

PARK NATIONAL CORP /OH/  
Form 8-K  
July 19, 2010

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported)  
2010

July 19,

Park National Corporation

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(Exact name of registrant as specified in its charter)

Ohio  
(State or other jurisdiction  
of incorporation)

1-13006  
(Commission  
File Number)

31-1179518  
(IRS 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

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(Registrant's telephone number, including area code)

Not Applicable

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(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))



Item 2.02 – Results of Operations and Financial Condition

On July 19, 2010, Park National Corporation (“Park”) issued a news release (the “Operating Results News Release”) announcing operating results for the three and six months ended June 30, 2010. A copy of this Operating Results News Release is included as Exhibit 99.1 to this Current Report on Form 8-K and incorporated by reference herein.

Park’s management uses certain non-GAAP (generally accepted accounting principles) financial measures to evaluate Park’s performance. Specifically, management reviews return on average tangible common equity, return on average tangible assets, tangible common equity to tangible assets and tangible common book value per common share. Management has included in the Operating Results News Release information relating to the return on average tangible common equity, return on average tangible assets, tangible common equity to tangible assets and tangible common book value per common share for the three and six month periods ended June 30, 2010 and 2009. For purposes of calculating the return on average tangible common equity, a non-GAAP financial measure, net income available to common shareholders for each period is divided by average tangible common equity during the period. Average tangible common equity equals average stockholders’ equity during the applicable period less (i) average goodwill and other intangible assets during the period and (ii) average preferred stock during the period. For the purpose of calculating the return on average tangible assets, a non-GAAP financial measure, net income available to common shareholders for each period is divided by average tangible assets during the period. Average tangible assets equals average assets during the applicable period less average goodwill and other intangible assets during the applicable period. For the purpose of calculating tangible common equity to tangible assets, a non-GAAP financial measure, tangible common equity is divided by tangible assets. Tangible common equity equals stockholders’ equity less preferred stock and goodwill and intangible assets. Tangible assets equals total assets less goodwill and intangible assets. For the purpose of calculating tangible common book value per common share, a non-GAAP financial measure, tangible common equity is divided by common shares outstanding at period end. Management believes that the disclosure of return on average tangible common equity, return on average tangible assets, tangible common equity to tangible assets and tangible common book value per common share presents additional information to the reader of the consolidated financial statements, which, when read in conjunction with the consolidated financial statements prepared in accordance with GAAP, assists in analyzing Park’s operating performance and ensures comparability of operating performance from period to period while eliminating certain non-operational effects of acquisitions and, in the case of return on average common equity and tangible common book value per common share, the impact of preferred stock. In the Operating Results News Release, Park has provided a reconciliation of average tangible common equity to average stockholders’ equity, average tangible assets to average assets, tangible common equity to stockholders’ equity and tangible assets to total assets solely for the purpose of complying with SEC Regulation G and not as an indication that return on average tangible common equity, return on average tangible assets or tangible common book value per common share are substitutes for return on average equity, return on average assets or common book value per common share as determined by GAAP.

Item 7.01 — Regulation FD Disclosure

The following is a discussion of the actual operating results for the first six months of 2010, and a comparison of management's latest projections for the twelve months ending December 31, 2010 to the guidance previously provided within the Form 10-Q for the quarterly period ended March 31, 2010 (the "March 31, 2010 Form 10-Q").

Net Interest Income:

For the first six months of 2010, net interest income was \$136.1 million. In the March 31, 2010 Form 10-Q, management had projected that net interest income would be \$265 million to \$275 million for 2010. Net interest income through June 30, 2010 was in line with management expectations. For the six months ended June 30, 2010, loans increased by \$15.6 million or an annualized 0.7 percent. In the March 31, 2010 Form 10-Q, management projected slow loan growth of 1% to 2% for the twelve months ended December 31, 2010 compared to the same period in 2009. Management's current projection for net interest income (\$265 million to \$275 million) and loan growth (1% to 2%) is unchanged from the guidance previously provided.

Provision for Loan Losses:

For the six months ended June 30, 2010, the provision for loan losses was \$29.8 million and net loan charge-offs were \$25.8 million. In the March 31, 2010 Form 10-Q, management projected that the provision for loan losses would be approximately \$50 million to \$55 million in 2010. The provision for loan losses for the first six months of 2010 was slightly higher than management expected. Management now expects that the provision for loan losses will be approximately \$55 million to \$60 million in 2010. In light of some uncertainty regarding the impact the oil spill may have on the gulf region and our Vision Bank subsidiary, to the best of our knowledge, management continues to believe the outlook for 2010 will be consistent with this guidance provided. Park and Vision Bank management are working very closely with those borrowers who could potentially be impacted by the oil spill, assisting them through the claims process and assessing their continued ability to repay contractual principal and interest.

Other Income:

For the first six months of 2010, total other income, excluding gains from the sale of securities, was \$33.4 million. In the March 31, 2010 form 10-Q, management projected that total other income, excluding gains from the sale of securities, would be approximately \$68 million for 2010. Total other income through June 30, 2010 was in line with management's projected results for 2010.

Gain on Sale of Securities:

In the Annual Report to Shareholders for the fiscal year ended December 31, 2009, on page 39, management projected that a pre-tax gain of \$7.3 million would be recognized from the sale of \$200 million of securities during the first quarter of 2010. During the first quarter of 2010, Park actually sold \$201 million of investment securities for a pre-tax gain of \$8.3 million. During the second quarter of 2010, Park sold \$56.8 million of investment securities for a pre-tax gain of \$3.5 million.

Other Expense:

For the first six months of 2010, total other expense was \$94.9 million. In the March 31, 2010 Form 10-Q, management projected that total other expense would be \$191 million in 2010. Total other expense for the first six months of 2010 was consistent with management's projected results for 2010.

SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

This Current Report on Form 8-K, including Exhibit 99.1 included within this Current Report, 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. We have tried, wherever possible, to identify such statements by using words such as "anticipate," "estimate," "project," "intend," "plan," "believe," "will" and similar expressions in connection with discussion of future operating or financial performance. 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: deterioration in the asset value of Park's loan portfolio may be worse than expected due to a number of factors, such as adverse changes in economic conditions that impair the ability of borrowers to repay their loans, the underlying value of the collateral could prove less valuable than assumed and cash flows may be worse than expected; Park's ability to execute its business plan successfully and within the expected timeframe; general economic and financial market conditions, and weakening in the economy, specifically, the real estate market and credit market, either nationally or in the states in which Park and its subsidiaries do business, may be worse than expected which could decrease the demand for loan, deposit and other financial services and increase loan delinquencies and defaults; the effects of the Gulf of Mexico oil spill; changes in market rates and prices may adversely impact the value of securities, loans, deposits and other financial instruments and the interest rate sensitivity of our consolidated balance sheet; changes in consumer spending, borrowing and saving habits; our liquidity requirements could be adversely affected by changes in our assets and liabilities; competitive factors among financial institutions increase significantly, including product and pricing pressures and our ability to attract, develop and retain qualified bank professionals; the nature, timing and effect of changes in banking regulations or other regulatory or legislative requirements affecting the respective businesses of Park and its subsidiaries, including changes in laws and regulations concerning taxes, accounting, banking, securities and other aspects of the financial services industry, specifically the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010; the effect of fiscal and governmental policies of the United States federal government; demand for loans in the respective market areas served by Park and its subsidiaries, and other risk factors relating to the banking industry as detailed from time to time in Park's reports filed with the Securities and Exchange Commission including those described in "Item 1A. Risk Factors" of Part I of Park's Annual Report on Form 10-K for the fiscal year ended December 31, 2009 and in "Item 1A. Risk Factors" of Part II of Park's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2010. Undue reliance should not be placed on the forward-looking statements, which speak only as of the date of this Current Report on Form 8-K. 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.

Item 8.01 – Other Events

Declaration of Cash Dividend

As reported in the Operating Results News Release, on July 19, 2010, the Park Board of Directors declared a \$0.94 per share quarterly cash dividend in respect of Park’s common shares. The dividend is payable on September 10, 2010 to common shareholders of record as of the close of business on August 25, 2010. A copy of the Operating Results News Release is included as Exhibit 99.1 and the portion thereof addressing the declaration of the cash dividend by Park’s Board of Directors is incorporated by reference herein.

Monitoring developments of the oil spill in the Gulf of Mexico

Park is monitoring developments of the oil spill in the Gulf of Mexico. The extent of the potential effects on our customers and the areas in which they operate is presently being evaluated. Park and Vision Bank management are working very closely with those borrowers who could potentially be impacted by the oil spill, assisting them through the claims process. The future effects of the oil spill could possibly impact Park and our earnings, but until more is known about the impact on our borrowers, we are unable to determine whether there will be any negative impact on their ability to repay contractual principal and interest.

Item 9.01 – Financial Statements and Exhibits.

- (a) Not applicable
- (b) Not applicable
- (c) Not applicable

(d) Exhibits. The following exhibit is included with this Current Report on Form 8-K:

Exhibit No.	Description
99.1	News Release issued by Park National Corporation on July 19, 2010 addressing operating results for the three and six months ended June 30, 2010.

[Remainder of page intentionally left blank;  
signature on following page.]

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

PARK NATIONAL CORPORATION

Dated: July 19, 2010

By: /s/ John W. Kozak  
John W. Kozak  
Chief Financial Officer



INDEX TO EXHIBITS

Current Report on Form 8-K  
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Park National Corporation

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