be increased or decreased based on the relative change in diluted earnings per share.

Increase or Decrease in Diluted EPS	Increase or Decrease in Incentive Compensation Pool
0 to 1.99%	0%
2 to 2.99%	.5%
3 to 3.99%	1.5%
4 to 4.99%	2.4%
5 to 5.99%	3.5%
6 to 6.99%	4.8%
7 to 7.99%	6.3%
8% and over	Equivalent to actual percentage (or portion thereof) increase or decrease

Diluted earnings per share decreased by 7.1% for the 2007 Incentive Compensation Period compared to the 2006 Incentive Compensation Period. As a result, the incentive pool was decreased by 6.3%, as indicated in the table, to take into account the reduction in diluted earnings per share.

Management's computation of the incentive compensation pool was $8,959,000 for the 2007 Incentive Compensation Period. The computed 20% of return on equity advantage was $9,561,000 and the reduction based on the percentage decrease in diluted earnings per share was $602,000 or 6.3%.

Management's computation of the incentive compensation pool of $8,959,000 for the 2007 Incentive Compensation Period represented a $833,000 or 8.5% reduction from the incentive compensation pool of $9,792,000 for the 2006 Incentive Compensation Period. The Compensation Committee reviewed management's computation of the incentive compensation pool and concluded that the recommended reduction in the amount of the incentive compensation pool was reasonable.

The following schedule sets forth the incentive compensation paid on February 8, 2008 to each of Messrs. DeLawder, Trautman and Kozak for the 2007 Incentive Compensation Period as compared to each of their incentive compensation payments for the 2006 Incentive Compensation Period:

Name	2006 Incentive Compensation	Amount Change	Percentage Change	2007 Incentive Compensation
C. Daniel DeLawder	$473,525	$(173,525)	(36.6%)	$300,000
David L. Trautman	$313,250	$ (63,250)	(20.2%)	$250,000
John W. Kozak	$214,455	$ (14,455)	(6.7%)	$200,000

The Compensation Committee determined that the incentive compensation awards paid to Messrs. DeLawder, Trautman and Kozak for the 2007 Incentive Compensation Period should be reduced based on the negative impact on Park's results of the performance of Vision Bank following the merger of Vision Bancshares, Inc., an Alabama bank holding company, with and into Park on March 9, 2007, and the reduction in aggregate net income generated by Park's Ohio-based bank subsidiaries. The Compensation Committee also concluded that Park's Chairman of the Board and Chief Executive Officer (Mr. DeLawder) and Park's President and Secretary (Mr. Trautman) should have a larger decrease in the amount of their incentive compensation award than the overall decrease in the incentive compensation pool of 8.5%. The Compensation Committee concluded that the executive officers should receive different percentage reductions based on their differing levels of responsibility as reflected in the table above.

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Section 5: EX-10.6.A (EX-10.6(A))

Exhibit 10.6(a)

Description of Park National Corporation Supplemental Executive Retirement Benefits as in effect during fiscal year ended December 31, 2007 and until February 18, 2008

Park National Corporation ("Park") adopted the Park National Corporation Supplemental Executive Retirement Plan (the "SERP") in December 1996. During the fiscal year ended December 31, 2007 (the "2007 fiscal year"), the SERP benefited 30 current and former officers of Park and Park's subsidiaries, including: (a) William T. McConnell, who serves as Chairman of the Executive Committee of the Board of Directors of each of Park and The Park National Bank, a subsidiary of Park ("PNB"); (b) C. Daniel DeLawder, who serves as Chairman of the Board and Chief Executive Officer of each of Park and PNB; and (c) John W. Kozak, who serves as Chief Financial Officer of Park and Senior Vice President and Chief Financial Officer of PNB. David L. Trautman, who serves as President and Secretary of Park and as President of PNB, did not participate in the SERP during the 2007 fiscal year. Each of the SERP participants, including Messrs. McConnell, DeLawder and Kozak, was a party to a Supplemental Executive Retirement Plan Agreement effective December 27, 1996 (the "SERP Agreement") with Park.

The SERP Agreements represented unfunded, non-qualified benefit arrangements designed to restore benefits lost due to limitations under the Internal Revenue Code of 1986, as amended, on the amount of compensation covered by and the benefits payable under a defined benefit plan such as the Park National Corporation Defined Benefit Pension Plan. Park and Park's subsidiaries had no obligation to set aside any funds with which to pay their respective obligations under the SERP Agreements. The participants, their beneficiaries and any successors in interest were to be general creditors of Park and Park's subsidiaries in the same manner as any other creditor having a general claim for matured and unpaid compensation.

Pursuant to each SERP Agreement, if a participant continued to be employed by Park or one of Park's subsidiaries until age 62, the participant was entitled to receive a payment equal to the balance of his "pre-retirement account" (as defined below) in 15 annual installments. These payments were to commence 30 days following the date on which the participant attained age 62. A participant could elect to receive the balance of his or her pre-retirement account in any number of years that was less than 15 years, provided that the election was made in writing to Park or one of Park's subsidiaries no less than one year prior to the participant's retirement date.

For purposes of the SERP, the "pre-retirement account" was a liability reserve account established on the books of Park or one of Park's subsidiaries for the benefit of the participant. The pre-retirement account was increased or decreased each year by an amount equal to the aggregate annual after-tax income, calculated in accordance with FASB Technical Bulletin 85-4, from the life insurance policy (described below) until: (i) the participant's voluntary resignation from, or termination without cause by, Park and Park's subsidiaries prior to age 62 or (ii) the participant's retirement.

In addition to the payment of the pre-retirement account (discussed above), a participant was also entitled to receive a payment equal to the "index retirement benefit" (as defined below). Payment of the index retirement benefit was to commence in the first year that a participant retired from Park and Park's subsidiaries after age 62 and was to be paid each year thereafter until the participant's death.

For purposes of the SERP, the "index retirement benefit" for a participant for any year was to be equal to the aggregate annual after-tax income, calculated in accordance with FASB Technical Bulletin 85-4, from the life insurance policy (described below).

If a participant were to voluntarily resign or was terminated, with or without cause (as defined in the SERP Agreement), prior to age 62, all benefits under the SERP Agreement were forfeited. If a participant began to draw benefits from Park's Long Term Disability Plan, for as long as the participant remained disabled, the participant could elect to be paid the balance of his pre-retirement account in equal annual installments from the time the participant began to draw benefits under the Long Term Disability Plan until age 62. From and after the age of 62, the participant was to be paid the index retirement benefit annually until the participant's death. If a participant died prior to having received the full balance of the participant's pre-retirement account, such unpaid balance was to be paid in a lump sum to the beneficiary selected by the participant and filed with Park or one of Park's subsidiaries. In the absence of or a failure to designate a beneficiary, the unpaid balance was to be paid in a lump sum to the personal representative of the participant's estate.

Park purchased split-dollar life insurance policies with respect to 26 of the participants in the SERP, including Messrs. McConnell, DeLawder and Kozak, in order to fund Park's obligations under the SERP Agreement to which each such participant was a party. The SERP was designed to provide an annual targeted retirement benefit of approximately $53,200, $127,900 and $3,900 for Messrs. McConnell, DeLawder and Kozak, respectively. These additional benefits were not guaranteed and were dependent upon the earnings from the related life insurance policies compared to the average yield on three-month Treasury bills. Each life insurance policy also provides a life insurance benefit for the participants in the SERP to whom the policies relate, who die before age 84. The amount of this life insurance benefit is equal to the present value of the stream of future benefits which would have been paid to the individual until age 84 but had not been paid at the time of the individual's death. If the amount of this life insurance benefit were computed as of December 31, 2007, the life insurance benefit for Mr. McConnell would have been approximately $848,300, the life insurance benefit for Mr. DeLawder would have been approximately $1,996,600 and the life insurance benefit for Mr. Kozak would have been approximately $33,500.

The life insurance policies described in the preceding paragraph remained in effect following the February 18, 2008 approval by the Compensation Committee of Park's Board of Directors of Amended and Restated Supplemental Executive Retirement Benefits Agreements (the "Amended SERP Agreements"). The Amended SERP Agreements amended and restated the SERP Agreements by changing the calculation of benefits payable to a participant in the SERP from a defined contribution (indexed) formula to a defined benefit formula.

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Section 6: EX-10.7.A (EX-10.7(A))

Description of Park National Corporation Supplemental Executive
Retirement Benefits as in effect from and after February 18, 2008

Park National Corporation ("Park") adopted the Park National Corporation Supplemental Executive Retirement Plan (the "SERP") in December 1996. During the fiscal year ended December 31, 2007 (the "2007 fiscal year"), the SERP benefited 30 current and former officers of Park and Park's subsidiaries, including: (a) William T. McConnell, who serves as Chairman of the Executive Committee of the Board of Directors of each of Park and The Park National Bank, a subsidiary of Park ("PNB"); (b) C. Daniel DeLawder, who serves as Chairman of the Board and Chief Executive Officer of each of Park and PNB; and (c) John W. Kozak, who serves as Chief Financial Officer of Park and Senior Vice President and Chief Financial Officer of PNB. David L. Trautman, who serves as President and Secretary of Park and as President of PNB, did not participate in the SERP during the 2007 fiscal year. Each of the SERP participants, including Messrs. McConnell, DeLawder and Kozak, was a party to a Supplemental Executive Retirement Plan Agreement effective December 27, 1996 (the "1996 SERP Agreement") with Park.

The 1996 SERP Agreements represented unfunded, non-qualified benefit arrangements designed to restore benefits lost due to limitations under the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"), on the amount of compensation covered by and the benefits payable under a defined benefit plan such as the Park National Corporation Defined Benefit Pension Plan (the "Park Pension Plan"). Park and Park's subsidiaries had no obligation to set aside any funds with which to pay their respective obligations under the 1996 SERP Agreements. The participants, their beneficiaries and any successors in interest were to be general creditors of Park and Park's subsidiaries in the same manner as any other creditor having a general claim for matured and unpaid compensation.

Pursuant to each 1996 SERP Agreement, if a participant continued to be employed by Park or one of Park's subsidiaries until age 62, the participant was entitled to receive a payment equal to the balance of his "pre-retirement account" (as defined below) in 15 annual installments. These payments were to commence 30 days following the date on which the participant attained age 62. A participant could elect to receive the balance of his or her pre-retirement account in any number of years that was less than 15 years, provided that the election was made in writing to Park or one of Park's subsidiaries no less than one year prior to the participant's retirement date.

For purposes of the SERP, the "pre-retirement account" was a liability reserve account established on the books of Park or one of Park's subsidiaries for the benefit of the participant. The pre-retirement account was increased or decreased each year by an amount equal to the aggregate annual after-tax income, calculated in accordance with FASB Technical Bulletin 85-4, from the life insurance policy (described below) until: (i) the participant's voluntary resignation from, or termination without cause by, Park and Park's subsidiaries prior to age 62 or (ii) the participant's retirement.

In addition to the payment of the pre-retirement account (discussed above), a participant was also entitled to receive a payment equal to the "index retirement benefit" (as defined below). Payment of the index retirement benefit was to commence in the first year that a participant retired from Park and Park's subsidiaries after age 62 and was to be paid each year thereafter until the participant's death.

For purposes of the SERP, the "index retirement benefit" for a participant for any year was to be equal to the aggregate annual after-tax income, calculated in accordance with FASB Technical Bulletin 85-4, from the life insurance policy (described below).

If a participant were to voluntarily resign or was terminated, with or without cause (as defined in the 1996 SERP Agreement), prior to age 62, all benefits under the 1996 SERP Agreement were forfeited. If a participant began to draw benefits from Park's Long Term Disability Plan, for as long as the participant remained disabled, the participant could elect to be paid the balance of his pre-retirement account in equal annual installments from the time the participant began to draw benefits under the Long Term Disability Plan until age 62. From and after the age of 62, the participant was to be paid the index retirement benefit annually until the participant's death. If a participant died prior to having received the full balance of the participant's pre-retirement account, such unpaid balance was to be paid in a lump sum to the beneficiary selected by the participant and filed with Park or one of Park's subsidiaries. In the absence of or a failure to designate a beneficiary, the unpaid balance was to be paid in a lump sum to the personal representative of the participant's estate.

Park purchased split-dollar life insurance policies with respect to 26 of the participants in the SERP, including Messrs. McConnell, DeLawder and Kozak, in order to fund Park's obligations under the 1996 SERP Agreement to which each such participant was a party. The SERP was designed to provide an annual targeted retirement benefit of approximately $53,200, $127,900 and $3,900 for Messrs. McConnell, DeLawder and Kozak, respectively. These additional benefits were not guaranteed and were dependent upon the earnings from the related life insurance policies compared to the average yield on three-month Treasury bills. Each life insurance policy also provides a life insurance benefit for the participants in the SERP to whom the policies relate, who die before age 84. The amount of this life insurance benefit is equal to the present value of the stream of future benefits which would have been paid to the individual until age 84 but had not been paid at the time of the individual's death. If the amount of this life insurance benefit were computed as of December 31, 2007, the life insurance benefit for Mr. McConnell would have been approximately $848,300, the life insurance benefit for Mr. DeLawder would have been approximately $1,996,600 and the life insurance benefit for Mr. Kozak would have been approximately $33,500.

At its meeting on February 18, 2008, the Compensation Committee of Park's Board of Directors approved Amended and Restated Supplemental Executive Retirement Benefits Agreements (the "Amended SERP Agreements") for the 30 current and former officers of Park and Park's subsidiaries participating in the SERP (the "Original SERP Participants"), including Messrs. DeLawder, Kozak and McConnell. Each Amended SERP Agreement, which became effective as of February 18, 2008, amends and restates the terms of the 1996 SERP Agreement to which each Original SERP Participant was a party, by changing the calculation of benefits payable to the Original SERP Participant from a defined contribution (indexed) formula to a defined benefit formula. Due to the manner in which they were calculated, payments under the 1996 SERP Agreements have been quite variable in amount for the Original SERP Participants from year to year — sometimes being much larger or sometimes being much smaller than the targeted amount. Under the Amended SERP Agreements, payments will be made in the same amount each year. The present value of the future payments under the defined benefit formula provisions of the Amended SERP Agreements are projected to be the same as under the defined contribution (indexed) formula provisions of the 1996 SERP Agreements.

Pursuant to each Amended SERP Agreement, an Original SERP Participant is entitled to receive an annual supplemental retirement benefit (the "Full Benefit" as defined in each Amended SERP Agreement) beginning, subject to compliance with the requirements of Section 409A of the Internal Revenue Code, at age 62 (the "Payment Commencement Date") and payable each year thereafter until the Original SERP Participant's death. The annual Full Benefit for each Original SERP Participant under his Amended SERP Agreement is the same amount as the annual targeted benefit for the Original SERP Participant under his 1996 SERP Agreement. Mr. DeLawder will be entitled to receive an annual Full Benefit of $127,900 beginning, subject to compliance with the requirements of Section 409A of the Internal Revenue Code, at age 62 in October of 2011. Mr. Kozak will be entitled to receive an annual Full Benefit of $3,900 beginning, subject to compliance with the requirements of Section 409A of the Internal Revenue Code, at age 62 in March of 2017. Mr. McConnell, who has reached age 62 and was receiving an annual targeted benefit under his 1996 SERP Agreement of $53,200, is entitled to continue receiving an annual Full Benefit under his Amended SERP Agreement of the same amount.

If an Original SERP Participant separates from service (within the meaning of the Treasury regulations applicable to Section 409A of the Internal Revenue Code) with Park and Park's subsidiaries for any reason prior to his Payment Commencement Date, he forfeits any right to payment under his Amended SERP Agreement. Notwithstanding the foregoing, in the event that an Original SERP Participant becomes substantially disabled (as defined in each Amended SERP Agreement) while employed by Park and Park's subsidiaries prior to his Payment Commencement Date, he will be entitled to receive a reduced benefit (the "Limited Benefit" as defined in each Amended SERP Agreement), the amount of which varies depending on the year in which the Original SERP Participant becomes substantially disabled. In the event a change in control occurs before an Original SERP Participant experiences a separation from service with Park and Park's subsidiaries, the Original SERP Participant will become fully vested in his annual Full Benefit as though he remained continuously employed with Park and Park's subsidiaries until his Payment Commencement Date, and payments will begin on his Payment Commencement Date as described above. For purposes of each Amended SERP Agreement, a change in control is deemed to occur upon: (a) the execution of an agreement for the sale of all or a material portion of the assets of Park; (b) a merger or recapitalization in which Park is not the surviving entity; or (c) the acquisition of the beneficial ownership of 25% or more of the outstanding voting securities of Park by any person, trust, entity or group.

If an Original SERP Participant experiences a separation from service with Park and Park's subsidiaries for cause (as defined in each Amended SERP Agreement) or if Park determines, following an Original SERP Participant's Payment Commencement Date or the Original SERP Participant's becoming substantially disabled, that cause existed to terminate the

Original SERP Participant, his Amended SERP Agreement will terminate and the Original SERP Participant will forfeit any right to receive future payments and must return all payments previously made under his Amended SERP Agreement within 30 days. In addition, an Original SERP Participant will forfeit the right to receive future payments under his Amended SERP Agreement if he violates certain non-competition, non-solicitation of customers and non-solicitation of employees covenants set forth in each Amended SERP Agreement during a period of 12 months following his separation from service with Park and Park's subsidiaries.

Each Amended SERP Agreement terminates upon an Original SERP Participant's death.

As discussed above, Park had purchased split-dollar life insurance policies with respect to 26 of the Original SERP Participants, including Messrs. DeLawder, Kozak and McConnell, in order to fund Park's obligations under the 1996 SERP Agreement to which each such Original SERP Participant was a party. Those life insurance policies remain in effect in order to fund Park's obligations under the related Amended SERP Agreements. Each life insurance policy also continues to provide a life insurance benefit for the Original SERP Participant to whom it relates if such Original SERP Participant should die before age 84. The amount of this life insurance benefit remains equal to the present value of the stream of future benefits which would have been paid to the Original SERP Participant until age 84 but had not been paid at the time of the Original SERP Participant's death.

At its meeting on February 18, 2008, the Compensation Committee of Park's Board of Directors also approved a Supplemental Executive Retirement Benefits Agreement (the "Trautman SERP Agreement") between Park and Mr. Trautman, which became effective as of that date.

The Trautman SERP Agreement represents an unfunded, non-qualified benefit arrangement designed to constitute a portion of aggregate retirement benefits for Mr. Trautman which would provide him with the equivalent of approximately 40% of his projected annual compensation at age 62. The 40% retirement benefit is computed by adding to the supplemental retirement benefit provided by the Trautman SERP Agreement: (i) the projected benefit for Mr. Trautman under the Park Pension Plan; (ii) the projected benefit for Mr. Trautman related to contributions made by Park to the Park National Corporation Employees Stock Ownership Plan on Mr. Trautman's behalf to match pre-tax elective deferral contributions made by him; and (iii) projected Social Security benefits to be received by Mr. Trautman. Under the Trautman SERP Agreement, Mr. Trautman will be entitled to receive an annual supplemental retirement benefit of $125,000 (the "Trautman Full Benefit") beginning at age 62, subject to compliance with the requirements of Section 409A of the Internal Revenue Code, in March of 2023 (the "Trautman Payment Commencement Date") and payable each year thereafter until his death.

If Mr. Trautman separates from service (within the meaning of the Treasury regulations applicable to Section 409A of the Internal Revenue Code) with Park and Park's subsidiaries for any reason prior to the Trautman Payment Commencement Date, he forfeits any right to payment under the Trautman SERP Agreement. Notwithstanding the foregoing, in the event that Mr. Trautman becomes substantially disabled (as defined in the Trautman SERP Agreement) while employed by Park and Park's subsidiaries prior to the Trautman Payment Commencement Date, he will be entitled to receive a reduced benefit (the "Limited Benefit" as defined in the Trautman

SERP Agreement), the amount of which varies depending on the year in which Mr. Trautman becomes substantially disabled. In the event a change in control occurs before Mr. Trautman experiences a separation from service with Park and Park's subsidiaries, Mr. Trautman will become fully vested in the Trautman Full Benefit as though he remained continuously employed with Park and Park's subsidiaries until the Trautman Payment Commencement Date, and payments of the Trautman Full Benefit will begin on the Trautman Payment Commencement Date as described above. For purposes of the Trautman SERP Agreement, a change in control is defined in the same manner as under the Amended SERP Agreements.

If Mr. Trautman experiences a separation from service with Park and Park's subsidiaries for cause (as defined in the Trautman SERP Agreement) or if Park determines, following the Trautman Payment Commencement Date or Mr. Trautman's becoming substantially disabled, that cause existed to terminate Mr. Trautman, the Trautman SERP Agreement will immediately terminate and Mr. Trautman will forfeit any right to receive future payments and must return all payments previously made under the Trautman SERP Agreement within 30 days. In addition, Mr. Trautman will forfeit the right to receive future payments under the Trautman SERP Agreement if he violates certain non-competition, non-solicitation of customers and non-solicitation of employees covenants set forth in the Trautman SERP Agreement during a period of 12 months following his separation from service with Park and Park's subsidiaries.

The Trautman SERP Agreement terminates upon Mr. Trautman's death.

Park intends to purchase a split-dollar life insurance policy with respect to Mr. Trautman in order to fund Park's obligations under the Trautman SERP Agreement. Park anticipates that this life insurance policy will also provide a life insurance benefit for Mr. Trautman if he should die before age 84. The amount of this life insurance benefit is expected to be equal to the present value of the stream of future benefits which would have been paid under the Trautman SERP Agreement to Mr. Trautman until age 84 but had not been paid at the time of his death.

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Section 7: EX-10.13 (EX-10.13)

Exhibit 10.13

Summary of Certain Compensation for
Directors of Park National Corporation

Annual Retainer and Meeting Fees

Each director of Park National Corporation ("Park") who is not an employee of Park or one of Park's subsidiaries (a "non-employee director") receives, on the date of the regular meeting of the Park Board of Directors held during the fourth fiscal quarter, an annual retainer in the form of 120 common shares awarded under the Park National Corporation Stock Plan for Non-Employee Directors of Park National Corporation and Subsidiaries (the "Directors' Stock Plan").

Each non-employee director receives $1,000 for each meeting of the Park Board of Directors attended and $400 for each meeting of a committee of the Park Board of Directors attended. If the date of a meeting of the full Board of Directors is changed from that provided for by resolution of the Board and a non-employee director is not able to attend the rescheduled meeting, he or she receives the meeting fee as though he or she attended the meeting.

In addition, each member of the Executive Committee of the Park Board of Directors receives a $2,500 annual cash retainer and each member of the Audit Committee of the Park Board of Directors (other than the Chair) receives a $2,000 annual cash retainer. The Chair of the Audit Committee receives a $5,000 annual cash retainer.

Each non-employee director of Park also serves on the board of directors of one of Park's subsidiary banks and receives, on the date of the regular meeting of the Park Board of Directors held during the fourth fiscal quarter, an annual retainer in the form of 60 common shares of Park awarded under the Directors' Stock Plan and, in some cases, a specified amount of cash for such service as well as fees for attendance at meetings of the board of directors of the appropriate Park subsidiary bank (and committees of that board).

C. Daniel DeLawder, William T. McConnell, William A. Phillips and David L. Trautman receive no compensation for serving as members of the Board of Directors of Park or of any subsidiary of Park.

Other Compensation

William T. McConnell is employed by The Park National Bank, a subsidiary of Park, in a non-executive officer capacity. In such capacity, he received the amount of $33,000 during the fiscal year ended December 31, 2007 (the "2007 fiscal year). William A. Phillips is employed by Century National Bank, a subsidiary of Park, in a non-executive officer capacity. In such capacity, he received the amount of $33,000 during the 2007 fiscal year.

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Section 8: EX-12 (EX-12)

COMPUTATION OF RATIOS

RETURN ON AVERAGE ASSETS	Net income/Average assets
RETURN ON AVERAGE EQUITY	Net income/Average stockholders' equity
NET INTEREST MARGIN (computed on a fully taxable equivalent basis)	Fully taxable equivalent net interest income/Average earning assets
NONINTEREST EXPENSE TO NET REVENUE (computed on a fully taxable equivalent basis) [Also referred to as EFFICIENCY RATIO]	Total other expense/(Fully taxable equivalent net interest income plus total other income adjusted for gains or losses on sales of securities)
DIVIDEND PAYOUT RATIO	Dividends declared/Net income
AVERAGE STOCKHOLDERS' EQUITY TO AVERAGE TOTAL ASSETS	Average stockholders' equity/Average assets
TIER 1 CAPITAL RATIO	(Stockholders' equity less goodwill and other intangible assets and accumulated other comprehensive income (loss) plus qualifying trust preferred securities ("Tier 1 capital")/Risk-adjusted assets
RISK-BASED CAPITAL RATIO	(Tier 1 capital plus qualifying loan loss allowance and subordinated debt)/Risk-adjusted assets
LEVERAGE RATIO	Tier 1 capital/(Average total assets less goodwill and other intangible assets)
BOOK VALUE PER SHARE	Total stockholders' equity/Common shares outstanding at year-end
ALLOWANCE FOR LOAN LOSSES TO END OF YEAR LOANS	Allowance for loan losses/Gross loans net of unearned interest
NET CHARGE-OFFS TO AVERAGE LOANS	Net charge-offs/Average gross loans net of unearned interest
NONPERFORMING LOANS TO LOANS	(Nonaccrual loans plus loans past due 90 days or greater plus renegotiated loans)/Gross loans net of unearned interest

NONPERFORMING ASSETS TO LOANS	(Nonaccrual loans plus loans past due 90 days or greater plus renegotiated loans plus other real estate owned)/Gross loans net of unearned interest
NONPERFORMING ASSETS TO TOTAL ASSETS	(Nonaccrual loans plus loans past due 90 days or greater plus renegotiated loans plus other real estate owned)/Total assets
RETURN ON AVERAGE EQUITY BEFORE IMPAIRMENT CHARGE	(Net income plus goodwill impairment charge)/Average stockholders' equity
RETURN ON AVERAGE ASSETS BEFORE IMPAIRMENT CHARGE	(Net income plus goodwill impairment charge)/Average assets

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Section 9: EX-13 (EX-13)

FINANCIAL REVIEW

This financial review presents management's discussion and analysis of the financial condition and results of operations for Park National Corporation ("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. 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, Park's ability to successfully integrate acquisitions into Park's operations, Park's ability to achieve the anticipated cost savings and revenue synergies from acquisitions, Park's ability to convert its Ohio-based community banking subsidiaries and divisions to one operating system and combine their charters, changes in general economic and financial market conditions, deterioration in credit conditions in the markets in which Park's subsidiary banks operate, changes in interest rates, changes in the competitive environment, changes in banking regulations or other regulatory or legislative requirements affecting the respective businesses of Park and its subsidiaries, changes in accounting policies or procedures as may be required by the Financial Accounting Standards Board or other regulatory agencies, demand for loans in the respective market areas served by Park and its subsidiaries, 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 Park's Annual Report on Form 10-K for the fiscal year ended December 31, 2007. Undue reliance should not be placed on the forward-looking statements, which speak only as of the date hereof. 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 is made, or reflect the occurrence of unanticipated events, except to the extent required by law.

ACQUISITION OF VISION BANCSHARES, INC.

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 Florida panhandle. The markets that Vision Bank operates in are expected to grow faster than many of the non-metro markets in which Park's subsidiary banks operate in Ohio. Management expects that the acquisition of Vision will improve the future growth rate for Park's loans and deposits. However, the acquisition of Vision had a significant negative impact on Park's net income in 2007. Please see the next section "Overview" for a discussion of the net loss at Vision Bank in 2007.

OVERVIEW

Net income for 2007 decreased by $71.4 million or 75.9% to $22.7 million, compared to net income of $94.1 million for 2006. The primary reason for the large decrease in net income was the net loss of $60.7 million at Vision Bank from the date of the acquisition (March 9, 2007) through December 31, 2007. Vision Bank recognized a goodwill impairment charge of $54.0 million during the fourth quarter of 2007. Diluted earnings per share decreased by 76.3% to $1.60 for 2007 compared to $6.74 for 2006. Excluding the goodwill impairment charge of $54.0 million or $3.80 per diluted share, net income was $76.7 million in 2007 and diluted earnings per share were $5.40 in 2007, a decrease of 18.4% in net income and 19.9% in diluted earnings per share compared to 2006.

The following tables show the components of net income for 2007 by quarter for Park, Vision Bank and Park excluding Vision Bank.

Park — Summary Income Statement
(For the year ended December 31, 2007)

(In thousands)	March 31	June 30	Sept. 30	Dec. 31	Total
Net interest income	$54,898	$60,410	$59,416	$ 59,953	**$234,677**
Provision for loan losses	2,205	2,881	5,793	18,597	**29,476**
Other income	16,174	18,462	19,060	17,944	**71,640**
Other expense	39,309	42,480	42,817	99,558	**224,164**
Income (loss) before taxes	29,558	33,511	29,866	(40,258)	**52,677**
Income taxes	8,495	10,001	8,562	2,912	**29,970**
Net income (loss)	$21,063	$23,510	$21,304	$(43,170)	**$ 22,707**

Vision Bank — Summary Income Statement
(For the period March 9, 2007 through December 31, 2007)

(In thousands)	March 31	June 30	Sept. 30	Dec. 31	Total
Net interest income	$2,075	$8,260	$7,744	$ 5,677	**$ 23,756**
Provision for loan losses	—	85	2,420	16,920	**19,425**
Other income	266	990	1,121	1,088	**3,465**
Other expense	1,405	5,707	6,189	59,279	**72,580**
Income (loss) before taxes	936	3,458	256	(69,434)	**(64,784)**
Income taxes	356	1,297	80	(5,836)	**(4,103)**
Net income (loss)	$ 580	$2,161	$ 176	$(63,598)	**$(60,681)**

Vision Bank began experiencing credit problems during the third quarter. Net loan charge-offs were $2.2 million during the third quarter and nonperforming loans increased by $19.8 million to $26.3 million. During the fourth quarter, net loan charge-offs were $6.4 million and nonperforming loans increased by $37.2 million to $63.5 million or 9.9% of year-end loan balances. From the date of acquisition (March 9, 2007) through December 31, 2007, net loan charge-offs for Vision Bank were $8.6 million or an annualized 1.71% of average loans. As a result of the credit problems at Vision Bank, Park's management determined during the fourth quarter that the goodwill of $109.0 million recorded at the time of acquisition was possibly impaired. A goodwill impairment analysis was completed 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.

Park Excluding Vision Bank — Summary Income Statement
(For the year ended December 31, 2007)

(In thousands)	March 31	June 30	Sept. 30	Dec. 31	Total
Net interest income	$52,823	$52,150	$51,672	$54,276	**$210,921**
Provision for loan losses	2,205	2,796	3,373	1,677	**10,051**
Other income	15,908	17,472	17,939	16,856	**68,175**
Other expense	37,904	36,773	36,628	40,279	**151,584**
Income before taxes	28,622	30,053	29,610	29,176	**117,461**
Income taxes	8,139	8,704	8,482	8,748	**34,073**
Net income	$20,483	$21,349	$21,128	$20,428	**$ 83,388**

FINANCIAL REVIEW

The following table compares the summary income statement for Park excluding Vision Bank for 2007 with the operating results for Park for 2006.

Summary Income Statement

(In thousands)	2007	2006	Change
Net interest income	**$210,921**	$213,244	$ (2,323)
Provision for loan losses	**10,051**	3,927	6,124
Other income	**68,175**	64,762	3,413
Other expense	**151,584**	141,002	10,582
Income before taxes	**117,461**	133,077	(15,616)
Income taxes	**34,073**	38,986	(4,913)
Net income	**$ 83,388**	$ 94,091	$(10,703)

A year ago, Park's management projected that for 2007, net interest income excluding Vision Bank would be in a range of $217.5 million to $219.6 million. The actual result for the year was $210.9 million. However, Park paid $87.8 million in cash for Vision and assumed $15.0 million in debt. The interest expense pertaining to these items was $4.5 million in 2007. In addition, primarily throughout the last three quarters of 2007, Park purchased 760,531 shares of treasury stock during 2007 at a total cost of approximately $65.6 million. The interest expense associated with the treasury stock purchases was approximately $1.8 million. As a result, net interest income for Park excluding Vision Bank and the purchase of treasury stock would have been approximately $217.2 million for 2007, which is just below the lower end of the projected range for 2007.

The provision for loan losses for Park excluding Vision Bank increased by $6.1 million in 2007 to $10.1 million. Net loan charge-offs were $13.6 million or .39% of average loans for Park excluding Vision Bank. By comparison, net loan charge-offs were $3.9 million or .12% of average loans in 2006.

Park's management projected a year ago that total other income for 2007 would be $68.3 million. The actual total other income for the year excluding Vision Bank was $68.2 million, slightly below the projection.

During the fourth quarter of 2007, Park accrued $887,000 of expense pertaining to Visa members' indemnification of estimated future litigation settlements. Visa has announced plans for an initial public offering and to fund litigation settlements from an escrow account to be funded by the initial public offering. When and if that occurs in 2008, management would expect to reverse the $887,000 litigation reserve.

Park's management projected a year ago that total other expense would be $150 million for 2007. The actual total other expense was $151.6 million for Park, excluding Vision Bank. However, $887,000 of the difference is explained by the Visa litigation reserve established during the fourth quarter.

Net income for 2006 decreased by $1.1 million or 1.2% to $94.1 million, compared to net income of $95.2 million for 2005. Diluted earnings per share increased by 1.5% to $6.74 for 2006 compared to $6.64 for 2005.

For 2006 compared to 2005, income before income taxes was negatively impacted by a $7.3 million reduction in net interest income and a $1.6 million increase in total operating expenses. Income before income taxes benefited from a decrease in the loan loss provision of $1.5 million and an increase in total other income of $5.1 million. The net impact to income before income taxes from the reduction in net interest income, the reduction in the provision for loan losses, the increase in total other income and the increase in total operating expenses was a decrease of $2.3 million. Income tax expense decreased by $1.2 million, which generated the decrease in net income of $1.1 million in 2006 compared to 2005.

Effective the fourth quarter of 2007, the quarterly cash dividend on common shares was increased to $.94 per share. The new annualized cash dividend of $3.76 per share is 1.1% greater than the sum of the cash dividends declared for the four previous quarters. Park has paid quarterly cash dividends since becoming a holding company in early 1987. The annual compound growth rate for Park's dividend declared per share for the last five years is 4.7%. The dividend pay out ratio was 232.35% for 2007, 54.65% for 2006 and 54.19% for 2005. Excluding the goodwill impairment charge of $54.0 million, the dividend payout ratio for 2007 was 68.75%. Park's management expects that the dividend payout ratio for 2008 will be approximately 60% to 62%.

OTHER ACQUISITIONS OF FINANCIAL INSTITUTIONS

On December 18, 2006, Park acquired Anderson Bank Company ("Anderson") of Cincinnati, Ohio for $17.7 million in a cash and stock transaction. Park paid the shareholders of Anderson aggregate consideration consisting of $9.052 million and 86,137 common shares of Park valued at $8.665 million. Anderson merged with Park's subsidiary bank, The Park National Bank ("PNB"), and Anderson's two offices are being operated as part of the operating division of PNB known as The Park National Bank of Southwest Ohio & Northern Kentucky ("PSW"). The fair value of the acquired assets of Anderson was $69.7 million and the fair value of the liabilities assumed was $62.6 million at December 18, 2006. The goodwill recognized as a result of this acquisition was $10.6 million.

On January 3, 2005, Park acquired First Clermont Bank ("First Clermont") of Milford, Ohio for $52.5 million in an all cash transaction.

First Clermont Bank merged with PNB and operated as a separate division of PNB (under the First Clermont name) until June 12, 2006, when First Clermont and three offices of PNB in southwest Ohio were combined to form PSW. The fair value of the acquired assets of First Clermont was $185.4 million and the fair value of the liabilities assumed was $161.3 million at January 3, 2005. The goodwill recognized as a result of this acquisition was $28.4 million.

The two acquisitions were funded through the working capital of Park and its subsidiary banks.

BRANCH PURCHASE AND BRANCH SALE

On September 21, 2007, a national bank subsidiary of Park, The First-Knox National Bank of Mount Vernon ("FKNB") acquired the Millersburg, Ohio banking office (the "Millersburg branch") of Ohio Legacy Bank, N.A. ("Ohio Legacy"). FKNB acquired substantially all of the loans administered at the Millersburg branch of Ohio Legacy and assumed substantially all of the deposit liabilities relating to the deposit accounts assigned to the Millersburg branch. The fair value of the loans acquired was approximately $38.3 million and the fair value of the deposit liabilities assumed was approximately $23.5 million.

FKNB paid a premium of approximately $1.7 million in connection with the purchase of the deposit liabilities. FKNB recognized a loan premium adjustment of $700,000 and a certificate of deposit adjustment of $300,000, resulting in the recording of a core deposit intangible of $2.7 million. No goodwill was recognized as part of this transaction. In addition, FKNB paid $900,000 for the acquisition of the branch office building that Ohio Legacy was leasing from a third party.

On February 11, 2005, Century National Bank ("CNB") sold its Roseville, Ohio branch office. The deposits sold with the Roseville branch office totaled $12.4 million and the loans sold with the branch office totaled $5.3 million. CNB received a premium of $1.2 million from the sale of deposits which reduced goodwill by $860,000 and core deposit intangibles by $324,000.

CRITICAL ACCOUNTING POLICIES

The significant accounting policies used in the development and presentation of Park's financial statements are listed in Note 1 of the Notes to Consolidated Financial Statements. The accounting and reporting policies of Park conform with U.S. generally accepted accounting principles and general practices within the financial services industry. 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 financial statements and the accompanying notes. Actual results could differ from those estimates.

Park considers that 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, 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 the current economic conditions. All of those 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.

Management's assessment of the adequacy of the allowance for loan losses considers individual impaired loans, pools of homogeneous loans with similar risk characteristics and other environmental risk factors. This assessment is updated on a quarterly basis. The allowance established for individual impaired loans reflects expected losses resulting from analyses developed through specific credit allocations for individual loans. The specific credit allocations are based on regular analyses of commercial, commercial real estate and construction loans where the internal credit rating is at or below a predetermined classification. These analyses involve a high degree of judgment in estimating the amount of loss associated with specific impaired loans.

Pools of homogeneous loans with similar risk characteristics are also assessed for probable losses. A loss migration analysis is performed on certain commercial, commercial real estate loans and construction loans. These are loans above a fixed dollar amount that are assigned an internal credit rating. Generally, residential real estate loans and consumer loans are not individually graded. The amount of loan loss reserve assigned to these loans is dependent on their net charge-off history.

Management also evaluates the impact of environmental factors which pose additional risks. 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.

Management believes that the accounting for goodwill and other intangible assets also involves a higher degree of judgment than most other significant accounting policies. Statement of Financial Accounting Standards (SFAS) No. 142, "Accounting for Goodwill and Other Intangible Assets," 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. SFAS No. 142 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.

During the fourth quarter of 2007, Vision Bank recorded a goodwill impairment charge of $54.0 million which reduced the goodwill balance on its books to $55.0 million from $109.0 million. Park's management determined that Vision Bank had significant credit problems during the fourth quarter of 2007 and concluded that an impairment analysis needed to be done on the goodwill balance at Vision Bank. The goodwill impairment charge was computed by determining the fair value of Vision Bank on a controlling interest basis. The fair value of Vision Bank was considered to be the amount at which Vision Bank could be sold in a current transaction between willing parties, that is, other than a forced liquidation sale. Four different methods were used to determine the fair value of Vision Bank. The four methods used were the discounted cash flow method, the capitalized earnings method, the capitalized tangible book value method, and the core deposit premium plus tangible book value method. Each method was given a 25% weighting to determine the fair value of Vision Bank. The computed fair value of Vision Bank was found to be less than its carrying value. As a result management computed the amount of the goodwill impairment charge needed to reduce the carrying value of Vision Bank to its fair value.

At December 31, 2007, on a consolidated basis, Park had core deposit intangibles of $17.2 million subject to amortization and $127.3 million of goodwill, which was not subject to periodic amortization. The core deposit intangibles recorded on the balance sheets of Park's Ohio-based banks totaled $6.3 million and the core deposit intangibles at Vision Bank were $10.9 million. The goodwill assets carried on the balance sheets of Park's Ohio-based banks totaled $72.3 million and the goodwill balance at Vision Bank was $55.0 million.

ABOUT OUR BUSINESS

Through its Ohio-based banking subsidiaries, Park is engaged in the commercial banking and trust business, generally in small to medium population Ohio communities and through Vision Bank in Baldwin County, Alabama and in the Florida panhandle. Management believes there is 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 and investment banking operations, 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. Familiarity with its local markets has generally allowed Park to achieve solid financial results.

Park's subsidiaries compete for deposits and loans with other banks, savings associations, credit unions and other types of financial institutions. At December 31, 2007, Park and its Ohio-based subsidiaries operated 136 offices and a network of 147 automatic teller machines in 28 Ohio counties and one county in northern Kentucky. Vision Bank operated 18 offices and a network of 23 automatic teller machines in Baldwin County, Alabama and in six counties in the panhandle of Florida.

A table of financial data of Park's subsidiaries for 2007, 2006 and 2005 is shown below. See Note 21 of the Notes to Consolidated Financial Statements for additional information on the Corporation's subsidiaries.

Table 1 — Park National Corporation Affiliate Financial Data

	2007		2006		2005	
(In thousands)	**Average Assets**	**Net Income (Loss)**	Average Assets	Net Income (Loss)	Average Assets	Net Income (Loss)
Park National Bank:						
Park National Division	**$1,492,652**	**$24,830**	$1,503,420	$26,577	$1,413,872	$23,026
Fairfield National Division	**332,564**	**6,322**	338,183	6,457	362,192	6,856
Park National SW & N KY Division	**398,517**	**(69)**	288,189	1,331	229,726	3,049
Richland Trust Company	**529,175**	**5,915**	496,481	7,987	515,749	8,842
Century National Bank	**720,781**	**11,913**	719,864	10,149	743,276	12,464
First-Knox National Bank:						
First-Knox National Division	**656,406**	**10,891**	639,969	11,406	639,000	10,805
Farmers & Savings Division	**129,133**	**2,292**	132,222	2,308	126,939	2,544

Table 1 — Park National Corporation Affiliate Financial Data continued

(In thousands)	2007 Average Assets	2007 Net Income (Loss)	2006 Average Assets	2006 Net Income (Loss)	2005 Average Assets	2005 Net Income (Loss)
United Bank, N.A.	**207,493**	**2,410**	218,358	2,537	241,277	3,026
Second National Bank	**403,114**	**4,847**	386,139	4,705	404,656	6,029
Security National Bank:						
Security National Division	**685,718**	**10,609**	766,298	11,931	782,467	11,393
Unity National Division	**192,382**	**1,290**	190,751	986	184,234	1,404
Citizens National Bank	**150,083**	**1,830**	166,611	1,854	189,965	1,928
Vision Bank	**698,788**	**(60,681)**	—	—	—	—
Parent Company, including consolidating entries	**(427,650)**	**308**	(465,862)	5,863	(275,265)	3,872
Consolidated Totals	**$6,169,156**	**$ 22,707**	$5,380,623	$94,091	$5,558,088	$95,238

BALANCE SHEET COMPOSITION

Park functions as a financial holding company. The following section discusses the balance sheet for the Corporation.

IMPACT OF ACQUISITION OF VISION ON PARK'S BALANCE SHEET

The following table displays (for selected balance sheet items) the consolidated condensed balance sheet item, the balance sheet item for Vision Bank and the total for the balance sheet item without Vision Bank as of December 31, 2007. A comparison is made to the year-end 2006 balance sheet.

(In thousands)	Selected Balance Sheet Items at December 31, 2007 Park	December 31, 2007 Vision Bank	December 31, 2007 Park Excluding Vision Bank	December 31, 2006 Park
Cash and due from banks	$ 183,165	$ 23,541	$ 159,624	$ 177,990
Total investment securities	$1,703,103	$111,851	$1,591,252	$1,513,498
Loans	$4,224,134	$639,097	$3,585,037	$3,480,702
Allowance for loan losses	$ 87,102	$ 20,157	$ 66,945	$ 70,500
Net loans	$4,137,032	$618,940	$3,518,092	$3,410,202
Goodwill and other intangible assets	$ 144,556	$ 65,939	$ 78,617	$ 78,003
Bank premises and equipment, net	$ 66,634	$ 18,511	$ 48,123	$ 47,554
Noninterest bearing deposits	$ 695,466	$ 66,514	$ 628,952	$ 664,962
Interest bearing deposits	$3,743,773	$590,254	$3,153,519	$3,160,572
Total deposits	**$4,439,239**	**$656,768**	**$3,782,471**	**$3,825,534**
Total borrowings	**$1,389,727**	**$ 70,594**	**$1,319,133**	**$ 979,913**
Total assets	**$6,501,102**	**$855,794**	**$5,645,308**	**$5,470,876**

SOURCE OF FUNDS

Deposits: Park's major source of funds is provided by core deposits from individuals, businesses and local government units. These core deposits consist of all noninterest bearing and interest bearing deposits, excluding certificates of deposit of $100,000 and over. Core deposits were 85.5% of total deposits at year-end 2007, compared to 88.2% at year-end 2006 and 88.9% at year-end 2005.

In 2007, year-end total deposits increased by $13 million or .3% exclusive of the $577 million of deposits that were acquired in the Vision acquisition and exclusive of the $23 million in deposits that were acquired in the purchase of the Millersburg, Ohio branch office. During 2007, the deposits of Vision Bank increased by approximately $80 million or 13.8% from the date of acquisition (March 9, 2007) through year-end. By comparison, the deposits for Park's Ohio-based banks decreased by $67 million or 1.7% during 2007.

In 2006, year-end total deposits increased by $6 million or .2% exclusive of the $61 million of deposits that were acquired in the Anderson acquisition.

Average total deposits were $4,403 million in 2007 compared to $3,825 million in 2006 and $3,830 million in 2005. Average noninterest bearing deposits were $697 million in 2007 compared to $662 million in 2006 and $643 million in 2005.

Management expects that average total deposits will increase by a modest amount (1% to 2%) in 2008. Emphasis will continue to be placed on increasing noninterest bearing deposits and controlling the cost of interest bearing deposits. A year ago, management projected that average total deposits (excluding the Vision acquisition) would increase by 1% to 2% in 2007. Average total deposits (excluding the Vision acquisition and the Millersburg branch acquisition) increased by approximately $56 million or 1.5% in 2007, which was in line with the guidance provided by management for 2007.

The Federal Open Market Committee ("FOMC") of the Federal Reserve Board decreased the targeted federal funds rate by 50 basis points at its meeting in September 2007 and further decreased the targeted federal funds rate by 50 basis points during the fourth quarter of 2007. The targeted federal funds rate decreased in total by 100 basis points in 2007 from 5.25% to 4.25%. The average federal funds rate was 5.02% in 2007, 4.97% in 2006 and 3.21% in 2005.

The average interest rate paid on interest bearing deposits was 3.27% in 2007 compared to 2.60% in 2006 and 1.79% in 2005. The average cost of interest bearing deposits was 3.23% for the fourth quarter of 2007, compared to 3.39% for the third quarter, 3.34% for the second quarter and 3.08% for the first quarter.

The FOMC announced on January 22, 2008 an additional reduction in the targeted federal funds rate of 75 basis points to 3.50% and further reduced the targeted federal funds rate by 50 basis points to 3.00% at their meeting on January 30, 2008. The FOMC took these actions in view of a weakening of the economic outlook and increasing downside risks to growth.

Park's management has been able to significantly reduce the interest rates being offered on certificates of deposits and to a lesser extent other interest bearing deposit accounts during the month of December. As a result of these changes, Park's management expects a significant reduction in the average interest rate paid on interest bearing deposits in 2008.

Maturities of time certificates of deposit and other time deposits of $100,000 and over as of December 31, 2007 were:

Table 2 — $100,000 and Over Maturity Schedule

December 31, 2007 (In thousands)	Time Certificates of Deposit
3 months or less	**$242,681**
Over 3 months through 6 months	**143,212**
Over 6 months through 12 months	**156,797**
Over 12 months	**99,260**
Total	**$641,950**

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 4.47% in 2007 compared to 4.18% in 2006 and 2.57% in 2005.

The average cost of short-term borrowings was 4.26% for the fourth quarter of 2007, compared to 4.71% for the third quarter, 4.55% for the second quarter and 4.45% for the first quarter. Management expects a significant reduction in the average rate paid on short-term borrowings in 2008, as a result of the recent decreases in the targeted federal funds rate.

Average short-term borrowings were $494 million in 2007 compared to $375 million in 2006 and $292 million in 2005. The increase in short-term borrowings in 2007 compared to 2006 was primarily due to the acquisition of Vision on March 9, 2007. Park paid $87.8 million in cash as part of the consideration for the acquisition of Vision.

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 rate paid on long-term debt was 4.22% for both 2007 and 2006 and was 3.69% for 2005. The average cost of long-term debt was 4.10% for the fourth quarter of 2007, compared to 4.29% for the third quarter, 4.28% for the second quarter and 4.24% for the first quarter. (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 2007, average long-term debt was $569 million compared to $553 million in 2006 and $800 million in 2005. Average total debt (long-term and short-term) was $1,063 million in 2007 compared to $929 million in 2006 and $1,092 million in 2005. Average long-term debt was 54% of average total debt in 2007 compared to 60% in 2006 and 73% in 2005.

Subordinated Debentures: Park assumed with the Vision acquisition $15 million of a floating rate subordinated debenture. The interest rate on this subordinated debenture adjusts every quarter at 148 basis points above the three month LIBOR interest rate. The maturity date on the debenture is December 30, 2035 and the subordinated debenture may be prepaid after December 30, 2010. This subordinated debenture qualifies as Tier 1 capital under Federal Reserve Board guidelines.

Park's Ohio-based banking subsidiary (The Park National Bank) issued $25 million of a 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 on 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").

See Note 11 of the Notes to Consolidated Financial Statements for additional information on the subordinated debentures.

Stockholders' Equity: Average stockholders' equity to average total assets was 10.03% in 2007, 10.13% in 2006 and 10.06% in 2005.

Tangible stockholders' equity (stockholders' equity less goodwill and other intangible assets) to tangible assets (total assets less goodwill and other intangible assets) was 6.85% at December 31, 2007, compared to 9.13% at December 31, 2006 and 9.12% at December 31, 2005.

The large decrease in the ratio of tangible stockholders' equity to tangible assets was primarily due to the purchase of treasury stock during 2007 and to the acquisition of Vision. Park purchased 760,531 treasury shares in 2007 at an average price of $86.21 per share for a total cost of $65.6 million. As part of the Vision acquisition, Park issued 792,937 shares of Park common stock valued at a price of $105.00 per share for a total value of $83.3 million. Vision Bank had a net loss of $60.7 million in 2007 and ended the year with goodwill and intangible assets of $65.9 million.

In accordance with SFAS No. 115, Park reflects any unrealized holding gain or loss on available-for-sale securities, net of income taxes, as accumulated other comprehensive income (loss) which is part of Park's equity. The unrealized holding gain on available-for-sale securities, net of income taxes, was $1.0 million at year-end 2007, compared to the unrealized holding loss on available-for-sale securities, net of income taxes of ($16.0) million at year-end 2006 and ($10.1) million at year-end 2005. Long-term and short-term interest rates decreased during the fourth quarter of 2007 which caused the market value of Park's investment securities to increase and produced the small unrealized holding gain on available-for-sale securities, net of income taxes, at year-end 2007.

Park recorded a decrease in accumulated other comprehensive income (loss), net of income taxes, of ($6.8) million in 2006 related to the adoption of SFAS No. 158, which pertains to the accounting for Park's defined benefit pension plan. In 2007, Park recognized other comprehensive income, net of taxes, of $3.3 million pertaining to the accounting for Park's pension plan. As a result, the balance in accumulated other comprehensive income (loss) pertaining to the pension plan was a loss of ($3.6) million at year-end 2007.

INVESTMENT OF FUNDS

Loans: Average loans, net of unearned income, were $4,011 million in 2007 compared to $3,357 million in 2006 and $3,278 million in 2005. The average yield on loans was 8.01% in 2007 compared to 7.61% in 2006 and 6.84% in 2005. The average prime lending rate in 2007 was 8.05% compared to 7.96% in 2006 and 6.19% in 2005. Approximately 65% of loan balances mature or reprice within one year (see Table 11). This results in the interest rate yield on the loan portfolio adjusting with changes in interest rates, but on a delayed basis. Management expects that the yield on the loan portfolio will decrease in 2008 as a result of the decrease in market interest rates during the fourth quarter of 2007 and the first quarter of 2008.

Year-end loan balances, net of unearned income, increased by $110 million or 3.2% in 2007 exclusive of $596 million of loans that were acquired in the Vision acquisition and exclusive of the $38 million of loans that were acquired as part of the Millersburg, Ohio branch purchase. From the date of the Vision acquisition (March 9, 2007) through year-end 2007, Vision Bank increased loans by $43 million to $639 million at year-end 2007. Excluding the growth from Vision Bank, Park's Ohio-based subsidiary banks grew loans by $67 million during 2007 for a growth rate of 1.9%.

In 2006, year-end loan balances, net of unearned income, increased by $100 million or 3.0% in 2006 exclusive of $53 million of loans that were acquired in the Anderson acquisition. Loans increased by $52 million or 1.7% in 2005 exclusive of $161 million of loans that were acquired in the First Clermont acquisition and $5 million of loans that were included in the sale of the Roseville branch office.

A year ago, management projected that year-end loan balances would grow between 3% to 4% exclusive of acquisitions. The actual loan growth for the year was 3.2%, however, if Park had not acquired Vision the loan growth for the year would have been 1.9%. Management expects that loan growth for 2008 will be approximately 2% to 3%. Management expects that loan growth at Vision Bank will be slower in 2008, due to Vision Bank's lending management working through problem loans.

Year-end residential real estate loans were $1,481 million, $1,300 million and $1,287 million in 2007, 2006 and 2005, respectively. Residential real estate loans increased by $43 million or 3.3% at year-end 2007 exclusive of the $138 million of loans from the Vision acquisition. In 2006, residential real estate loans decreased by $15 million exclusive of the $28 million of loans from the Anderson acquisition. In 2005, residential real estate loans increased by $9 million exclusive of $88 million of loans from the First Clermont acquisition. During 2007, $27 million of the $43 million of growth in residential real estate loans from the year resulted from the growth in residential real estate loans at Vision Bank from March 9, 2007 through year-end. Management expects growth of 1% to 2% in residential real estate loans in 2008.

The long-term fixed rate residential mortgage loans that Park originates are sold in the secondary market and Park retains the servicing on these loans. The balance of sold fixed rate mortgage loans was $1,403 million at year-end 2007 compared to $1,405 million at year-end 2006 and $1,403 million at year-end 2005. Vision Bank did not retain servicing on residential real estate loans sold in the secondary market and as a result had no impact on Park's sold loan portfolio. Management expects that the balance of sold fixed rate mortgage loans will increase by 2% to 3% in 2008 as a result of the decrease in long-term interest rates in the fourth quarter of 2007 and the first quarter of 2008.

Year-end consumer loans were $593 million, $532 million and $495 million in 2007, 2006 and 2005, respectively. Consumer loans increased by $55 million or 10.3% exclusive of the $6 million of consumer loans acquired from the Vision acquisition. In 2006, consumer loans increased by $35 million or 7.1% exclusive of $2 million of loans from the Anderson acquisition. In 2005, consumer loans decreased by $30 million or 5.9% exclusive of $20 million of loans from the First Clermont acquisition. The increase in consumer loans in both 2007 and 2006 was primarily due to an increase in automobile loans originated through automobile dealers. Management expects that consumer loans will increase by 3% to 4% in 2008.

Park experienced modest growth in construction loans, commercial loans and commercial real estate loans in 2007 exclusive of loans acquired as a result of the Vision acquisition and the purchase of the Millersburg branch office. On a combined basis, these loans totaled $2,143 million, $1,638 million and $1,529 million at year-end 2007, 2006 and 2005, respectively. These combined loan totals increased by $33 million or 2.0% exclusive of the $472 million of loans acquired through the Vision acquisition and the Millersburg branch purchase. In 2006, these combined loan totals increased by $86 million or 5.6% exclusive of $23 million of loans from the Anderson acquisition. In 2005, these combined loan totals increased by $96 million or 7.0% exclusive of $56 million of loans from the First Clermont acquisition. Management expects that construction loans, commercial loans and commercial real estate loans will grow by 2% to 3% in 2008.

Year-end lease balances were $7 million, $10 million and $17 million in 2007, 2006 and 2005, respectively. Management continues to de-emphasize automobile leasing and to a lesser extent commercial leasing. The year-end lease balances are expected to continue to decrease in 2008.

Table 3 reports year-end loan balances by type of loan for the past five years.

Table 3 — Loans by Type

December 31, (In thousands)	**2007**	2006	2005	2004	2003
Commercial, financial and agricultural	**$ 613,282**	$ 548,254	$ 512,636	$ 469,382	$ 441,165
Real estate — construction	**536,389**	234,988	193,185	155,326	121,160
Real estate — residential	**1,481,174**	1,300,294	1,287,438	1,190,275	983,702
Real estate — commercial	**993,101**	854,869	823,354	752,428	670,082
Consumer, net of unearned income	**593,388**	532,092	494,975	505,151	450,145
Leases, net of unearned income	**6,800**	10,205	16,524	48,046	64,549
Total Loans	**$4,224,134**	$3,480,702	$3,328,112	$3,120,608	$2,730,803

Table 4 — Selected Loan Maturity Distribution

December 31, 2007 (In thousands)	One Year or Less	Over One Through Five Years	Over Five Years	**Total**
Commercial, financial and agricultural	$294,780	$200,813	$117,689	**$ 613,282**
Real estate — construction	342,232	135,127	59,030	**536,389**
Real estate — commercial	117,515	189,413	686,173	**993,101**
Total	**$754,527**	**$525,353**	**$862,892**	**$2,142,772**
Total of these selected loans due after one year with:				
Fixed interest rate				**$ 406,115**
Floating interest rate				**$ 982,130**

Investment Securities: Park's investment securities portfolio is structured to 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 may precipitate a sale of a security would be to better manage interest rate risk, meet liquidity needs or to improve the overall yield on the investment portfolio.

Park classifies most of its securities as available-for-sale (see Note 4 of the Notes to Consolidated Financial Statements). 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.

Management classified approximately 90% of the securities portfolio as available-for-sale at December 31, 2007. These securities are available to be sold in future periods in carrying out Park's investment strategies. The remaining securities are classified as held-to-maturity and are accounted for at amortized cost.

Average taxable investment securities were $1,531 million in 2007 compared to $1,533 million in 2006 and $1,758 million in 2005. The average yield on taxable securities was 5.03% in 2007 compared to 4.91% in 2006 and 4.87% in 2005. Average tax-exempt investment securities were $65 million in 2007 compared to $77 million in 2006 and $94 million in 2005. The average tax-equivalent yield on tax-exempt investment securities was 6.68% in 2007 compared to 6.84% in 2006 and 7.01% in 2005. On a combined basis, the total of the average balance of taxable and tax-exempt securities was 25.9% of average total assets in 2007 compared to 29.9% in 2006 and 33.3% in 2005. Year-end total investment securities (at amortized cost) were $1,702 million in 2007, $1,538 million in 2006 and $1,679 million in 2005. Management purchased investment securities totaling $842 million in 2007, $167 million in 2006 and $301 million in 2005. Proceeds from repayments and maturities of investment securities were $711 million in 2007, $313 million in 2006 and $410 million in 2005. Park did not sell any investment securities in 2007. Proceeds from sales of available-for-sale securities were $304,000 in 2006 and $132 million in 2005. Park realized net security gains of $97,000 in 2006 and $96,000 in 2005.

Park's management purchased $438 million of investment securities during the third quarter of 2007 and as a result total investment securities (at amortized cost) increased by $219 million to $1,755 million at September 30, 2007 from $1,536 million at June 30, 2007. The monthly average interest rate on a 5 year U.S. Treasury security was 4.50% during the third quarter of 2007. Typically, the investment securities purchased by Park (U.S. Government Agency 15 year mortgage-backed securities) yield approximately 75 basis points above a 5 year U.S. Treasury security. During the third quarter of 2007, the spreads on mortgage-backed securities widened compared to U.S. Treasury securities and Park was able to purchase securities at a weighted average yield of 5.71%.

Interest rates on 5 year U.S. Treasury securities decreased during the fourth quarter of 2007 and into the first quarter of 2008. The average interest rate on a 5 year U.S. Treasury security declined to 3.49% during the month of December and is below 3.00% at the end of January 2008. Due to the sharp decline in long-term interest rates, management anticipates that the proceeds from the repayments and maturities of investment securities in 2008 will exceed purchases and as a result the balance of investment securities will decline during 2008 until long-term interest rates increase.

At year-end 2007 and 2006, the average tax-equivalent yield on the total investment portfolio was 5.13% and 5.01%, respectively. The weighted average remaining maturity was 3.7 years at December 31, 2007 and 4.4 years at December 31, 2006. U.S. Government Agency asset-backed securities were approximately 81% of the total investment portfolio at year-end 2007 and were approximately 85% of the total investment portfolio at year-end 2006. This segment of the investment portfolio consists of 15 year mortgage-backed securities and collateralized mortgage obligations.

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 collateralized mortgage obligations would be reduced. At year-end 2007, management estimated that the average maturity of the investment portfolio would lengthen to 4.5 years with a 100 basis point increase in long-term interest rates and to 5.1 years with a 200 basis point increase in long-term interest rates.

The following table sets forth the carrying value of investment securities at year-end 2007, 2006 and 2005:

Table 5 — Investment Securities

December 31, (In thousands)	2007	2006	2005
Obligations of U.S. Treasury and other U.S. Government agencies	**$ 203,558**	$ 90,709	$ 996
Obligations of states and political subdivisions	**59,052**	70,090	85,336
U.S. Government asset-backed securities and other asset-backed securities	**1,375,005**	1,288,969	1,516,950
Other securities	**65,488**	63,730	60,060
Total	**$1,703,103**	$1,513,498	$1,663,342

Included in "Other Securities" in Table 5, are Park's investments in Federal Home Loan Bank stock and Federal Reserve Bank stock. Park owned $56.8 million of Federal Home Loan Bank stock and $6.4 million of Federal Reserve Bank stock at December 31, 2007. At December 31, 2006, Park owned $55.5 million of Federal Home Loan Bank stock and $6.4 million of Federal Reserve Bank stock. At December 31, 2005, Park owned $52.1 million of Federal Home Loan Bank stock and $5.9 million of Federal Reserve Bank stock. The fair values of these investments are the same as their amortized costs.

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 6 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 6 — Distribution of Assets, Liabilities and Stockholders' Equity

December 31, (Dollars in thousands)	2007			2006			2005		
	Daily Average	Interest	Average Rate	Daily Average	Interest	Average Rate	Daily Average	Interest	Average Rate
ASSETS									
Interest earning assets:									
Loans (1) (2)	**$4,011,307**	**$321,392**	**8.01%**	$3,357,278	$255,641	7.61%	$3,278,092	$224,346	6.84%
Taxable investment securities	**1,531,144**	**77,016**	**5.03%**	1,533,310	75,300	4.91%	1,757,853	85,664	4.87%
Tax-exempt investment securities (3)	**65,061**	**4,346**	**6.68%**	77,329	5,288	6.84%	93,745	6,571	7.01%
Money market instruments	**17,838**	**920**	**5.16%**	8,723	469	5.38%	12,258	441	3.60%
Total interest earning assets	**5,625,350**	**403,674**	**7.18%**	4,976,640	336,698	6.77%	5,141,948	317,022	6.17%
Noninterest earning assets:									
Allowance for loan losses	**(78,256)**			(70,386)			(71,052)		
Cash and due from banks	**151,219**			142,794			148,303		
Premises and equipment, net	**61,604**			46,894			46,418		
Other assets	**409,239**			284,681			292,471		
TOTAL	**$6,169,156**			$5,380,623			$5,558,088		
LIABILITIES AND STOCKHOLDERS' EQUITY									
Interest bearing liabilities:									
Transaction accounts	**$1,318,764**	**$ 35,919**	**2.72%**	$1,058,323	$ 22,508	2.13%	$1,007,576	$ 11,763	1.17%
Savings deposits	**553,407**	**3,878**	**0.70%**	573,067	3,362	0.59%	633,545	3,328	0.53%
Time deposits	**1,834,060**	**81,224**	**4.43%**	1,531,477	56,402	3.68%	1,545,912	41,808	2.70%

Total interest bearing deposits	**3,706,231**	**121,021**	**3.27%**	3,162,867	82,272	2.60%	3,187,033	56,899	1.79%
Short-term borrowings	**494,160**	**22,113**	**4.47%**	375,332	15,692	4.18%	291,842	7,508	2.57%
Long-term debt	**568,575**	**24,013**	**4.22%**	553,307	23,351	4.22%	799,888	29,488	3.69%
Total interest bearing liabilities	**4,768,966**	**167,147**	**3.50%**	4,091,506	121,315	2.97%	4,278,763	93,895	2.19%
Noninterest bearing liabilities:									
Demand deposits	**697,247**			662,077			643,032		
Other	**84,185**			81,966			77,082		
Total noninterest bearing liabilities	**781,432**			744,043			720,114		
Stockholders' equity	**618,758**			545,074			559,211		
TOTAL	**$6,169,156**			$5,380,623			$5,558,088		
Net interest earnings		**$236,527**			$215,383			$223,127	
Net interest spread			**3.68%**			3.80%			3.98%
Net yield on interest earning assets			**4.20%**			4.33%			4.34%

(1) Loan income includes loan related fee income of $5,935 in 2007, $4,340 in 2006 and $3,809 in 2005. Loan income also includes the effects of taxable equivalent adjustments using a 35% tax rate in 2007, 2006 and 2005. The taxable equivalent adjustment was $565 in 2007, $518 in 2006, and $478 in 2005.

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

(3) Interest income on tax-exempt investment securities includes the effects of taxable equivalent adjustments using a 35% tax rate in 2007, 2006 and 2005. The taxable equivalent adjustments were $1,285 in 2007, $1,621 in 2006, and $2,085 in 2005.

Net interest income increased by $21.4 million or 10.1% to $234.7 million for 2007 compared to a decrease of $7.3 million or 3.3% to $213.2 million for 2006. The tax equivalent net yield on interest earning assets was 4.20% for 2007 compared to 4.33% for 2006 and 4.34% for 2005. The net interest rate spread (the difference between rates received for interest earning assets and the rates paid for interest bearing liabilities) was 3.68% for 2007, compared to 3.80% for 2006 and 3.98% for 2005. The increase in net interest income in 2007 was primarily due to the large increase in average interest earnings assets of $649 million or 13.0% which resulted from the acquisition of Vision on March 9, 2007. The decrease in net interest income in 2006 was primarily due to a decrease in average interest earning assets of $165 million or 3.2%.

The average yield on interest earning assets was 7.18% in 2007 compared to 6.77% in 2006 and 6.17% in 2005. On a quarterly basis for 2007, the average yield on earning assets was 7.02% for the fourth quarter, 7.26% for the third quarter, 7.33% for the second quarter and 7.10% for the first quarter. By comparison, the average federal funds rate for the fourth quarter was 4.50%, 5.07% for the third quarter and 5.25% for the second and first quarter of 2007. Management expects that the average yield on interest earning assets will decrease in 2008 due to reductions in market interest rates in the fourth quarter of 2007 and the first quarter of 2008.

The average rate paid on interest bearing liabilities was 3.50% in 2007 compared to 2.97% in 2006 and 2.19% in 2005. On a quarterly basis for 2007, the average rate paid on interest bearing liabilities was 3.47% for the fourth quarter, 3.62% for the third quarter, 3.55% for the second quarter and 3.36% for the first quarter. Management expects that the average rate paid on interest bearing liabilities will decrease in 2008 due to reductions in market interest rates in the fourth quarter of 2007 and the first quarter of 2008.

The following table displays (for each quarter of 2007) the average balance of interest earning assets, net interest income and the tax equivalent net yield on interest earning assets.

(In thousands)	Average Interest Earning Assets	Net Interest Income	Tax Equivalent Net Interest Margin
First Quarter	$5,215,847	$ 54,898	4.31%
Second Quarter	5,654,699	60,410	4.32%
Third Quarter	5,695,339	59,416	4.17%
Fourth Quarter	5,927,364	59,953	4.04%
2007	**$5,625,350**	**$234,677**	**4.20%**

Management expects that average interest earnings assets will be approximately $5,900 million for 2008 as the expected growth in loan balances from year-end will be offset by a similar decrease in investment securities. Management expects that net interest income will be $240 to $242 million in 2008 and that the tax equivalent net interest margin will be approximately 4.10% in 2008. (Please see the “Overview” section of this “Financial Review” for a comparison of 2007 results to management’s projection 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 7 — Volume/Rate Variance Analysis

	Change from 2006 to 2007			Change from 2005 to 2006		
(In thousands)	**Volume**	**Rate**	**Total**	Volume	Rate	Total
Increase (decrease) in:						
Interest income:						
Total loans	**$51,780**	**$13,971**	**$65,751**	$ 5,529	$25,766	$ 31,295
Taxable investments	**(107)**	**1,823**	**1,716**	(11,059)	695	(10,364)
Tax-exempt investments	**(821)**	**(121)**	**(942)**	(1,127)	(156)	(1,283)
Money market instruments	**471**	**(20)**	**451**	(153)	181	28
Total interest income	**51,323**	**15,653**	**66,976**	(6,810)	26,486	19,676
Interest expense:						
Transaction accounts	**$ 6,309**	**$ 7,102**	**$13,411**	$ 621	$10,124	$ 10,745
Savings accounts	**(116)**	**632**	**516**	(332)	366	34
Time deposits	**12,218**	**12,604**	**24,822**	(394)	14,988	14,594
Short-term borrowings	**5,267**	**1,154**	**6,421**	2,566	5,618	8,184
Long-term debt	**662**	**0**	**662**	(9,970)	3,833	(6,137)
Total interest expense	**24,340**	**21,492**	**45,832**	(7,509)	34,929	27,420
Net variance	**$26,983**	**$ (5,839)**	**$21,144**	$ 699	$ (8,443)	$ (7,744)

Other Income: Total other income, exclusive of security gains or losses, increased by $7.0 million or 10.8% to $71.6 million in 2007 compared to an increase of $5.1 million or 8.5% to $64.7 million in 2006. The large increase in 2007 was primarily due to the acquisition of Vision on March 9, 2007. Excluding Vision Bank’s total other income of $3.5 million, the increase was $3.5 million or 5.4% to $68.2 million in 2007. A year ago, management had projected that total other income for 2007 (exclusive of Vision) would be $68.3 million, very close to the actual results.

The following table displays total other income for Park in 2007 excluding Vision, compared to total other income for 2006.

For Year Ended December 31, 2007 (In thousands)	**Park**	Vision Bank	Park Without Vision Bank	2006

Income from fiduciary activities	**$14,403**	$ 4	$14,399	$13,548
Service charges on deposits	**23,813**	1,629	22,184	19,969
Net gains on sales of securities	**—**	—	—	97
Other service income	**11,543**	1,257	10,286	10,920
Other	**21,881**	575	21,306	20,228
Total other income	**$71,640**	$3,465	$68,175	$64,762

Income from fiduciary activities increased by $855,000 or 6.3% to $14.4 million in 2007 and increased by $1.5 million or 12.6% to $13.5 million in 2006. These increases are primarily due to growth in the number of customers being serviced. Vision Bank did not offer this service prior to joining Park. Management expects an increase of 7% to 8% in fee income from fiduciary activities in 2008.

Service charges on deposit accounts increased by $3.8 million or 19.2% to $23.8 million in 2007 and increased by $2.1 million or 11.9% to $20.0 million in 2006. The increase in service charges on deposits in 2007 (exclusive of Vision Bank) was $2.2 million or 11.1%. For both 2007 and 2006, Park experienced a relatively large increase in service charges on deposit accounts with an increase of 11.1% in 2007 (exclusive of Vision) and an increase of 11.9% in 2006. The primary reason for this strong growth was an increase in charges from Park's courtesy overdraft program. Management expects a smaller increase in fee income from service charges on deposit accounts in 2008 and is projecting an increase of 7% to 8%.

Fee income earned from the origination and sale into the secondary market of fixed rate mortgage loans is included with other non-yield related loan fees in the subcategory "Other Service Income". Other service income was $11.5 million in 2007 ($10.3 million excluding Vision), $10.9 million in 2006 and $10.8 million in 2005. Management expects that the volume of mortgage loans originated and sold in the secondary market will increase in 2008 due to the recent decrease in long-term interest rates. Management expects that other service income will increase by about 10% in 2008.

The subcategory of "Other Income" includes fees earned from check card and ATM services, income from bank owned life insurance, fee income earned from the sale of investment and insurance products, rental fee income from safe deposit boxes and fees earned from the sale of official checks and printed checks. The increase in other income was $1.7 million or 8.2% to $21.9 million in 2007 and $1.3 million or 6.6% to $20.2 million in 2006. Excluding Vision Bank, the increase in other income was $1.1 million or 5.3% in 2007. Management expects an increase of 4% to 5% in other income for 2008.

For 2008, management expects an increase in total other income of 6% to 8% for a total of $75.9 million to $77.4 million.

Other Expense: Total other expense increased by $83.2 million or 59.0% to $224.2 million in 2007. The very large increase was due to the acquisition of Vision on March 9, 2007. Vision Bank had total other expense of $72.6 million in 2007, which included $54.0 million for a goodwill impairment charge. Excluding Vision Bank, total other expenses increased by $10.6 million or 7.5% to $151.6 million in 2007. A year ago management had projected that total other expense would be $150 million for 2007. The actual results were 1.1% higher and the variance of $1.6 million is explained later in this section. Total other expense increased by only $1.6 million or 1.1% to $141.0 million in 2006.

The following table displays total other expense for Park in 2007 excluding Vision, compared to total other expense for 2006.

For Year Ended December 31, 2007 (In thousands)	Park	Vision Bank	Park Without Vision Bank	2006
Salaries and employee benefits	**$ 97,712**	$ 9,234	$ 88,478	$ 82,579
Goodwill impairment charge	**54,035**	54,035	—	—
Data processing fees	**6,892**	1,429	5,463	4,246
Fees and service charges	**11,055**	1,115	9,940	9,553
Net occupancy expense of bank premises	**10,717**	1,517	9,200	9,155
Amortization of intangibles	**3,847**	1,767	2,080	2,470
Furniture and equipment expense	**9,259**	1,053	8,206	8,215
Insurance	**1,445**	314	1,131	1,137
Marketing	**4,961**	541	4,420	4,438
Postage and telephone	**6,910**	592	6,318	6,303
State taxes	**2,769**	132	2,637	2,333
Other	**14,562**	851	13,711	10,573
Total other expense	**$224,164**	$72,580	$151,584	$141,002

Salaries and employee benefits expense increased by $15.1 million or 18.3% to $97.7 million in 2007 and increased by $2.0 million or 2.5% to $82.6 million in 2006. The increase in salaries and employee benefits expense in 2007 (exclusive of Vision Bank) was $5.9 million or 7.1%. During the fourth quarter of 2007, Park issued 90,000 incentive stock options to officers and other key employees of the subsidiary banks and accordingly compensation expense of $.9 million was recorded. A year ago, management projected that salaries and employee benefits expense would increase by approximately 8% in 2007, which was a little higher than the actual results excluding Vision Bank.

Full-time equivalent employees at year-end 2007 were 2,066 compared to 1,892 at year-end 2006 and 1,824 at year-end 2005. Vision Bank had 201 full-time equivalent employees at year-end 2007.

On July 30, 2007, Park announced a plan to review current processes and identify opportunities to improve efficiency by converting to one operating system. One outcome of this initiative (“Project EPS”) will be the merging of the eight banking charters of Park’s Ohio-based subsidiary banks into one national bank charter. Management anticipates that using a common operational platform and centralizing certain functions will result in expense reduction due to having fewer operational support positions. Management expects to begin merging Park’s Ohio-based subsidiary banks during the fourth quarter of 2008 and anticipates completing the consolidation of the Ohio-based subsidiary banks during the second quarter of 2009. Management anticipates that the cost savings generated by Project EPS in 2008 will be largely offset by severance expense pertaining to the anticipated reduction in Park’s full-time equivalent employees.

Management expects that salaries and employee benefits expense will increase by approximately 6.5% in 2008, which includes an estimated $2 million of severance expense.

Vision Bank recorded a goodwill impairment charge of $54.0 million during the fourth quarter of 2007. Please see Note 1 of the Notes to Consolidated Financial Statements for a discussion of the goodwill impairment charge.

Data processing expense increased by $2.6 million or 62.3% to $6.9 million in 2007 and increased by $92,000 or 2.2% to $4.25 million for 2006. The increase in data processing expense in 2007 (exclusive of Vision Bank) was $1.2 million or 28.7%. The primary reason for this increase was due to a large increase in check card transactions.

The subcategory “Other Expense” includes expenses for supplies, travel, charitable contributions, amortization of low income housing tax credits, sundry write-offs and other miscellaneous expenses. The subcategory other expense increased by $4.0 million or 37.7% to $14.6 million in 2007 and decreased by $1.6 million or 12.9% to $10.6 million for 2006. The increase in other expense in 2007 (exclusive of Vision Bank) was $3.1 million or 29.7%.

For 2007, the increase in other expense (exclusive of Vision Bank) was primarily due to an increase in the amortization expense of low income housing tax credit investments, an accrual pertaining to a Visa litigation reserve and an increase in charitable contribution expense. The amortization expense for low income housing tax credit investment increased by $1.1 million to $4.8 million for 2007. Park accrued $887,000 pertaining to a Visa members’ indemnification of estimated future litigation settlements during the fourth quarter of 2007. Charitable contribution expense increased by $509,000 in 2007.

For 2006, the decrease in other expense was due to a decrease in charitable expense of $1.7 million. Charitable contribution expense was $300,000 in 2006 compared to $2.0 million in 2005.

Management expects that total other expense will be approximately $177 million for 2008. This projected amount represents an increase of $6.9 million or 4.0% in total other expense compared to $170.1 million for 2007, which is exclusive of the $54.0 million goodwill impairment charge.

Income Taxes: Federal income tax expense was $30.4 million for 2007 and state income tax expense was a credit of ($453,000). Vision Bank is subject to state income tax, in the states of Alabama and Florida. State tax expense was a credit in 2007 because Vision had a loss in 2007. Park and its Ohio-based subsidiary banks 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” on Park’s Consolidated Statements of Income.

Federal income tax expense as a percentage of income before taxes was 57.8% in 2007. The $54.0 million goodwill impairment charge in 2007 had no impact on income tax expense. For 2007, the percentage of federal income tax expense to income before taxes (adjusted for the goodwill impairment charge) is 28.5%. By comparison, the percentage of federal income taxes to income before taxes was 29.3% in 2006 and 29.7% in 2005.

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.

Management expects that the federal effective income tax rate for 2008 will be approximately 29.4%

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 $29.5 million in 2007, $3.9 million in 2006 and $5.4 million in 2005. Net loan charge-offs were $22.2 million in 2007, $3.9 million in 2006 and $5.9 million in 2005. The ratio of net loan charge-offs to average loans was .55% in 2007, .12% in 2006 and .18% in 2005.

Vision Bank experienced significant credit problems during the second half of 2007. The loan loss provision for Vision Bank was $19.4 million in 2007 and net loan charge-offs were $8.6 million. Vision Bank’s net loan charge-offs on an annualized basis were 1.71% of average loans.

Park’s Ohio-based subsidiary banks had a loan loss provision of $10.1 million for 2007 and net loan charge offs of $13.6 million. Park’s Ohio-based subsidiary banks had an annualized net loan charge-off ratio of .39% in 2007.

At year-end 2007, the allowance for loan losses was $87.1 million or 2.06% of total loans outstanding, compared to $70.5 million or 2.03% of total loans outstanding at year-end 2006 and $69.7 million or 2.09% of total loans outstanding at year-end 2005. In each of the last four years, the loan loss reserve for an acquired bank was added to Park's allowance for loan losses. The Vision acquisition added $9.3 million in 2007, the Anderson acquisition added $798,000 in 2006, the First Clermont acquisition added $1.8 million in 2005 and the First Federal Bancorp. Inc. acquisition added $4.5 million in 2004.

Management believes that the allowance for loan losses at year-end 2007 is adequate to absorb probable incurred credit losses in the loan portfolio. See Note 1 of the Notes to Consolidated Financial Statements and the discussion under the heading "Critical Accounting Policies" earlier in this Financial Review section for additional information on management's evaluation of the adequacy of the allowance for loan losses.

Management expects that the loan loss provision for 2008 will be approximately $20 to $25 million and that the annualized net loan charge-off ratio will be approximately .45% to .55%. This estimate could change significantly as circumstances for individual loans and economic conditions change.

Table 8 — Summary of Loan Loss Experience

(In thousands)	2007	2006	2005	2004	2003
Average loans (net of unearned interest)	**$4,011,307**	$3,357,278	$3,278,092	$2,813,069	$2,695,830
Allowance for loan losses:					
Beginning balance	**70,500**	69,694	68,328	63,142	62,028
Charge-offs:					
Commercial, financial and agricultural	**4,170**	853	3,154	2,557	4,698
Real estate — construction	**7,899**	718	46	613	—
Real estate — residential	**5,785**	1,915	1,006	1,476	1,173
Real estate — commercial	**1,899**	556	1,612	1,951	1,947
Consumer	**8,020**	6,673	7,255	8,111	9,233
Lease financing	**3**	57	316	465	985
Total charge-offs	**27,776**	10,772	13,389	15,173	18,036
Recoveries:					
Commercial, financial and agricultural	**$ 1,011**	$ 842	$ 2,707	$ 2,138	$ 1,543
Real estate — construction	**180**	—	173	67	175
Real estate — residential	**718**	1,017	659	650	549
Real estate — commercial	**560**	1,646	517	292	407
Consumer	**3,035**	3,198	3,214	3,633	3,236
Lease financing	**64**	150	229	529	645
Total recoveries	**5,568**	6,853	7,499	7,309	6,555
Net charge-offs	**22,208**	3,919	5,890	7,864	11,481
Provision charged to earnings	**29,476**	3,927	5,407	8,600	12,595
Allowance for loan losses of acquired bank	**9,334**	798	1,849	4,450	—
Ending balance	**$ 87,102**	$ 70,500	$ 69,694	$ 68,328	$ 63,142
Ratio of net charge-offs to average loans	**0.55%**	0.12%	0.18%	0.28%	0.43%
Ratio of allowance for loan losses to end of year loans, net of unearned interest	**2.06%**	2.03%	2.09%	2.19%	2.31%

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

Table 9 — Allocation of Allowance for Loan Losses

December 31,	2007		2006		2005		2004		2003	
(Dollars 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	**$14,557**	**14.52%**	$16,985	15.75%	$17,942	15.40%	$17,837	15.04%	$17,117	16.16%
Real estate — construction	**20,007**	**12.70%**	4,425	6.75%	3,864	5.80%	3,107	4.98%	2,423	4.44%
Real estate — residential	**15,997**	**35.06%**	10,402	37.36%	10,329	38.68%	8,926	38.14%	7,378	36.02%
Real estate — commercial	**15,989**	**23.51%**	17,097	24.56%	16,823	24.74%	16,930	24.11%	15,412	24.54%
Consumer	**20,477**	**14.05%**	21,285	15.29%	19,799	14.87%	20,206	16.19%	18,681	16.48%
Leases	**75**	**0.16%**	306	0.29%	937	0.51%	1,322	1.54%	2,131	2.36%
Total	**$87,102**	**100.00%**	$70,500	100.00%	$69,694	100.00%	$68,328	100.00%	$63,142	100.00%

As of December 31, 2007, 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) loans whose terms have been renegotiated; and 3) loans which are contractually past due 90 days or more as to principal or interest payments but whose interest continues to accrue. Other real estate owned results from taking title to property used as collateral for a defaulted loan.

The percentage of nonperforming loans to total loans was 2.57% at year-end 2007, .95% at year-end 2006 and .90% at year-end 2005. The percentage of nonperforming assets to total loans was 2.89% at year-end 2007, 1.04% at year-end 2006 and .97% at year-end 2005.

Vision Bank had $63.5 million of nonperforming loans or 9.9% of their total loans at year-end 2007 and had $70.5 million of nonperforming assets or 11.0% of their total loans at year-end 2007. By comparison, Park's Ohio-based subsidiary banks had $45.0 million of nonperforming loans or 1.26% of their total loans at year-end 2007 and had $51.4 million of nonperforming assets or 1.43% of their total loans at year-end 2007.

Park's lending management has reviewed closely all of the nonperforming loans and nonperforming assets as of December 31, 2007. Partial loan charge-offs of approximately $10 million were taken on nonperforming loans in 2007. Approximately $6 million of these net loan charge-offs were recorded at Vision Bank.

Economic conditions deteriorated during the second half of 2007 which caused a sharp increase in net loan charge-offs and nonperforming loans for Park and many other financial institutions throughout the country. The net loan charge-off ratios for Park on an annualized basis was .26% as of June 30, 2007 and nonperforming assets as a percentage of loans was 1.20% at June 30, 2007. By comparison, the annualized net loan charge-off ratio was .56% for the third quarter of 2007 and was 1.07% for the fourth quarter of 2007. Nonperforming assets were 1.78% of total loans as of September 30, 2007.

Park had $208.8 million of loans included on the watch list of potential problem loans at December 31, 2007 compared to $176.8 million at year-end 2006 and $130.8 million at year-end 2005. As a percentage of year-end total loans, Park's watch list of potential problem loans was 4.9% in 2007, 5.1% in 2006 and 3.9% in 2005. 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.

The following is a summary of the nonaccrual, past due and renegotiated loans and other real estate owned for the last five years:

Table 10 — Nonperforming Assets

December 31, (Dollars in thousands)	**2007**	2006	2005	2004	2003
Nonaccrual loans	**$101,128**	$16,004	$14,922	$17,873	$15,921
Renegotiated loans	**2,804**	9,113	7,441	5,461	5,452
Loans past due 90 days or more	**4,545**	7,832	7,661	5,439	4,367
Total nonperforming loans	**108,477**	32,949	30,024	28,773	25,740
Other real estate owned	**13,443**	3,351	2,368	2,680	2,319
Total nonperforming assets	**$121,920**	$36,300	$32,392	$31,453	$28,059
Percentage of nonperforming loans to loans, net of unearned income	**2.57%**	0.95%	0.90%	0.92%	0.94%

December 31, (Dollars in thousands)	**2007**	2006	2005	2004	2003
Percentage of nonperforming assets to loans, net of unearned income	**2.89%**	1.04%	0.97%	1.01%	1.03%
Percentage of nonperforming assets to total assets	**1.88%**	0.66%	0.60%	0.58%	0.56%

Tax equivalent interest income from loans of $321.4 million for 2007 would have increased by $5.8 million if all loans had been current in accordance with their original terms.

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 increased by $7.1 million during 2007 to $193.4 million at year-end. Cash provided by operating activities was $83.2 million in 2007, $85.3 million in 2006 and $78.5 million in 2005. Net income was the primary source of cash for operating activities during each year. The goodwill impairment charge of $54.0 million in 2007 did not impact cash and as a result had no impact on cash provided by operating activities.

Cash used in investing activities was $360.3 million in 2007. Cash provided by investing activities was $47.8 million in 2006 and $145.1 million in 2005. 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 $130.8 million in 2007 and provided cash of $145.9 million in 2006 and $239.0 million in 2005. 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 was $126.0 million in 2007, $99.3 million in 2006 and $53.6 million in 2005. In 2007, Park also used $38.3 million in cash to acquire the loans pertaining to the Millersburg, Ohio branch purchase and used $47.7 million of cash on a net basis for the acquisition of Vision.

Cash provided by financing activities was $284.2 million in 2007. Cash used in financing activities was $120.7 million in 2006 and $211.4 million in 2005. Changes in short-term borrowings and long-term debt is a major source or use of cash for financing activities. The net increase in short-term borrowings provided cash of $359.2 million in 2007, $61.7 million in 2006 and $35.8 million in 2005. Cash was used by the net decrease in long-term borrowings of $19.4 million in 2007, $110.6 million in 2006 and $102.6 million in 2005. Another major source of cash for financing activities is the net change in deposits. Cash provided by the net increase in deposits was $13.2 million in 2007 and $6.3 million in 2006. Cash used by the net decrease in deposits was $55.5 million in 2005. In 2007, cash was also provided from the deposits of $23.5 million acquired as part of the Millersburg, Ohio branch purchase and from the $25 million in proceeds from the issuance of subordinated debt.

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, 2007:

Table 11 — Interest Rate Sensitivity

(Dollars in thousands)	0-3 Months	3-12 Months	1-3 Years	3-5 Years	Over 5 Years	Total
Interest earning assets :						
Investment securities (1)	$ 176,410	$ 275,598	$ 431,416	$291,243	$528,436	$1,703,103
Money market instruments	10,232	—	—	—	—	10,232
Loans (1)	1,683,278	1,079,639	1,257,096	183,628	20,493	4,224,134
Total interest earning assets	1,869,920	1,355,237	1,688,512	474,871	548,929	5,937,469

Table 11 — Interest Rate Sensitivity continued

(Dollars in thousands)	0-3 Months	3-12 Months	1-3 Years	3-5 Years	Over 5 Years	Total
Interest bearing liabilities:						
Interest bearing transaction accounts (2)	$ 656,910	$ —	$ 681,582	$ —	$ —	$1,338,492
Savings accounts (2)	53,105	—	477,944	—	—	531,049
Time deposits	571,597	929,811	277,793	91,776	1,463	1,872,440

Other	1,792	—	—	—	—	1,792
Total deposits	$1,283,404	929,811	1,437,319	91,776	1,463	3,743,773
Short-term borrowings	559,319	200,000	—	—	—	759,319
Long-term debt	2,901	32,040	48,625	1,960	504,882	590,408
Subordinated debentures	40,000	—	—	—	—	40,000
Total interest bearing liabilities	1,885,624	1,161,851	1,485,944	93,736	506,345	5,133,500
Interest rate sensitivity gap	(15,704)	193,386	202,568	381,135	42,584	803,969
Cumulative rate sensitivity gap	(15,704)	177,682	380,250	761,385	803,969	—
Cumulative gap as a percentage of total interest earning assets	-0.26%	2.99%	6.40%	12.82%	13.54%	—

(1) Investment securities and loans that are subject to prepayment are shown in the table by the earlier of their repricing date or their expected repayment dates and not by their contractual maturity. The totals for investment securities include interest bearing deposits with other banks.

(2) 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 49% of interest bearing transaction accounts and 10% 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 2.99% to a negative 16.54%.

The interest rate sensitivity gap analysis provides a good overall picture of the Corporation’s static interest rate risk position. The Corporation’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, 2007, the cumulative interest earning assets maturing or repricing within twelve months were $3,225 million compared to the cumulative interest bearing liabilities maturing or repricing within twelve months of $3,047 million. For the twelve-month cumulative gap position, rate sensitive assets exceed rate sensitive liabilities by $178 million or 3.0% of interest earning assets.

A positive twelve month cumulative rate sensitivity gap (assets exceed liabilities) would suggest that the Corporation’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 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.

The cumulative twelve month interest rate sensitivity gap position at December 31, 2006, was a negative $396 million or a negative 7.9% of interest earning assets compared to a positive $178 million or a positive 3.0% of interest earning assets at December 31, 2007. This change in the cumulative twelve month interest rate sensitivity gap of a positive $574 million was due in part to an increase in the percentage of interest earning assets maturing or repricing within one year to 54.3% at year-end 2007 compared to 49.0% at year-end 2006. Additionally, the percentage of interest bearing liabilities maturing or repricing within one year decreased to 59.4% at year-end 2007 compared to 68.8% at year-end 2006.

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, 2007, the earnings simulation model projected that net income would increase by .2% using a rising interest rate scenario and decrease by .6% using a declining interest rate scenario over the next year. At December 31, 2006, the earnings simulation model projected that net income would increase by .1% using a rising interest rate scenario and decrease by .7% using a declining interest rate scenario over the next year and at December 31, 2005, the earnings simulation model projected that net income would decrease by .2% using a rising interest rate scenario and increase by .9% using a declining interest rate scenario over the next year. Consistently, over the past several years, the earnings simulation model has projected that changes in interest rates would have only a small impact on net income and the net interest margin. The net interest margin has been relatively stable over the past three years at 4.20% in 2007, 4.33% in 2006 and 4.34% in 2005. A major goal of the asset/liability committee is to have 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% in 2008. The large increase in nonaccrual loans in 2007 reduced the net interest margin during the second half of 2007 and the projected large amount of nonaccrual loans in 2008 is expected to continue to negatively impact the net interest margin in 2008.

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, 2007.

Further discussion of the nature of each specified obligation is included in the referenced Note to the Consolidated Financial Statements or referenced Table in this Financial Review section.

Table 12 — Contractual Obligations

December 31, 2007		Payments Due In				
(Dollars in thousands)	Table / Note	0 -1 Years	1-3 Years	3-5 Years	Over 5 Years	Total
Deposits without stated maturity		$2,566,799	$ —	$ —	$ —	$2,566,799
Certificates of deposit	11	1,501,408	277,793	91,776	1,463	1,872,440
Short-term borrowings	9	759,319	—	—	—	759,319
Long-term debt	10	34,894	48,688	2,053	504,774	590,409
Subordinated debentures	11	—	—	—	40,000	40,000
Operating leases	8	2,186	3,084	1,646	3,012	9,928
Purchase obligations		1,530	250	—	—	1,780
Total contractual obligations		$4,866,136	$329,815	$95,475	$549,249	$5,840,675

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, 2007, the Corporation had $996 million of loan commitments for commercial, commercial real estate, and residential real estate loans and had $132 million of commitments for revolving home equity and credit card lines. Standby letters of credit totaled $30 million at December 31, 2007.

Commitments to extend credit for 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 2008. See Note 18 of the Notes to Consolidated Financial Statements for additional information on loan commitments and standby letters of credit.

The Corporation did not have any unrecorded significant contingent liabilities at December 31, 2007, and did not have any off-balance sheet arrangements at year-end 2007.

Capital: Park's primary means of maintaining capital adequacy is through net retained earnings. At December 31, 2007, the Corporation's stockholders' equity was $580.0 million, compared to $570.4 million at December 31, 2006. Stockholders' equity at December 31, 2007 was 8.92% of total assets compared to 10.43% of total assets at December 31, 2006.

Tangible stockholders' equity (stockholders' equity less goodwill and other intangible assets) was $435.5 million at December 31, 2007 and was $492.4 million at December 31, 2006. At December 31, 2007, tangible stockholders' equity was 6.85% of total tangible assets (total assets less goodwill and other intangible assets), compared to 9.13% at December 31, 2006.

Net income for 2007 was $22.7 million, $94.1 million in 2006 and $95.2 million in 2005. The large decrease in net income in 2007 was primarily due to a loss of $60.7 million at Vision Bank. This loss includes a goodwill impairment charge of $54.0 million.

Cash dividends declared were $52.8 million in 2007, $51.4 million in 2006 and $51.6 million in 2005. On a per share basis, the cash dividends declared were $3.73 per share in 2007, $3.69 per share in 2006 and $3.62 per share in 2005.

Park purchased 760,531 shares of treasury stock totaling $65.6 million in 2007 at a weighted average cost of $86.21 per share. In 2006, Park purchased 302,786 shares of treasury stock totaling $30.5 million at a weighted average cost of $100.76 per share. In 2005, Park purchased 281,360 shares of treasury stock totaling $30.0 million at a weighted average cost of $106.55 per share. Treasury stock had a balance in stockholders' equity of $208.1 million at December 31, 2007 compared to $143.4 million at December 31, 2006 and $116.7 million at December 31, 2005.

Park issued 792,937 shares of Park common stock valued at a price of $105.00 per share for a total value of $83.3 million pursuant to the acquisition of Vision on March 9, 2007. In 2006, Park issued 86,137 shares of common stock valued at a price of $100.60 per share for a total value of $8.7 million pursuant to the acquisition of Anderson Bank. Common stock had a balance in stockholders' equity of $301.2 million at December 31, 2007 compared to $217.1 million at December 31, 2006 and $208.4 million at December 31, 2005.

Accumulated other comprehensive income (loss) was ($2.6) million at December 31, 2007 compared to ($22.8) million at December 31, 2006 and ($10.1) million at December 31, 2005. Long-term interest rates decreased during the fourth quarter of 2007 and the market value of Park's investment securities increased and as a result Park recognized $16.9 million of other comprehensive income on investment securities in 2007 and $3.3 million of other comprehensive income related to the change in pension plan assets and benefit obligations in 2007.

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 7.10% at December 31, 2007 and exceeded the minimum capital required by $197 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 10.16% at December 31, 2007 and exceeded the minimum capital required $274 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 11.97% at December 31, 2007 and exceeded the minimum capital required by $177 million.

At December 31, 2007, Park exceeded the well capitalized regulatory guidelines for bank holding companies. Park exceeded the well capitalized leverage capital ratio of 5% by $134 million and exceeded the well capitalized Tier 1 risk-based capital ratio of 6% by $185 million and exceeded the well capitalized total risk-based capital ratio of 10% by $88 million at year-end 2007.

The financial institution subsidiaries of Park each met the well capitalized ratio guidelines at December 31, 2007. See Note 20 of the Notes to Consolidated Financial Statements for the capital ratios for Park and its 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.

The following table summarizes five-year financial information. All per share data have been retroactively restated for the 5% stock dividend paid on December 15, 2004.

Table 13 — Consolidated Five-Year Selected Financial Data

December 31, (Dollars in thousands, except per share data)	2007	2006	2005	2004	2003
Results of Operations:					
Interest income	**$401,824**	$334,559	$314,459	$270,993	$264,629
Interest expense	**167,147**	121,315	93,895	58,702	61,992
Net interest income	**234,677**	213,244	220,564	212,291	202,637
Provision for loan losses	**29,476**	3,927	5,407	8,600	12,595
Net interest income after provision for loan losses	**205,201**	209,317	215,157	203,691	190,042
Net gains (losses) on sale of securities	**—**	97	96	(793)	(6,060)
Noninterest income	**71,640**	64,665	59,609	52,641	61,583
Noninterest expense	**224,164**	141,002	139,438	126,290	122,376
Net income	**22,707**	94,091	95,238	91,507	86,878
Net income excluding impairment charge (a)	**76,742**	94,091	95,238	91,507	86,878
Per share:					
Net income — basic	**1.60**	6.75	6.68	6.38	6.01
Net income — diluted	**1.60**	6.74	6.64	6.32	5.97
Net income per share excluding impairment charge — diluted (a)	**5.40**	6.74	6.64	6.32	5.97
Cash dividends declared	**3.730**	3.690	3.620	3.414	3.209

Table 13 — Consolidated Five-Year Selected Financial Data continued

December 31, (Dollars in thousands, except per share data)	2007	2006	2005	2004	2003
Average Balances:					
Loans	**$4,011,307**	$3,357,278	$3,278,092	$2,813,069	$2,695,830
Investment securities	**1,596,205**	1,610,639	1,851,598	1,901,129	1,759,816
Money market instruments	**17,838**	8,723	12,258	9,366	35,768

Total earning assets	**5,625,350**	4,976,640	5,141,948	4,723,564	4,491,414
Noninterest bearing deposits	**697,247**	662,077	643,032	574,560	522,456
Interest bearing deposits	**3,706,231**	3,162,867	3,187,033	2,946,360	2,901,835
Total deposits	**4,403,478**	3,824,944	3,830,065	3,520,920	3,424,291
Short-term borrowings	**494,160**	375,332	291,842	401,299	515,328
Long-term debt	**568,575**	553,307	799,888	519,979	281,599
Stockholders' equity	**618,758**	545,074	559,211	538,275	520,391
Total assets	**6,169,156**	5,380,623	5,558,088	5,049,081	4,803,263
Ratios:					
Return on average assets	**0.37%**	1.75%	1.71%	1.81%	1.81%
Return on average assets excluding impairment charge (a)	**1.24%**	1.75%	1.71%	1.81%	1.81%
Return on average equity	**3.67%**	17.26%	17.03%	17.00%	16.69%
Return on average equity excluding impairment charge (a)	**12.40%**	17.26%	17.03%	17.00%	16.69%
Net interest margin (1)	**4.20%**	4.33%	4.34%	4.56%	4.60%
Noninterest expense to net revenue (1)	**72.74%**	50.35%	49.32%	47.11%	45.66%
Dividend payout ratio	**232.35%**	54.65%	54.19%	53.54%	53.42%
Average stockholders' equity to average total assets	**10.03%**	10.13%	10.06%	10.66%	10.83%
Leverage capital	**7.10%**	9.96%	9.27%	10.10%	10.79%
Tier 1 capital	**10.16%**	14.72%	14.17%	15.16%	16.51%
Risk-based capital	**11.97%**	15.98%	15.43%	16.43%	17.78%

(1) Computed on a fully taxable equivalent basis

(a) Net income for 2007 has been adjusted for the impairment charge to goodwill. Net income excluding the impairment charge equals net income for the year plus the impairment charge to goodwill of $54,035.

Twelve Months Ended December 31, (In thousands, except per share data)	**2007**	2006
Reconciliation of net income to net income excluding impairment charge:		
Net income	**$22,707**	$94,091
Plus goodwill impairment charge	**54,035**	—
Net income before impairment charge	**$76,742**	$94,091
Reconciliation of net income per share — diluted to net income per share — diluted excluding impairment charge:		
Net income per share — diluted	**$ 1.60**	$ 6.74
Plus impairment charge to goodwill per share — diluted	**3.80**	—
Net income per share — diluted before impairment charge	**$ 5.40**	$ 6.74

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 before impairment charge, (ii) net income per share—diluted before impairment charge, (iii) return on average assets before impairment charge, and (iv) return on average equity before impairment charge, (collectively, the "adjusted performance metrics") and has included in this annual report information relating to the adjusted performance metrics for the three-month and twelve-month periods ended December 31, 2007 and 2006. For purposes of calculating these non-GAAP financial measures, net income (loss) for the three-month and twelve-month periods ended December 31, 2007 is increased by the non-cash goodwill impairment charge to earnings of approximately $54.0 million, to determine net income before impairment charge. 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 charge. Park has provided a reconciliation of net income (loss) to net income before impairment charge and a reconciliation of net income (loss) per share—diluted to net income per share—diluted before impairment charge solely for the purpose of complying with SEC Regulation G and not as an indication that the adjusted performance metrics are a substitute for net income (loss), net income (loss) per share—diluted, return on average assets or return on average equity determined by GAAP.

The following table is a summary of selected quarterly results of operations for the years ended December 31, 2007 and 2006. Certain quarterly amounts have been reclassified to conform to the year-end financial statement presentation.

Table 14 — Quarterly Financial Data

(Dollars in thousands, except per share data)	Three Months Ended March 31	June 30	Sept. 30	Dec. 31
2007:				
Interest income	**$ 90,836**	**$ 102,825**	**$ 103,766**	**$ 104,397**
Interest expense	**35,938**	**42,415**	**44,350**	**44,444**
Net interest income	**54,898**	**60,410**	**59,416**	**59,953**
Provision for loan losses	**2,205**	**2,881**	**5,793**	**18,597**
Gain (loss) on sale of securities	**—**	**—**	**—**	**—**
Income before income taxes	**29,558**	**33,511**	**29,866**	**(40,258)**
Net income (loss)	**21,063**	**23,510**	**21,304**	**(43,170)**
Net income excluding impairment charge (a)	**21,063**	**23,510**	**21,304**	**10,865**
Per share data:				
Net income (loss) — basic	**1.49**	**1.62**	**1.50**	**(3.08)**
Net income (loss) — diluted	**1.49**	**1.62**	**1.50**	**(3.08)**
Net income per share excluding impairment charge — diluted (a)	**1.49**	**1.62**	**1.50**	**0.77**
Weighted-average common stock outstanding — basic	**14,121,331**	**14,506,926**	**14,193,019**	**14,029,944**
Weighted-average common stock equivalent — diluted	**14,138,517**	**14,507,895**	**14,193,019**	**14,030,499**
2006:				
Interest income	$ 80,596	$ 83,298	$ 85,290	$ 85,375
Interest expense	27,177	29,476	31,728	32,934
Net interest income	53,419	53,822	53,562	52,441
Provision for loan losses	—	1,467	935	1,525
Gain (loss) on sale of securities	—	—	97	—
Income before income taxes	33,800	33,827	33,589	31,861
Net income	23,807	23,886	23,805	22,593
Per share data:				
Net income — basic	1.70	1.71	1.72	1.63
Net income — diluted	1.69	1.70	1.71	1.63
Weighted-average common stock outstanding — basic	14,034,360	13,977,432	13,859,498	13,845,071
Weighted-average common stock equivalent — diluted	14,095,895	14,010,407	13,888,458	13,872,586

a) Net income for the fourth quarter 2007 has been adjusted for the impairment charge to goodwill. Net income excluding the impairment charge equals net income for the period plus the impairment charge to goodwill of $54,035.

Three Months Ended December 31, (In thousands, except per share data)	2007	2006
Reconciliation of net income (loss) to net income excluding impairment charge:		
Net income (loss)	**$(43,170)**	$22,593
Plus goodwill impairment charge	**54,035**	—
Net income before impairment charge	**$ 10,865**	$22,593
Reconciliation of net income (loss) per share — diluted to net income per share — diluted excluding impairment charge:		
Net income (loss) per share — diluted	**$ (3.08)**	$ 1.63
Plus impairment charge to goodwill per share — diluted	**3.85**	—
Net income per share — diluted before impairment charge	**$ 0.77**	$ 1.63

The Corporation's common stock (symbol: PRK) is traded on the American Stock Exchange (AMEX). At December 31, 2007, the Corporation had 4,937 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, 2007 and 2006, as reported by AMEX.

Table 15 — Market and Dividend Information

	High	Low	Last Price	Cash Dividend Declared Per Share
2007:				
First Quarter	**$101.25**	**$ 88.48**	**$ 94.48**	**$0.93**
Second Quarter	**95.50**	**83.50**	**84.79**	**0.93**
Third Quarter	**93.45**	**78.55**	**87.20**	**0.93**
Fourth Quarter	**91.70**	**64.50**	**64.50**	**0.94**
2006:				
First Quarter	$117.21	$103.00	$106.50	$0.92
Second Quarter	105.42	92.36	98.81	0.92
Third Quarter	105.00	93.72	100.09	0.92
Fourth Quarter	103.95	98.14	99.00	0.93

PERFORMANCE GRAPH

Table 16 compares the total return performance for Park common shares with the AMEX Composite Index, the NASDAQ Bank Stocks Index and with the SNL Financial Bank and Thrift Index for the five year period from December 31, 2002 to December 31, 2007. The AMEX Composite Index is a market capitalization-weighted index of the stocks listed on the American Stock Exchange.

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 National Market 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 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.

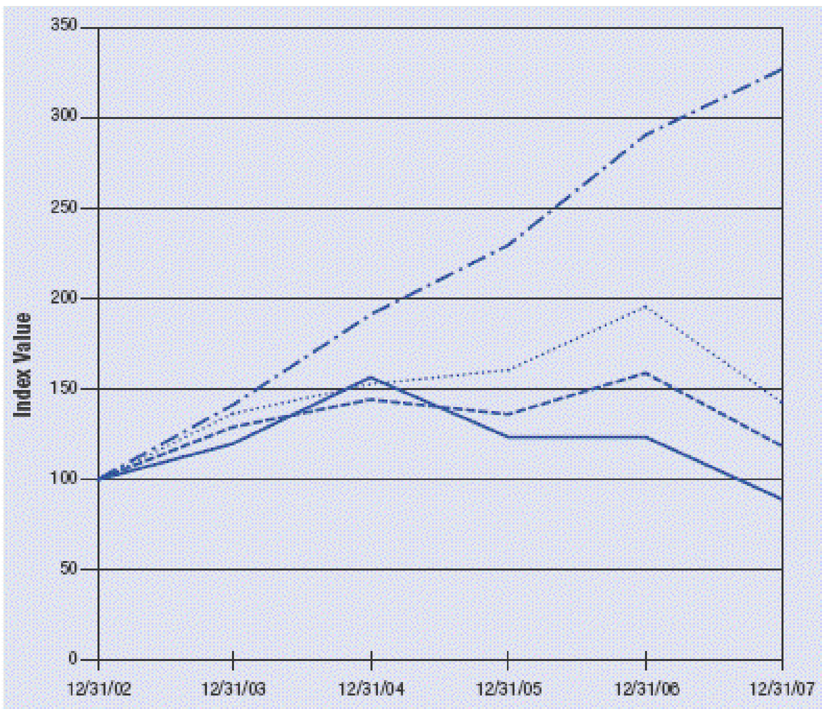

Table 16 — Total Return Performance

		PERIOD ENDING					
	Index	**12/31/02**	**12/31/03**	**12/31/04**	**12/31/05**	**12/31/06**	**12/31/07**
———	Park National Corporation	100.00	118.18	152.98	119.75	119.79	81.58
—·—·—	AMEX Composite Index	100.00	146.69	184.19	232.41	278.76	326.63
– – – –	NASDAQ Bank Stocks Index	100.00	129.93	144.21	137.97	153.15	119.35
·······	SNL Bank and Thrift Index	100.00	135.57	151.82	154.20	180.17	137.40

The total return performance for Park's common shares has underperformed the total return performance on the three indices used in the five year comparison as indicated in Table 16. The annual compound total return on Park's common shares for the past five years is a negative 4.0%. By comparison, the annual compound total returns for the past five years on the AMEX Composite Index, the NASDAQ Bank Stocks Index and the SNL Bank and Thrift Index were 26.7%, 3.6% and 6.6%, respectively.

The total return performance for bank stocks in 2007 was generally very poor. For 2007, the total return on Park's common shares was a negative 31.9%, compared to a total return on the NASDAQ Bank Stocks Index of a negative 22.1%% and a total return on the SNL Bank and Thrift Index of a negative 23.7%.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

To the Board of Directors and Stockholders
Park National Corporation

The management of Park National Corporation (the "Corporation") is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a — 15(f) and 15d — 15(f) under the Securities Exchange Act of 1934. The Corporation's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles. The Corporation's internal control over financial reporting includes those policies and procedures that:

a.) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Corporation and its consolidated subsidiaries;

b.) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles, and that receipts and expenditures of the Corporation and its consolidated subsidiaries are being made only in accordance with authorizations of management and directors of the Corporation; and

c.) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the assets of the Corporation and its consolidated subsidiaries that could have a material effect on the financial statements.

The Corporation's internal control over financial reporting as it relates to the financial statements is evaluated for effectiveness by management and tested for reliability through a program of internal audits. Actions are taken to correct potential deficiencies as they are identified.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluations 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. Accordingly, even an effective system of internal control over financial reporting will provide only reasonable assurance with respect to financial statement preparation.

With the participation of our Chairman of the Board and Chief Executive Officer, our President and our Chief Financial Officer, management evaluated the effectiveness of the Corporation's internal control over financial reporting as of December 31, 2007, the end of the Corporation's fiscal year. In making this assessment, management used the criteria set forth for effective internal control over financial reporting by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework. This assessment excluded the internal control over financial reporting of Vision Bank and Vision Bancshares Financial Group, Inc. which were acquired on March 9, 2007 through the merger of Vision Bancshares, Inc., their then parent, with and into the Corporation, and whose financial statements reflect total assets constituting approximately 13% of total assets reported on the Corporation's consolidated financial statements as of December 31, 2007.

Based on our assessment under the criteria described in the proceeding paragraph, management concluded that the Corporation maintained effective internal control over financial reporting as of December 31, 2007.

The Corporation's independent registered public accounting firm, Crowe Chizek and Company LLC, has audited the Corporation's 2007 and 2006 consolidated financial statements included in this Annual Report and the Corporation's internal control over financial reporting as of December 31, 2007, and has issued their Report of Independent Registered Public Accounting Firm, which appears in this Annual Report.

C. Daniel DeLawder
Chairman and Chief Executive Officer

David L. Trautman
President

John W. Kozak
Chief Financial Officer

February 23, 2008

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, 2007 and 2006, and the related consolidated statements of income, changes in stockholders' equity, and cash flows for the years then ended. We also have audited Park National Corporation's internal control over financial reporting as of December 31, 2007, 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. The consolidated statements of income, changes in stockholders' equity and cash flows of Park National Corporation for the year ended December 31, 2005 were audited by other auditors whose report, dated February 21, 2006, expressed an unqualified opinion on those statements.

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.

As permitted, the Company excluded the subsidiary acquired on March 9, 2007 (Vision Bank) from the scope of Management's Report on Internal Control Over Financial Reporting. As such, this entity has also been excluded from the scope of our audit of internal control over financial reporting.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Park National Corporation as of December 31, 2007 and 2006, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, Park National Corporation maintained, in all material respects, effective internal control over financial reporting as of December 31, 2007, based on criteria established in Internal Control — Integrated Framework issued by the COSO.

Crowe Chizek and Company LLC

Columbus, Ohio
February 23, 2008

CONSOLIDATED BALANCE SHEETS

PARK NATIONAL CORPORATION AND SUBSIDIARIES

at December 31, 2007 and 2006 (Dollars in thousands)

	2007	2006
ASSETS		
Cash and due from banks	**$ 183,165**	$ 177,990
Money market instruments	**10,232**	8,266
Cash and cash equivalents	**193,397**	186,256
Interest bearing deposits with other banks	**1**	1
Investment securities:		
Securities available-for-sale, at fair value (amortized cost of $1,473,052 and $1,299,686 at December 31, 2007 and 2006, respectively)	**1,474,517**	1,275,079
Securities held-to-maturity, at amortized cost (fair value of 161,414 and $169,786 at December 31, 2007 and 2006, respectively)	**165,421**	176,485
Other investment securities	**63,165**	61,934
Total investment securities	**1,703,103**	1,513,498
Total loans	**4,224,134**	3,480,702
Allowance for loan losses	**(87,102)**	(70,500)
Net loans	**4,137,032**	3,410,202
Other assets:		
Bank owned life insurance	**119,472**	113,101
Goodwill	**127,320**	72,334
Other intangible assets	**17,236**	5,669
Premises and equipment, net	**66,634**	47,554
Accrued interest receivable	**30,646**	26,122
Other real estate owned	**13,443**	3,351
Mortgage loan servicing rights	**10,204**	10,371
Other	**82,614**	82,417
Total other assets	**467,569**	360,919
Total assets	**$6,501,102**	$5,470,876

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

CONSOLIDATED BALANCE SHEETS (CONTINUED)

PARK NATIONAL CORPORATION AND SUBSIDIARIES
at December 31, 2007 and 2006 (Dollars in thousands)

	2007	2006
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits:		
Noninterest bearing	**$ 695,466**	$ 664,962
Interest bearing	**3,743,773**	3,160,572
Total deposits	**4,439,239**	3,825,534
Short-term borrowings	**759,318**	375,773
Long-term debt	**590,409**	604,140
Subordinated debentures	**40,000**	—
Total borrowings	**1,389,727**	979,913
Other liabilities:		
Accrued interest payable	**15,125**	13,076
Other	**76,999**	81,914
Total other liabilities	**92,124**	94,990
Total liabilities	**5,921,090**	4,900,437
COMMITMENTS AND CONTINGENCIES		
Stockholders' equity:		
Common stock, no par value (20,000,000 shares authorized; 16,151,200 shares issued in 2007 and 15,358,323 issued in 2006)	**301,213**	217,067
Accumulated other comprehensive income (loss), net	**(2,608)**	(22,820)
Retained earnings	**489,511**	519,563
Less: Treasury stock (2,186,624 shares in 2007 and 1,436,794 shares in 2006)	**(208,104)**	(143,371)
Total stockholders' equity	**580,012**	570,439
Total liabilities and stockholders' equity	**$6,501,102**	$5,470,876

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

CONSOLIDATED STATEMENTS OF INCOME

PARK NATIONAL CORPORATION AND SUBSIDIARIES

for the years ended December 31, 2007, 2006 and 2005 (Dollars in thousands, except per share data)

	2007	2006	2005
Interest and dividend income:			
Interest and fees on loans	**$320,827**	$255,123	$223,868
Interest and dividends on:			
Obligations of U.S. Government, its agencies and other securities	**77,016**	75,300	85,664
Obligations of states and political subdivisions	**3,061**	3,667	4,486
Other interest income	**920**	469	441
Total interest and dividend income	**401,824**	334,559	314,459
Interest expense:			
Interest on deposits:			
Demand and savings deposits	**39,797**	25,870	15,091
Time deposits	**81,224**	56,402	41,808
Interest on short-term borrowings	**22,113**	15,692	7,508
Interest on long-term debt	**24,013**	23,351	29,488
Total interest expense	**167,147**	121,315	93,895
Net interest income	**234,677**	213,244	220,564
Provision for loan losses	**29,476**	3,927	5,407
Net interest income after provision for loan losses	**205,201**	209,317	215,157
Other income:			
Income from fiduciary activities	**14,403**	13,548	12,034
Service charges on deposit accounts	**23,813**	19,969	17,853
Net gains on sales of securities	**—**	97	96
Other service income	**11,543**	10,920	10,753
Other	**21,881**	20,228	18,969
Total other income	**$ 71,640**	$ 64,762	$ 59,705

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

CONSOLIDATED STATEMENTS OF INCOME (CONTINUED)

PARK NATIONAL CORPORATION AND SUBSIDIARIES

for the years ended December 31, 2007, 2006 and 2005 (Dollars in thousands, except per share data)

	2007	2006	2005
Other expense:			
Salaries and employee benefits	**$ 97,712**	$ 82,579	$ 80,579
Goodwill impairment charge	**54,035**	—	—
Data processing fees	**6,892**	4,246	4,154
Fees and service charges	**11,055**	9,553	9,035
Net occupancy expense of bank premises	**10,717**	9,155	8,721
Amortization of intangibles	**3,847**	2,470	2,548
Furniture and equipment expense	**9,259**	8,215	7,915
Insurance	**1,445**	1,137	1,243
Marketing	**4,961**	4,438	4,201
Postage and telephone	**6,910**	6,303	5,975
State taxes	**2,769**	2,333	2,925
Other	**14,562**	10,573	12,142
Total other expense	**224,164**	141,002	139,438
Income before income taxes	**52,677**	133,077	135,424
Income taxes	**29,970**	38,986	40,186
Net income	**$ 22,707**	$ 94,091	$ 95,238
Earnings per share:			
Basic	**$ 1.60**	$ 6.75	$ 6.68
Diluted	**$ 1.60**	$ 6.74	$ 6.64

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

CONSOLIDATED STATEMENTS OF
CHANGES IN STOCKHOLDERS' EQUITY

PARK NATIONAL CORPORATION AND SUBSIDIARIES

for the years ended December 31, 2007, 2006 and 2005 (Dollars in thousands, except per share data)

	Common Stock Shares Outstanding	Amount	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total	Comprehensive Income
Balance, January 1, 2005	14,320,227	$208,251	$433,260	$ (91,392)	$ 12,442	$562,561	
Net income	—	—	95,238	—	—	95,238	$ 95,238
Other comprehensive income (loss), net of tax:							
Unrealized net holding loss on securities available-for-sale, net of income taxes of $(12,161)					(22,585)	(22,585)	(22,585)
							$ 72,653
Cash dividends, $3.62 per share	—	—	(51,609)	—	—	(51,609)	
Cash payment for fractional shares in dividend reinvestment plan	(50)	(3)	—	—	—	(3)	
Shares issued for stock options	1,917	117				117	
Treasury stock purchased	(281,360)	—	—	(29,978)	—	(29,978)	
Treasury stock reissued primarily for stock options exercised	51,892	—	—	4,689	—	4,689	
Balance, December 31, 2005	14,092,626	$208,365	$476,889	$(116,681)	$(10,143)	$558,430	
Net income	—	—	94,091	—	—	94,091	94,091
Other comprehensive income (loss), net of tax:							
Unrealized net holding loss on securities available-for-sale, net of income taxes of $(3,151)					(5,851)	(5,851)	(5,851)
Total comprehensive income							$ 88,240
Adjustment to initially apply SFAS No. 158, net of income taxes of $(3,675)					(6,826)	(6,826)	
Cash dividends, $3.69 per share	—	—	(51,417)	—	—	(51,417)	
Cash payment for fractional shares in dividend reinvestment plan	(72)	(5)	—	—	—	(5)	
Shares issued for stock options	684	42	—	—	—	42	
Treasury stock							

purchased	(302,786)	—	—	(30,508)	—	(30,508)	
Treasury stock reissued primarily for stock options exercised	44,940	—	—	3,818	—	3,818	
Shares issued for Anderson Bank purchase	86,137	8,665	—	—	—	8,665	
Balance, December 31, 2006	**13,921,529**	**$217,067**	**$519,563**	**$(143,371)**	**$(22,820)**	**$570,439**	
Net income	**—**	**—**	**22,707**	**—**	**—**	**22,707**	**22,707**
Other comprehensive income (loss), net of tax:							
Application of SFAS No. 158, net of income taxes of $1,759					**3,266**	**3,266**	**3,266**
Unrealized net holding gain on securities available-for-sale, net of income taxes of $9,125					**16,946**	**16,946**	**16,946**
Total comprehensive income							**$ 42,919**
Cash dividends, $3.73 per share	**—**	**—**	**(52,759)**	**—**	**—**	**(52,759)**	
Cash payment for fractional shares in dividend reinvestment plan	**(60)**	**(5)**	**—**	**—**	**—**	**(5)**	
Stock options granted	**—**	**893**	**—**	**—**	**—**	**893**	
Treasury stock purchased	**(760,531)**	**—**	**—**	**(65,568)**	**—**	**(65,568)**	
Treasury stock reissued for stock options exercised and other grants	**10,701**	**—**	**—**	**835**	**—**	**835**	
Shares issued for Vision Bancshares, Inc. purchase	**792,937**	**83,258**	**—**	**—**	**—**	**83,258**	
Balance, December 31, 2007	**13,964,576**	**$301,213**	**$489,511**	**$(208,104)**	**$ (2,608)**	**$580,012**	

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

PARK NATIONAL CORPORATION AND SUBSIDIARIES

for the years ended December 31, 2007, 2006 and 2005 (Dollars in thousands)

	2007	2006	2005
Operating activities:			
Net income	**$ 22,707**	$ 94,091	$ 95,238
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision for loan losses	**29,476**	3,927	5,407
Amortization of loan fees and costs, net	**(5,935)**	(4,340)	(3,809)
Provision for depreciation and amortization	**6,480**	5,522	5,641
Goodwill impairment charge	**54,035**	—	—
Amortization of intangible assets	**3,847**	2,470	2,548
Accretion of investment securities	**(3,009)**	(1,630)	(2,444)
Deferred income tax expense (benefit)	**(7,839)**	156	1,990
Realized net investment security (gains)	**—**	(97)	(96)
Stock based compensation expense	**893**	—	—
Stock dividends on Federal Home Loan Bank stock	**—**	(3,101)	(2,525)
Changes in assets and liabilities:			
Increase in other assets	**(11,975)**	(14,606)	(24,431)
(Decrease) increase in other liabilities	**(5,492)**	2,858	958
Net cash provided by operating activities	**83,188**	85,250	78,477
Investing activities:			
Proceeds from sales of available-for-sale securities	**—**	304	131,794
Proceeds from maturities of securities:			
Held-to-maturity	**11,063**	19,471	63,914
Available-for-sale	**700,582**	293,207	345,660
Purchase of securities:			
Held-to-maturity	**—**	—	(187,420)
Available-for-sale	**(842,598)**	(166,518)	(113,198)
Net decrease (increase) in other investments	**180**	(532)	(1,743)
Net decrease in interest bearing deposits with other banks	**—**	299	1,796
Net increase in loans	**(126,005)**	(99,316)	(53,600)
Loans (purchased) sold with branch office	**(38,348)**	—	5,273
Cash (paid) received for acquisition, net	**(47,686)**	5,177	(39,227)
Purchases of premises and equipment, net	**(16,331)**	(4,311)	(8,193)
Premises and equipment acquired in branch acquisitions	**(1,150)**	—	—
Net cash (used in) provided by investing activities	**(360,293)**	47,781	145,056
Financing activities:			
Net increase (decrease) in deposits	**13,198**	6,320	(55,491)
Deposits purchased (sold) with branch office	**23,466**	—	(12,419)
Net increase in short-term borrowings	**359,213**	61,699	35,843
Cash payment for fractional shares of common stock	**(5)**	(5)	(3)
Exercise of stock options, including tax benefits	**—**	42	117
Purchase of treasury stock, net	**(64,733)**	(26,690)	(25,289)
Proceeds from issuance of subordinated debt	**25,000**	—	—
Proceeds from long-term debt	**378,100**	300,000	326,040
Repayment of long-term debt	**(397,460)**	(410,644)	(428,689)
Cash dividends paid	**(52,533)**	(51,470)	(51,498)
Net cash provided by (used in) financing activities	**284,246**	(120,748)	(211,389)
Increase in cash and cash equivalents	**7,141**	12,283	12,144
Cash and cash equivalents at beginning of year	**186,256**	173,973	161,829
Cash and cash equivalents at end of year	**$ 193,397**	$ 186,256	$ 173,973
Supplemental disclosure			
Summary of business acquisition:			
Fair value of assets acquired	**$ 686,512**	$ 69,717	$ 185,372
Cash paid for the purchase of financial institutions	**(87,843)**	(9,052)	(52,500)
Stock issued for the purchase of financial institutions	**(83,258)**	(8,665)	—
Fair value of liabilities assumed	**(624,432)**	(62,638)	(161,241)

Goodwill recognized	**$(109,021)**	$ (10,638)	$ (28,369)

The accompanying notes are an integral part of the 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 ("Park" or the "Corporation") and all of its subsidiaries. Material intercompany accounts and transactions have been eliminated.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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. The allowance for loan losses and the accounting for goodwill are particularly subject to change.

Reclassifications

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

Investment Securities

Investment securities are classified upon acquisition into one of three categories: Held-to-maturity, available-for-sale, or trading (see Note 4).

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 others. 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. At December 31, 2007 and 2006, the Corporation did not hold any trading securities.

Available-for-sale and held-to-maturity securities are evaluated quarterly for potential other-than-temporary impairment. Management considers the facts of each security including the nature of the security, the amount and duration of the loss, credit quality of the issuer, the expectations for that security's performance and Park's intent and ability to hold the security until recovery. A decline in value that is considered to be other-than-temporary is recorded as a charge to earnings in the Consolidated Statements of Income.

Other investment securities (as shown on the balance sheet) consist of stock investments in the Federal Home Loan Bank and the Federal Reserve Bank. The fair values of these investments are the same as their amortized costs.

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 have been accounted for on the trade date in the year of sale on a specific identification basis.

Federal Home Loan Bank (FHLB) Stock

Park's subsidiary banks are members of the FHLB system. 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 stock is carried at cost, classified as a restricted security, and periodically evaluated for impairment based on the ultimate recovery of the par value. Both cash and stock dividends are reported as income.

Bank Owned Life Insurance

Park has purchased life insurance policies on certain key officers and directors. 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 the lower of cost or fair value, determined using an aggregate basis. Write-downs to fair value are recognized as a charge to earnings at the time the decline in value occurs. Mortgage loans held for sale were $10.0 million at December 31, 2007 and $5.1 million at December 31, 2006. These amounts are included in loans on the balance sheet. The Corporation enters into forward commitments to sell mortgage loans to reduce market risk on mortgage loans in the process of origination and mortgage loans held for sale. Gains and losses resulting from sales of mortgage loans are recognized when the respective loans are sold to investors. Gains and losses are determined by the difference between the selling price and the carrying amount of the loans sold, net of discounts collected or paid and considering a normal servicing rate. Fees received from borrowers to guarantee the funding of mortgage loans held for sale and fees paid to investors to ensure the ultimate sale of such mortgage loans are recognized as income or expense when the loans are sold or when it becomes evident that the commitment will not be used.

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 fees and costs over the loan term. Generally, commercial loans are placed on nonaccrual status at 90 days past due and residential mortgage loans are placed on nonaccrual 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. Consumer loans are generally charged-off when they are 120 days past due. Commercial loans placed on nonaccrual status are considered impaired under SFAS No. 114, as amended by SFAS No. 118 (See Note 5). For loans which are on nonaccrual status, it is Park's policy to reverse interest previously accrued on the loan 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 and when full payment of principal is no longer doubtful.

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.

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, including overall growth in the loan portfolio, an analysis of individual loans, prior and current loss experience and current economic conditions. A provision for loan losses is charged to operations based on management's periodic evaluation of these and other pertinent factors.

Statement of Financial Accounting Standards ("SFAS") No. 114, "Accounting by Creditors for Impairment of a Loan," as amended by SFAS No. 118, "Accounting by Creditors for Impairment of a Loan — Income Recognition and Disclosure" requires an allowance 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 loan will not be collected, and the recorded investment in the loan exceeds the 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.

Commercial loans are individually risk graded. Where appropriate, reserves are allocated to individual loans based on management's estimate of the borrower's ability to repay the loan given the availability of collateral and other sources of cash flow. Homogenous loans, such as consumer installment loans, residential mortgage loans and automobile leases are not individually risk graded. Reserves are established for each pool of loans based on environmental factors.

Such environmental factors include: historical loan loss experience; current economic conditions; loan delinquency; and experience, ability and depth of lending management and staff.

Income Recognition

Income earned by the Corporation and its subsidiaries is recognized on the accrual basis of accounting, except for 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 lives of the respective leases or the estimated useful lives of the improvements, whichever are the shorter periods. Upon the sale or other disposal of the assets, 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 are capitalized.

The range of depreciable lives that premises and equipment are being depreciated over 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 life of the leases which range from 1 to 10 years.

Other Real Estate Owned

Other real estate owned is recorded at fair market value (which is the estimated net realizable value) and consists of property acquired through foreclosure, and real estate held for sale. Subsequent to acquisition, allowances for losses are established if carrying values exceed fair value less estimated costs to sell. 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, the total cost of the mortgage loan is allocated to the servicing rights and the loans based on their relative fair values. Park adopted SFAS No. 156, “Accounting for Servicing of Financial Assets — an amendment of FASB Statement No. 140,” on January 1, 2007, and selected the “amortization method”, whereby the servicing rights capitalized are amortized in proportion to and over the period of estimated future servicing income of the underlying loan. Capitalized mortgage servicing rights totaled $10.2 million at December 31, 2007 and $10.4 million at December 31, 2006. The estimated fair values of capitalized mortgage servicing rights are $11.6 million at both December 31, 2007 and 2006. The fair value of mortgage servicing rights is determined by discounting estimated future cash flows from the servicing assets, using market discount rates, and using expected future prepayment rates. Park capitalized $1.6 million in mortgage servicing rights in both 2007 and 2006 and capitalized $2.0 million in 2005. In 2007, 2006 and 2005, Park’s amortization of mortgage servicing rights was $1.7 million, $1.9 million and $2.1 million, respectively. 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. Mortgage servicing rights increased by $1.3 million in 2005 as a result of the acquisition of First Clermont Bank on January 3, 2005. 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.

Park serviced sold mortgage loans of $1,403 million at December 31, 2007 compared to $1,405 million at December 31, 2006, and $1,403 million at December 31, 2005. At December 31, 2007, $70 million of the sold mortgage loans were sold with recourse compared to $77 million at December 31, 2006. Management closely monitors the delinquency rates on the mortgage loans sold with recourse. At December 31, 2007, management determined that no liability was deemed necessary for these loans.

Lease Financing

Leases of equipment, automobiles and aircraft to customers generally are direct leases in which the Corporation’s subsidiaries have acquired the equipment, automobiles or aircraft with no outside financing.

Such leases are accounted for as direct financing leases for financial reporting purposes. Under the direct financing method, a receivable is recorded for the total amount of the lease payments to be received.

Unearned lease income, representing the excess of the sum of the aggregate rentals of the equipment, automobiles or aircraft over its cost is included in income over the term of the lease under the interest method.

The estimated residual values of leases are established at inception by determining the estimated residual value for the equipment, automobiles or aircraft from the particular industry leasing guide. Management re-evaluates the estimated residual values of leases on a quarterly basis from review of the leasing guides and charges operating expense for any write-down of the estimated residual values of leases.

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 its 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 life.

Management considers several factors when performing the annual impairment tests on goodwill. The factors considered include the operating results for the particular Park subsidiary bank 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 subsidiary banks, the deposit and loan totals of the Park subsidiary bank and the economic conditions in the markets served by the Park subsidiary bank.

The following table reflects the activity in goodwill and other intangible assets for the years 2007, 2006 and 2005. (See Note 2 for details on the acquisitions of Vision Bancshares, Inc. (“Vision”), Anderson Bank Company (“Anderson”) and First Clermont Bank (“First Clermont”), the sale of the Roseville branch office, the acquisition of the Millersburg branch of Ohio Legacy Bank, N.A. and the recognition of an impairment charge to the Vision goodwill.

(In thousands)	**Goodwill**	**Core Deposit Intangibles**	**Total**
January 1, 2005	$ 34,187	$ 6,700	$ 40,887
First Clermont Acquisition	28,369	3,664	32,033
Sale of Branch Office	(860)	(324)	(1,184)
Amortization	—	(2,548)	(2,548)
December 31, 2005	$ 61,696	$ 7,492	$ 69,188
Amortization	—	(2,470)	(2,470)
Anderson Acquisition	10,638	647	11,285
December 31, 2006	**$ 72,334**	**$ 5,669**	**$ 78,003**
Vision Acquisition	**109,021**	**12,720**	**121,741**
Millersburg Branch Acquisition	**—**	**2,694**	**2,694**
Amortization	**—**	**(3,847)**	**(3,847)**
Impairment of Vision Goodwill	**(54,035)**	**—**	**(54,035)**
December 31, 2007	**$127,320**	**$17,236**	**$144,556**

Park typically evaluates goodwill for impairment during the first quarter of each year. A determination was made during the first quarter of 2007 that goodwill was not impaired.

SFAS No. 142, "Goodwill and Other Intangible Assets" ("SFAS No. 142"), 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.

During the fourth quarter of 2007, Park's management determined that the goodwill from the Vision acquisition on March 9, 2007 could possibly be impaired due to the significant deterioration in the credit condition of Vision Bank. Nonperforming loans at Vision Bank increased from $26.3 million at September 30, 2007 to $63.5 million at December 31, 2007 or 9.9% of year-end loan balances. Net loan charge-offs were $6.4 million for the fourth quarter or an annualized 3.99% of average loan balances. Management determined that due to these severe credit conditions that a valuation of the fair value of Vision Bank be computed to determine if the goodwill of $109.0 million was impaired.

Management calculated the estimated fair value of Vision Bank to be $123.0 million, based on four equally weighted tests; (i) on-going earnings multiplied by a price to earnings multiple (ii) tangible book multiplied by a price to tangible book ratio (iii) core deposit premium added to tangible book, and (iv) discounted future cash flows. Once it is determined that the fair value is materially less than the carrying value, FAS 142 requires a company to calculate the implied fair value of goodwill and compare it to the carrying amount of goodwill. The amount of the excess of the carrying amount of goodwill over the implied amount of goodwill is the amount of the impairment loss, which was calculated as $54.0 million by Park management. After the impairment charge, the new carrying amount of goodwill resulting from the Vision acquisition is $55.0 million at December 31, 2007.

The balance of goodwill was $127.3 million at December 31, 2007. This goodwill balance is located at four subsidiary banks of Park. The subsidiary banks are 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).

Goodwill and other intangible assets totaled $144.6 million at December 31, 2007 and $78.0 million at December 31, 2006.

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 each of the Vision, First Clermont and Anderson acquisitions, and the Millersburg branch acquisition is six years. Core deposit intangible amortization expense was $3.8 million in 2007 and $2.5 million in both 2006 and 2005.

The accumulated amortization of core deposit intangibles was $7.1 million as of December 31, 2007 and $9.0 million at December 31, 2006. In addition, Park's subsidiary, United Bank, N.A., had core deposit intangibles of $5.7 million, which were fully amortized by the end of 2007. Park's subsidiary banks had two branch offices in 2006 for which the core deposit intangibles were fully amortized. These intangibles totaled $4.6 million. The expected core deposit intangible amortization expense for each of the next five years is as follows:

(In thousands)	
2008	$ 4,025
2009	3,746
2010	3,422
2011	2,677
2012	2,677
Total	**$16,547**

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, (Dollars in thousands)	2007	2006	2005
Interest paid on deposits and other borrowings	**$167,154**	$118,589	$91,408
Income taxes paid	**$ 39,115**	$ 34,633	$37,146

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.

During the fourth quarter of 2007, Visa USA announced that it had reached an agreement to settle one of its lawsuits and that they were establishing an additional liability for a potential settlement with another party. Pursuant to the Visa USA bylaws, Park is obligated to indemnify Visa USA for certain covered losses. Park recorded a contingent liability of $0.9 million in the fourth quarter, which was based on the Visa USA announcements and Park's membership interest in Visa USA. Visa has also announced its plans for an initial public offering ("IPO"). If this IPO occurs, Visa's stated intention is to fund litigation settlements from an escrow account that will be funded by the IPO. When and if the IPO takes place, Park expects that it would reverse the $0.9 million liability, in addition to recognizing gains as a result of the IPO.

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.

Park adopted Financial Accounting Standards Board ("FASB") Interpretation No. 48, Accounting for Uncertainty in Income Taxes — ("FIN 48"), on January 1, 2007. A 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. FIN 48 also provides guidance on disclosures and other issues. The adoption had no material effect on Park's consolidated financial statements. As a result, there was no cumulative effect related to adopting FIN 48. As of December 31, 2007, Park had provided a liability of approximately $900,000 for unrecognized tax benefits related to various federal and state income tax matters. Park recognizes interest and penalties through the income tax provision. The total amount of interest and penalties on the date of adoption was $76,000. Park is no longer subject to examination by federal taxing authorities for the tax year 2003 and the years prior.

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 cost of such stock.

Comprehensive Income

Comprehensive income consists of net income and other comprehensive income. Other comprehensive income includes unrealized gains and losses on securities available for sale and changes in the funded status of the Company's defined benefit pension plan, which are also recognized as separate components of equity.

Stock Options

Effective January 1, 2006, Park adopted SFAS No. 123R, "Share-Based Payment," using the modified prospective method and accordingly did not restate prior period results. The modified prospective method recognizes compensation expense beginning with the effective date of January 1, 2006, for all stock options granted after January 1, 2006 and for all stock options that became vested after January 1, 2006. Park granted 90,000 stock options in 2007 and did not grant any stock options in 2006. Additionally, no stock options became vested in 2006. The adoption of SFAS No. 123R on January 1, 2006, had no impact on Park's net income in 2006.

Prior to January 1, 2006, Park accounted for its stock option plans under the recognition and measurement principles of Accounting Principles Board Opinion No. 25 "Accounting for Stock Issued to Employees" (APB 25) and related interpretations. Under APB 25, no stock based employee compensation cost was reflected in net income, as all stock options granted under Park's plans had an exercise price equal to the market value of the underlying common stock on the grant date.

Park granted 228,150 incentive stock options in 2005. The following table illustrates the effect on net income and earnings per share if compensation expense was measured using the fair value recognition provisions of SFAS No. 123R for 2005.

December 31, **(Dollars in thousands, except per share data)**	2005
Net income as reported	$95,238
Deduct: Stock-based compensation expense determined under fair value based method	(3,664)
Pro-forma net income	91,574
Basic earnings per share as reported	$ 6.68
Pro-forma basic earnings per share	6.42
Diluted earnings per share as reported	6.64
Pro-forma diluted earnings per share	6.38

Derivative Instruments

Park did not use any derivative instruments (such as interest rate swaps) in 2007, 2006 and 2005. However, 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, which was issued by one of Park's subsidiary banks during the fourth quarter of 2007 (see Note 11 and Note 23).

Accounting for Defined Benefit Pension Plan

In September 2006, the FASB issued SFAS No. 158, "Employers Accounting for Defined Benefit Pension and Other Postretirement Plans — an amendment of FASB Statements No. 87, 88, 106 and 132R." This statement requires an employer to recognize the overfunded or underfunded status of a defined benefit postretirement plan (other than a multi-employer plan) as an asset or liability in its balance sheet, beginning with year-end 2006, and to recognize changes in the funded status in the year in which the changes occur through comprehensive income beginning in 2007. Additionally, defined benefit plan assets and obligations are to be measured as of the date of the employer's fiscal year-end, starting in 2008. The adoption of SFAS No. 158 had the following effect on individual line items in the 2006 balance sheet:

(In thousands)	**Before application of SFAS No. 158**	**Adjustments**	**After application of SFAS No. 158**
Prepaid pension benefit cost	$ 16,342	$(10,501)	$ 5,841
Deferred income tax asset	18,715	3,675	22,390
Total assets	5,477,702	(6,826)	5,470,876
Accumulated other comprehensive income (loss), net	(15,994)	(6,826)	(22,820)
Total stockholders' equity	$ 577,265	$ (6,826)	$ 570,439

As a result of the adoption of the SFAS No. 158 measurement date provisions, Park believes there will be a charge of approximately $0.3 million to retained earnings on January 1, 2008 to reflect the after-tax expense pertaining to three months of pension plan expense.

Prior Year Misstatements

In September 2006, the Securities and Exchange Commission (SEC) released Staff Accounting Bulletin No. 108, "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements" ("SAB 108"), which is effective for fiscal years ending on or after November 15, 2006. SAB 108 provides guidance on how the effects of prior-year uncorrected financial statement misstatements should be considered in quantifying a current year misstatement. SAB 108 requires public companies to quantify misstatements using both an income statement (rollover) and balance sheet (iron curtain) approach and evaluate whether either approach results in misstatement that when all relevant quantitative and qualitative factors are considered, is material. If prior year errors that had been previously considered immaterial now are considered material based on either approach, no restatement is required so long as management properly applied its previous approach and all relevant facts and circumstances were considered. Upon adoption in 2006, Park had no items that required posting an adjustment to beginning retained earnings.

Adoption of New Accounting Standards

Accounting for Certain Hybrid Financial Instruments: In February 2006, FASB issued SFAS No. 155, "Accounting for Certain Hybrid Financial Instruments — an amendment to SFAS No. 133 and 140." This statement permits fair value re-measurement for any hybrid financial instruments, clarifies which instruments are subject to the requirements of SFAS No. 133, and establishes a requirement to evaluate interests in securitized financial assets and other items. In January 2007, the FASB issued Derivatives Implementation Group Issue B40, "Application of Paragraph 13(b) to Securitized Interests in Prepayable Financial Assets" ("DIG Issue B40"). DIG Issue B40 provides an exemption from the embedded derivative test of paragraph 13(b) of SFAS No. 133 for instruments that would otherwise require bifurcation if the test is met solely because of a prepayment feature included within the securitized interest and prepayment is not controlled by the security holder. SFAS No. 155 and DIG Issue B40 are effective for all financial instruments acquired, issued, or subject to a remeasurement (new basis) event occurring after January 1, 2007. The adoption of SFAS No. 155 and DIG Issue B40 did not have a material impact on Park's consolidated financial statements.

Accounting for Servicing of Financial Assets: In March 2006, FASB issued SFAS No. 156, "Accounting for Servicing of Financial Assets — an amendment of SFAS No. 140." This Statement provides the following: 1.) revised guidance on when a servicing asset and servicing liability should be recognized; 2.) requires all separately recognized servicing assets and servicing liabilities to be initially measured at fair value, if practicable; 3.) permits an entity to elect to measure servicing assets and servicing liabilities at fair value each reporting date and report changes in fair value in earnings in the period in which the changes occur; 4.) upon initial adoption, permits a one-time reclassification of available-for-sale securities to trading securities for securities which are identified as offsetting the entity's exposure to changes in the fair value of servicing assets or liabilities that a servicer elects to subsequently measure at fair value; and 5.) requires separate presentation of servicing assets and servicing liabilities subsequently measured at fair value in the statement of financial condition and additional footnote disclosures. For Park, SFAS No. 156 was effective January 1, 2007. The adoption of this Statement did not have a material impact on Park's consolidated financial statements.

Recently Issued but not yet Effective Accounting Pronouncements

Accounting for Postretirement Benefits Pertaining to Life Insurance Arrangements: In July 2006, the Emerging Issues Task Force ("EITF") of FASB issued a draft abstract for EITF Issue No. 06-04, "Accounting for Deferred Compensation and Postretirement Benefit Aspects of Endorsement Split-Dollar Life Insurance Arrangements" (EITF Issue No. 06-04). This draft abstract from EITF reached a consensus that for an endorsement split-dollar life insurance arrangement within the scope of this Issue, an employer should recognize a liability for future benefits in accordance with SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions." The EITF concluded that a liability for the benefit obligation under SFAS No. 106 has not been settled through the purchase of an endorsement type life insurance policy. In September 2006, FASB agreed to ratify the consensus reached in EITF Issue No. 06-04. This new accounting standard will be effective for fiscal years beginning after December 15, 2007.

At December 31, 2007, Park and its subsidiary banks owned $119.5 million of bank owned life insurance policies. These life insurance policies are generally subject to endorsement split-dollar life insurance arrangements. These arrangements were designed to provide a pre-and postretirement benefit for senior officers and directors of Park and its subsidiary banks. Park's management has completed its evaluation of the impact of the adoption of EITF Issue No. 06-4 on Park's consolidated financial statements. Based on the most recent analysis performed by management, Park believes there will be a charge, net of deferred tax, of approximately $7.5 million to retained earnings on January 1, 2008. A corresponding liability will be recognized of $11.6 million.

Fair Value Measurements: In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities." SFAS No. 159 gives entities the option to measure eligible financial assets and financial liabilities at fair value on an instrument by instrument basis, that are otherwise not permitted to be accounted for at fair value under other accounting standards. The fair value option permits companies to choose to measure eligible items at fair value at specified election dates. Subsequent changes in fair value must be reported in earnings. SFAS No. 159 is effective for financial statements issued for fiscal years beginning after November 15, 2007. The Company did not elect the fair value option for any financial assets or financial liabilities as of January 1, 2008.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements." SFAS No. 157 defines fair value, establishes a framework for measuring fair value in United States generally accepted accounting principles and expands disclosures about fair value measurements. This Statement establishes a fair value hierarchy about the assumptions used to measure fair value and clarifies assumptions about risk and the effect of a restriction on the sale or use of an asset. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007. Management believes that the impact of adoption will result in enhanced footnote disclosures; however, management believes that the adoption will not materially impact the Consolidated Balance Sheets, the Consolidated Statements of Income, the Consolidated Statements of Changes in Stockholders' Equity, or the Consolidated Statements of Cash Flows.

At the February 12, 2008 FASB meeting, the Board decided to defer the effective date of Statement 157 for all nonfinancial assets and nonfinancial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). SFAS No. 157 is effective for certain non-financial assets and liabilities for fiscal years beginning after November 15, 2008. Non-financial assets and liabilities may include (but are not limited to); (i) non-financial assets and liabilities initially valued at fair value in a business combination, but not measured at fair value in subsequent periods, (ii) reporting units measured at fair value in the first step of a goodwill impairment test described in SFAS No. 142, and (iii) non-financial assets and liabilities measured at fair value in the second step of a goodwill impairment test described in SFAS No. 142.

Accounting for Written Loan Commitments Recorded at Fair Value:

On November 5, 2007, the SEC issued Staff Accounting Bulletin No. 109, "Written Loan Commitments Recorded at Fair Value through Earnings ("SAB 109"). Previously, SAB 105, "Application of Accounting Principles to Loan Commitments," stated that in measuring the fair value of a derivative loan commitment, a company should not incorporate the expected net future cash flows related to the associated servicing of the loan. SAB 109 supercedes SAB 105 and indicates that the expected net future cash flows related to the associated servicing of the loan should be included in measuring fair value for all written loan commitments that are accounted for at fair value through earnings. SAB 105 also indicated that internally-developed intangible assets should not be recorded as part of the fair value of a derivative loan commitment, and SAB 109 retains that view. SAB 109 is effective for derivative loan commitments issued or modified in fiscal quarters beginning after December 15, 2007. Park does not expect the impact of this standard to be material.

Accounting for Business Combinations: On December 4, 2007, the FASB issued Statement No. 141(R), "Business Combinations" ("SFAS No. 141(R)"), with the objective to improve the comparability of information that a company provides in its financial statements related to a business combination. SFAS No. 141(R) establishes principles and requirements for how the acquirer (i) recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree, (ii) recognizes and measures the goodwill acquired in the business combination or a gain from a bargain purchase, and (iii) determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. The statement does not apply to combinations between entities under common control. This Statement applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008.

Noncontrolling Interests in Consolidated Financial Statements:

In December 2007, the FASB issued Statement No. 160, “Noncontrolling Interests in Consolidated Financial Statements,” which amends Accounting Research Bulletin No. 51 “Consolidated Financial Statements” (“ARB 51”). A noncontrolling interest, also known as a “minority interest,” is the portion of equity in a subsidiary not attributable to a parent. The objective of this statement is to improve upon the consistency of financial information that a company provides in its consolidated financial statements. Consistent with SFAS No. 141(R), SFAS No. 160 is effective for fiscal years beginning on or after December 15, 2008. Management does not expect that the adoption of this Statement will have a material impact on Park’s consolidated financial statements.

2. ORGANIZATION, ACQUISITIONS, BRANCH SALE AND BRANCH PURCHASE

Park National Corporation is a multi-bank holding company headquartered in Newark, Ohio. Through its banking subsidiaries, The Park National Bank (PNB), The Richland Trust Company (RTC), Century National Bank (CNB), The First-Knox National Bank of Mount Vernon (FKNB), United Bank, N.A. (UB), Second National Bank (SNB), The Security National Bank and Trust Co. (SEC), The Citizens National Bank of Urbana (CIT), and Vision Bank (VIS), Park is engaged in a general commercial banking and trust business, primarily in Ohio and Baldwin County, Alabama and the panhandle of Florida. A wholly-owned subsidiary of Park, Guardian Finance Company (GFC) began operating in May 1999. GFC is a consumer finance company located in Central Ohio. PNB operates through three banking divisions with the Park National Division headquartered in Newark, Ohio, the Fairfield National Division headquartered in Lancaster, Ohio and The Park National Bank of Southwest Ohio & Northern Kentucky Division headquartered in Milford, Ohio. FKNB operates through two banking divisions with the First-Knox National Division headquartered in Mount Vernon, Ohio and the Farmers and Savings Division headquartered in Loudonville, Ohio. SEC also operates through two banking divisions with the Security National Division headquartered in Springfield, Ohio and The Unity National Division (formerly The Third Savings and Loan Company) headquartered in Piqua, Ohio. Finally, VIS operates through two banking divisions with the Vision Bank headquartered in Panama City, Florida and the Vision Bank Division of Gulf Shores, Alabama. All of the Ohio-based banking subsidiaries and their respective 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 and auto leasing; trust services; cash management; safe deposit operations; electronic funds transfers and a variety of additional banking-related services. Vision Bank, with their two banking divisions, provide the services mentioned above, with the exception of credit cards, commercial and auto leasing, and cash management. See Note 21 for financial information on the Corporation's banking subsidiaries.

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. Substantially, none of the goodwill is tax deductible. Management expects that the acquisition of Vision will improve the future growth rate for Park's loans and deposits. 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.

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 Florida panhandle.

On September 21, 2007, a national bank subsidiary of Park, The First-Knox National Bank of Mount Vernon ("First-Knox"), acquired the Millersburg, Ohio banking office (the "Millersburg branch") of Ohio Legacy Bank, N.A. ("Ohio Legacy"). First-Knox acquired substantially all of the loans administered at the Millersburg branch of Ohio Legacy and assumed substantially all of the deposit liabilities relating to the deposit accounts assigned to the Millersburg branch. The fair value of loans acquired was approximately $38 million and deposit liabilities acquired were approximately $23 million. First-Knox paid a premium of approximately $1.7 million in connection with the purchase of the deposit liabilities. First-Knox recognized a loan premium adjustment of $700,000 and a certificate of deposit adjustment of $300,000, resulting in a total increase to core deposit intangibles of $2.7 million. No goodwill was recognized as part of this transaction. In addition, First-Knox paid $900,000 for the acquisition of the branch office building that Ohio Legacy was leasing from a third party.

On December 18, 2006, Park acquired all of the stock of Anderson Bank of Cincinnati, Ohio for $9.052 million in cash and 86,137 shares of Park common stock valued at $8.665 million or $100.60 per share. Immediately following Park's acquisition, Anderson merged with Park's subsidiary, The Park National Bank and is being operated as part of PNB's operating division, The Park National Bank of Southwest Ohio & Northern Kentucky. The goodwill recognized as a result of this acquisition was $10.638 million. The fair value of the acquired assets of Anderson was $69.717 million and the fair value of the liabilities assumed was $62.638 million at December 18, 2006.

On January 3, 2005, Park acquired all of the stock of First Clermont Bank of Milford, Ohio for $52.5 million in an all cash transaction accounted for as a purchase. Immediately following Park's stock acquisition, First Clermont merged with Park's subsidiary, The Park National Bank. The goodwill recognized as a result of this acquisition was $28.369 million. The fair value of the acquired assets of First Clermont was $185.372 million and the fair value of the liabilities assumed was $161.241 million at January 3, 2005. During 2006, the First Clermont Division of PNB combined with three of PNB's branches to form the operating division known as The Park National Bank of Southwest Ohio & Northern Kentucky.

On February 11, 2005, Park's subsidiary Century National Bank, sold its Roseville, Ohio branch office. The deposits sold with the Roseville branch office totaled $12.419 million and the loans sold with the branch office totaled $5.273 million. Century National Bank received a premium of $1.184 million from the sale of the deposits.

3. RESTRICTIONS ON CASH AND DUE FROM BANKS

The Corporation's banking subsidiaries are required to maintain average reserve balances with the Federal Reserve Bank. The average required reserve balance was approximately $29.0 million at December 31, 2007 and $30.9 million at December 31, 2006. No other compensating balance arrangements were in existence at year-end.

4. INVESTMENT SECURITIES

The amortized cost and fair value of investment securities are shown in the following table. Management evaluates the investment securities on a quarterly basis for other than temporary impairment. No impairment charges have been deemed necessary in 2007 and 2006.

Investment securities at December 31, 2007, were as follows:

		Gross	Gross	

(In thousands)	Amortized Cost	Unrealized Holding Gains	Unrealized Holding Losses	Estimated Fair Value
2007:				
Securities Available-for-Sale				
Obligations of U.S. Treasury and other U.S. Government agencies	**$ 200,996**	**$ 2,562**	**$ —**	**$ 203,558**
Obligations of states and political subdivisions	**44,805**	**716**	**20**	**45,501**
U.S. Government agencies' asset-backed securities	**1,224,958**	**6,292**	**8,115**	**1,223,135**
Other equity securities	**2,293**	**420**	**390**	**2,323**
Total	**$1,473,052**	**$ 9,990**	**$ 8,525**	**$1,474,517**
2007:				
Securities Held-to-Maturity				
Obligations of states and political subdivisions	**$ 13,551**	**$ 127**	**$ —**	**$ 13,678**
U.S. Government agencies' asset-backed securities	**151,870**	**2**	**4,136**	**147,736**
Total	**$ 165,421**	**$ 129**	**$ 4,136**	**$ 161,414**

Other investment securities (as shown on the balance sheet) consist of stock investments in the Federal Home Loan Bank and the Federal Reserve Bank. Park owned $56.8 million of Federal Home Loan Bank stock and $6.4 million of Federal Reserve stock at December 31, 2007. Park owned $55.5 million of Federal Home Loan Bank stock and $6.4 million of Federal Reserve Bank stock at December 31, 2006. The fair values of these investments are the same as their amortized costs.

Management does not believe any individual unrealized loss as of December 31, 2007 and December 31, 2006, represents an other-than-temporary impairment. The unrealized losses relate primarily to the impact of increases in market interest rates on U.S. Government agencies' asset-backed securities. The fair value 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.

Securities with unrealized losses at December 31, 2007, were as follows:

	Less than 12 Months		12 Months or Longer		Total	
(In thousands)	**Fair Value**	**Unrealized Losses**	**Fair Value**	**Unrealized Losses**	**Fair Value**	**Unrealized Losses**
2007:						
Securities Available-for-Sale						
Obligations of U.S. Treasury and other U.S. Government agencies						
Obligations of states and political subdivisions	**$1,302**	**$ 18**	**$ 120**	**$ 2**	**$ 1,422**	**$ 20**
U.S. Government agencies' asset- backed securities	**—**	**—**	**770,808**	**8,115**	**770,808**	**8,115**
Other equity securities	**729**	**291**	**101**	**99**	**830**	**390**
Total	**$2,031**	**$309**	**$771,029**	**$8,216**	**$773,060**	**$8,525**
2007:						
Securities Held-to-Maturity						
U.S. Government agencies' asset- backed securities	**$ —**	**$ —**	**$147,536**	**$4,136**	**$147,536**	**$4,136**

Investment securities at December 31, 2006 were as follows:

(In thousands)	**Amortized Cost**	**Gross Unrealized Holding Gains**	**Gross Unrealized Holding Losses**	**Estimated Fair Value**
2006:				
Securities Available-for-Sale				
Obligations of U.S. Treasury and other U.S. Government agencies	$ 90,988	$ 140	$ 419	$ 90,709
Obligations of states and political subdivisions	53,947	1,006	3	54,950
U.S. Government agencies' asset-backed securities and other asset-backed securities	1,153,515	932	26,823	1,127,624
Other equity securities	1,236	595	35	1,796
Total	$1,299,686	$2,673	$27,280	$1,275,079
2006:				
Securities Held-to-Maturity				
Obligations of states and political subdivisions	$ 15,140	$ 169	$ —	$ 15,309
U.S. Government agencies' asset-backed securities and other asset-backed securities	161,345	1	6,869	154,477
Total	$ 176,485	$ 170	$ 6,869	$ 169,786

Securities with unrealized losses at December 31, 2006, were as follows:

	Less than 12 Months		12 Months or Longer		Total	
(In thousands)	**Fair Value**	**Unrealized Losses**	**Fair Value**	**Unrealized Losses**	**Fair Value**	**Unrealized Losses**
2006:						
Securities Available-for-Sale						
Obligations of U.S. Treasury and other U.S. Government agencies	$60,577	$419	$ —	$ —	$ 60,577	$ 419
Obligations of states and political subdivisions	131	1	120	2	251	3
U.S. Government agencies' asset- backed securities and other asset- backed securities	17,266	116	1,064,607	26,707	1,081,873	26,823
Other equity securities	—	—	165	35	165	35
Total	$77,974	$536	$1,064,892	$26,744	$1,142,866	$27,280

(In thousands)	Less than 12 Months Fair Value	Less than 12 Months Unrealized Losses	12 Months or Longer Fair Value	12 Months or Longer Unrealized Losses	Total Fair Value	Total Unrealized Losses
2006:						
Securities Held-to-Maturity						
U.S. Government agencies' asset- backed securities and other asset- backed securities	$ —	$ —	$ 154,286	$ 6,869	$ 154,286	$ 6,869

The amortized cost and estimated fair value of investments in debt securities at December 31, 2007, are shown in the following table by contractual maturity or the expected call date, except for asset-backed securities which are shown based on expected principal repayments. The average yield is computed on a tax equivalent basis using a thirty-five percent tax rate and is based on the amortized cost of the securities.

(Dollars in thousands)	Amortized Cost	Estimated Fair Value	Weighted Average Maturity	Average Yield
Securities Available-for-Sale				
U.S. Treasury and agencies' notes:				
Due within one year	**$ 130,996**	**$ 131,991**	**0.41 years**	**5.98%**
Due one through five years	**70,000**	**71,567**	**1.37 years**	**5.78%**
Total	**$ 200,996**	**$ 203,558**	**0.75 years**	**5.91%**
Obligations of states and political subdivisions:				
Due within one year	**$ 33,470**	**$ 33,759**	**0.48 years**	**6.90%**
Due one through five years	**9,030**	**9,398**	**2.46 years**	**7.30%**
Due five through ten years	**1,715**	**1,745**	**6.39 years**	**5.75%**
Due over ten years	**590**	**599**	**15.26 years**	**6.39%**
Total	**$ 44,805**	**$ 45,501**	**1.30 years**	**6.93%**
U.S. Government agencies' asset-backed securities:				
Due within one year	**$ 212,120**	**$ 211,802**	**0.53 years**	**4.98%**
Due one through five years	**604,175**	**603,283**	**2.85 years**	**4.97%**
Due five through ten years	**387,551**	**386,970**	**7.21 years**	**4.91%**
Due over ten years	**21,112**	**21,080**	**10.84 years**	**4.90%**
Total	**$1,224,958**	**$1,223,135**	**3.97 years**	**4.95%**
Securities Held-to-Maturity				
Obligations of states and political subdivisions:				
Due within one year	**$ 11,659**	**$ 11,739**	**0.58 years**	**6.46%**
Due one through five years	**1,392**	**1,431**	**1.97 years**	**6.75%**
Due five through ten years	**500**	**508**	**6.50 years**	**6.53%**
Total	**$ 13,551**	**$ 13,678**	**0.94 years**	**6.49%**
U.S. Government agencies' asset-backed securities:				
Due within one year	**$ 6,042**	**$ 5,878**	**0.57 years**	**4.70%**
Due one through five years	**37,018**	**36,011**	**3.70 years**	**4.67%**
Due five through ten years	**104,519**	**101,676**	**7.51 years**	**4.71%**
Due over ten years	**4,291**	**4,171**	**10.17 years**	**4.70%**
Total	**$ 151,870**	**$ 147,736**	**6.38 years**	**4.70%**

Investment securities having a book value of $1,631 million and $1,448 million at December 31, 2007 and 2006, 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, 2007, $912 million was pledged for government and trust department deposits, $667 million was pledged to secure repurchase agreements and $52 million was pledged as collateral for FHLB advance borrowings. At December 31, 2006, $781 million was pledged for government and trust department deposits, $661 million was pledged to secure repurchase agreements and $6 million was pledged as collateral for FHLB advance borrowings.

At year-end, there were no holdings of securities of any one issuer, other than the U.S. Government and its agencies, in an amount greater than 10% of shareholders' equity.

There were no sales of securities in 2007. Gross gains from the sales of investment securities of $106,000 and $97,000 were realized in 2006 and 2005, respectively. Gross losses from the sales of investment securities of $9,000 and $1,000 were realized in 2006 and 2005, respectively. The tax expense related to the net securities gains was $34,000 in both 2006 and 2005.

5. LOANS

The composition of the loan portfolio is as follows:

December 31 (Dollars in thousands)	2007	2006
Commercial, financial and agricultural	**$ 613,282**	$ 548,254
Real estate:		
Construction	**536,389**	234,988
Residential	**1,481,174**	1,300,294
Commercial	**993,101**	854,869
Consumer, net	**593,388**	532,092
Leases, net	**6,800**	10,205
Total loans	**$4,224,134**	$3,480,702

Under the Corporation's credit policies and practices, all nonaccrual and restructured commercial, financial, agricultural, construction and commercial real estate loans meet the definition of impaired loans under SFAS No. 114 and 118. Impaired loans as defined by SFAS No. 114 and 118 exclude certain consumer loans, residential real estate loans and lease financing classified as nonaccrual. The majority of the loans deemed impaired were evaluated using the fair value of the collateral as the measurement method.

Nonaccrual and restructured loans are summarized as follows:

December 31 (Dollars in thousands)	2007	2006
Impaired loans:		
Nonaccrual	**$ 87,277**	$10,367
Restructured	**2,804**	9,113
Total impaired loans	**90,081**	19,480
Other nonaccrual loans	**13,851**	5,637
Total nonaccrual and restructured loans	**$103,932**	$25,117

Management's general practice is to charge down impaired loans to the fair value of the underlying collateral of the loan, so no specific loss allocations are generally necessary for these loans. The allowance for loan losses specifically related to impaired loans at December 31, 2007 and 2006, was $3,424,000 and $2,002,000, respectively, related to loans with principal balances of $27,218,000 and $4,335,000.

The average balance of impaired loans was $51,118,000, $21,976,000 and $19,557,000 for 2007, 2006 and 2005, respectively.

Interest income on impaired loans is recognized after all past due and current principal payments have been made, and collectibility is no longer doubtful. For the years ended December 31, 2007, 2006 and 2005, the Corporation recognized $392,000, $450,000 and $490,000, respectively, of interest income on impaired loans. The Corporation received cash payments for interest related to these loans of $1,641,000 in 2007, $471,000 in 2006 and $553,000 in 2005.

Certain of the Corporation's executive officers, directors and their affiliates are loan customers of the Corporation's banking subsidiaries. As of December 31, 2007 and 2006, loans aggregating approximately $118,506,000 and $112,486,000 respectively, were outstanding to such parties.

During 2007, $35,992,000 of new loans (originated and through acquisitions) were made and repayments totaled $29,792,000. New loans and repayments for 2006 were $17,870,000 and $35,500,000, respectively.

6. ALLOWANCE FOR LOAN LOSSES

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

(Dollars in thousands)	2007	2006	2005

Balance, January 1	**$ 70,500**	$ 69,694	$ 68,328
Allowance for loan losses of acquired banks	**9,334**	798	1,849
Provision for loan losses	**29,476**	3,927	5,407
Losses charged to the reserve	**(27,776)**	(10,772)	(13,389)
Recoveries	**5,568**	6,853	7,499
Balance, December 31	**$ 87,102**	$ 70,500	$ 69,694

7. INVESTMENT IN FINANCING LEASES

The following is a summary of the components of the Corporation's affiliates' net investment in direct financing leases:

December 31 (Dollars in thousands)	2007	2006
Total minimum payments to be received	**$ 7,503**	$ 9,458
Estimated unguaranteed residual value of leased property	**405**	1,702
Less unearned income	**(1,108)**	(955)
Total	**$ 6,800**	$10,205

Minimum lease payments to be received as of December 31, 2007 are:

(In thousands)	
2008	$1,772
2009	1,804
2010	791
2011	601
2012	2,015
Thereafter	520
Total	**$7,503**

8. PREMISES AND EQUIPMENT

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

December 31 (Dollars in thousands)	2007	2006
Land	**$ 21,789**	$ 16,220
Buildings	**71,000**	59,917
Equipment, furniture and fixtures	**41,428**	55,377
Leasehold improvements	**5,474**	3,951
Total	**139,691**	135,465
Less accumulated depreciation and amortization	**(73,057)**	(87,911)
Premises and Equipment, Net	**$ 66,634**	$ 47,554

Depreciation and amortization expense amounted to $6,480,000, $5,522,000 and $5,641,000 for the three years ended December 31, 2007, 2006 and 2005, respectively.

The Corporation and its subsidiaries lease 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)	
2008	$2,186
2009	1,844
2010	1,240
2011	833
2012	813
Thereafter	3,012
Total	**$9,928**

Rent expense was $2,701,000, $2,107,000 and $1,915,000, for the three years ended December 31, 2007, 2006 and 2005, respectively.

9. SHORT-TERM BORROWINGS

Short-term borrowings are as follows:

December 31 (Dollars in thousands)	2007	2006
Securities sold under agreements to repurchase and federal funds purchased	**$253,289**	$225,356
Federal Home Loan Bank advances	**502,000**	142,000
Other short-term borrowings	**4,029**	8,417
Total short-term borrowings	**$759,318**	$375,773

The outstanding balances for all short-term borrowings as of December 31, 2007, 2006 and 2005 (in thousands) and the weighted-average interest rates as of and paid during each of the years then ended are as follows:

(Dollars in thousands)	Repurchase Agreements and Federal Funds Purchased	Federal Home Loan Bank Advances	Demand Notes Due U.S. Treasury and Other
2007:			
Ending balance	**$253,289**	**$502,000**	**$ 4,029**
Highest month-end balance	**259,065**	**502,000**	**8,058**
Average daily balance	**230,651**	**260,140**	**3,369**
Weighted-average interest rate:			
As of year-end	**3.27%**	**4.42%**	**3.59%**
Paid during the year	**3.67%**	**5.19%**	**4.78%**
2006:			
Ending balance	$225,356	$142,000	$ 8,417
Highest month-end balance	240,924	246,000	11,290
Average daily balance	224,662	147,145	3,525
Weighted-average interest rate:			
As of year-end	3.73%	5.24%	5.06%
Paid during the year	3.54%	5.15%	4.62%
2005:			
Ending balance	$246,502	$ 60,000	$ 7,572
Highest month-end balance	246,502	170,000	8,583
Average daily balance	194,157	94,264	3,421
Weighted-average interest rate:			
As of year-end	2.94%	4.20%	4.16%
Paid during the year	2.14%	3.46%	2.93%

At December 31, 2007 and 2006, 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 for the amount of investment securities that are pledged. At December 31, 2007, $1,865 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, 2006, $1,770 million of commercial real estate and residential mortgage loans were pledged under a blanket agreement to the FHLB by Park's subsidiary banks.

10. LONG-TERM DEBT

Long-term debt is listed below:

December 31 (Dollars in thousands)	2007		2006	
	Outstanding Balance	**Average Rate**	Outstanding Balance	Average Rate
Total Federal Home Loan Bank advances by year of maturity:				
2007	**$ —**	**—**	$ 41,289	4.01%
2008	**34,844**	**4.02%**	84,726	4.83%
2009	**6,146**	**3.86%**	6,082	3.92%
2010	**17,429**	**5.72%**	17,416	5.72%
2011	**1,436**	**4.01%**	1,429	4.01%
2012	**485**	**3.87%**	481	3.87%
Thereafter	**203,475**	**3.83%**	102,717	4.15%

Total	**$263,815**	**3.98%**	$254,140	4.46%
Total broker repurchase agreements by year of maturity:				
2007	**$ —**	**—**	$ 25,000	3.84%
2008	**—**	**—**	—	—
2009	**25,000**	**3.79%**	25,000	3.79%
2010	**—**	**—**	—	—
Thereafter	**300,000**	**4.04%**	300,000	4.00%
Total	**$325,000**	**4.02%**	$350,000	3.97%

December 31 (Dollars in thousands)	**2007**		2006	
	Outstanding Balance	**Average Rate**	Outstanding Balance	Average Rate
Other borrowings by year of maturity:				
2008	**$ 50**	**12.00%**	$ —	—
2009	**54**	**12.00%**	—	—
2010	**59**	**12.00%**	—	—
2011	**63**	**12.00%**	—	—
2012	**69**	**12.00%**	—	—
Thereafter	**1,299**	**12.00%**	—	—
Total	**$ 1,594**	**12.00%**	$ —	—
Total combined long-term debt by year of maturity:				
2007	**$ —**	**—**	$ 66,289	3.95%
2008	**34,894**	**4.03%**	84,726	4.83%
2009	**31,200**	**3.81%**	31,082	3.81%
2010	**17,488**	**5.74%**	17,416	5.72%
2011	**1,499**	**4.35%**	1,429	4.01%
2012	**554**	**4.88%**	481	3.87%
Thereafter	**504,774**	**3.98%**	402,717	4.04%
Total	**$590,409**	**4.02%**	$604,140	4.18%

Other borrowings consist of a capital lease obligation of $1.6 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 $505 million of long-term debt at December 31, 2007 with a contractual maturity longer than five years. However, approximately $403 million of this debt is callable by the issuer in 2008 and $100 million is callable by the issuer in 2009.

At December 31, 2007 and 2006, 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 for the amount of investment securities that are pledged. See Note 9 for the amount of residential mortgage loans that are pledged to the FHLB.

11. SUBORDINATED DEBENTURES

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 debentures, 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 debentures in December 2035, or upon earlier redemption as provided in the debenture. Park has the right to redeem the debentures purchased by Trust I in whole or in part, on or after December 30, 2010. As specified in the indenture, if the debentures are redeemed prior to maturity, the redemption price will be the principal amount, plus any unpaid accrued interest.

In accordance with FASB Interpretation 46R, Trust I is not consolidated with Park's financial statements, but rather the subordinated debentures 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 $25.0 million, which matures on December 29, 2017. The Subordinated Debt 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 Debentures accrue and pay 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 this date, PNB may prepay, without penalty, all or a portion of the principal amount outstanding in a minimum amount of $5.0 million or any larger multiple of $5.0 million. The three-month LIBOR rate was 4.70% at December 31, 2007.

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 $25.0 million (see Note 23).

12. STOCK OPTION PLANS

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, 2007, 1,207,984 options 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 Park National Corporation 1995 Incentive Stock Option Plan (the "1995 Plan") was adopted April 17, 1995, and amended, April 20, 1998 and April 16, 2001. Pursuant to the terms of the 1995 Plan, all of the common shares delivered upon exercise of incentive stock options are to be treasury shares. No incentive stock options may be granted under the 1995 Plan after January 16, 2005.

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 that uses the assumptions noted in the table below. 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 fair value of incentive stock options granted was determined using the following weighted-average assumptions as of the grant date. Park did not grant any options in 2006.

	2007	2006	2005
Risk-free interest rate	**3.99%**	—	3.77%
Expected term (years)	**5.0**	—	4.0
Expected stock price volatility	**19.5%**	—	19.8%
Dividend yield	**4.00%**	—	3.00%

The activity in Park's stock option plan is listed in the following table for 2007:

	Number	**Weighted Average Exercise Price per Share**
January 1, 2007	686,024	$ 101.89
Granted	90,000	74.96
Exercised	(3,561)	83.02
Forfeited/Expired	(157,272)	91.86
December 31, 2007	**615,191**	**$ 100.63**
Exercisable at year end:		615,191
Weighted-average remaining contractual life:		2.0 years
Aggregate intrinsic value:		$ 0

Information related to Park's stock option plans for the past three years is listed in the following table for 2007:

(Dollars in thousands)	2007	2006	2005
Intrinsic value of options exercised	**$ 47**	$ 692	$1,213
Cash received from option exercises	**296**	3,227	4,077
Tax benefit realized from option exercises	**—**	18	57
Weighted-average fair value of options granted per share	**$9.92**	$ —	$16.14

Total compensation cost that has been charged against income pertaining to the above plans was $893,000 for 2007. No expense was recognized for 2006 and 2005. The 90,000 options granted in 2007 vested immediately upon grant.

13. BENEFIT PLANS

The Corporation has a noncontributory defined benefit pension plan covering substantially all of the employees of the Corporation and its subsidiaries. The 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 did not make a contribution to the defined benefit pension plan in 2007 and does not expect to make a contribution in 2008 due to the funded status of the plan.

Using an accrual measurement date of September 30, plan assets and benefit obligation activity for the pension plan are listed below:

(Dollars in thousands)	2007	2006
Change in fair value of plan assets		
Fair value at beginning of measurement period	**$55,541**	$46,331
Actual return on plan assets	**7,827**	4,336
Company contributions	**0**	9,117
Benefits paid	**(3,252)**	(4,243)
Fair value at end of measurement period	**$60,116**	$55,541
Change in benefit obligation		
Projected benefit obligation at beginning of measurement period	**$49,700**	$46,641
Service cost	**3,238**	3,179

(Dollars in thousands)	2007	2006
Interest cost	3,104	2,886
Actuarial (gain) or loss	(876)	1,237
Benefits paid	(3,252)	(4,243)
Projected benefit obligation at the end of measurement period	**$51,914**	$49,700
Funded status at end of year (assets less benefit obligation)	**$ 8,202**	$ 5,841

The asset allocation for the defined benefit pension plan as of the measurement date, by asset category, is as follows:

		Percentage of Plan Assets	
Asset Category	Target Allocation	2007	2006
Equity securities	50% — 100%	**81%**	81%
Fixed income and cash equivalents	remaining balance	**19%**	19%
Other	—	**—**	—
Total	—	**100%**	100%

The investment policy, as established by the Retirement Plan Committee, is to invest assets per 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 is 7.75% in 2007 and 2006. This return is 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 defined benefit pension plan was $43.9 million at September 30, 2007 and $40.5 million at September 30, 2006.

The weighted average assumptions used to determine benefit obligations at September 30, were as follows:

	2007	2006
Discount rate	**6.25%**	6.08%
Rate of compensation increase	**3.00%**	3.50%

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

2008	$ 1,225
2009	1,315
2010	1.510
2011	1,853
2012	2,430
2013 — 2017	19,222
Total	**$27,555**

In 2006, Park recorded the unrecognized prior service cost and the unrecognized net actuarial loss as a reduction to prepaid benefit cost and an adjustment to accumulated other comprehensive income (loss).

The following table shows ending balances of accumulated other comprehensive income (loss) at December 31, 2007 and 2006.

(Dollars in thousands)	2007	2006
Prior service cost	**$ (191)**	$ (224)
Net actuarial loss	**(5,286)**	(10,277)
Reduction to prepaid benefit cost	**(5,477)**	(10,501)
Deferred taxes	**1,917**	3,675
Accumulated other comprehensive income (loss)	**$(3,560)**	$ (6,826)

Using an actuarial measurement date of September 30, components of net periodic benefit cost and other amounts recognized in other comprehensive income are as follows:

(Dollars in thousands)	2007	2006	2005
Components of net periodic benefit cost and other amounts recognized in Other Comprehensive Income			
Service cost	**$ 3,238**	$ 3,179	$ 2,682

Interest cost	**3,104**	2,886	2,756
Expected return on plan assets	**(4,263)**	(3,975)	(3,334)
Amortization of prior service cost	**34**	14	12
Recognized net actuarial loss/(gain)	**551**	555	545
Net periodic benefit cost	**$ 2,664**	$ 2,659	$ 2,661
Change to net actuarial (gain)/loss for the period	**(4,440)**	N/A	N/A
Amortization of prior service cost	**(34)**	N/A	N/A
Amortization of net gain/(loss)	**(551)**	N/A	N/A
Total recognized in other comprehensive income	**(5,025)**	N/A	N/A
Total recognized in net benefit cost and other comprehensive (income)	**$(2,361)**	N/A	N/A

The estimated prior service costs for the defined benefit pension plan that will be amortized from accumulated other comprehensive income into net periodic benefit cost over the next fiscal year is $34,000.

The weighted average assumptions used to determine net periodic benefit cost for the years ended December 31, 2007 and 2006, are listed below:

	2007	2006
Discount rate	**6.08%**	5.96%
Rate of compensation increase	**3.50%**	3.50%
Expected long-term return on plan assets	**7.75%**	7.75%

The Corporation has a voluntary salary deferral plan covering substantially all of its employees. 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 $1,734,000, $1,672,000 and $1,763,000 for 2007, 2006 and 2005, 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, 2007 and 2006, the accrued benefit cost for this plan totaled $7,701,000 and $5,946,000, respectively. The expense for the Corporation was $684,000, $647,000 and $771,000 for 2007, 2006, and 2005, respectively.

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 (Dollars in thousands)	**2007**	2006
Deferred tax assets:		
Allowance for loan losses	**$31,133**	$24,675
Accumulated other comprehensive loss — SFAS 115	**—**	8,612
Accumulated other comprehensive loss — SFAS 158	**1,917**	3,675
Intangible assets	**2,895**	3,209
Deferred compensation	**4,504**	3,678
Other	**5,153**	3,973
Total deferred tax assets	**$45,602**	$47,822
Deferred tax liabilities:		
Lease revenue reporting	**$ 1,216**	$ 2,096
Accumulated other comprehensive income — SFAS 115	**513**	—
Deferred investment income	**11,346**	12,319
Pension plan	**4,713**	5,625
Mortgage servicing rights	**3,571**	3,630
Purchase accounting adjustments	**5,264**	1,416
Other	**708**	346
Total deferred tax liabilities	**$27,331**	$25,432
Net deferred tax asset	**$18,271**	$22,390

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

December 31 (Dollars in thousands)	2007	2006	2005
Currently payable			
Federal	**$37,692**	$38,830	$38,196
State	**117**	—	—
Deferred			
Federal	**(7,269)**	156	1,990
State	**(570)**	—	—
Total	**$29,970**	$38,986	$40,186

The following is a reconcilement of income tax expense to the amount computed at the statutory federal rate of 35% for the years ended December 31, 2007, 2006 and 2005.

December 31	2007	2006	2005
Statutory federal corporate tax rate	**35.0%**	35.0%	35.0%
Changes in rates resulting from:			
Tax-exempt interest income, net of disallowed interest	**(2.6%)**	(1.2%)	(1.3%)
Bank owned life insurance	**(2.8%)**	(1.0%)	(.9%)
Tax credits (low income housing)	**(7.5%)**	(2.9%)	(2.5%)
Goodwill impairment	**35.9%**	—	—
State income tax expense, net of federal benefit	**(.6%)**	—	—
Other	**(.5%)**	(.6%)	(.6%)
Effective tax rate	**56.9%**	29.3%	29.7%

Park and its subsidiary banks 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 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 expense for Vision Bank is included in “income taxes” on Park’s Consolidated Statements of Income. Vision Bank’s 2007 state income tax benefit was $(453,000).

Unrecognized Tax Benefits

The beginning and ending amount of unrecognized tax benefits is as follows:

(Dollars in thousands)	
January 1, 2007 Balance	**$ 713**
Additions based on tax positions related to the current year	250
Additions for tax positions of prior years	17
Reductions for tax positions of prior years	(24)
Reductions due to the statute of limitations	(128)
Settlements	—
December 31, 2007 Balance	**$ 828**

Of this total, $578,000 represents the amount of unrecognized tax benefits that, if recognized, would favorably affect the effective income tax rate in future periods. Park does not expect the total amount of unrecognized tax benefits to significantly increase or decrease during the next year.

The total amount of interest and penalties recorded in the income statement for the year ended December 31, 2007 was $(3,000), and the amount accrued for interest and penalties at December 31, 2007 was $73,000.

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, Kentucky, Michigan, New Jersey, Pennsylvania and West Virginia. Park is no longer subject to examination by federal or state taxing authorities for the tax year 2003 and the years prior.

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, 2007, 2006 and 2005.

Year ended December 31 (Dollars in thousands)	Before-Tax Amount	Tax Expense	Net-of-Tax Amount
2007:			
Unrealized gains on available-for-sale securities	**$26,071**	**$ 9,125**	**$16,946**

Changes in pension plan assets and benefit obligations recognized in Other Comprehensive Income	**5,025**	**1,759**	**3,266**
Other comprehensive income	**$31,096**	**$10,884**	**$20,212**
2006:			
Unrealized losses on available-for-sale securities	$ (8,905)	$ (3,117)	$ (5,788)
Reclassification adjustment for gains realized in net income	(97)	(34)	(63)
Other comprehensive loss	$ (9,002)	$ (3,151)	$ (5,851)

Year ended December 31 (Dollars in thousands)	**Before-Tax Amount**	**Tax Expense**	**Net-of-Tax Amount**
2005:			
Unrealized losses on available-for-sale securities	$(34,650)	$(12,127)	$(22,523)
Reclassification adjustment for gains realized in net income	(96)	(34)	(62)
Other comprehensive loss	$(34,746)	$(12,161)	$(22,585)

16. EARNINGS PER SHARE

SFAS No. 128, "Earnings Per Share" requires the reporting of basic and diluted earnings per share. Basic earnings per share excludes any dilutive effects of options, warrants and convertible securities. Diluted earnings per share is very similar to the previously reported fully diluted earnings per share.

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

Year ended December 31 (Dollars in thousands, except per share data)	**2007**	2006	2005
Numerator:			
Net income	**$ 22,707**	$ 94,091	$ 95,238
Denominator:			
Basic earnings per share:			
Weighted-average shares	**14,212,805**	13,929,090	14,258,519
Effect of dilutive securities — stock options	**4,678**	37,746	89,724
Diluted earnings per share:			
Adjusted weighted-average shares and assumed conversions	**14,217,483**	13,966,836	14,348,243
Earnings per share:			
Basic earnings per share	**$ 1.60**	$ 6.75	$ 6.68
Diluted earnings per share	**$ 1.60**	$ 6.74	$ 6.64

Stock options for 507,459 and 434,136 shares of common stock were not considered in computing diluted earnings per share for 2007 and 2006, respectively, because they were anti-dilutive.

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, 2007, approximately $13.9 million of the total stockholders' equity of the bank subsidiaries is available for the payment of dividends to the Corporation, without approval by the applicable regulatory authorities.

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 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 are as follows:

December 31 (Dollars in thousands)	2007	2006
Loan commitments	**$995,775**	$824,412
Unused credit card limits	**132,242**	140,100
Standby letters of credit	**30,009**	19,687

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, Alabama and the panhandle of Florida. The Corporation evaluates each customer's credit worthiness 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.

19. FAIR VALUES OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used by the Corporation in estimating its fair value disclosures for financial instruments:

Cash and cash equivalents: The carrying amounts reported in the balance sheet for cash and short-term instruments approximate those assets' fair values.

Interest bearing deposits with other banks: The carrying amounts reported in the balance sheet for interest bearing deposits with other banks approximate those assets' fair values.

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.

Bank owned life insurance: The carrying amounts reported in the balance sheet for bank owned life insurance 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 counter-parties' credit standing.

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. Maturities of time deposits in denominations of $100,000 and over at December 31, 2007, maturing in 12 months or less, were $542.7 million and those maturing after 12 months were $99.3 million.

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 debt: The carrying amounts reported in the balance sheet approximate fair value. The interest rates on these instruments reprice every 90 days based on the three-month LIBOR.

The fair value of financial instruments at December 31, 2007 and 2006, is as follows:

	2007		2006	
December 31, (In thousands)	**Carrying Amount**	**Fair Value**	Carrying Amount	Fair Value

Financial assets:				
Cash and money market instruments	**$ 193,397**	**$ 193,397**	$ 186,256	$ 186,256
Interest bearing deposits with other banks	**1**	**1**	1	1
Investment securities	**1,703,103**	**1,699,096**	1,513,498	1,506,799
Bank owned life insurance	**119,472**	**119,472**	113,101	113,101
Loans receivable, net	**$4,130,232**	**$4,217,169**	$3,399,997	$3,447,778
Financial liabilities:				
Noninterest bearing checking	**$ 695,466**	**$ 695,466**	$ 664,962	$ 664,962
Interest bearing transaction accounts	**1,338,492**	**1,338,492**	1,033,870	1,033,870
Savings	**531,049**	**531,049**	543,724	543,724
Time deposits	**1,872,440**	**1,873,114**	1,581,120	1,575,713
Other	**1,792**	**1,792**	1,858	1,858
Total deposits	**$4,439,239**	**$4,439,913**	$3,825,534	$3,820,127
Short-term borrowings	**759,318**	**759,318**	375,773	375,773
Long-term debt	**590,409**	**605,866**	604,140	603,516
Subordinated debentures	**40,000**	**40,000**	—	—
Unrecognized financial instruments:				
Loan commitments	**—**	**(996)**	—	(824)
Standby letters of credit	**—**	**(150)**	—	(98)

20. CAPITAL RATIOS

The following table reflects various measures of capital at December 31, 2007 and December 31, 2006:

December 31,	2007		2006	
(Dollars in thousands)	**Amount**	**Ratio**	Amount	Ratio
Total equity (1)	**$580,012**	**8.92%**	$570,439	10.43%
Tier 1 capital (2)	**452,073**	**10.16%**	528,019	14.72%
Total risk-based capital (3)	**533,041**	**11.97%**	573,216	15.98%
Leverage (4)	**452,073**	**7.10%**	528,019	9.96%

(1) Stockholders' equity including accumulated other comprehensive income (loss); computed as a ratio to total assets.

(2) Stockholders' equity less certain intangibles and accumulated other comprehensive income (loss) plus qualifying trust preferred securities; computed as a ratio to risk-adjusted assets, as defined.

(3) Tier 1 capital plus qualifying loan loss allowance and subordinated debt; computed as a ratio to risk-adjusted assets, as defined.

(4) Tier 1 capital computed as a ratio to average total assets less certain intangibles.

At December 31, 2007 and 2006, the Corporation's Tier 1, total risk-based capital and leverage ratios 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.

At December 31, 2007 and 2006, all of the Corporations subsidiary financial institutions met the well-capitalized levels under the capital definitions prescribed in the FDIC Improvement Act of 1991. The following table indicates the capital ratios for each subsidiary at December 31, 2007 and December 31, 2006.

December 31	2007			2006		
	Tier 1 Risk-Based	Total Risk-Based	Leverage	Tier 1 Risk-Based	Total Risk-Based	Leverage
Park National Bank	7.92%	10.78%	5.66%	8.11%	10.76%	5.84%
Richland Trust Company	11.36%	12.62%	5.68%	9.44%	10.70%	5.47%
Century National Bank	9.32%	10.95%	6.14%	8.69%	10.44%	5.57%
First-Knox National Bank	8.81%	11.09%	5.84%	8.01%	10.61%	5.27%
United Bank, N.A.	11.38%	12.63%	6.06%	10.89%	12.15%	5.37%
Second National Bank	8.49%	10.49%	5.27%	8.39%	10.64%	5.39%
Security National Bank	9.22%	10.79%	5.97%	9.18%	10.76%	5.45%
Citizens National Bank	13.27%	14.52%	6.61%	14.58%	15.83%	7.24%
Vision Bank	9.01%	10.28%	7.08%	—	—	—

21. SEGMENT INFORMATION

The Corporation's segments are its banking subsidiaries. The operating results of the banking subsidiaries are monitored closely by senior management and each president of the subsidiary and division are held accountable for their results. Information about reportable segments follows. See Note 2 for a detailed description of individual banking subsidiaries.

Operating Results for the year ended December 31, 2007 (In thousands)	PNB	RTC	CNB	FKNB	UB	SNB	SEC	CIT	VB	All Others	Total
Net interest income	$ 73,123	$ 17,142	$ 25,795	$ 30,900	$ 7,558	$ 12,631	$ 29,295	$ 5,111	$ 23,756	$ 9,366	$ 234,677
Provision for loan losses	2,991	2,200	545	880	—	450	900	—	19,425	2,085	29,476
Other income	28,016	5,255	9,451	8,267	2,441	2,736	9,596	1,720	3,465	693	71,640
Depreciation and amortization	1,986	378	813	737	242	261	769	206	1,024	64	6,480
Goodwill impairment charge	—	—	—	—	—	—	—	—	54,035	—	54,035
Other expense	49,938	10,872	15,848	17,644	6,221	7,728	19,725	3,931	17,521	14,221	163,649
Income (loss) before income taxes	46,224	8,947	18,040	19,906	3,536	6,928	17,497	2,694	(64,784)	(6,311)	52,677
Income taxes	15,141	3,032	6,127	6,723	1,126	2,081	5,598	864	(4,103)	(6,619)	29,970
Net income (loss)	$ 31,083	$ 5,915	$ 11,913	$ 13,183	$ 2,410	$ 4,847	$ 11,899	$ 1,830	$ (60,681)	$ 308	$ 22,707
Balances at December 31, 2007:											
Assets	$2,140,160	$519,036	$725,661	$816,674	$196,254	$434,862	$813,671	$145,547	$855,794	$(146,557)	$6,501,102
Loans	1,426,178	220,013	529,557	550,009	95,681	249,858	450,509	53,089	639,097	10,143	4,224,134
Deposits	1,352,990	401,377	483,259	489,302	170,048	246,782	561,889	119,915	656,768	(43,091)	4,439,239

Operating Results for the year ended December 31, 2006 (In thousands)	PNB	RTC	CNB	FKNB	UB	SNB	SEC	CIT	VB	All Others	Total
Net interest income	$ 72,526	$ 18,493	$ 23,361	$ 30,755	$ 7,727	$ 12,034	$ 30,479	$ 5,383	$ —	$ 12,486	$ 213,244
Provision for loan losses	1,713	220	180	630	(130)	155	235	125	—	799	3,927
Other income	27,858	4,672	8,498	7,772	2,218	2,333	9,051	1,709	—	651	64,762
Depreciation and amortization	1,790	433	866	689	245	299	779	221	—	200	5,522
Other expense	46,030	10,402	15,519	16,484	6,103	7,181	19,308	4,053	—	10,400	135,480
Income before taxes	50,851	12,110	15,294	20,724	3,727	6,732	19,208	2,693	—	1,738	133,077
Income taxes	16,486	4,123	5,145	7,010	1,190	2,027	6,291	839	—	(4,125)	38,986
Net income	$ 34,365	$ 7,987	$ 10,149	$ 13,714	$ 2,537	$ 4,705	$ 12,917	$ 1,854	$ —	$ 5,863	$ 94,091
Balances at December 31, 2006:											
Assets	$1,970,072	$534,142	$745,168	$778,864	$220,701	$397,602	$860,995	$162,498	$ —	$(199,166)	$5,470,876

Loans	1,368,125	245,694	511,684	521,111	92,843	227,337	446,110	58,254	—	9,544	3,480,702
Deposits	1,367,942	377,356	493,218	499,199	194,834	248,985	572,269	122,358	—	(50,627)	3,825,534
Operating Results for the year ended December 31, 2005 (In thousands)											
Net interest income	$ 71,227	$ 20,273	$ 27,599	$ 30,855	$ 8,606	$ 13,592	$ 30,811	$ 6,140	$ —	$ 11,461	$ 220,564
Provision for loan losses	2,611	700	150	1,127	(160)	(510)	1,005	(100)	—	584	5,407
Other income	25,566	4,442	7,439	7,191	1,968	2,154	8,880	1,518	—	547	59,705
Depreciation and amortization	1,705	394	913	675	233	315	993	200	—	213	5,641
Other expense	43,622	10,226	15,155	16,156	6,026	7,238	18,665	4,701	—	12,008	133,797
Income before taxes	48,855	13,395	18,820	20,088	4,475	8,703	19,028	2,857	—	(797)	135,424
Income taxes	15,924	4,553	6,356	6,739	1,449	2,674	6,231	929	—	(4,669)	40,186
Net income	$ 32,931	$ 8,842	$ 12,464	$ 13,349	$ 3,026	$ 6,029	$ 12,797	$ 1,928	$ —	$ 3,872	$ 95,238
Balances at December 31, 2005:											
Assets	$1,999,102	$506,198	$711,804	$753,288	$228,716	$392,257	$924,484	$173,190	$ —	$(252,991)	$5,436,048
Loans	1,247,105	266,293	503,278	507,148	96,232	203,638	439,698	58,611	—	6,109	3,328,112
Deposits	1,343,180	373,398	469,333	476,257	180,274	250,553	578,404	123,555	—	(37,197)	3,757,757

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
2007:						
Totals for reportable segments	**$225,310**	**$6,416**	**$203,463**	**$36,588**	**$6,647,659**	**$4,482,330**
Elimination of intersegment items	**—**	**—**	**—**	**—**	**(245,445)**	**(43,091)**
Parent Co. and GFC totals — not eliminated	**9,367**	**39**	**14,221**	**(6,618)**	**98,888**	**—**
Other items	**—**	**25**	**—**	**—**	**—**	**—**
Totals	**$234,677**	**$6,480**	**$217,684**	**$29,970**	**$6,501,102**	**$4,439,239**
2006:						
Totals for reportable segments	$200,758	$5,322	$125,080	$43,111	$5,670,042	$3,876,161
Elimination of intersegment items	—	—	—	—	(290,163)	(50,627)
Parent Co. and GFC totals — not eliminated	12,486	49	10,400	(4,125)	90,997	—
Other items	—	151	—	—	—	—
Totals	$213,244	$5,522	$135,480	$38,986	$5,470,876	$3,825,534
2005:						
Totals for reportable segments	$209,103	$5,428	$121,789	$44,855	$5,689,039	$3,794,954
Elimination of intersegment items	—	—	—	—	(337,393)	(37,197)
Parent Co. and GFC totals — not eliminated	11,461	62	12,008	(4,669)	84,402	—
Other items	—	151	—	—	—	—
Totals	$220,564	$5,641	$133,797	$40,186	$5,436,048	$3,757,757

22. 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 $6.670 million, $5.345 million and $5.492 million in 2007, 2006 and 2005, respectively.

At December 31, 2007 and 2006, stockholders' equity reflected in the Parent Company balance sheet includes $127.3 million and $127.1 million, respectively, of undistributed earnings of the Corporation's subsidiaries which are restricted from transfer as dividends to the Corporation.

Balance Sheets

at December 31, 2007 and 2006

(In thousands)	2007	2006
Assets:		
Cash	**$ 22,541**	$150,954
Investment in subsidiaries	**547,171**	382,620
Debentures receivable from subsidiary banks	**7,500**	27,500
Other investments	**1,395**	1,504
Other assets	**62,675**	56,259
Total assets	**$641,282**	$618,837
Liabilities:		
Dividends payable	**$ 13,173**	$ 12,947
Subordinated debentures	**15,000**	—
Other liabilities	**33,097**	35,451
Total liabilities	**61,270**	48,398

Total stockholders' equity	**580,012**	570,439
Total liabilities and stockholders' equity	**$641,282**	$618,837

Statements of Income

for the years ended December 31, 2007, 2006 and 2005

(In thousands)	**2007**	2006	2005
Income:			
Dividends from subsidiaries	**$65,564**	$89,500	$109,250
Interest and dividends	**3,828**	7,107	6,553
Other	**673**	632	514
Total income	**70,065**	97,239	116,317
Expense:			
Other, net	**12,032**	8,307	10,096
Total expense	**12,032**	8,307	10,096
Income before federal taxes and equity in undistributed earnings of subsidiaries	**58,033**	88,932	106,221
Federal income tax benefit	**7,055**	4,985	5,503

(In thousands)	2007	2006	2005
Income before equity in undistributed earnings of subsidiaries	**65,088**	93,917	111,724
Equity in undistributed (losses) earnings of subsidiaries	**(42,381)**	174	(16,486)
Net income	**$ 22,707**	$94,091	$ 95,238

Statements of Cash Flows

for the years ended December 31, 2007, 2006 and 2005

(In thousands)	2007	2006	2005
Operating activities:			
Net income	**$ 22,707**	$ 94,091	$ 95,238
Adjustments to reconcile net income to net cash provided by operating activities:			
Undistributed losses (earnings) of subsidiaries	**42,381**	(174)	16,486
Realized net investment security (gains)	**—**	(97)	—
(Gain) on sale of assets	**(18)**	—	—
(Increase) decrease in dividends receivable from subsidiaries	**—**	75,075	(48,675)
Stock based compensation expense	**893**	—	—
Increase in other assets	**(6,227)**	(4,090)	(5,138)
Increase in other liabilities	**1,774**	1,378	1,408
Net cash provided by operating activities	**61,510**	166,183	59,319
Investing activities:			
Cash paid for acquisition, net	**(85,600)**	(9,052)	(52,500)
Sales (purchases) of investment securities	**(400)**	403	(521)
Capital contribution to subsidiary	**(6,700)**	(2,000)	(8,000)
Cash received for sale of premises	**48**	—	—
Repayment of debentures receivable from subsidiaries	**20,000**	28,500	—
Net cash (used in) provided by investing activities	**(72,652)**	17,851	(61,021)
Financing activities:			
Cash dividends paid	**(52,533)**	(51,470)	(51,498)
Proceeds from issuance of common stock	**—**	42	117
Cash payment for fractional shares	**(5)**	(5)	(3)
Purchase of treasury stock, net	**(64,733)**	(26,690)	(25,289)
Net cash used in financing activities	**(117,271)**	(78,123)	(76,673)
Decrease (increase) in cash	**(128,413)**	105,911	(78,375)
Cash at beginning of year	**150,954**	45,043	123,418
Cash at end of year	**$ 22,541**	$150,954	$ 45,043

23. SUBSEQUENT EVENTS

On January 2, 2008, Park entered into an interest rate swap transaction, with the notional amount of $25,000,000, which matures on December 28, 2012. The counter-party to the “pay fixed-receive floating” interest rate swap agreement is U.S. Bank. Park will pay a fixed rate of 4.01% and receive three-month LIBOR for the term of the swap. Park has designated all cash-flows pertaining to the $25,000,000 in principal Subordinated Debenture as hedged until the maturity of the interest rate swap. The repricing dates of the interest rate swap match those of the Subordinated Debenture, through the maturity date of the interest rate swap on December 28, 2012.

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Section 10: EX-14 (EX-14)

CODE OF BUSINESS CONDUCT AND ETHICS
Adopted by the Board of Directors
Park National Corporation
January 16, 2001
Amended
April 15, 2002
July 21, 2003
April 19, 2004
July 18, 2005
July 17, 2006
July 16, 2007
(updated 7/24/07)

CODE OF BUSINESS CONDUCT AND ETHICS

Park National Corporation ("Park") is judged by the collective and individual performance of the directors, officers, and associates of Park and its affiliates (collectively, the "Company"). Thus, these individuals traditionally have recognized that their first duty to the Company and its several publics is to act in a manner that merits public trust and confidence.

As professionals, the Company's associates have earned a reputation for integrity and competence. They have been guided and judged by the highest standards of conduct. Over the years, these standards have been reaffirmed, despite new challenges and ever-changing social values. Integrity, honesty, public trust and confidence have served as crucial tests of our service and success.

This Code of Business Conduct and Ethics (the "Code of Ethics") has been adopted by the Board of Directors of Park to demonstrate to the public and the Company's various constituents the importance that Park's Board of Directors and leadership place on ethical conduct. The Code of Ethics is intended to set forth the Company's expectations for the conduct of ethical business practices by its officers, directors and associates, to promote advanced disclosure and review of potential conflicts of interest and similar matters, to protect and encourage the reporting of questionable behavior, to foster an atmosphere of self-awareness and prudent conduct and to discipline appropriately those who engage in improper conduct. The Code of Ethics is not presented to expand upon or change the ethical standards of our affiliates. It is not intended to be all-inclusive, and cannot address every situation that might arise. Rather its purpose is to reduce to writing many of the patterns of conduct that are expected at this institution. It represents a set of minimum standards. It is important to remember that our good reputation emerges from many actions and can be jeopardized by one.

You are required to read this Code of Ethics carefully. Should it be unclear, please seek guidance from your affiliate president or the Chief Executive Officer, Chairman, President or Internal Auditor of Park, for in matters such as these, appearance is often as important as reality. It is not only the letter but the spirit of the commitment that is important.

Directors and officers of Park and each affiliate are asked, on an annual basis, to re-read this Code of Ethics and provide written verification of such review by signing an acknowledgment form. New associates are asked to read the Code of Ethics and sign the acknowledgment form during their orientation meeting. All associates will re-read and sign new acknowledgment forms after any amendments are approved by the Board of Directors of Park.

Conflicts of Interest

As directors, officers, and associates of a financial services organization, we assume a duty to our communities, our customers and our shareholders. Such duty is to act in all matters in a manner that will merit public trust and confidence. This duty extends to all activities — both personal and professional. Each person associated with the Company is expected to direct his or her personal conduct in a manner which will bring credit to the Company and to avoid any action which would discredit it.

In the exercise of privileges and authority arising from employment or other association with the Company, two fundamental principles apply: directors, officers, and associates will place the interest of the Company ahead of their own private interests, and directors, officers, and associates have a duty to make full disclosure of any situation in which their private interests create a conflict or potential conflict with those of the Company.

Conflicts of interest occur when business judgments or decisions may be influenced by personal interests not shared by the organization as a whole. A conflict situation may, for example, arise when an individual, or a member of the individual's family, has an interest in a transaction to which the Company is a party, competes with the Company or takes advantage of an opportunity that belongs to the Company.

When a conflict of interest arises, an officer, director, or associate has a duty to place the Company's interests above his or her own personal interests. It is essential that in those instances where a Company decision or practice may appear to have been made to advance a personal interest, that the decision be made or approved by the independent and "disinterested" officers or directors of the Company. Thus, in those instances where an associate faces a potential conflict of interest, the associate should report the potential conflict of interest to a senior officer for his or her review. Any action or transaction in which the personal interest of an officer or director of the Company may be in conflict with those of the Company must be promptly reported to the chairperson of the Audit Committee of the Board of Directors of Park (the "Audit Committee"). The Audit Committee shall review and oversee all actions and transactions which involve the personal interest of an associate, officer, or director and shall have the right to determine in advance that any such action or transaction does not constitute a conflict of interest in violation of this Code of Ethics.

It is considered a conflict of interest, and therefore could result in termination of employment, if an affiliate associate makes a loan, processes any type of transaction (e.g., withdrawals, deposits, check cashing or payments), or waives fees and/or service charges for his/her own personal loans and accounts or those of immediate family members or persons living in the same household (roommate, boyfriend, girlfriend, etc.). It is each associate's responsibility to exercise prudence and good judgment when making loans or processing transactions to or for anyone whose personal relationship with the associate may influence his/her judgment.

This policy is not meant to discourage relatives and/or friends of associates from banking with any of our affiliates. They should be afforded the same fine service as other customers.

Trusts

It is improper for an associate to accept appointment of or continue to act as a fiduciary or co-fiduciary in the case of any trust, estate, agency, guardianship or custodianship of a client, unless, the creator of the relationship, or the ward in the case of a guardianship, is or was at the time of death a member of the employee's immediate family. An associate shall not serve as a personal representative of an estate; act as a trustee of a trust, or guardian of a Company client's minor heir unless the client is a close relative or personal friend.

No associate shall accept appointment as a fiduciary or co-fiduciary in any trust, estate, agency, guardianship or conservatorship of an estate or custodianship, or act as an investment counselor or estate appraiser for a client (other than in the course of employment with the Company), unless, the creator of the relationship, or the ward in the case of a guardianship or conservatorship, is in the immediate family of the associate or personal friend. The provision can be waived, on a case-by-case basis, by written approval of the Chief Executive Officer of the appropriate affiliate.

Associates must report to the Company any legacy or bequest to them under wills or trusts of clients (other than immediate family or relatives). The Audit Committee or Board of Directors will evaluate such reports to assure than a conflict of interest does not exist. If a conflict does exist, the beneficiary associate may be expected to be relieved of the administration of the legacy and may be required to renounce the gift. Noncompliance with a Company directive on such a matter may be grounds for discipline or termination.

Outside Activities

No outside activity must interfere or conflict with the interest of any of Park or its affiliates. Acceptance of outside employment, election to directorships of other for-profit corporations, representation of customers in their dealings with our affiliates and participation in the affairs of all outside organizations carry possibilities of conflict of interest. No associate may serve as an official or director of any for-profit enterprise without obtaining approval from the appropriate affiliate's Chief Executive Officer.

Associates of the Company should ask themselves the following questions when considering a job outside the Company: Is there a conflict of interest? Will it adversely affect my affiliate? Will the job interfere with the time and attention that must be devoted to the job duties, responsibilities, or other obligations at the affiliate? Will company property or equipment or use of proprietary information (such as mailing lists, computer systems, etc.) be involved? If the answer to any of these questions is "yes," the second job should not be accepted.

Service with constructive non-profit organizations and participation in civic affairs is strongly encouraged. There are cases, however, when organizations having business relationships with one of our affiliates in which the handling of confidential information is involved might result in a conflict of interest. Associates must be sensitive to such potential conflicts.

Gifts, Fees, Gratuities, and Other Payments from Customers or Suppliers

Some of our business acquaintances customarily distribute small gifts at Christmas and on other occasions. In the event of receipt of such gift or entertainment opportunity, each director, officer, and associate of the Company must decide conscientiously whether or not acceptance would give rise to a feeling of obligation, or could lead to misinterpretation. Gifts, benefits, or unusual hospitality that might tend to influence one in the performance of his or her duty must not be accepted. Such gifts, benefits or unusual hospitality do not include gifts of nominal value, or gifts which serve as general advertising for the donor, or discounts or special concessions available to all associates, or hospitality which is casual and limited to a normal situation. As a further guide to what may or may not be acceptable, you should ask yourself whether, in the judgment of business associates or disinterested parties, such acceptance might seem to impair your ability to act at all times solely in the best interests of your affiliate.

Additional direction on this subject is provided in the "Insider Activities" section of the Comptroller's Handbook (Comptroller of the Currency, March 1995) which also addresses Title 18 U.S.C. 215 "Crime Control Act of 1984".

The statute is intended to prevent a pay-off to affiliate officials as a quid pro quo either to induce a particular transaction or as a "gratuity" in support of a particular transaction. Thus, where a benefit is given or received as a result of a banking transaction, the statute may be violated. However, it is not intended to proscribe the receipt of gratuities or favors of nominal value when it is clear from the circumstances that (a) a customer is not trying to exert any influence over the affiliate associate in connection with a transaction and (b) the gratuity or favor is, in fact, unsolicited.

If an officer or director receives a personal benefit that is not clearly reasonable and business-related, he/she must report it to the Audit Committee. If an associate receives a personal benefit that is not clearly reasonable and business-related, he/she must report it to the Chief Executive Officer of the appropriate affiliate. The Park Audit Committee or the affiliate Chief Executive Officer, as the case may be, shall have the right to determine in advance that any such personal benefit does not constitute a conflict of interest in violation of this Code of Ethics and/or to require that such personal benefit be returned to the provider and/or reimbursed by the Company.

Dealing Fairly With Customers, Suppliers, and Other Associates

No officer, director, or associate of the Company should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair dealing practice. The Company does not sanction offering or making payments of any kind, whether of money, services or property, to any domestic or foreign public official or of providing personal benefits that are not clearly reasonable and business-related to any employee, agent or representative of any organization seeking to or doing business with the

Company. If there is any question as to whether any such personal benefit is clearly reasonable and business-related, an officer or director should seek pre-approval from the Audit Committee, and an associate from the Chief Executive Officer of the appropriate affiliate.

Competition

The Company believes that open and honest competition in the marketplace is healthy and must always be positive, not negative. Any collusion with competitors about the pricing of bank services, interest rates or otherwise engaging in any activity that has the effect, directly or indirectly, of lessening competition, is not permitted.

Associates should avoid portraying bank competitors, or the Company itself, in a negative or adverse way. Associates have a duty to portray the Company in the best possible light when communicating with clients, friends, neighbors and any current or potential clients.

If an associate chooses to identify himself or herself as a Company associate on a Web site or Web log, the associate must adhere to the following guidelines:

1. Make it clear that the views expressed are the associate's alone and that they do not necessarily reflect the views of the Company;

2. Never disclose any information that is confidential or proprietary to the Company or any of its clients, or to any third party that has disclosed information to the Company.

3. Uphold at all times the Company's values and respect for individuals, and avoid making defamatory statements about Company associates, clients, partners, affiliates and others, including competitors.

If the blogging activity of any associate is seen as compromising the Company in any way, the Company may request a cessation of such commentary and the associate may be subject to disciplinary action.

Political Activities

Park and/or its affiliates will make no contribution or expenditure, either directly or indirectly, to, or for the benefit of, use of, in support of, or in opposition to, any political party, candidate, political committee, or for any non public issue purpose. The Company will not reimburse any person for such contribution or expenditure. This policy relates to the use of corporate and/or affiliate funds only, and in no way is intended to discourage associates, officers and/or directors from making personal contributions to individual candidates, political parties, or political action committees.

The Company may make political loans in connection with campaigns provided that such loans are made in accordance with applicable banking laws, in the ordinary course of business, and in conformity with state law.

Directors, officers, and associates of the Company may engage in political activity (serving for example as a campaign treasurer). Associates should inform the persons to whom they report and be very careful not to allow their activity to interfere with their work-related responsibilities.

This means such activity would ordinarily be confined to the evenings and weekends and only occasionally and exceptionally would it be engaged in during business hours.

Any associate of one of our affiliates who is considering becoming a candidate for any elective public office, engaging in outside employment under any governmental unit, or being appointed to any governmental position should inform the affiliate with which the associate is employed and obtain prior approval by the Chief Executive Officer of that affiliate.

Use of Bank Property

It is contrary to the Company's Ethics Policy to permit the payment of bank funds, or use of bank property, either directly or indirectly to secure favored business treatment for the Bank. In addition, bank property or funds cannot be used to support a campaign for public office. This includes the use of bank personnel and equipment such as telephones, copy machines, postage, etc.

Confidential Information

Perhaps the most crucial area of concern for bankers and regulatory authorities is the use and/or abuse of confidential information. Financial institutions by their very nature are privy to customers' business plans, forecasts, decisions, and problems. Bankers receive this information as an aid to providing more efficient, more knowledgeable service ... and for no other reason.

The use of such information for one's own, or another's, personal benefit constitutes an abuse which subjects an individual and the institution to statutory penalties.

Banks also possess considerable information which, though not necessarily confidential by nature, must nonetheless be treated confidentially if the right of privacy of customers and staff is to be safeguarded.

Therefore, confidential information with respect to the Company's customers and suppliers acquired by an associate through his or her employment is considered to be privileged and must be held in the strictest confidence. It is to be used solely for corporate purposes and not as a basis for personal gain by the associate. In no case shall such information be transmitted to persons outside the Company, including family or other acquaintances, or even to other associates of the Company who do not need to know such information in discharging their duties as associates. The restrictions in this paragraph shall also apply to the reports and statements prepared for use in the Company's business and not generally released. The disclosure of material, non-public information to others can lead to significant legal difficulties, fines and punishment as well as termination of employment. Only specifically designated representatives of the Company may discuss any aspect of the Company's business with the news media or the investment community. Associates may not under any circumstances provide information or discuss matters involving the Company with the news media or investment community even if contacted directly by a media organization or investment entity. All such contact or inquiries should be referred to the Chairman, President or their designate(s).

Dishonesty and Breach of Trust

An associate shall not use his/her position at one of our affiliates to commit an act that would be considered illegal (e.g. theft, falsifying affiliate records, forgery, check kiting, etc.) All associates must conduct themselves with honesty and integrity at all times. Suspicious activities must be reported to the Internal Auditor or Security Officer of their respective affiliate. Upon receipt of such report, the Internal Auditor and/or Security Officer will conduct an investigation. All associates are to cooperate with the resulting investigation. Withholding information or lying to investigators will be cause for immediate termination of employment. All legal violations will be referred to the appropriate police agency for prosecution.

Compliance With Applicable Laws, Rules and Regulations

The Company expects that each and every officer, director, and associate of the Company will comply with all applicable federal, state, local and foreign laws, rules and regulations governing the Company's business, including insider trading laws.

While this principle is seemingly self-explanatory, at times, the application of any particular law, rule or regulation to the Company may not be perfectly clear. Where an associate is unsure or has any question as to the application to the Company of any law, rule or regulation, it is expected that the associate will seek appropriate guidance from the Chief Executive Officer of the appropriate affiliate, who may seek guidance from outside counsel to the Company. Officers and directors of the Company should seek guidance from the Chief Executive Officer of the appropriate affiliate or from outside counsel to the Company. In addition, the Audit Committee is specifically empowered to engage non-company counsel if or when it believes such engagement is prudent.

Personal Investments

In making personal investments, all officers, directors, and associates shall be guided by a keen awareness of potential conflict. Generally speaking, one's own investments should not be such as to influence his or her judgment or action in the conduct of the Company's business or to profit from security transactions made for our affiliates' customers.

An officer, director, or associate should not enter into a security transaction for his or her own account under conditions where information not generally available to the public is made available to the Company on a confidential basis or for corporate purposes and is used as a basis for the individual's action; nor should the individual disclose such information to any unauthorized person. The Company has a comprehensive "Insider Trading Policy" which is applicable to all officers, directors, and associates of the Company as well as to each of their immediate family members. The Company expects that every officer, director, and associate will comply, and will cause their family members to comply, with every aspect of the Securities Trading Policy.

Personal Borrowing

Associates and officers of the Company may borrow from other financial institutions, providing all transactions are at arm's-length, at market prices, and control of the lending situation is clearly in the hands of the lender. An associate may not have lending authority over an account involving themselves, their immediate family, relatives or any related interests. Associates are not permitted to borrow from other customers or suppliers. This prohibition does not preclude the Company from entering into a lending relationship with an individual related to the associate by blood or marriage.

Whenever an officer of one of our affiliates is extended credit by a Park affiliate bank or another financial institution, or a broker or dealer in securities or commodities, he or she must make a written report to the affiliate bank's president. This report is only required if the credit extension increases the officer's indebtedness or available credit by $10,000 or more. This report is to include, in addition to full disclosure of information relative to the subject borrowing, a tabular listing of all credit facilities showing the name of the lender, the date and amount of each extension of credit, the date of maturity, the basis for amortization, the current outstanding balance, the security for each facility, and the purpose. It must be delivered within ten days of the date the extension was granted. Such reports will be reported to the Board of Directors of the officer's affiliate bank, treated confidentially, and maintained in the permanent records of the affiliate bank. More stringent reporting requirements may apply for affiliate officers governed by Regulation O.

It is the policy of the Company that credit standards will be consistent for all loan applications and existing clients regardless of race, color, national origin, religion, sex, sexual orientation, age, disability, marital status, veteran's status or any other legally protected status, provided the applicant meets all other relevant criteria and the capacity to enter into a binding contract.

Annual Personal Financial Statements

Annual personal financial statements are required of all officers of our affiliates at year-end, including data for both the officer and his or her spouse. The very nature of a bank officer's job requires that full and complete financial disclosures be made at least on an annual basis, and more often as required. The statements are to be submitted to the Chairman or President of Park and will be made available to the internal auditor of Park.

Employment of Relatives

The relatives of officers below the title of Vice President and all remaining associates of our affiliates can be employed by one of our affiliates. Occasionally, our affiliates may employ both spouses, although they will be prohibited from working in the same department or branch office and may not have a reporting relationship.

The children of senior officers (Vice President and above) and directors may be employed as temporary help during their student years in any affiliate bank or company, including that of the senior officer or director parent, but they are not permitted to work in the same office or department as the senior officer or director parent.

Children of senior officers and directors of Park and each of our affiliates are only permitted to have permanent employment in a separate affiliate bank or company than that of the senior officer or director parent. Additionally, the position held by children of senior officers cannot have a reporting relationship to the senior officer parent at another affiliate bank.

Giving Advice to Clients

Clients may occasionally request an opinion on legal or tax transactions. The Company cannot practice law or give legal or tax advice. Accordingly, associates must take care in discussing such transactions so as not to give the impression or allow the client to interpret such discussions as providing legal or tax advice.

Privacy Principles

The Company is committed to protecting customer privacy and the confidentiality of all customer information. Park follows the *Banking Industry Privacy Principles for U.S. Financial Institutions*, which is attached to and incorporated as part of this Code of Ethics.

Assistance in Meeting the Company's Accounting, Financial Reporting and Disclosure Obligations

In compliance with the rules and regulations of the U.S. Securities and Exchange Commission and the American Stock Exchange, the Company is required to issue financial statements in conformity with generally accepted accounting principles and then make public disclosures regarding certain aspects of its business. It is expected that all officers, directors, and associates of the Company will keep accurate and complete books, records and accounts that enable the Company to meet its accounting and financial reporting obligations. It is expected that any officer, director, or associate of the Company involved in preparing the Company's disclosures, or any associate or officer asked to provide information relevant to such disclosure, will work to ensure that our public reports and communications are fair, accurate, certifiable, complete, objective, relevant, timely, and understandable. Any associate or officer who, in good faith, believes that the Company's accounting method is inappropriate or not in compliance with generally accepted accounting principles, or has concerns about any questionable accounting or auditing matter or any other accounting, internal accounting control or auditing matter, should report this finding directly to Park's Chief Financial Officer and, if unsatisfied with the response, directly to the Audit Committee. The Audit Committee has established a procedure for such reports that ensures the confidentiality of the reporting person. Associates and officers may call the Park Improvement Line at 1-800-418-6423 (Ext. 775). In addition, any officer or associate who becomes aware of a material event or fact involving the Company that has not been previously disclosed publicly by the Company should immediately report such material event or fact to Park's Chief Financial Officer or the Chief Executive Officer of the appropriate affiliate.

Post-Employment Activities

At the time of termination or resignation, departing employees will be required to return all Company property in their possession or control, including but not limited to electronic or written Company documents, files, computer diskettes, reports and records containing any Company or nonpublic information, along with all copies thereof. A departed employee remains obligated by law not to disclose to any third party or use for his/her own purposes any confidential or proprietary information to which the employee had access while employed by the Company. A departed employee is also expected not to disparage the Company or engage in activity that damages the Company's reputation or business, since such activity may also be unlawful.

Violations of Policies

There are many other policies that are very important to the Company and its operations. Nothing herein shall relieve any officer, director, or associate from complying with all other applicable company policies.

Violations of any of the Company's board-approved policies may be cause for disciplinary action, including termination of employment.

The Company expects full compliance with this Code of Ethics. In that regard, associates are encouraged to report any violation of the Code of Ethics to their supervisor, Internal Audit Department, Human Resources representative or to their respective Chief Executive Officer. Officers and directors must report any violation of the Code of Ethics to the Audit Committee. Associates, including Officers, may also report suspected violations of the Code of Ethics to the Park Improvement Line, a confidential telephone number established for these purposes. The Company will not permit any retaliation against an associate who properly reports (to the appropriate personnel) a matter that he or she believes, in good faith, to be a violation of the Code of Ethics. Reports to the Audit Committee may be made on a confidential basis through the procedure established by the Audit Committee. Any associate who is found to have violated the Code of Ethics may be subject to discipline, including termination of employment.

The Audit Committee shall investigate any alleged violation of the Code of Ethics by any of the Company's officers or directors. In the event that the Audit Committee determines that a violation of the Code of Ethics has occurred, the Audit Committee shall be authorized to take any action it deems appropriate. If the violation involves an executive officer or director of Park, the Audit Committee shall notify Park's Board of Directors and the Board shall take such action as it deems appropriate. In the event that Park's Board of Directors recognizes that a violation by an executive officer or a director of Park has occurred but elects not to take any remedial or other action against the offending executive officer or director, Park shall disclose the facts and circumstances of its election to waive the Code of Ethics by posting the same on Park's web site or by any other such means as may be required under applicable law or the requirements of the Securities and Exchange Commission or the American Stock Exchange.

Also, nothing in this Code of Ethics affects the general policy of the Company that employment is at will and can be terminated by the Company at any time and for any or no reason.

PRIVACY PRINCIPLES

1. Recognition of a Customer's Expectation of Privacy

The Company will recognize and respect the privacy expectations of our customers and explain principles of financial privacy to our customers in an appropriate fashion.

2. Use, Collection and Retention of Customer Information

The Company will collect, retain, and use information about individual customers only where we reasonably believe it would be useful (and allowed by law) to administering our business and to provide products, services and other opportunities to our customers.

3. Maintenance of Accurate Information

The Company will maintain procedures so that our customers' financial information is accurate, current and complete in accordance with reasonable commercial standards. We will also respond to requests to correct inaccurate information in a timely manner.

4. Limiting Associate Access to Information

The Company will take reasonable steps to limit access by our associates to personally identifiable information to those with a business reason for knowing such information. We will continue to educate our associates so that they will understand the importance of confidentiality and customer privacy. We will also take appropriate disciplinary measures to enforce associate privacy responsibilities.

5. Protection of Information via Established Security Procedures

The Company will maintain appropriate security standards and procedures regarding unauthorized access to customer information.

6. Restrictions on the Disclosure of Account Information

The Company will not reveal specific information about customer accounts or other personally identifiable data to unaffiliated third parties for their independent use, except for the exchange of information with reputable information reporting agencies to maximize the accuracy and security of such information in the performance of bona fide corporate due diligence, unless (1) the information is provided to help complete a customer-initiated transaction; (2) the customer requests it; (3) the disclosure is required or allowed by law (i.e. subpoena, investigation of fraudulent activity, etc.); or (4) the customer has been informed about the possibility of such disclosure for marketing or similar purposes through a prior communication and is given the opportunity to decline (i.e. "opt out").

7. Maintaining Customer Privacy in Business Relationships with Third Parties

If personally identifiable customer information is provided to a third party, the Company will insist that the third party adhere to similar Privacy Principles that provide for keeping such information confidential.

8. Disclosure of Privacy Principles to Customers

The Company will devise methods of providing our customers with an understanding of our privacy policies.

If you have any comments or suggestions regarding this policy please contact Laura B. Lewis at (740) 349-3750. If you have comments or suggestions on overall policy administration or governance please contact David L. Trautman at PNB (740) 349-3927.

ASSOCIATE'S ACKNOWLEDGEMENT
OF PARK NATIONAL CORPORATION
CODE OF BUSINESS CONDUCT AND ETHICS

The foregoing Code of Business Conduct and Ethics (the "Code of Ethics") will not answer or resolve every question you may have. If you are uncertain about what the right thing to do is, you are encouraged to seek the advice and guidance of your supervisor, your Human Resources representative or your Chief Executive Officer.

YOU MAY ALWAYS DIRECTLY REPORT ANY MATTER WHICH YOU BELIEVE, IN GOOD FAITH, TO BE A VIOLATION OF THE FOREGOING CODE OF ETHICS TO PARK'S CHIEF EXECUTIVE OFFICER OR AUDIT COMMITTEE OF PARK'S BOARD OF DIRECTORS ON A CONFIDENTIAL BASIS. YOU MAY ALSO CALL THE PARK IMPROVEMENT LINE AT 1-800-418-6423
(Ext. 775).

I have read and understand the foregoing Code of Ethics, have been given a copy to retain for my reference, and agree to be bound by its terms. I understand I can be subject to discipline, dismissal from my job and prosecution under the law for violating any of the above provisions of the Code of Ethics.

Print Name	Social Security Number
Signature	/ / Date

OFFICER'S ACKNOWLEDGEMENT
OF PARK NATIONAL CORPORATION
CODE OF BUSINESS CONDUCT AND ETHICS

The foregoing Code of Business Conduct and Ethics (the "Code of Ethics") will not answer or resolve every question you may have. If you are uncertain about what the right thing to do is, you are encouraged to seek the advice and guidance of your affiliate's Chief Executive Officer.

YOU MAY ALWAYS DIRECTLY REPORT ANY MATTER WHICH YOU BELIEVE, IN GOOD FAITH, TO BE A VIOLATION OF THE FOREGOING CODE OF ETHICS TO PARK'S CHIEF EXECUTIVE OFFICER OR TO THE AUDIT COMMITTEE OF PARK'S BOARD OF DIRECTORS ON A CONFIDENTIAL BASIS. YOU MAY ALSO CALL THE PARK IMPROVEMENT LINE AT 1-800-418-6423 (Ext. 775).

I have read and understand the foregoing Code of Ethics, have been given a copy to retain for my reference, and agree to be bound by its terms. I understand I may be subject to discipline, dismissal from my job and prosecution under the law for violating any of the above provisions of the Code of Ethics.

______________________________	______________________________
Print Name	Social Security Number
______________________________	________ / ________ / ________
Signature	Date

DIRECTOR'S ACKNOWLEDGEMENT
OF PARK NATIONAL CORPORATION
CODE OF BUSINESS CONDUCT AND ETHICS

The foregoing Code of Business Conduct and Ethics (the "Code of Ethics") will not answer or resolve every question you may have. If you are uncertain about what the right thing to do is, you are encouraged to seek the advice and guidance of outside counsel to Park National Corporation ("Park") or other counsel designated by the Audit Committee of the Board of Directors of Park.

YOU MAY ALWAYS DIRECTLY REPORT ANY MATTER WHICH YOU BELIEVE, IN GOOD FAITH, TO BE A VIOLATION OF THE FOREGOING CODE OF ETHICS TO THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS OR THE FULL BOARD.

I have read and understand the foregoing Code of Ethics, have been given a copy to retain for my reference, and agree to be bound by its terms. I understand I can be subject to discipline, removal for cause from the Board of Directors and prosecution under the law for violating any of the above provisions of the Code of Ethics.

______________________________	______________________
Print Name	Social Security Number
______________________________	______ / ______ / ______
Signature	Date

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Section 11: EX-21 (EX-21)

Exhibit 21

SUBSIDIARIES OF PARK NATIONAL CORPORATION

Name of Subsidiary	Jurisdiction of Incorporation or Formation
The Park National Bank ("PNB")	United States (federally-chartered national banking association)
Park Investments, Inc. (NOTE: is a wholly-owned subsidiary of PNB)	Delaware
Scope Leasing, Inc. (NOTE: is a wholly-owned subsidiary of PNB)	Ohio
Park Leasing Company (NOTE: is a wholly-owned subsidiary of PNB)	Ohio
Park Insurance Group, Inc. (NOTE: is a wholly-owned subsidiary of PNB)	Ohio
Park Title Agency, LLC. (NOTE: PNB holds 80% of voting membership interest)	Ohio
The Richland Trust Company ("Richland")	Ohio
Richland Investments, Inc. (NOTE: is a wholly-owned subsidiary of Richland)	Delaware
Century National Bank ("Century")	United States (federally-chartered banking association)
MFS Investments, Inc. (NOTE: is a wholly-owned subsidiary of Century)	Delaware
The First-Knox National Bank of Mount Vernon ("FKNB")	United States (federally-chartered banking association)
Guardian Financial Services Company	Ohio
United Bank, N.A.	United States (federally-chartered banking association)
Second National Bank	United States (federally-chartered banking association)
The Security National Bank and Trust Co. ("Security National")	United States (federally-chartered banking association)
The Citizens National Bank of Urbana	United States (federally-chartered banking association)
Park Capital Investments, Inc. ("Park Capital")	Delaware
Park National Capital LLC (NOTE: members are Park Capital and PNB)	Delaware
Security National Capital LLC (NOTE: members are Park Capital and Security National)	Delaware

Name of Subsidiary	Jurisdiction of Incorporation or Formation
First-Knox National Capital LLC (NOTE: members are Park Capital and FKNB)	Delaware
Century National Capital LLC (NOTE: members are Park Capital and Century)	Delaware
Vision Bank	Florida
Vision Bancshares Financial Group, Inc. (NOTE: is a wholly-owned subsidiary of Vision Bank)	Alabama
Vision Bancshares Trust I (NOTE: Park holds all of the common securities as successor Depositor; floating rate preferred securities are held by institutional investors)	Delaware

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Section 12: EX-23.1 (EX-23.1)

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following Registration Statements of Park National Corporation:

Form S-8 No. 33-92060
Form S-8 No. 333-52653
Form S-8 No. 333-59360
Form S-8 No. 333-59378
Form S-8 No. 333-91178
Form S-8 No. 333-115136
Form S-8 No. 333-126875

of our report dated February 23, 2008, with respect to the consolidated financial statements of Park National Corporation and the effectiveness of internal control over financial reporting, which report is incorporated by reference from Park National Corporation's 2007 Annual Report to Shareholders in this Annual Report on Form 10-K of Park National Corporation for the fiscal year ended December 31, 2007.

/s/ Crowe Chizek and Company LLC

Columbus, Ohio
February 28, 2008

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Section 13: EX-23.2 (EX-23.2)

Exhibit 23.2

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

Form S-8 No. 33-92060
Form S-8 No. 333-52653
Form S-8 No. 333-59360
Form S-8 No. 333-59378
Form S-8 No. 333-91178
Form S-8 No. 333-115136
Form S-8 No. 333-126875

of our report dated February 21, 2006, with respect to the consolidated statements of income, stockholders' equity and cash flows of Park National Corporation and subsidiaries for the year ended December 31, 2005, included in this Annual Report (Form 10-K) for the year ended December 31, 2007 filed with the Securities and Exchange Commission.

/s/ Ernst & Young LLP

Columbus, Ohio
February 27, 2008

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Section 14: EX-24 (EX-24)

Exhibit 24

POWER OF ATTORNEY

The undersigned officer and director of Park National Corporation, an Ohio corporation (the “Corporation”), which anticipates filing with the Securities and Exchange Commission, Washington, D.C., under the provisions of the Securities Exchange Act of 1934, as amended, the Annual Report of the Corporation on Form 10-K for the fiscal year ended December 31, 2007, hereby constitutes and appoints David L. Trautman and John W. Kozak, and each of them, with full power of substitution and resubstitution, as attorney-in-fact and agent to sign for him, in any and all capacities, such Annual Report on Form 10-K and any and all amendments thereto, and any and all applications or documents to be filed with the Securities and Exchange Commission pertaining to such Annual Report on Form 10-K, with full power and authority to do and perform any and all acts and things whatsoever required and necessary to be done in the premises, as fully to all intents and purposes as he could do if personally present. The undersigned hereby ratifies and confirms all that each said attorney-in-fact and agent or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney this 25th day of February, 2008.

/s/ C. Daniel DeLawder

C. Daniel DeLawder

POWER OF ATTORNEY

The undersigned officer and director of Park National Corporation, an Ohio corporation (the “Corporation”), which anticipates filing with the Securities and Exchange Commission, Washington, D.C., under the provisions of the Securities Exchange Act of 1934, as amended, the Annual Report of the Corporation on Form 10-K for the fiscal year ended December 31, 2007, hereby constitutes and appoints C. Daniel DeLawder and John W. Kozak, and each of them, with full power of substitution and resubstitution, as attorney-in-fact and agent to sign for him, in any and all capacities, such Annual Report on Form 10-K and any and all amendments thereto, and any and all applications or documents to be filed with the Securities and Exchange Commission pertaining to such Annual Report on Form 10-K, with full power and authority to do and perform any and all acts and things whatsoever required and necessary to be done in the premises, as fully to all intents and purposes as he could do if personally present. The undersigned hereby ratifies and confirms all that each said attorney-in-fact and agent or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney this 25th day of February, 2008.

/s/ David L. Trautman
David L. Trautman

POWER OF ATTORNEY

The undersigned officer of Park National Corporation, an Ohio corporation (the "Corporation"), which anticipates filing with the Securities and Exchange Commission, Washington, D.C., under the provisions of the Securities Exchange Act of 1934, as amended, the Annual Report of the Corporation on Form 10-K for the fiscal year ended December 31, 2007, hereby constitutes and appoints C. Daniel DeLawder and David L. Trautman, and each of them, with full power of substitution and resubstitution, as attorney-in-fact and agent to sign for him, in any and all capacities, such Annual Report on Form 10-K and any and all amendments thereto, and any and all applications or documents to be filed with the Securities and Exchange Commission pertaining to such Annual Report on Form 10-K, with full power and authority to do and perform any and all acts and things whatsoever required and necessary to be done in the premises, as fully to all intents and purposes as he could do if personally present. The undersigned hereby ratifies and confirms all that each said attorney-in-fact and agent or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney this 25th day of February, 2008.

/s/ John W. Kozak
John W. Kozak

POWER OF ATTORNEY

The undersigned officer of Park National Corporation, an Ohio corporation (the “Corporation”), which anticipates filing with the Securities and Exchange Commission, Washington, D.C., under the provisions of the Securities Exchange Act of 1934, as amended, the Annual Report of the Corporation on Form 10-K for the fiscal year ended December 31, 2007, hereby constitutes and appoints C. Daniel DeLawder, David L. Trautman and John W. Kozak, and each of them, with full power of substitution and resubstitution, as attorney-in-fact and agent to sign for him, in any and all capacities, such Annual Report on Form 10-K and any and all amendments thereto, and any and all applications or documents to be filed with the Securities and Exchange Commission pertaining to such Annual Report on Form 10-K, with full power and authority to do and perform any and all acts and things whatsoever required and necessary to be done in the premises, as fully to all intents and purposes as he could do if personally present. The undersigned hereby ratifies and confirms all that each said attorney-in-fact and agent or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney this 20th day of February, 2008.

/s/ Brady T. Burt
Brady T. Burt

POWER OF ATTORNEY

The undersigned director of Park National Corporation, an Ohio corporation (the “Corporation”), which anticipates filing with the Securities and Exchange Commission, Washington, D.C., under the provisions of the Securities Exchange Act of 1934, as amended, the Annual Report of the Corporation on Form 10-K for the fiscal year ended December 31, 2007, hereby constitutes and appoints C. Daniel DeLawder, David L. Trautman and John W. Kozak, and each of them, with full power of substitution and resubstitution, as attorney-in-fact and agent to sign for him, in any and all capacities, such Annual Report on Form 10-K and any and all amendments thereto, and any and all applications or documents to be filed with the Securities and Exchange Commission pertaining to such Annual Report on Form 10-K, with full power and authority to do and perform any and all acts and things whatsoever required and necessary to be done in the premises, as fully to all intents and purposes as he could do if personally present. The undersigned hereby ratifies and confirms all that each said attorney-in-fact and agent or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney this 21st day of February, 2008.

/s/ Nicholas L. Berning

Nicholas L. Berning

POWER OF ATTORNEY

The undersigned director of Park National Corporation, an Ohio corporation (the "Corporation"), which anticipates filing with the Securities and Exchange Commission, Washington, D.C., under the provisions of the Securities Exchange Act of 1934, as amended, the Annual Report of the Corporation on Form 10-K for the fiscal year ended December 31, 2007, hereby constitutes and appoints C. Daniel DeLawder, David L. Trautman and John W. Kozak, and each of them, with full power of substitution and resubstitution, as attorney-in-fact and agent to sign for her, in any and all capacities, such Annual Report on Form 10-K and any and all amendments thereto, and any and all applications or documents to be filed with the Securities and Exchange Commission pertaining to such Annual Report on Form 10-K, with full power and authority to do and perform any and all acts and things whatsoever required and necessary to be done in the premises, as fully to all intents and purposes as she could do if personally present. The undersigned hereby ratifies and confirms all that each said attorney-in-fact and agent or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney this 25th day of February, 2008.

/s/ Maureen Buchwald
Maureen Buchwald

POWER OF ATTORNEY

The undersigned director of Park National Corporation, an Ohio corporation (the "Corporation"), which anticipates filing with the Securities and Exchange Commission, Washington, D.C., under the provisions of the Securities Exchange Act of 1934, as amended, the Annual Report of the Corporation on Form 10-K for the fiscal year ended December 31, 2007, hereby constitutes and appoints C. Daniel DeLawder, David L. Trautman and John W. Kozak, and each of them, with full power of substitution and resubstitution, as attorney-in-fact and agent to sign for him, in any and all capacities, such Annual Report on Form 10-K and any and all amendments thereto, and any and all applications or documents to be filed with the Securities and Exchange Commission pertaining to such Annual Report on Form 10-K, with full power and authority to do and perform any and all acts and things whatsoever required and necessary to be done in the premises, as fully to all intents and purposes as he could do if personally present. The undersigned hereby ratifies and confirms all that each said attorney-in-fact and agent or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney this 20th day of February, 2008.

/s/ James J. Cullers

James J. Cullers

POWER OF ATTORNEY

The undersigned director of Park National Corporation, an Ohio corporation (the "Corporation"), which anticipates filing with the Securities and Exchange Commission, Washington, D.C., under the provisions of the Securities Exchange Act of 1934, as amended, the Annual Report of the Corporation on Form 10-K for the fiscal year ended December 31, 2007, hereby constitutes and appoints C. Daniel DeLawder, David L. Trautman and John W. Kozak, and each of them, with full power of substitution and resubstitution, as attorney-in-fact and agent to sign for him, in any and all capacities, such Annual Report on Form 10-K and any and all amendments thereto, and any and all applications or documents to be filed with the Securities and Exchange Commission pertaining to such Annual Report on Form 10-K, with full power and authority to do and perform any and all acts and things whatsoever required and necessary to be done in the premises, as fully to all intents and purposes as he could do if personally present. The undersigned hereby ratifies and confirms all that each said attorney-in-fact and agent or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney this 18th day of February, 2008.

/s/ Harry O. Egger

Harry O. Egger

POWER OF ATTORNEY

The undersigned director of Park National Corporation, an Ohio corporation (the "Corporation"), which anticipates filing with the Securities and Exchange Commission, Washington, D.C., under the provisions of the Securities Exchange Act of 1934, as amended, the Annual Report of the Corporation on Form 10-K for the fiscal year ended December 31, 2007, hereby constitutes and appoints C. Daniel DeLawder, David L. Trautman and John W. Kozak, and each of them, with full power of substitution and resubstitution, as attorney-in-fact and agent to sign for him, in any and all capacities, such Annual Report on Form 10-K and any and all amendments thereto, and any and all applications or documents to be filed with the Securities and Exchange Commission pertaining to such Annual Report on Form 10-K, with full power and authority to do and perform any and all acts and things whatsoever required and necessary to be done in the premises, as fully to all intents and purposes as he could do if personally present. The undersigned hereby ratifies and confirms all that each said attorney-in-fact and agent or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney this 22nd day of February, 2008.

/s/ F. William Englefield IV

F. William Englefield IV

POWER OF ATTORNEY

The undersigned director of Park National Corporation, an Ohio corporation (the “Corporation”), which anticipates filing with the Securities and Exchange Commission, Washington, D.C., under the provisions of the Securities Exchange Act of 1934, as amended, the Annual Report of the Corporation on Form 10-K for the fiscal year ended December 31, 2007, hereby constitutes and appoints C. Daniel DeLawder, David L. Trautman and John W. Kozak, and each of them, with full power of substitution and resubstitution, as attorney-in-fact and agent to sign for him, in any and all capacities, such Annual Report on Form 10-K and any and all amendments thereto, and any and all applications or documents to be filed with the Securities and Exchange Commission pertaining to such Annual Report on Form 10-K, with full power and authority to do and perform any and all acts and things whatsoever required and necessary to be done in the premises, as fully to all intents and purposes as he could do if personally present. The undersigned hereby ratifies and confirms all that each said attorney-in-fact and agent or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney this 18th day of February, 2008.

/s/ William T. McConnell

William T. McConnell

POWER OF ATTORNEY

The undersigned director of Park National Corporation, an Ohio corporation (the "Corporation"), which anticipates filing with the Securities and Exchange Commission, Washington, D.C., under the provisions of the Securities Exchange Act of 1934, as amended, the Annual Report of the Corporation on Form 10-K for the fiscal year ended December 31, 2007, hereby constitutes and appoints C. Daniel DeLawder, David L. Trautman and John W. Kozak, and each of them, with full power of substitution and resubstitution, as attorney-in-fact and agent to sign for him, in any and all capacities, such Annual Report on Form 10-K and any and all amendments thereto, and any and all applications or documents to be filed with the Securities and Exchange Commission pertaining to such Annual Report on Form 10-K, with full power and authority to do and perform any and all acts and things whatsoever required and necessary to be done in the premises, as fully to all intents and purposes as he could do if personally present. The undersigned hereby ratifies and confirms all that each said attorney-in-fact and agent or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney this 19th day of February, 2008.

/s/ John J. O'Neill

John J. O'Neill

POWER OF ATTORNEY

The undersigned director of Park National Corporation, an Ohio corporation (the "Corporation"), which anticipates filing with the Securities and Exchange Commission, Washington, D.C., under the provisions of the Securities Exchange Act of 1934, as amended, the Annual Report of the Corporation on Form 10-K for the fiscal year ended December 31, 2007, hereby constitutes and appoints C. Daniel DeLawder, David L. Trautman and John W. Kozak, and each of them, with full power of substitution and resubstitution, as attorney-in-fact and agent to sign for him, in any and all capacities, such Annual Report on Form 10-K and any and all amendments thereto, and any and all applications or documents to be filed with the Securities and Exchange Commission pertaining to such Annual Report on Form 10-K, with full power and authority to do and perform any and all acts and things whatsoever required and necessary to be done in the premises, as fully to all intents and purposes as he could do if personally present. The undersigned hereby ratifies and confirms all that each said attorney-in-fact and agent or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney this 20th day of February, 2008.

/s/ William A. Phillips

William A. Phillips

POWER OF ATTORNEY

The undersigned director of Park National Corporation, an Ohio corporation (the “Corporation”), which anticipates filing with the Securities and Exchange Commission, Washington, D.C., under the provisions of the Securities Exchange Act of 1934, as amended, the Annual Report of the Corporation on Form 10-K for the fiscal year ended December 31, 2007, hereby constitutes and appoints C. Daniel DeLawder, David L. Trautman and John W. Kozak, and each of them, with full power of substitution and resubstitution, as attorney-in-fact and agent to sign for him, in any and all capacities, such Annual Report on Form 10-K and any and all amendments thereto, and any and all applications or documents to be filed with the Securities and Exchange Commission pertaining to such Annual Report on Form 10-K, with full power and authority to do and perform any and all acts and things whatsoever required and necessary to be done in the premises, as fully to all intents and purposes as he could do if personally present. The undersigned hereby ratifies and confirms all that each said attorney-in-fact and agent or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney this 26th day of February, 2008.

/s/ J. Gilbert Reese

J. Gilbert Reese

POWER OF ATTORNEY

The undersigned director of Park National Corporation, an Ohio corporation (the "Corporation"), which anticipates filing with the Securities and Exchange Commission, Washington, D.C., under the provisions of the Securities Exchange Act of 1934, as amended, the Annual Report of the Corporation on Form 10-K for the fiscal year ended December 31, 2007, hereby constitutes and appoints C. Daniel DeLawder, David L. Trautman and John W. Kozak, and each of them, with full power of substitution and resubstitution, as attorney-in-fact and agent to sign for him, in any and all capacities, such Annual Report on Form 10-K and any and all amendments thereto, and any and all applications or documents to be filed with the Securities and Exchange Commission pertaining to such Annual Report on Form 10-K, with full power and authority to do and perform any and all acts and things whatsoever required and necessary to be done in the premises, as fully to all intents and purposes as he could do if personally present. The undersigned hereby ratifies and confirms all that each said attorney-in-fact and agent or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney this 26th day of February, 2008.

/s/ Rick R. Taylor

Rick R. Taylor

POWER OF ATTORNEY

The undersigned director of Park National Corporation, an Ohio corporation (the "Corporation"), which anticipates filing with the Securities and Exchange Commission, Washington, D.C., under the provisions of the Securities Exchange Act of 1934, as amended, the Annual Report of the Corporation on Form 10-K for the fiscal year ended December 31, 2007, hereby constitutes and appoints C. Daniel DeLawder, David L. Trautman and John W. Kozak, and each of them, with full power of substitution and resubstitution, as attorney-in-fact and agent to sign for him, in any and all capacities, such Annual Report on Form 10-K and any and all amendments thereto, and any and all applications or documents to be filed with the Securities and Exchange Commission pertaining to such Annual Report on Form 10-K, with full power and authority to do and perform any and all acts and things whatsoever required and necessary to be done in the premises, as fully to all intents and purposes as he could do if personally present. The undersigned hereby ratifies and confirms all that each said attorney-in-fact and agent or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney this 20th day of February, 2008.

/s/ Leon Zazworsky
Leon Zazworsky

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Section 15: EX-31.1 (EX-31.1)

Exhibit 31.1

Rule 13a-14(a)/15d-14(a) Certification
(Principal Executive Officer)

I, C. Daniel DeLawder, certify that:

1. I have reviewed this Annual Report on Form 10-K for the fiscal year ended December 31, 2007 of Park National Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: February 29, 2008

By: /s/ C. Daniel DeLawder .
Printed Name: C. Daniel DeLawder
Title: Chairman of the Board and Chief Executive Officer

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Section 16: EX-31.2 (EX-31.2)

Exhibit 31.2

Rule 13a-14(a)/15d-14(a) Certification
(Principal Financial Officer)

I, John W. Kozak, certify that:

1. I have reviewed this Annual Report on Form 10-K for the fiscal year ended December 31, 2007 of Park National Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: February 29, 2008

By: /s/ John W. Kozak
Printed Name: John W. Kozak
Title: Chief Financial Officer

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Section 17: EX-32 (EX-32)

Exhibit 32

SECTION 1350 CERTIFICATION*

In connection with the Annual Report of Park National Corporation (the "Corporation") on Form 10-K for the fiscal year ended December 31, 2007, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned C. Daniel DeLawder, Chairman of the Board and Chief Executive Officer of the Corporation, and John W. Kozak, Chief Financial Officer of the Corporation, certify, pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the consolidated financial condition and results of operations of the Corporation and its subsidiaries.

/s/ C. Daniel DeLawder	/s/ John W. Kozak
C. Daniel DeLawder Chairman of the Board and Chief Executive Officer (Principal Executive Officer) Dated: February 29, 2008	John W. Kozak Chief Financial Officer (Principal Financial Officer) Dated: February 29, 2008

* This certification is being furnished as required by Rule 13a-14(b) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Section 1350 of Chapter 63 of Title 18 of the United States Code, and shall not be deemed "filed" for purposes of Section 18 of the Exchange Act or otherwise subject to the liability of that Section. This certification shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Corporation specifically incorporates this certification by reference.

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