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We do not believe in burying the bad news so deeply in this letter that you have to work to find it.

Net income for 2006 was $94.091 million compared to $95.238 million in 2005, a decrease of 1.2%. Diluted earnings per share increased 1.5% from $6.64 in 2005 to $6.74 in 2006. The increase occurred because we purchased shares of the corporation's common stock during the first 7½ months of last year. Fewer shares outstanding relative to net income generated the modest increase in diluted earnings per share.

The decrease in net income for Park National Corporation (Park) last year was the first reduction in net income, from one year to the next, since the corporation was formed in 1987. Further, the forerunner to the corporation, The Park National Bank (PNB), had a string of net income increases stretching back to 1961. "Making less in a year" was not part of our vocabulary. It is now, and we don't much care for it.

We could blame the reduction last year on the discovery in January 2007 of a cumulative accounting error at one of our affiliate banks. This discovery caused us to reduce net income for 2006 *after* we had previously announced net income earlier in the month. We're not so used to making errors like this, and we have no plans to make this a practice.

Catching these errors (which occurred over some 10 years) caused us to reduce last year's net income by $1.256 million on an after-tax basis. This series of embarrassing errors is more fully described in management's discussion and analysis beginning on page 26 of this report.

With or without the errors, 2006 was the fourth consecutive year we have not performed up to our expectations.

We could put some blame on an interest rate environment that is less favorable to making money in ways that are more historically typical. Long-term interest rates are lower than short-term rates, and this condition has been present since mid-2006. It's more of a challenge to make money under these circumstances. The pressure on the net interest spread (the difference between what we earn, in percentage terms, on our earning assets and the cost to fund those assets) is very real and there appears little relief in sight.

The interest rate environment described above caused us to allow the investment portfolio to decline. In the continued absence of acceptable investment alternatives, we reduced investments as repayments were realized on the mortgage-backed investment portfolio, and allowed the cash flow to fund modest loan increases as well as reduce the amount of funds that are borrowed. Accordingly, earning assets continued to decrease in 2006, which exaggerated the challenge to increase net income. These conditions show little promise of change as we enter the first half of 2007.

We could offer the excuse that we are unable to grow our banks acceptably because economic conditions in the state of Ohio are not strong. John Alford was fond of saying "A rising tide lifts all boats." Unfortunately, especially in some of our community bank markets, we cannot see a tide; there are times we're not sure whether it's coming in or still receding. Such conditions do not present easy opportunities for growth in more of our bank markets than we prefer.

In spite of appearing to offer several excuses for mediocre growth in assets and a reduction in net income, we assure you none of the above is a reason we find acceptable. We remain focused on applying our best efforts to do a better job.

We were very pleased last year to experience a historic low level of loan losses. Loans charged-off last year were at the lowest level in the recent five years. Loan charge offs net of recoveries were only 0.12% of our average loan balances for the year, less than 1/2 of the average for the previous three years.

Exceptionally low net charge-offs in 2006 permitted us to substantially reduce the amount of the expense that we recognized for loan losses. With so many other negative circumstances identified above, we're happy to report that our lenders performed extremely well in both loan underwriting as well as collecting on loans made to our customers. It will be very difficult to match those results in coming years.

While we had excellent loan loss experience in 2006, significant loan growth remained elusive.

There is some comfort in knowing our performance, even after the correction of net income, remains very good compared to industry data. Park National Corporation's return on assets (ROA) was 1.75%, 1.71% and 1.81% for 2006, 2005 and 2004, respectively. Return on equity (ROE) for Park was 17.26%, 17.03% and 17.00% for the same periods.

Superior operating ratios are generated by associates who work hard to serve our customers, are diligent in watching how money is spent and are ever vigilant in seeking new customer opportunities. But our collective efforts failed to generate the level of growth necessary for us to increase net income.

This is critically important to those of us whose net worth is linked to the ownership of Park National Corporation common stock. Finding ways to create sustainable levels of increasing net income remains the fundamental solution to increasing the value of this organization. And that, simply stated, remains the focus of those whose fortunes are tied to this place.

Somebody once defined insanity as continuing to do the same things yet expecting different results. While we may appear to be weak minded, we assure you we are not continuing to do the same things.

During 2005, we began to more formally explore alternatives to take advantage of our strong capital, our ability to make good money for our shareholders and the talent of our associates. (Bill McConnell reminds us those three attributes provide us the advantage we need not to just survive, but to prosper.) As a result of a thorough evaluation over many months, we concluded we should invest more of our resources in higher growth areas of Ohio. Further, we concluded we should explore markets outside Ohio that enjoy more robust economic conditions than we've experienced in recent years.

Intuitively, these conclusions seem self-evident. But embarking on a growth course external to the state of Ohio carries unique and potentially significant risks. We believe we have been prudent and deliberate in identifying alternatives for the future.

Perhaps we took longer than necessary to come to these conclusions. And perhaps we should have begun the investigation and evaluation far sooner. We accept such criticism.

As evidence of embracing a revised strategy, we were pleased to announce the agreement to purchase the Anderson Bank in Hamilton County, Ohio. The Anderson Bank merged into our affiliate, Park National Bank of Southwest Ohio & Northern Kentucky (PSW) on December 18, 2006. Earlier in the year, PSW opened a full service office in Florence, Kentucky to take better advantage of far more robust market conditions in that market area. These additional offices of PSW are expected to provide a better foundation from which additional business can be gained within these markets.

As further evidence of our intention to look elsewhere to grow net income, we were pleased to announce on September 14, 2006 that Vision Bancshares, Inc., headquartered in Panama City, Florida and Park National Corporation signed a definitive agreement to merge. Vision had approximately $700 million in assets at year-end 2006 and operates 15 offices in Baldwin County, Alabama and selected markets along the Florida panhandle.

Most importantly, Vision associates are experienced and dedicated community bankers whose values, actions and priorities for serving customers are remarkably similar to the associates of Park affiliates. The Chairman and Chief Executive Officer of Vision, Mr. J. Daniel Sizemore, will join the board of directors of Park, and the merger is expected to occur by mid-March 2007. Mr. Sizemore, his leadership team and other associates are excited about the prospect of aligning with Park as this will enable them to deliver more and broader financial services to the Gulf Coast and the other communities served by Vision Bank offices.

Attracting a high performing banking organization like Vision that operates in markets experiencing significant growth is promising. It is meaningful that every associate of Vision intends to remain with the bank and looks forward to joining Park. While there is much work to be done, having individuals who are professional and committed to our shared agenda should expedite the process of bringing two very good banking companies together.

We believe our long term future remains bright. While we are disappointed in our results of the past 4 years, we remain committed to our community-banking model that continues to be highly successful, at least by most measures. In spite of only modest changes in net income in recent years, there is no other large banking company in Ohio that has a better record in the past several years of consistently making money as measured by ROA and ROE.

Increasing our investment in higher growth areas of Ohio and welcoming the Vision organization will improve the prospects for our growth in net income in coming years. Concurrently, we will relentlessly seek every possible opportunity within the existing markets served by our affiliates.

We continue to make significant investments in our infrastructure. Last year, we upgraded the hardware that drives our data processing system. We are in the process of upgrading our computer applications in order to gain more efficiency as well as to offer expanded and current technology to our customers. We have the benefit of adequate scale that allows us to remain current with technology and to offer the latest banking services to our clients and prospects.

The trust departments of our affiliate banks enjoyed significant success within each of the communities of our affiliate banks. Combined trust assets surpassed $3 billion for the first time late in 2006, and we anticipate continued growth.

Two icons within the bank trust industry of Ohio over the past 3 decades have been Larry E. Green and Stuart N. Parsons. They both retired during the year.

Larry had a highly successful career with a large bank in Columbus, Ohio and chose to retire early more than 10 years ago. His decision was fortuitous for us. Stu Parsons knew Larry and convinced him to embark upon a second career with our PNB affiliate and start a trust department in its Columbus, Ohio office. Larry not only started the department from scratch, but he grew the assets and income to levels that nobody, including Stu and Larry, anticipated.

Larry has now retired for the second time, and Damon Howarth has the task of succeeding Larry in the Columbus office. Damon, Jim Buskirk, Carol Whetsone and Mareion Royster of the Columbus office trust team are up to the task of carrying on the tradition established by Larry Green.

After a career that spanned more than 38 years, Stu Parsons decided it was time to retire. He made the decision in early 2005, so we had plenty of time to plan for his departure. Stu worked closely over the past two years with his successor, Tom Cummiskey, in order to provide the best possible transition for PNB and more importantly, for clients of PNB.

Stu took over PNB's trust department from Bill McConnell around 1970, and grew it successfully from just a few million dollars in assets to well over $1 billion at the time of his retirement. Stu's leadership, insight, counsel, work ethic and daily interaction are missed by all who have had the good fortune to be around him.

We're not letting either of these two quit altogether, however. We enlisted both Larry and Stu to help our friends at Vision Bank in Florida and Alabama start new trust departments. Their collective experience has been put to great use. Stu and Larry helped Vision interview and hire two new associates who have joined Vision Bank. We look forward to gaining trust assets at our newest affiliate during 2007, and are grateful for Stu and Larry's help initiating these important additional services in what will be our newest affiliate bank.

We welcomed a new director to both our PSW affiliate in southwest Ohio and to the board of Park National Corporation. Nicholas L. Berning joined us in December 2006 and is a member of the corporate audit committee as well. Retired from the Federal Home Loan Bank of Cincinnati, Mr. Berning is a Certified Public Accountant and served as the controller for the Federal Home Loan Bank. We are pleased to have his expertise.

Late last year, we bid farewell to directors Michael J. Menzer and Robert E. Dixon. Mr. Menzer found it necessary to resign from one of our affiliate bank boards as well as the Park board in order to pursue his business interests without possible conflicts of interest. To a large degree, the same circumstances applied for Mr. Dixon, who served for only several months before finding it necessary to resign. Both resignations were accepted with regrets, and our thanks and very best wishes are extended to them in the pursuit of their respective endeavors.

We close by offering our assurance that our associates remain focused and committed to finding ways to break from our pattern of the past few years. We offer another saying that seems to capture much of our recent environment:

If there's no wind…ROW!

We've been rowing but probably not hard enough. We intend to row harder and importantly, find ways to get more of our associates to join in and pull in the same direction.

Cute, catchy phrases are poor substitutes for performance. The extent to which we are better able to communicate our agenda and our message to our associates may help us, however. We are happy to accept any lines you'd like to throw our way. And we appreciate your continued support.

C. Daniel DeLawder

C. Daniel DeLawder
Chairman

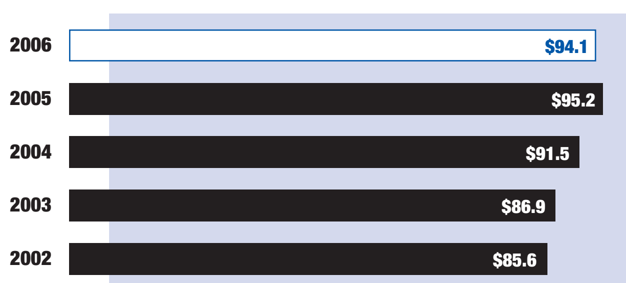
David L. Trautman

David L. Trautman
President

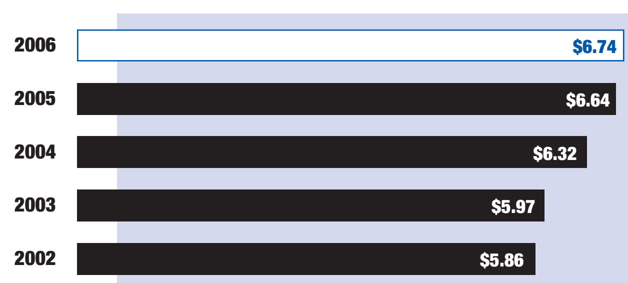
F I N A N C I A L   H I G H L I G H T S

(Dollars in thousands, except per share data)	2006	2005	Percent Change
Earnings:			
Total interest income	**$ 334,559**	$ 314,459	6.39%
Total interest expense	**121,315**	93,895	29.20%
Net interest income	**213,244**	220,564	–3.32%
Net income	**94,091**	95,238	–1.20%
Per Share:			
Net income — basic	**6.75**	6.68	1.05%
Net income — diluted	**6.74**	6.64	1.51%
Cash dividends declared	**3.69**	3.62	1.93%
Book value (end of period)	**40.98**	39.63	3.41%
At Year-End:			
Total assets	**$5,470,876**	$5,436,048	0.64%
Deposits	**3,825,534**	3,757,757	1.80%
Loans	**3,480,702**	3,328,112	4.58%
Investment securities	**1,513,498**	1,663,342	–9.01%
Total borrowings	**979,913**	1,028,858	–4.76%
Stockholders' equity	**570,439**	558,430	2.15%
Ratios:			
Return on average equity	**17.26%**	17.03%	—
Return on average assets	**1.75%**	1.71%	—
Efficiency ratio	**50.35%**	49.32%	—

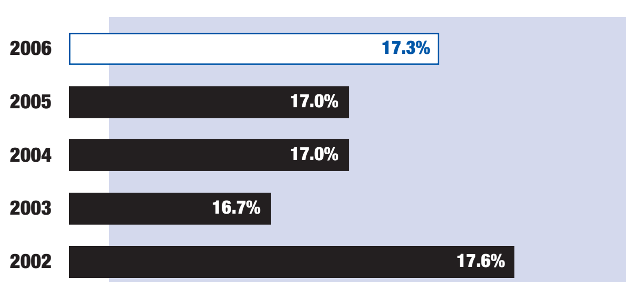
NET INCOME *(millions)*



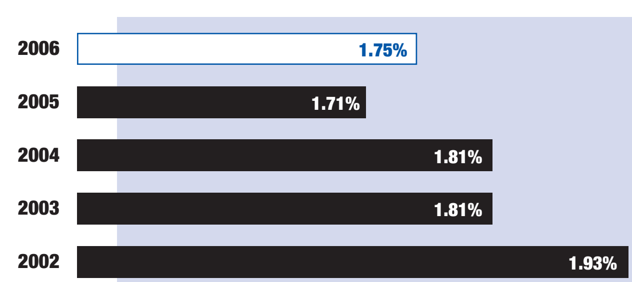
EARNINGS PER SHARE *(diluted)*



RETURN ON AVERAGE EQUITY



RETURN ON AVERAGE ASSETS



STOCK LISTING:

AMEX Symbol – PRK
CUSIP #700658107

GENERAL STOCKHOLDER INQUIRIES:

Park National Corporation
David L. Trautman, Secretary
50 North Third Street
Post Office Box 3500
Newark, Ohio 43058-3500
740/349-3927

DIVIDEND REINVESTMENT PLAN:

The Corporation offers a plan whereby participating stockholders can purchase additional shares of Park National Corporation common stock through automatic reinvestment of their regular quarterly cash dividends. All commissions and fees connected with the purchase and safekeeping of the shares are paid by the Corporation. Details of the plan and an enrollment card can be obtained by contacting the Corporation's Stock Transfer Agent and Registrar as indicated below.

DIRECT DEPOSIT OF DIVIDENDS:

The Corporation's stockholders may have their dividend payments directly deposited into their checking, savings or money market account. This direct deposit of dividends is free for all stockholders. If you have any questions or need an enrollment form, please contact the Corporation's Stock Transfer Agent and Registrar indicated below.

STOCK TRANSFER AGENT AND REGISTRAR:

First-Knox National Bank
Post Office Box 1270
One South Main Street
Mount Vernon, Ohio 43050-1270
800/837-5266 Ext. 5208

FORM 10-K:

All forms filed by the Corporation with the SEC (including our Form 10-K for 2006) are available on our website by clicking on the Documents/SEC Filings section of the Investor Relations page. These forms may also be obtained, without charge, by contacting the Secretary as indicated above.

INTERNET ADDRESS:

www.parknationalcorp.com

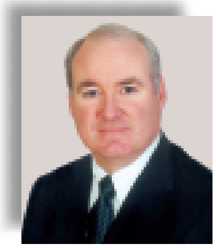
E-MAIL:

David L. Trautman
dtrautman@parknationalbank.com

Back Row: **William A. Phillips –** Chairman, Century National Bank; **F.W. Englefield IV –** President, Englefield, Inc.; **Nicholas L. Berning –** Owner, Berning Financial Consulting; **Rick R. Taylor –** President, Jay Industries, Inc.

Middle Row: **David L. Trautman –** President; **John J. O'Neill –** Chairman, Southgate Corporation; **Maureen Buchwald –** Owner, Glen Hill Orchard; **James J. Cullers –** Sole Proprietor, Mediation and Arbitration Services; **C. Daniel DeLawder –** Chairman

Front Row: **Harry O. Egger –** Vice Chairman; **J. Gilbert Reese –** Senior Partner, Reese, Pyle, Drake & Meyer, P.L.L.; **Lee Zazworsky –** President, Mid State Systems, Inc.; **William T. McConnell –** Chairman of the Executive Committee



Michael L. Bennett
Vice President of
Corporate Affairs
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Co-Owner
Buckeye Stoneware

Ward D. Coffman, III
Attorney
Sole Practitioner

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Neurologist
Neurological Associates
of Southeastern Ohio, Inc.

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Jeffrey A. Darding
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William C. Fralick
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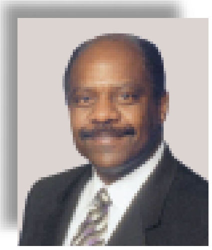
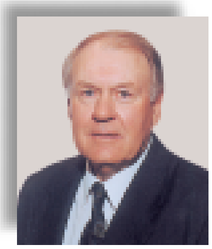
Security National Bank



Dr. Robert Head
President
Urbana University

Robert McConnell
President
Desmond-Stephan Mfg. Co.

Ralph Smucker
Owner
Smucker Insurance Agency



Ronald Welch
Farmer

James R. Wilson
Chairman and
retired President

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Charles P. Bird, Ph.D.
Vice President of Outreach
and Regional Campuses
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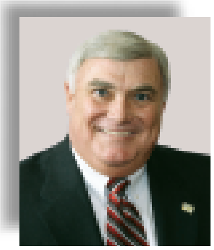

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President
First-Knox National Bank

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Maureen Buchwald
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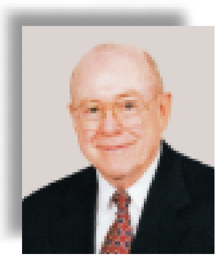
Glen Hill Orchard



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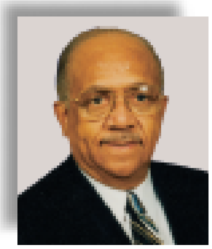
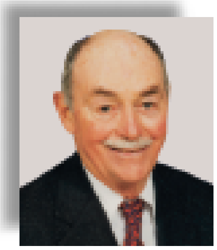


Dr. Charles W. Noble, Sr.
Pastor
Shiloh Missionary
Baptist Church



John J. O'Neill
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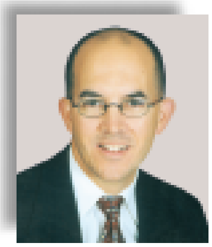
Senior Partner
Reese, Pyle, Drake &
Meyer, P.L.L.



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Lee Zazworsky
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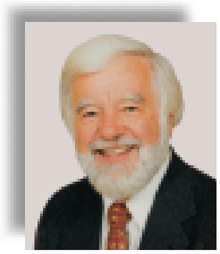

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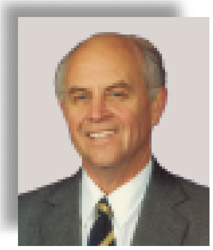

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Consolidated Insurance
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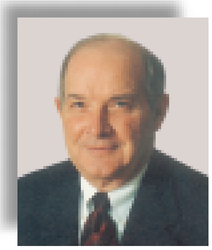

Harry O. Egger
Chairman and
retired President

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Retired President
Process Equipment
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William C. Fralick
President

Larry E. Kaffenbarger
President
Kaffenbarger Truck
Equipment Company

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Clark State Community
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Retired Radiologist

Douglas Wilson
Agent
Rindfuss Realty

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Self-employed Consultant

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Michael C. Bardo
President and Director of
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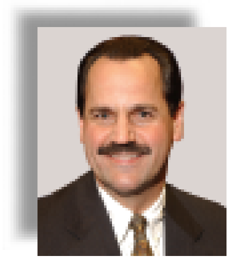
John A. Brown
President



Thomas E. Dysinger
Senior Partner and President
Dysinger, Stewart & Stewart,
LLC

William C. Fralick
President
Security National Bank

Dr. Douglas D. Hulme
DVM, President
Oakview Veterinary Hospital

W. Samuel Robinson
Partner
Murray, Wells, Wendeln &
Robinson CPAs, Inc.

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Park National Corporation

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Chairman

Harry O. Egger
Vice Chairman

John W. Kozak
Chief Financial Officer

William T. McConnell
Chairman of the Executive Committee

David L. Trautman
President/Secretary

Century National Bank

William A. Phillips
Chairman

Thomas M. Lyall
President

Maryann Thornton
Secretary/Treasurer

Barbara A. Gibbs
Senior Vice President

Jack W. Imes
Senior Vice President

Patrick L. Nash
Senior Vice President

Raymond L. Omen
Senior Vice President

Michael F. Whiteman
Senior Vice President

Thomas W. Durant
Vice President

Brian E. Hall
Vice President

Jeffrey C. Jordan
Vice President

Bruce D. Kolopajlo
Vice President

Mark A. Longstreth
Vice President

James R. Merry
Vice President

Rebecca R. Porteus
Vice President

Jody D. Spencer
Vice President and Trust Officer

Thomas N. Sulens
Vice President

Carol S. Tolson
Vice President

Ann M. Gildow
Assistant Vice President

Janice A. Hutchison
Assistant Vice President

Brian G. Kaufman
Assistant Vice President

M. Rick Knox
Assistant Vice President

Cynthia J. Snider
Assistant Vice President

Patricia A. Boyd
Banking Officer

Amanda K. Evans
Banking Officer

Deborah A. Gheen
Banking Officer

Susan A. Lasure
Banking Officer

Karen D. Lowe
Banking Officer

Diana F. McCloy
Banking Officer

Rebecca A. Palmerton
Banking Officer

Beth A. Seyerle
Banking Officer

Victoria M. Thomas
Banking Officer

Jenny L. Ward
Banking Officer and Auditor

Douglas J. Wells
Banking Officer

Sherry A. Ziemer
Banking Officer

Molly J. Allen
Administrative Officer

Katherine M. Barclay
Administrative Officer and Trust Officer

Stephen A. Haren
Administrative Officer

Teresa A. Hennessy
Administrative Officer

Paula L. Meadows
Administrative Officer

Saundra W. Pritchard
Administrative Officer

Emila S. Smith
Administrative Officer

Ronda M. Welsh
Administrative Officer

The Citizens National Bank

Jeffrey A. Darding
President

Tim Bunnell
Senior Vice President

David A. Snyder
Vice President

Loretta A. George
Assistant Vice President

Rick L. McCain
Assistant Vice President

Patricia A. Severn
Assistant Vice President

Consolidated Computer Center
Division of The Park National Bank

Terrance M. Sullivan
President

Alan C. Rothweiler
Vice President

Thomas A. Underwood
Vice President

Anthony L. Kendziorski
Banking Officer

Richard H. Langley
Banking Officer

Sandra S. Travis
Banking Officer

J. Douglas Goldsmith
Administrative Officer

Kristyn S. Mentzer
Administrative Officer

Mark D. Ridenbaugh
Administrative Officer

Fairfield National Bank
Division of The Park National Bank

Stephen G. Wells
President

Edward J. Gurile
Senior Vice President

Richard E. Baker II
Vice President

Daniel R. Bates
Vice President

Timothy D. Hall
Vice President

Linda M. Harris
Vice President

Thomas L. Kokensparger
Vice President and Trust Officer

Ronald L. Bibler
Assistant Vice President and Auditor

Sabrena L. McClure
Assistant Vice President

Brenda S. Shamblin
Assistant Vice President

Sandra S. Uhl
Assistant Vice President

Molly S. Bates
Banking Officer

Linda B. Boch
Banking Officer

Donna M. Cotterman
Banking Officer

David J. Lawler
Banking Officer

Melissa J. McMullen
Banking Officer

Sharon L. Brown
Administrative Officer

Grace Cline
Administrative Officer

Janet K. Cochenour
Administrative Officer

Tara Craaybeek
Administrative Officer

Dusty Miller
Administrative Officer

Cynthia Moore
Administrative Officer

Loretta J. Swyers
Administrative Officer

Brooke A. Taley
Administrative Officer

Tina L. Taley
Administrative Officer

Heather Wiley
Administrative Officer

Farmers and Savings Bank
Division of The First-Knox National Bank

James S. Lingenfelter
President

Kenneth G. Gosche
Senior Vice President

Sharon E. Blubaugh
Vice President

Hal D. Sheaffer
Vice President

Wayne D. Young
Vice President

Gregory A. Henley
Assistant Vice President

Barbara J. Young
Assistant Vice President

Michael C. Bandy
Trust Officer

Ronald D. Flowers
Administrative Officer

The First-Knox National Bank

Gordon E. Yance
President

Mark P. Leonard
Senior Vice President

W. Douglas Leonard
Senior Vice President

Vickie A. Sant
Senior Vice President

Ian Watson
Senior Vice President and Trust Officer

Kathy K. Blackburn
Vice President

James E. Brinker
Vice President

Cheri L. Butcher
Vice President and Trust Officer

Jesse L. Marlow
Vice President

Barbara A. Barry
Assistant Vice President

Rebecca A. Brownfield
Assistant Vice President

Cynthia L. Higgs
Assistant Vice President

James W. Hobson
Assistant Vice President

Debra E. Holiday
Assistant Vice President

R. Edward Kline
Assistant Vice President

Julie A. Leonard
Assistant Vice President

Gregory M. Roy
Assistant Vice President

Jerry D. Simon
Assistant Vice President

Joan M. Stout
Assistant Vice President

Todd P. Vermilya
Assistant Vice President

Mark D. Blanchard
Banking Officer

Phyllis D. Colopy
Banking Officer

Rachelle E. Dallas
Banking Officer

Patti J. Frazee
Banking Officer

Todd A. Geren
Banking Officer

James S. Meyer
Banking Officer

Bethanne Moore
Banking Officer

Sherry L. Snyder
Banking Officer

Sherri L. Stringfellow
Banking Officer

Rea D. Wirt
Banking Officer

Melissa A. Baker
Administrative Officer

Heather A. Brayshaw
Administrative Officer

Robert T. Brooke
Administrative Officer

Julie M. Chester
Administrative Officer

Deborah S. Dove
Administrative Officer

Kassandra L. Hamilton
Administrative Officer

Lisa M. Jones
Administrative Officer

Erin C. Kelty
Administrative Officer

Carol A. Lewis
Administrative Officer

Nicole L. Mack
Administrative Officer

Guardian Financial Services

Earl W. Osborne
President

Matthew R. Marsh
Vice President

Mary E. Parsell
Lending Officer

Charles L. Harris
Administrative Officer

The Park National Bank

William T. McConnell
Chairman of the Executive Committee

C. Daniel DeLawder
Chairman

David L. Trautman
President

Thomas J. Button
Senior Vice President

Thomas M. Cummiskey
Senior Vice President and Trust Officer

Lynn B. Fawcett
Senior Vice President

John W. Kozak
Senior Vice President and Chief Financial Officer

Laura B. Lewis
Senior Vice President

Cheryl L. Snyder
Senior Vice President

William R. Wilson
Senior Vice President

David G. Bernon
Vice President

James M. Buskirk
Vice President and Trust Officer

Peter G. Cassanos
Vice President

Cynthia L. Crane
Vice President

Joan L. Franks
Vice President

John S. Gard
Vice President and Trust Officer

Daniel L. Hunt
Vice President

Steven J. Klein
Vice President

Edward D. Lewis
Vice President

Lydia E. Miller
Vice President

Terry C. Myers
Vice President and Trust Officer

Tina M. Queen
Vice President

Karen K. Rice
Vice President

David J. Rohde
Vice President

David F. Romes
Vice President

Christine S. Schneider
Vice President

R. Michael Shannon
Vice President

Robert G. Springer
Vice President

Julie L. Strohacker
Vice President and Trust Officer

Paul E. Turner
Vice President

Stanley A. Uchida
Vice President

Brian S. Urquhart
Vice President

Jeffrey A. Wilson
Vice President and Auditor

Christa D. Wright
Vice President

Brent A. Barnes
Assistant Vice President and Auditor

Gail A. Blizzard
Assistant Vice President

Alice M. Browning
Assistant Vice President

Kathleen O. Crowley
Assistant Vice President and Auditor

Catherine J. Evans
Assistant Vice President

Brenda M. Frakes
Assistant Vice President

Judith A. Franklin
Assistant Vice President

Ned E. Harter
Assistant Vice President

Damon P. Howarth
Assistant Vice President and Trust Officer

Dennis J. Kabelac
Assistant Vice President

Teresa M. Kroll
Assistant Vice President and Trust Officer

Brenda L. Kutan
Assistant Vice President

Michael D. McDonald
Assistant Vice President

Ronald C. McLeish
Assistant Vice President and Trust Officer

Jennifer L. Morehead
Assistant Vice President

Scott R. Robertson
Assistant Vice President

Rebecca K. Rodeniser
Assistant Vice President

Ralph H. Root III
Assistant Vice President

Brian E. Smith
Assistant Vice President

Melinda S. Smith
Assistant Vice President

Berkley C. Tuggle, Jr.
Assistant Vice President

John B. Uible
Assistant Vice President and Trust Officer

Barbara A. Wilson
Assistant Vice President

J. Brad Zellar
Assistant Vice President and Trust Officer

Renee L. Baker
Banking Officer

Sharon L. Bolen
Banking Officer

Dixie C. Brown
Banking Officer

Michael K. Burns
Banking Officer

Beverly A. Clark
Trust Officer

Kevin J. Connors
Banking Officer

Amber L. Cummins
Trust Officer

Jill S. Evans
Banking Officer

Kristie L. Green
Trust Officer

David W. Hardy
Banking Officer

Louise A. Harvey
Banking Officer

William R. Kashner
Banking Officer

Alice M. Keefe
Banking Officer

Douglas B. Marston
Banking Officer

Julia E. McCormack
Banking Officer

Kimberly G. McDonough
Banking Officer

Diane M. Oberfield
Banking Officer

Gregory M. Rhoads
Banking Officer

Charles F. Schultz
Banking Officer

Robin L. Stein
Banking Officer

The Park National Bank (CONTINUED)

Adam T. Stypula
Banking Officer

Angie D. Treadway
Banking Officer

Carol S. Whetstone
Trust Officer

Bethany B. White
Banking Officer

Kathy L. Allen
Administrative Officer

Beth A. Atkinson
Administrative Officer

Debra A. Ayers
Administrative Officer

Danielle Burns
Administrative Officer

Nathan T. Cook
Administrative Officer

Christopher J. Helms
Administrative Officer

Cynthia R. Hollis
Administrative Officer

Candy J. Lehman
Assistant Trust Officer

Ryan E. Mills
Administrative Officer

April R. Orr
Administrative Officer

Jill L. Richey
Administrative Officer

Leda J. Rutledge
Administrative Officer

Alice M. Schlaegel
Administrative Officer

Lori B. Tabler
Administrative Officer

Ronald A. Walters
Administrative Officer

Rose M. Wilson
Administrative Officer

Park National Bank of Southwest Ohio & Northern Kentucky

K. Douglas Compton
President

Edward L. Brady
Senior Vice President

Jennifer K. Fischer
Senior Vice President

Erick K. Harback
Senior Vice President

Michael J. Jacunski
Senior Vice President

Daniel R. Bourne
Vice President

Jason D. Hughes
Vice President

Anthony K. Johnson
Vice President

Kimberly J. Male
Vice President

John R. Nienaber
Vice President

Daniel H. Turben
Vice President

Ginger L. Vining
Vice President

Joseph A. Wagner
Vice President

John F. Winkler
Vice President and Trust Officer

Jill A. Brewer
Assistant Vice President

James S. Cambron
Assistant Vice President and Trust Officer

Mary M. Demaree
Assistant Vice President

Christopher E. Huffman
Assistant Vice President

James E. Hyson
Assistant Vice President

R. Kathleen Johnson
Assistant Vice President

John L. Schuermann
Assistant Vice President

Sam J. DeBonis
Banking Officer

Cynthia H. Wright
Banking Officer

Kimberly M. Kracher
Administrative Officer

Wendy E. Taylor
Administrative Officer

Jason O. Verhoff
Administrative Officer

The Richland Trust Company

Timothy J. Lehman
President

Raymond A. Piar
Executive Vice President

Gary A. Bobst
Vice President

Jerrold J. Coon
Vice President

David J. Gooch
Vice President

Charla A. Irvin
Vice President and Trust Officer

Michael A. Jefferson
Vice President

Mark F. Kiamy
Vice President and Auditor

Carol A. Michaels
Vice President

John P. Stewart
Vice President and Trust Officer

Edward F. Adams
Assistant Vice President

Katharine J. Barré
Assistant Vice President

Edward A. Brauchler
Assistant Vice President

Edward E. Duffey
Assistant Vice President

Sharon S. Freeman
Assistant Vice President

Barbara A. Miller
Assistant Vice President

Sheryl L. Smith
Assistant Vice President

Rebecca J. Toomey
Assistant Vice President

Linda M. Whited
Assistant Vice President

Sandra S. Brodbeck
Banking Officer

Jim D. Burton
Banking Officer

Susan A. Fanello
Banking Officer

Daniel A. Shrimplin
Banking Officer

John Q. Cleland
Administrative Officer

Carol L. Davis
Administrative Officer

Cynthia L. Kissel
Administrative Officer

Jeffrey A. Parton
Administrative Officer

Alexander M. Rocks
Administrative Officer

Barbara L. Schopp
Administrative Officer

Kathleen A. Spidel
Administrative Officer

Deborah A. Sweet
Administrative Officer

Andrew C. Waldruff
Administrative Officer

Scope Aircraft Finance

Robert N. Kent Jr.
President

Charles W. Sauter
Vice President

Jean M. Moffitt
Administrative Officer

Second National Bank

Marvin J. Stammen
President

John E. Swallow
Executive Vice President

Steven C. Badgett
Senior Vice President

Jerome F. Bey III
Vice President

Marie A. Boas
Vice President

Thomas V. Copp
Vice President

Thomas J. Lawson
Vice President

Kent J. Monnin
Vice President

Linda K. Newbauer
Vice President

Gene A. Rismiller
Vice President

Daniel G. Schmitz
Vice President

Kimberly A. Baker
Assistant Vice President

Gerald O. Beatty
Assistant Vice President

D. Todd Durham
Assistant Vice President and Trust Officer

Joy D. Greer
Assistant Vice President

Kathleen A. Kilgallon
Assistant Vice President

Eric J. McKee
Assistant Vice President

Vicki L. Neff
Assistant Vice President

Cynthia J. Riffle
Assistant Vice President

Alexa J. Roth
Assistant Vice President

Roberta A. Staugler
Assistant Vice President

Shane D. Stonebraker
Assistant Vice President

Brian A. Wagner
Assistant Vice President

H.B. Hole III
Banking Officer

Debby J. Folkerth
Administrative Officer

Diana L. Gilmore
Administrative Officer

Cheryl A. Goubeaux
Administrative Officer

Gregory P. Schwartz
Administrative Officer

Deborah A. Smith
Administrative Officer

Security National Bank

Harry O. Egger
Chairman

William C. Fralick
President

Thomas A. Goodfellow
Senior Vice President

Andrew J. Irick
Senior Vice President

Daniel M. O'Keefe
Senior Vice President

Margaret L. Foley
Vice President

Mary L. Goddard
Vice President

Donald R. Harris, Jr.
Vice President

Teresa D. Hoyt
Vice President

James A. Kreckman
Vice President

James E. Leathley
Vice President

Richard O. Mathies
Vice Presidentt

Thomas L. Miller
Vice President

John M. Minyo
Vice President

Thomas C. Ruetenik
Vice President

Michael B. Warnecke
Vice President

Sharon K. Boysel
Assistant Vice President

Margaret A. Chapman
Auditor

Connie P. Craig
Assistant Vice President

Steven B. Duelley
Assistant Vice President

Simmie King
Assistant Vice President

Marcia L. Lyons
Assistant Vice President

Mark Robertson
Assistant Vice President

Gary J. Seitz
Assistant Vice President

Darlene S. Williams
Assistant Vice President

Rachel M. Brewer
Trust Officer

Catherine L. Hill
Trust Officer

Teresa L. Belliveau
Banking Officer

Ed Davidson
Banking Officer

Joanna S. Jaques
Banking Officer

Rita A. Riley
Banking Officer

Anne Robinette
Banking Officer

Terri L. Wyatt
Trust Officer

Peg Horstman
Administrative Officer

Jeffrey B. Sanders
Administrative Officer

United Bank, N.A.

Donald R. Stone
President

James A. Carr
Senior Vice President

Glen A. Chase
Vice President

David J. Lauthers
Vice President

Scott Bennett
Assistant Vice President

Wanda Berry
Assistant Vice President

Matthew Bickert
Assistant Vice President

James Chapman
Assistant Vice President

Floyd J. Farmer
Assistant Vice President

Richard D. Hancock
Assistant Vice President and Trust Officer

Stephen Schafer
Assistant Vice President

Anne Spreng Ferris
Banking Officer

Monica Finney
Banking Officer

James A. DeSimone
Administrative Officer

Jennifer Kuns
Administrative Officer

Wanda S. Massey
Administrative Officer

Barb D. McCullough
Administrative Officer

B. Luanne Miller
Administrative Officer

Lorie Rinehart
Administrative Officer

Priscilla Wilcox
Administrative Officer

Unity National Bank
Division of Security National Bank

John A. Brown
President

Brett A. Baumeister
Senior Vice President

G. Dwayne Cooper
Vice President

David S. Frey
Vice President

Stephen W. Vallo
Vice President

Frank W. Wagner
Vice President

Dean F. Brewer
Assistant Vice President

William E. Smith
Assistant Vice President

James R. Stubbs
Assistant Vice President

Connie S. Usserman
Assistant Vice President

Carol L. Van Culin
Assistant Vice President

Vivian J. Bausman
Administrative Officer

Vicki L. Burke
Trust Officer

Lisa L. Feeser
Administrative Officer

Century National Bank

MAIN OFFICE
14 South Fifth Street
Post Office Box 1515
Zanesville, Ohio 43702-1515
740-454-2521

ATHENS *
898 East State Street
Athens, Ohio 45701-2115
740-593-7756

COSHOCTON *
100 Downtowner Plaza
Coshocton, Ohio 43812-1921
740-623-0114

COSHOCTON-MAIN STREET *
639 Main Street
Coshocton, Ohio 43812
740-622-4455

DRESDEN *
91 West Dave Longaberger Avenue
Dresden, Ohio 43821-9726
740-754-2265

LOGAN *
61 North Market Street
Logan, Ohio 43138
740-385-5621

NEWCOMERSTOWN *
220 East State Street
Newcomerstown, Ohio 43832
740-498-4103

NEW CONCORD *
One West Main Street
New Concord, Ohio 43762-1218
740-872-3908

NEW LEXINGTON *
206 North Main Street
New Lexington, Ohio 43764-1263
740-342-4103

ZANESVILLE-EAST *
1705 East Pike
Zanesville, Ohio 43701-6601
740-455-7304

ZANESVILLE-LENDING CENTER *
505 Market Street
Zanesville, Ohio 43701
740-454-6892

ZANESVILLE-NORTH *
1201 Brandywine Boulevard
Zanesville, Ohio 43701-1086
740-455-7285

ZANESVILLE-NORTH-KROGER *
3387 Maple Avenue
Zanesville, Ohio 43701
740-455-7326

ZANESVILLE-NORTH MILITARY *
990 Military Road
Zanesville, Ohio 43701
740-454-8505

ZANESVILLE-SOUTH *
2127 Maysville Avenue
Zanesville, Ohio 43701-5748
740-455-7301

ZANESVILLE-SOUTH MAYSVILLE *
2810 Maysville Pike
Zanesville, Ohio 43701
740-455-3169

* Automated Teller Machine

The Citizens National Bank

MAIN OFFICE *
One Monument Square
Post Office Box 351
Urbana, Ohio 43078-0351
937-653-1200

MECHANICSBURG *
2 South Main Street
Mechanicsburg, Ohio 43044
937-834-3387

NORTH LEWISBURG *
8 West Maple Street
North Lewisburg, Ohio 43060
937-747-2911

PLAIN CITY
105 West Main Street
Plain City, Ohio 43064
614-873-5521

URBANA-SCIOTO STREET *
828 Scioto Street
Urbana, Ohio 43078
937-653-1200

* Automated Teller Machine

Fairfield National Bank Division of The Park National Bank

MAIN OFFICE
143 West Main Street
Post Office Box 607
Lancaster, Ohio 43130-0607
740-653-7242

MAIN OFFICE DRIVE-THRU *
150 West Wheeling Street
Lancaster, Ohio 43130-3707
740-653-7242

BALTIMORE *
1301 West Market Street
Baltimore, Ohio 43105-1044
740-862-4104

CANAL WINCHESTER-KROGER *
6095 Gender Road
Canal Winchester, Ohio 43110
614-920-2454

LANCASTER-EAST MAIN *
1001 East Main Street
Lancaster, Ohio 43130
740-653-5598

LANCASTER-EAST MAIN STREET-KROGER *
1141 East Main Street
Post Office Box 607
Lancaster, Ohio 43130-0607
740-653-9375

LANCASTER-MEIJER *
2900 Columbus-Lancaster Road
Lancaster, Ohio 43130
740-687-1000

LANCASTER-MEMORIAL DRIVE *
1280 North Memorial Drive
Post Office Box 607
Lancaster, Ohio 43130-0607
740-653-1422

LANCASTER-MEMORIAL DRIVE-KROGER *
1735 North Memorial Drive
Post Office Box 607
Lancaster, Ohio 43130-0607
740-681-1610

LANCASTER-WEST FAIR *
1001 West Fair Avenue
Lancaster, Ohio 43130
740-653-1199

PICKERINGTON-CENTRAL-KROGER *
1045 Hill Road North
Pickerington, Ohio 43147
614-759-1522

PICKERINGTON-NORTH-KROGER *
7833 Refugee Road NW
Pickerington, Ohio 43147
614-833-5613

* Automated Teller Machine

Farmers and Savings Bank Division of The First-Knox National Bank

MAIN OFFICE *
120 North Water Street
Post Office Box 179
Loudonville, Ohio 44842-0179
419-994-4115

ASHLAND *
1161 East Main Street
Ashland, Ohio 44805-2831
419-281-1590

PERRYSVILLE *
112 North Bridge Street
Post Office Box 156
Perrysville, Ohio 44864-0156
419-938-5622

* Automated Teller Machine

The First-Knox National Bank

MAIN OFFICE
One South Main Street
Post Office Box 1270
Mount Vernon, Ohio 43050-1270
740-399-5500

BELLVILLE *
154 Main Street
Bellville, Ohio 44813-1237
419-886-3711

CENTERBURG *
35 West Main Street, Drawer F
Centerburg, Ohio 43011-0806
740-625-6136

DANVILLE *
Public Square
Post Office Box 29
Danville, Ohio 43014-0029
740-599-6686

FREDERICKTOWN *
137 North Main Street
Fredericktown, Ohio 43019-1109
740-694-2015

MILLERSBURG
60 West Jackson Street
Millersburg, Ohio 44654-1302
330-674-2610

MILLERSBURG-WAL-MART *
1640 South Washington Street
Millersburg, Ohio 44654-8901
330-674-5284

MOUNT GILEAD
17 West High Street
Mount Gilead, Ohio 43338-1212
419-946-9010

MOUNT GILEAD-EDISON *
504 West High Street
Mount Gilead, Ohio 43338-1004
419-947-4686

MOUNT VERNON-BLACKJACK ROAD *
8641 Blackjack Road
Mount Vernon, Ohio 43050-9051
740-399-5260

MOUNT VERNON-COSHOCTON AVENUE *
810 Coshocton Avenue
Mount Vernon, Ohio 43050-1931
740-397-5551

OPERATIONS CENTER
105 West Vine Street
Post Office Box 1270
Mount Vernon, Ohio 43050-1270
740-399-5500

* Automated Teller Machine

Guardian Financial Services

COLUMBUS - EAST
6035 East Main Street
Columbus, Ohio 43213
614-856-3748

CENTERVILLE
545 Miamisburg-Centerville Road
Centerville, Ohio 45459
937-434-2773

DELAWARE
1778 Columbus Pike
Delaware, Ohio 43015
614-362-6006

HEATH
575 Hebron Road
Heath, Ohio 43056
740-788-8766

HILLIARD
2503 Hilliard Rome Road
Hilliard, Ohio 43026
614-527-8710

LANCASTER
137 West Main Street
Lancaster, Ohio 43130
740-654-6959

MANSFIELD
3 North Main Street, Suite 302
Mansfield, Ohio 44902
419-525-4006

SPRINGFIELD
1151 Bechtle Avenue
Springfield, Ohio 45504
937-323-1011

The Park National Bank

MAIN OFFICE *
50 North Third Street
Post Office Box 3500
Newark, Ohio 43058-3500
740-349-8451

COLUMBUS
140 East Town Street, Suite 1010
Columbus, Ohio 43215-5125
614-228-0063

DELAWARE *
57 North Sandusky Street
Delaware, Ohio 43015
740-369-7275

GAHANNA-KROGER *
1365 Stoneridge Drive
Gahanna, Ohio 43230
614-475-5213

GRANVILLE *
119 East Broadway
Post Office Box 356
Granville, Ohio 43023-0356
740-587-0238

HEATH-SOUTHGATE *
567 Hebron Road
Heath, Ohio 43056-1402
740-522-3176

HEATH-SOUTH 30TH STREET *
800 South 30th Street
Heath, Ohio 43056-1208
740-522-5693

HEBRON *
103 East Main Street
Post Office Box 268
Hebron, Ohio 43025-0268
740-928-2691

The Park National Bank (CONTINUED)

JOHNSTOWN *
60 West Coshocton Street
Post Office Box 446
Johnstown, Ohio 43031-0446
740-967-1831

KIRKERSVILLE
177 East Main Street
Post Office Box 38
Kirkersville, Ohio 43033-0038
740-927-2301

NEWARK-DEO DRIVE-KROGER *
245 Deo Drive, Suite A
Post Office Box 3500
Newark, Ohio 43058-3500
740-349-3946

NEWARK-DUGWAY *
1495 Granville Road
Newark, Ohio 43055-1581
740-349-3947

NEWARK-EASTLAND *
1008 East Main Street
Newark, Ohio 43055-6940
740-349-3942

NEWARK-McMILLEN *
1633 West Main Street
Newark, Ohio 43055-1385
740-349-3944

NEWARK-NORTH 21ST STREET *
990 North 21st Street
Newark, Ohio 43055-2922
740-349-3943

PATASKALA-KROGER **
350 East Broad Street
Pataskala, Ohio 43062
740-927-8113

REYNOLDSBURG-KROGER *
8460 Main Street
Reynoldsburg, Ohio 43068
614-861-7074

UTICA *
33 South Main Street
Post Office Box 486
Utica, Ohio 43080-0486
740-892-3841

WORTHINGTON *
7140 North High Street
Worthington, Ohio 43085
614-841-0123

OPERATIONS CENTER
21 South First Street
Post Office Box 3500
Newark, Ohio 43058-3500
740-349-8451

* Automated Teller Machine
** Automated Teller Machine Drive-up and Inside

Park National Bank of Southwest Ohio & Northern Kentucky Offices

MAIN OFFICE
400 TechneCenter Drive
Suite 106
Milford, Ohio 45150
513-576-0600

AMELIA-MAIN STREET *
5 West Main Street
Amelia, Ohio 45102
513-753-5700

AMELIA-OHIO PIKE *
1187 Ohio Pike
Amelia, Ohio 45102
513-753-7283

ANDERSON *
1075 Nimitzview Drive
Cincinnati, Ohio 45230
513-232-9599

CINCINNATI *
720 East Pete Rose Way
Cincinnati, Ohio 45202
513-768-8800

DAYTON
7887 Washington Village Drive
Suite 310
Dayton, Ohio 45459
937-436-5000

EASTGATE-BIGG'S *
4450 Eastgate Boulevard
Cincinnati, Ohio 45245
513-753-0900

EASTGATE MALL *
4609 Eastgate Boulevard
Cincinnati, Ohio 45245
513-752-9600

FLORENCE
600 Meijer Drive
Suite 303
Florence, Kentucky 41042
589-647-2722

MILFORD *
25 Main Street
Milford, Ohio 45150
513-831-4400

NEW RICHMOND
100 Western Avenue
New Richmond, Ohio 45157
513-553-3131

OWENSVILLE *
5100 State Route 132
Owensville, Ohio 45160
513-732-2131

WEST CHESTER *
8366 Princeton-Glendale
West Chester, Ohio 45069
513-346-2000

* Automated Teller Machine

The Richland Trust Company

MAIN OFFICE *
3 North Main Street
Post Office Box 355
Mansfield, Ohio 44901-0355
419-525-8700

BUTLER *
85 Main Street
Butler, Ohio 44822-9618
419-883-3291

LEXINGTON *
276 East Main Street
Lexington, Ohio 44904-1300
419-884-1054

MANSFIELD-ASHLAND ROAD *
797 Ashland Road
Mansfield, Ohio 44905-2075
419-589-6321

MANSFIELD-COOK ROAD *
460 West Cook Road
Mansfield, Ohio 44907-2395
419-756-3696

MANSFIELD-LEXINGTON AVENUE-KROGER *
1500 Lexington Avenue
Mansfield, Ohio 44907
419-756-3587

MANSFIELD-MADISON-KROGER *
1060 Ashland Road
Mansfield, Ohio 44905-8797
419-589-7481

MANSFIELD-MARION AVENUE
50 Marion Avenue
Mansfield, Ohio 44903-2302
419-524-3310

MANSFIELD-SPRINGMILL *
889 North Trimble Road
Mansfield, Ohio 44906-2009
419-747-4821

MANSFIELD-WEST PARK *
1255 Park Avenue West
Mansfield, Ohio 44906-2810
419-529-5622

ONTARIO *
325 North Lexington-Springmill Road
Ontario, Ohio 44906-1218
419-529-4112

SHELBY-DOWNTOWN *
43 West Main Street
Shelby, Ohio 44875-1239
419-342-4015

SHELBY-MANSFIELD AVENUE *
155 Mansfield Avenue
Shelby, Ohio 44875-1832
419-347-3111

* Automated Teller Machine

Scope Aircraft Finance

Scope Leasing, Inc. dba Scope Aircraft Finance
140 East Town Street
Suite 1010
Columbus, Ohio 43215
1-800-357-5773

Second National Bank

MAIN OFFICE
499 South Broadway
Post Office Box 130
Greenville, Ohio 45331-0130
937-548-2122

ARCANUM-DOWNTOWN
1 West George Street
Arcanum, Ohio 45304
937-692-5191

ARCANUM-NORTH *
603 North Main Street
Arcanum, Ohio 45304
937-692-5114

FT. RECOVERY *
117 North Wayne Street
Ft. Recovery, Ohio 45846
419-375-4101

GREENVILLE-BRETHREN RETIREMENT COMMUNITY
750 Chestnut Street
Greenville, Ohio 45331
937-548-5435

GREENVILLE-NORTH *
1302 Wagner Avenue
Greenville, Ohio 45331
937-548-5068

GREENVILLE-THIRD AND WALNUT *
East Third and Walnut
Greenville, Ohio 45331
937-548-2036

GREENVILLE-WAL-MART SUPER STORE *
1501 Wagner Avenue
Greenville, Ohio 45331
937-548-4563

VERSAILLES *
101 West Main Street
Versailles, Ohio 45380
937-526-3287

* Automated Teller Machine

Security National Bank

MAIN OFFICE *
40 South Limestone Street
Springfield, Ohio 45502
937-324-6800

ENON *
3680 Marion Drive
Enon, Ohio 45323
937-864-7318

JAMESTOWN *
82 West Washington Street
Jamestown, Ohio 45335
937-675-7311

JAMESTOWN-SHAWNEE *
3566 Jasper Road
Jamestown, Ohio 45335
937-675-9891

JEFFERSONVILLE *
2 South Main Street
Jeffersonville, Ohio 43128
740-426-6384

MEDWAY
130 West Main Street
Medway, Ohio 45341
937-849-1393

NEW CARLISLE *
201 North Main Street
New Carlisle, Ohio 45344
937-845-3811

NEW CARLISLE-PARK LAYNE *
2035 South Dayton-Lakeview Road
New Carlisle, Ohio 45344
937-849-1331

SOUTH CHARLESTON
102 South Chillicothe Street
South Charleston, Ohio 45368
937-462-8368

SPRINGFIELD-DERR ROAD-KROGER *
2989 Derr Road
Springfield, Ohio 45503
937-342-9411

SPRINGFIELD-EAST MAIN *
2730 East Main Street
Springfield, Ohio 45503
937-325-0351

SPRINGFIELD-NORTH LIMESTONE *
1756 North Limestone Street
Springfield, Ohio 45503
937-390-3688

SPRINGFIELD-NORTHRIDGE *
1600 Morefield Road
Springfield, Ohio 45503
937-390-3088

SPRINGFIELD-WESTERN *
920 West Main Street
Springfield, Ohio 45504
937-322-0152

XENIA DOWNTOWN
161 East Main Street
Xenia, Ohio 45385
937-372-9211

XENIA PLAZA *
82 North Allison Avenue
Xenia, Ohio 45385
937-372-9214

* Automated Teller Machine

United Bank, N.A.

MAIN OFFICE *
401 South Sandusky Avenue
Post Office Box 568
Bucyrus, Ohio 44820
419-562-3040

CALEDONIA *
140 East Marion Street
Caledonia, Ohio 43314
419-845-2721

CRESTLINE *
245 North Seltzer Street
Post Office Box 186
Crestline, Ohio 44827
419-683-1010

GALION *
8 Public Square
Galion, Ohio 44833
419-468-2231

MARION
685 Delaware Avenue
Marion, Ohio 43302
740-383-3355

MARION-WAL-MART SUPER-CENTER *
1546 Marion-Mt. Gilead Road
Marion, Ohio 43302
740-389-2224

PROSPECT
105 North Main Street
Prospect, Ohio 43342
740-494-2131

WALDO
133 North Marion Street
Waldo, Ohio 43356
740-726-2108

* Automated Teller Machine

Unity National Bank Division of Security National Bank

MAIN OFFICE *
215 North Wayne Street
Piqua, Ohio 45356
937-615-1042

ADMINISTRATION OFFICE
212 North Main Street
Post Office Box 913
Piqua, Ohio 45356
937-773-0752

PIQUA-SUNSET *
1603 Covington Avenue
Piqua, Ohio 45356
937-778-4617

PIQUA-WAL-MART *
1300 E. Ash Street
Piqua, Ohio 45356
937-773-9000

TIPP CITY *
1176 West Main Street
Tipp City, Ohio 45371
937-667-4888

TROY
1314 West Main Street
Troy, Ohio 45373
937-339-6626

TROY-WAL-MART *
1801 West Main Street
Troy, Ohio 45373
937-332-6820

* Automated Teller Machine

Off-Site Automated Teller Machine Locations

ASHLAND
1161 East Main Street

BATAVIA
UC CLERMONT COLLEGE AUDITORIUM
4200 College Drive

FRAZEYSBURG
THE LONGABERGER HOMESTEAD
5563 West Raiders Road

FREDERICKTOWN
HOT ROD'S
10103 Mount Gilead Road

GAMBIER
KENYON COLLEGE BOOKSTORE
106 Gaskin Avenue

GRANVILLE
DENISON UNIVERSITY
Slayter Hall

GREENVILLE
WHIRLPOOL CORPORATION
1701 Kitchenaid Way

HEBRON
KROGER
600 East Main Street

HOWARD
APPLE VALLEY
21973 Coshocton Road

LANCASTER
FAIRFIELD MEDICAL CENTER
401 North Ewing Street

RIVER VIEW SURGERY CENTER
2405 North Columbus Street

LOUDONVILLE
STAKE'S SHORT STOP
3052 State Route 3

MANSFIELD
KROGER
1240 Park Avenue West

MCDONALD'S RESTAURANT
State Route 13 & 71
25 West Hanley Road

MILLERSBURG
50 North Clay Street

MOUNT GILEAD
ATD ENTERPRISES MARATHON
6154 State Route 95

MORROW COUNTY HOSPITAL
651 West Marion Street

MOUNT VERNON
COLONIAL CITY LANES
110 Mount Vernon Avenue

KNOX COMMUNITY HOSPITAL
1330 Coshocton Road

MOUNT VERNON NAZARENE UNIVERSITY
800 Martinsburg Road

11 West Vine Street

NEW RICHMOND
SUNOCO GAS STATION
410 Sycamore

NEWARK
LICKING MEMORIAL HOSPITAL
1320 West Main Street

OSU-N/COTC
1179 University Drive

PLAIN CITY
SHELL
440 South Jefferson Street

REYNOLDSBURG
KROGER
6962 E. Main Street

SPRINGFIELD
2051 North Bechtle Avenue

CLARK COUNTY FAIRGROUNDS
Champions Center
4122 Layboune Road

MERCY MEDICAL CENTER
1343 North Fountain Boulevard

WITTENBERG UNIVERSITY
Student Center
738 Woodlawn Avenue

WITTENBERG UNIVERSITY
HPER Center
250 Bill Edwards Drive

YOUNG'S JERSEY DAIRY
6880 Springfield-Xenia Road

TROY
UPPER VALLEY MEDICAL CENTER
3130 N. Dixie Highway

URBANA
CHAMPAIGN COUNTY COMMUNITY CENTER
1512 South US Highway 68

WALDO
DUKE & DUCHESS
262 North Marion Road

ZANESVILLE
GENESIS HEALTHCARE SYSTEM
Bethesda Campus
2951 Maple Avenue

GENESIS HEALTHCARE SYSTEM
Good Samaritan Campus
800 Forest Avenue

Park National Corporation Websites

CENTURY NATIONAL BANK
www.centurynationalbank.com

CITIZENS NATIONAL BANK
www.citnatbk.com

FAIRFIELD NATIONAL BANK
www.fairfieldnationalbank.com

FARMERS BANK
www.farmersandsavings.com

FIRST-KNOX NATIONAL BANK
www.firstknox.com

PARK NATIONAL BANK
www.parknationalbank.com

PARK NATIONAL BANK OF SOUTHWEST OHIO AND NORTHERN KENTUCKY
www.parknationalbank.com/south

RICHLAND BANK
www.richlandbank.com

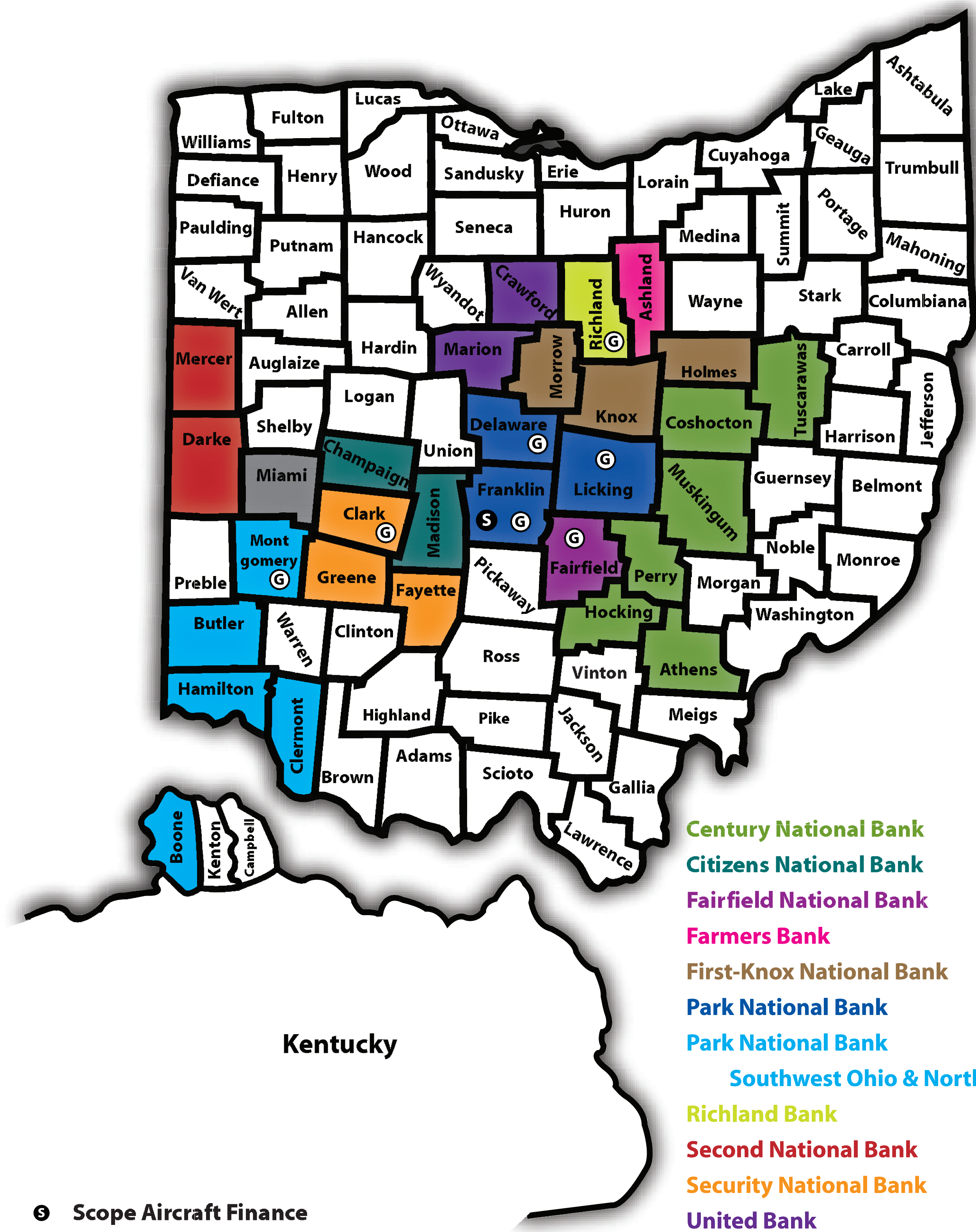
SECOND NATIONAL BANK
www.secondnational.com

SECURITY NATIONAL BANK
www.securitynationalbank.com

UNITED BANK
www.unitedbankna.com

UNITY NATIONAL BANK
http://unitynationalbk.com

PARK NATIONAL CORPORATION



Century National Bank
Citizens National Bank
Fairfield National Bank
Farmers Bank
First-Knox National Bank
Park National Bank
Park National Bank
Southwest Ohio & Northern Kentucky
Richland Bank
Second National Bank
Security National Bank
United Bank
Unity National Bank

S Scope Aircraft Finance
G Guardian Finance Company

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, changes in general economic and financial market conditions, 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, 2006. 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.

Park's Board of Directors approved a 5% stock dividend in November 2004. The additional common shares resulting from the dividend were distributed on December 15, 2004 to stockholders of record as of December 1, 2004. The consolidated financial statements, notes and other references to share and per share data have been retroactively restated for the stock dividend.

CORRECTION REFLECTED IN 2006 FINANCIAL STATEMENTS

On January 26, 2007, Park filed a Form 8-K with the SEC announcing that management had discovered an error in its accounting for accrued interest income on loans. Management determined that accrued interest receivable on loans was overstated by $1.933 million and as a result interest income on loans was overstated by $1.933 million on a cumulative basis. Management discovered in late January 2007 that certain previously charged-off loans were incorrectly accruing interest income. On Park's data processing system, a loan that is charged-off also needs to be coded as nonaccrual for the data processing system to not accrue interest income on these loans. Primarily, one of Park's subsidiary banks did not follow this procedure on certain installment loans for approximately the past ten years. Management determined that interest income on loans was overstated by approximately $100,000 per quarter for the past several quarters. Park's management concluded that the overstatement of accrued interest receivable on loans and the related overstatement of interest income on loans is not material to any previously issued financial statements. Accordingly, Park recorded a cumulative adjustment of $1.933 million in the fourth quarter of 2006 to reduce accrued interest receivable on loans and reduce interest income on loans. On an after-tax basis, this adjustment reduced Park's net income by $1.256 million for the three and twelve months ended December 31, 2006 and reduced diluted earnings per share by $.09 for the three and twelve months ended December 31, 2006, as compared to net income and diluted earnings per share that was previously reported by Park on January 16, 2007 in a Form 8-K filing with the SEC.

This financial review is written comparing the corrected 2006 financial statements to the financial statements for 2005 and 2004.

OVERVIEW

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 federal 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 federal 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 federal 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. Federal income tax expense decreased by $1.2 million, which generated the decrease in net income of $1.1 million in 2006 compared to 2005.

Net income for 2005 increased by $3.7 million to $95.2 million, a 4.1% increase over net income of $91.5 million for 2004. Diluted earnings per share increased by 5.1% to $6.64 for 2005 compared to $6.32 for 2004.

For 2005 compared to 2004, income before federal income taxes benefited from an $8.3 million increase in net interest income, a $3.2 million decrease in the provision for loan losses and a $7.9 million increase in total other income. Total operating expenses increased by $13.1 million and federal income tax expense increased by $2.4 million in 2005 compared to 2004.

The primary reason for the increases in net interest income, total other income and operating expenses (in 2005 compared to 2004) was the acquisitions of First Federal Bancorp, Inc. ("First Federal") on December 31, 2004 and First Clermont Bank ("First Clermont") on January 3, 2005. First Federal had $253 million of assets at the time of its acquisition and First Clermont had $185 million of assets on January 3, 2005. Both acquisitions were accounted for as purchases and did not have any impact on the 2004 operating results for Park.

The reduction in the provision for loan losses contributed to earnings for both 2006 and 2005. The provision for loan losses was $3.9 million in 2006, $5.4 million in 2005 and $8.6 million in 2004. The reduction in the provision for loan losses was primarily due to a reduction in net loan charge-offs, which were $3.9 million in 2006, $5.9 million in 2005 and $7.9 million in 2004.

The annualized net income to average assets ratio (ROA) was 1.75% for 2006, 1.71% for 2005 and 1.81% for 2004. The annualized net income to average equity ratio (ROE) was 17.26% for 2006, 17.03% for 2005 and 17.00% for 2004.

Park has been active the past three years in purchasing treasury stock. Park's common shares outstanding at December 31, 2003 were 14.455 million compared to 14.320 million at year-end 2004, 14.093 million at year-end 2005 and 13.922 million at year-end 2006. Park purchased 214,681 treasury shares in 2004, 281,360 treasury shares in 2005 and 302,786 treasury shares in 2006. The average balance of Park's common shares outstanding was 14.345 million shares in 2004, 14.259 million shares in 2005 and 13.929 million shares in 2006. The reduction in Park's common shares outstanding contributed to the increase in earnings per share compared to the change in net income for the past three years. For 2006 compared to 2005, net income decreased by 1.2% and diluted earnings per share increased by 1.5%. For 2005 compared to 2004, net income increased by 4.1% and diluted earnings per share increased by 5.1%. For 2004 compared to 2003, net income increased by 5.3% and diluted earnings per share increased by 5.9%.

Effective the fourth quarter of 2006, the quarterly cash dividend on common shares was increased to $.93 per share. The new annualized cash dividend of $3.72 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 6.0%. The dividend pay out ratio was 54.65% for 2006, 54.19% for 2005 and 53.54% for 2004.

ACQUISITIONS AND BRANCH SALE

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 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.

On December 31, 2004, Park acquired First Federal Bancorp, Inc. ("First Federal") for $46.6 million in an all cash transaction accounted for as a purchase. The savings and loan subsidiary of First Federal, First Federal Savings Bank of Eastern Ohio, merged with Park's subsidiary bank, Century National Bank ("CNB"). The goodwill recognized as a result of this acquisition was $26.7 million. The fair value of the acquired assets of First Federal was $252.7 million and the fair value of the liabilities assumed was $232.7 million at December 31, 2004.

On February 11, 2005, CNB sold its Roseville, Ohio branch office. The Roseville branch office was acquired in connection with the acquisition of First Federal on December 31, 2004. The Federal Reserve Board required that the Roseville branch office be sold as a condition of their approval of the merger transactions involving Park and First Federal. 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.

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

PENDING ACQUISITION

On September 14, 2006, Park and Vision Bancshares, Inc. ("Vision") jointly announced the signing of an agreement and plan of merger (the "Merger Agreement") providing for the merger of Vision into Park. On or about January 11, 2007, a prospectus of Park/proxy statement of Vision was mailed to the shareholders of Vision in connection with the special meeting of shareholders to be held on February 20, 2007. The merger transaction is subject to the satisfaction of customary closing conditions in the Merger Agreement and the approval of appropriate regulatory authorities and of the shareholders of Vision. Park has filed all necessary regulatory applications and anticipates the transaction will close on or about March 9, 2007, assuming that all required approvals have been received and conditions to closing are satisfied.

Vision operates two bank affiliates, both named Vision Bank. One bank is headquartered in Gulf Shores, Alabama and the other in Panama City, Florida. These banks operate 15 offices. As of December 31, 2006, (on a consolidated basis), Vision had total assets of $691 million, total loans of $588 million and total deposits of $587 million.

Under the terms of the Merger Agreement, the shareholders of Vision are entitled to receive, in exchange for their shares of Vision common stock, either (a) cash, (b) Park common shares, or (c) a combination of cash and Park common shares, subject to the election and allocation procedures set forth in the Merger Agreement. Park will cause the requests of the Vision shareholders to be allocated on a pro-rata basis so that 50% of the shares of Vision common stock outstanding at the effective time of the merger will be exchanged for cash at the rate of $25.00 per share of Vision common stock and the other 50% of the outstanding shares of Vision common stock will be exchanged for Park common shares at the exchange rate of .2475 Park common shares for each share of Vision common stock. This allocation is subject to adjustment for cash paid in lieu of fractional Park common shares in accordance with the terms of the Merger Agreement.

As of January 8, 2007, 6,114,518 shares of Vision common stock were outstanding and 828,834 shares of Vision common stock were subject to outstanding stock options with a weighted average exercise price of $8.21 per share. Each outstanding stock option (that is not exercised prior to the election deadline specified in the Merger Agreement) granted under one of Vision's equity-based compensation plans will be cancelled and extinguished and converted into the right to receive an amount of cash equal to (1)(a) $25.00 multiplied by (b) the number of shares of Vision common stock subject to the unexercised portion of the stock option minus (2) the aggregate exercise price for the shares of Vision common stock subject to the unexercised portion of the stock option.

The cash paid to the shareholders of Vision will be funded through the working capital of Park.

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 judgement 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 judgement 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 judgement.

Management believes that the accounting for goodwill and other intangible assets also involves a higher degree of judgement 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. At December 31, 2006, Park had core deposit intangibles of $5.7 million subject to amortization and $72.3 million of goodwill, which was not subject to periodic amortization. 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 of $72.3 million 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 or the inability to deliver cost effective services over sustained periods 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. The fair value of the goodwill, which resides on the books of Park's subsidiary banks, is estimated by reviewing the past and projected operating results for the Park subsidiary banks, deposit and loan totals for the Park subsidiary banks and banking industry comparable information. Park has concluded in each of the past three years that the recorded value of goodwill was not impaired.

ABOUT OUR BUSINESS

Through its banking subsidiaries, Park is engaged in the commercial banking and trust business, generally in small to medium population Ohio communities. 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 allowed Park to achieve solid financial results even in periods when there have been weak economic conditions.

A subsidiary bank of Park, PNB has concentrated on further expanding its operations in three metropolitan areas in Ohio during the past two years. The metropolitan areas are Columbus, Cincinnati and Dayton. During 2005, PNB opened an office in Worthington (near Columbus), opened an office in West Chester (near Cincinnati) and relocated its downtown Dayton office to the Dayton suburb of Centerville. In 2006, PNB opened an office in Florence, Kentucky (in the greater Cincinnati market) and added two additional offices in the Cincinnati market through the acquisition of Anderson Bank on December 18, 2006. Management expects to continue to add to branch locations in the Columbus, Cincinnati and Dayton markets over the next two years.

Management expects to close on the acquisition of Vision on or about March 9, 2007. Vision operates 15 branch locations in Gulf Coast communities in Alabama and the Florida panhandle. These markets are expected to grow much 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. Management will consider other acquisition opportunities in fast growing markets after the Vision acquisition has been integrated.

Park's subsidiaries compete for deposits and loans with other banks, savings associations, credit unions and other types of financial institutions. At December 31, 2006, Park and its subsidiaries operated 138 offices and a network of 142 automatic teller machines in 29 Ohio counties and one county in northern Kentucky.

Park has produced performance ratios which compare favorably to peer bank holding companies in terms of equity and asset returns, capital adequacy and asset quality. Continued strong results are contingent upon economic conditions in Ohio and competitive factors, among other things.

A table of financial data of Park's subsidiaries for 2006, 2005 and 2004 is shown below. See Note 20 of the Notes to Consolidated Financial Statements for additional information on the Corporation's subsidiaries.

Table 1 – Park National Corporation Affiliate Financial Data

	2006		2005		2004	
(In thousands)	**Average Assets**	**Net Income**	Average Assets	Net Income	Average Assets	Net Income
Park National Bank:						
Park National Division	**$1,503,420**	**$26,577**	$1,413,872	$23,026	$1,380,568	$21,569
Fairfield National Division	**338,183**	**6,457**	362,192	6,856	335,006	7,309
Park National SW & N KY Division	**288,189**	**1,331**	229,726	3,049	—	—
Richland Trust Company	**496,481**	**7,987**	515,749	8,842	546,710	9,753
Century National Bank	**719,864**	**10,149**	743,276	12,464	503,239	8,065
First-Knox National Bank:						
First-Knox National Division	**639,969**	**11,406**	639,000	10,805	665,116	11,049
Farmers & Savings Division	**132,222**	**2,308**	126,939	2,544	79,442	2,799
United Bank, N.A.	**218,358**	**2,537**	241,277	3,026	240,988	3,523
Second National Bank	**386,139**	**4,705**	404,656	6,029	390,906	6,859
Security National Bank:						
Security National Division	**766,298**	**11,931**	782,467	11,393	773,710	12,290
Unity National Division	**190,751**	**986**	184,234	1,404	170,829	1,159
Citizens National Bank	**166,611**	**1,854**	189,965	1,928	201,916	2,332
Parent Company, including consolidating entries	**(465,862)**	**5,863**	(275,265)	3,872	(239,349)	4,800
Consolidated Totals	**$5,380,623**	**$94,091**	$5,558,088	$95,238	$5,049,081	$91,507

RETURN ON EQUITY

Park's primary financial goal is to achieve a superior long-term return on stockholders' equity. The Corporation measures performance in its attempt to achieve this goal against its peers, defined as all U.S. bank holding companies between $3 billion and $10 billion in assets. At year-end 2006, there were approximately 94 bank holding companies in this peer group. The Corporation's net income to average equity ratio (ROE) was 17.26%, 17.03% and 17.00% in 2006, 2005, and 2004, respectively. The return on equity ratio has averaged 17.11% over the past five years compared to 13.41% for the peer group.

BALANCE SHEET COMPOSITION

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

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 which were less than 12% of total deposits for each of the last three years.

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.

In 2005, year-end total deposits decreased by $55 million or 1.5% exclusive of the $136 million of deposits that were acquired in the First Clermont acquisition and the $12 million in deposits that were included in the sale of the Roseville branch office.

Average total deposits were $3,825 million in 2006 compared to $3,830 million in 2005 and $3,521 million in 2004. Average noninterest bearing deposits were $662 million in 2006 compared to $643 million in 2005 and $575 million in 2004.

Management expects that average total deposits (excluding the Vision acquisition) will increase by a modest amount (1% to 2%) in 2007. Emphasis will continue to be placed on increasing noninterest bearing deposits. A year ago, management projected that average total deposits would increase by 1% to 2% in 2006. Average total deposits decreased by $5 million in 2006 instead of increasing by the modest growth rate that was projected. The slower than expected growth was primarily due to increased competition for interest bearing balances. Management continued to concentrate on controlling the cost of interest bearing deposit accounts in 2006. Additionally, one of Park's affiliate banks (PNB) lost a large deposit customer during the fourth quarter of 2006, as the customer relocated its business outside of the state of Ohio. This customer had maintained average deposits of approximately $73 million during the first nine months of 2006 and all of these funds were withdrawn during the first few weeks of the fourth quarter of 2006.

The average interest rate paid on interest bearing deposit accounts was 2.60% in 2006 compared to 1.79% in 2005 and 1.36% in 2004. By comparison, the average federal funds rate was 4.97% in 2006, 3.21% in 2005 and 1.36% in 2004.

Maturities of time certificates of deposit and other time deposits of $100,000 and over as of December 31, 2006 were:

Table 2 – $100,000 and Over Maturity Schedule

December 31, 2006 (In thousands)	Time Certificates of Deposit
3 months or less	$157,817
Over 3 months through 6 months	89,523
Over 6 months through 12 months	127,495
Over 12 months	75,020
Total	**$449,855**

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 4.18% in 2006 compared to 2.57% in 2005 and 1.33% in 2004.

The Federal Reserve Board increased the federal funds rate by 25 basis points at each Federal Open Market Committee meeting from June 2004 thru June 2006. The federal funds rate increased by 1.00% to 2.25% at year-end 2004, increased to 4.25% by year-end 2005 and increased to 5.25% by June 30, 2006. The federal funds rate remained at 5.25% throughout the second half of 2006. The average federal funds rate was 1.36% in 2004, 3.21% in 2005 and 4.97% in 2006.

Average short-term borrowings were $375 million in 2006 compared to $292 million in 2005 and $401 million in 2004.

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 2006 compared to 3.69% for 2005 and 2.57% for 2004. In 2006, average long-term debt was $553 million compared to $800 million in 2005 and $520 million in 2004. Average total debt (long-term and short-term) was $929 million in 2006 compared to $1,092 million in 2005 and $921 million in 2004. Average long-term debt was 60% of average total debt in 2006 compared to 73% in 2005 and 56% in 2004.

Stockholders' Equity: Average stockholders' equity to average total assets was 10.13% in 2006, 10.06% in 2005 and 10.66% in 2004.

The decrease in the average stockholders' equity to average total assets ratio in 2005 was primarily due to the acquisitions of First Federal and First Clermont, which added assets totaling $438 million, but no equity since both acquisitions were all cash transactions.

In accordance with SFAS No. 115, Park reflects any unrealized holding gain or loss on available-for-sale securities, net of federal taxes, as accumulated other comprehensive income (loss) which is part of Park's equity. While the effects of this accounting are not recognized for calculation of regulatory capital adequacy ratios, it does impact Park's equity as reported in the audited financial statements. The unrealized holding loss on available-for-sale securities, net of federal taxes, was $(16.0) million at year-end 2006 and $(10.1) million at year-end 2005. The unrealized holding gain on available-for-sale securities, net of federal taxes, was $12.4 million at year-end 2004. Long-term interest rates increased during 2005 which caused the market value of Park's investment securities to decline and produced the unrealized holding loss on available-for-sale securities.

Park recorded an additional decrease in accumulated other comprehensive income (loss), net of federal 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. See Note 1 of the Notes to Consolidated Financial Statements for additional information on the adoption of SFAS No. 158.

INVESTMENT OF FUNDS

Loans: Average loans, net of unearned income, were $3,357 million in 2006 compared to $3,278 million in 2005 and $2,813 million in 2004. The average yield on loans was 7.61% in 2006 compared to 6.84% in 2005 and 6.38% in 2004. The average prime lending rate in 2006 was 7.96% compared to 6.19% in 2005 and 4.35% in 2004. Approximately 62% 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 continue to increase in 2007 as variable rate loans reprice at higher interest rates.

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. In 2005, loans increased by $52 million or 1.7% 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. In 2004, loans increased by $167 million or 6.1% exclusive of $223 million of loans that were acquired in the First Federal acquisition.

In summary, year-end loan balances (exclusive of the acquisitions) have increased by 3.0%, 1.7% and 6.1% for the years 2006, 2005 and 2004, respectively. The growth in loans in 2005 was negatively impacted by the decrease in the loan portfolios of First Federal and First Clermont. Their combined loan portfolios decreased by approximately $47 million in 2005.

A year ago, management projected that year-end loan balances would grow between 3% to 5% during 2006. The actual increase in year-end loans was $100 million or 3.0% for 2006. However, $27 million of the growth in loans for 2006 resulted from the purchase of loan participations from Vision during the fourth quarter. Without the purchase of the loan participations from Vision, the growth in loans for 2006 would have been 2.2%. Management expects that loan growth for 2007 (exclusive of loans from the Vision acquisition) will be approximately 3% to 4%.

Year-end residential real estate loans were $1,300 million, $1,287 million and $1,190 million in 2006, 2005 and 2004, respectively. Residential real estate loans decreased by $15 million at year-end 2006 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. In 2004, residential real estate loans increased by $78 million or 7.9% exclusive of $129 million of loans from the First Federal acquisition. Management expects no growth in residential real estate loans in 2007, exclusive of loans from the pending acquisition of Vision.

The long-term fixed rate 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 $1,405 million at year-end 2006 compared to $1,403 million at year-end 2005 and $1,266 million at year-end 2004. Management expects that the balance of sold fixed rate mortgage loans would remain relatively stable during 2007.

Year-end consumer loans were $532 million, $495 million and $505 million in 2006, 2005 and 2004, respectively. Consumer loans increased by $35 million or 7.1% at year-end 2006 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. Consumer loans increased by $3 million or .6% at year-end 2004 exclusive of $52 million of loans from the acquisition of First Federal. The increase in consumer loans in 2006 was primarily due to an increase in automobile loans originated through automobile dealers. Management expects that consumer loans will increase by approximately 5% in 2007, exclusive of loans from the pending acquisition of Vision.

The origination of construction loans, commercial loans and commercial real estate loans was positive in 2006. On a combined basis, these loans totaled $1,638 million, $1,529 million and $1,377 million at year-end 2006, 2005 and 2004, respectively. These combined loan totals increased by $86 million or 5.6% at year-end 2006 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. In 2004, these combined loan totals increased by $105 million or 8.5% exclusive of $40 million of loans from the acquisition of First Federal. Management expects that construction loans, commercial loans and commercial real estate loans will grow by approximately 6% in 2007, exclusive of loans from the pending acquisition of Vision.

Year-end lease balances were $10 million, $17 million and $48 million in 2006, 2005 and 2004, 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 2007.

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)	2006	2005	2004	2003	2002
Commercial, financial and agricultural	**$ 548,254**	$ 512,636	$ 469,382	$ 441,165	$ 440,030
Real estate – construction	**234,988**	193,185	155,326	121,160	99,102
Real estate – residential	**1,300,294**	1,287,438	1,190,275	983,702	998,202
Real estate – commercial	**854,869**	823,354	752,428	670,082	617,270
Consumer, net of unearned income	**532,092**	494,975	505,151	450,145	441,747
Leases, net of unearned income	**10,205**	16,524	48,046	64,549	95,836
Total Loans	**$3,480,702**	$3,328,112	$3,120,608	$2,730,803	$2,692,187

Table 4 – Selected Loan Maturity Distribution

December 31, 2006 (In thousands)	One Year or Less	Over One Through Five Years	Over Five Years	Total
Commercial, financial and agricultural	$254,874	$186,164	$107,216	**$548,254**
Real estate – construction	118,459	67,427	49,102	**234,988**
Total	**$373,333**	**$253,591**	**$156,318**	**$783,242**
Total of these selected loans due after one year with:				
Fixed interest rate				**$158,127**
Floating interest rate				**$251,782**

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 88% of the securities portfolio as available-for-sale at December 31, 2006. 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 $1,533 million in 2006 compared to $1,758 million in 2005 and $1,795 million in 2004. The average yield on taxable securities was 4.91% in 2006 compared to 4.87% in 2005 and 4.84% in 2004. Average tax-exempt investment securities were $77 million in 2006 compared to $94 million in 2005 and $107 million in 2004. The average tax-equivalent yield on tax-exempt investment securities was 6.84% in 2006 compared to 7.01% in 2005 and 7.17% in 2004. On a combined basis, the total of the average balance of taxable and tax-exempt securities was 29.9% of average total assets in 2006 compared to 33.3% in 2005 and 37.7% in 2004.

Year-end total investment securities (at amortized cost) were $1,538 million in 2006, $1,679 million in 2005 and $1,908 million in 2004. Management purchased investment securities totaling $167 million in 2006, $301 million in 2005 and $427 million in 2004. Proceeds from repayments and maturities of investment securities were $313 million in 2006, $410 million in 2005 and $437 million in 2004. Proceeds from sales of available-for-sale securities were $304,000 in 2006, $132 million in 2005 and $58 million in 2004. Park realized net security gains of $97,000 in 2006 and $96,000 in 2005, and net security losses of $793,000 in 2004.

Long-term interest rates are currently lower than short-term interest rates. The monthly average rate on a 5 year U.S. Treasury security was below the federal funds rate of 5.25% for each of the last 6 months of 2006. The investment securities that Park usually buys (U.S. Government Agency 15 year mortgage-backed securities) typically yield approximately 75 basis points above a 5 year U.S. Treasury security. With current interest rates, the yield on purchases of investment securities do not provide a sufficient spread above the federal funds rate for Park to increase the investment portfolio. Without an improvement in investment opportunities, management plans on using much of the cash flow from the maturities and repayments of investment securities (approximately $245 million) to repay borrowings in 2007 and provide funding for loans.

At year-end 2006 and 2005, the average tax-equivalent yield on the total investment portfolio was 5.01% and 4.93%, respectively. The weighted average remaining maturity was 4.4 years at December 31, 2006 and 4.6 years at December 31, 2005. U.S. Government Agency asset-backed securities were approximately 85% of the total investment portfolio at year-end 2006 and were approximately 91% of the total investment portfolio at year-end 2005. 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 2006, management estimated that the average maturity of the investment portfolio would lengthen to 4.8 years with a 100 basis point increase in long-term interest rates and to 5.0 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 2006, 2005 and 2004:

Table 5 – Investment Securities

December 31, (In thousands)	2006	2005	2004
Obligations of U.S. Treasury and other U.S. Government agencies	**$ 90,709**	$ 996	$ 15,206
Obligations of states and political subdivisions	**70,090**	85,336	103,739
U.S. Government asset-backed securities and other asset-backed securities	**1,288,969**	1,516,950	1,754,852
Other securities	**63,730**	60,060	52,985
Total	**$1,513,498**	$1,663,342	$1,926,782

Included in "Other Securities" in Table 5, are Park's investments in Federal Home Loan Bank stock and Federal Reserve Bank stock. Park owned $55.5 million of Federal Home Loan Bank stock and $6.4 million of Federal Reserve Bank stock at December 31, 2006. At December 31, 2005, Park owned $52.1 million of Federal Home Loan Bank stock and $5.9 million of Federal Reserve Bank stock. At December 31, 2004, Park owned $47.1 million of Federal Home Loan Bank stock and $4.4 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)	2006 Daily Average	2006 Interest	2006 Average Rate	2005 Daily Average	2005 Interest	2005 Average Rate	2004 Daily Average	2004 Interest	2004 Average Rate
ASSETS									
Interest earning assets:									
Loans (1) (2)	**$3,357,278**	**$255,641**	**7.61%**	$3,278,092	$224,346	6.84%	$2,813,069	$179,458	6.38%
Taxable investment securities	**1,533,310**	**75,300**	**4.91%**	1,757,853	85,664	4.87%	1,794,544	86,806	4.84%
Tax-exempt investment securities (3)	**77,329**	**5,288**	**6.84%**	93,745	6,571	7.01%	106,585	7,637	7.17%
Money market instruments	**8,723**	**469**	**5.38%**	12,258	441	3.60%	9,366	219	2.34%
Total interest earning assets	**4,976,640**	**336,698**	**6.77%**	5,141,948	317,022	6.17%	4,723,564	274,120	5.80%
Noninterest earning assets:									
Allowance for possible loan losses	**(70,386)**			(71,052)			(64,676)		
Cash and due from banks	**142,794**			148,303			142,102		
Premises and equipment, net	**46,894**			46,418			36,540		
Other assets	**284,681**			292,471			211,551		
TOTAL	**$5,380,623**			$5,558,088			$5,049,081		
LIABILITIES AND STOCKHOLDERS' EQUITY									
Interest bearing liabilities:									
Transaction accounts	**$1,058,323**	**$22,508**	**2.13%**	$1,007,576	$11,763	1.17%	$ 871,264	$ 4,458	0.51%
Savings deposits	**573,067**	**3,362**	**0.59%**	633,545	3,328	0.53%	598,181	2,437	0.41%
Time deposits	**1,531,477**	**56,402**	**3.68%**	1,545,912	41,808	2.70%	1,476,915	33,103	2.24%
Total interest bearing deposits	**3,162,867**	**82,272**	**2.60%**	3,187,033	56,899	1.79%	2,946,360	39,998	1.36%
Short-term borrowings	**375,332**	**15,692**	**4.18%**	291,842	7,508	2.57%	401,299	5,319	1.33%
Long-term debt	**553,307**	**23,351**	**4.22%**	799,888	29,488	3.69%	519,979	13,385	2.57%
Total interest bearing liabilities	**4,091,506**	**121,315**	**2.97%**	4,278,763	93,895	2.19%	3,867,638	58,702	1.52%
Noninterest bearing liabilities:									
Demand deposits	**662,077**			643,032			574,560		
Other	**81,966**			77,082			68,608		
Total noninterest bearing liabilities	**744,043**			720,114			643,168		
Stockholders' equity	**545,074**			559,211			538,275		
TOTAL	**$5,380,623**			$5,558,088			$5,049,081		
Net interest earnings		**$215,383**			$223,127			$215,418	
Net interest spread			**3.80%**			3.98%			4.28%
Net yield on interest earning assets			**4.33%**			4.34%			4.56%

(1) Loan income includes loan related fee income of $4,340 in 2006, $3,809 in 2005 and $3,336 in 2004. Loan income also includes the effects of taxable equivalent adjustments using a 35% tax rate in 2006, 2005 and 2004. The taxable equivalent adjustment was $518 in 2006, $478 in 2005, and $605 in 2004.

(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 2006, 2005 and 2004. The taxable equivalent adjustments were $1,621 in 2006, $2,085 in 2005, and $2,522 in 2004.

Park expects to close on the acquisition of Vision in March 2007. The following analysis of earnings ignores the impact of the pending acquisition of Vision. Park's management will update projections for 2007 in the Form 10-Q filed after the completion of the Vision acquisition.

Net interest income decreased by $7.3 million or 3.3% to $213.2 million for 2006 compared to an increase of $8.3 million or 3.9% to $220.6 million for 2005. The net yield on interest earning assets was 4.33% for 2006 compared to 4.34% for 2005 and 4.56% for 2004. The net interest rate spread (the difference between rates received for interest earning assets and the rates paid for interest bearing liabilities) was 3.80% for 2006 compared to 3.98% for 2005 and 4.28% for 2004. 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 increase in net interest income in 2005 was primarily due to an increase in average interest earning assets of $418 million or 8.9%.

The average yield on interest earning assets was 6.77% in 2006 compared to 6.17% in 2005 and 5.80% in 2004. The Federal Reserve Board increased the federal funds rate from 1.00% at June 29, 2004 to 2.25% at year-end 2004 and to 4.25% at year-end 2005 and finally to 5.25% at June 30, 2006. The federal funds rate remained at 5.25% for the final 6 months of 2006. The average yield on interest earning assets on a quarterly basis in 2006 was 6.57% for the first quarter, 6.76% for the second quarter, 6.87% for the third quarter and 6.85% for the fourth quarter. The average yield on loans on a quarterly basis in 2006 was 7.35% for the first quarter, 7.61% for the second quarter, 7.77% for the third quarter and 7.71% for the fourth quarter. (The average yield on interest earning assets and the average yield on loans were negatively impacted in the fourth quarter as a result of the $1.933 million cumulative reduction in interest income on loans, due to the overstatement of accrued interest receivable on loans. Without the $1.933 million adjustment, the average yield on interest earnings assets was 7.01% for the fourth quarter and the average yield on loans was 7.93% for the fourth quarter.) Management expects that the average yield on interest earning assets and loans will gradually increase in 2007 as loans reprice at higher interest rates or mature and are replaced with higher yielding loans.

The average rate paid on interest bearing liabilities was 2.97% in 2006 compared to 2.19% in 2005 and 1.52% for 2004. The average rate paid on interest bearing deposits was 2.60% in 2006 compared to 1.79% in 2005 and 1.36% in 2004. The average rate paid on interest bearing liabilities on a quarterly basis in 2006 was 2.67% for the first quarter, 2.89% for the second quarter, 3.10% for the third quarter and 3.20% for the fourth quarter. The average rate paid on interest bearing deposits on a quarterly basis in 2006 was 2.25% for the first quarter, 2.49% for the second quarter, 2.77% for the third quarter and 2.88% for the fourth quarter. Management expects that the average cost of interest bearing liabilities and the average rate paid on interest bearing deposits will gradually increase in 2007.

Management expects that net interest income will increase modestly (2% to 3%) in 2007. Management expects that average interest earning assets will slightly decrease in 2007, but the net yield on interest earning assets is expected to improve to approximately 4.40%.

A year ago, management projected that the net yield on interest earning assets would be between 4.35% and 4.40% for 2006. The actual net yield on interest earning assets was 4.33% for 2006. Management also projected modest growth in average interest earning assets and a modest increase in net interest income. The actual results in 2006 were a decrease in average interest earning assets of 3.2% and a decrease in net interest income of 3.3%. (Without the $1.933 million cumulative reduction to interest income on loans, the net interest margin was 4.37% for 2006.)

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 change in each.

Table 7 – Volume/Rate Variance Analysis

(In thousands)	Change from 2005 to 2006 Volume	Rate	Total	Change from 2004 to 2005 Volume	Rate	Total
Increase (decrease) in: Interest income:						
Total loans	**$ 5,529**	**$25,766**	**$31,295**	$31,256	$ 13,632	$44,888
Taxable investments	**(11,059)**	**695**	**(10,364)**	(1,703)	561	(1,142)
Tax-exempt investments	**(1,127)**	**(156)**	**(1,283)**	(899)	(167)	(1,066)
Money market instruments	**(153)**	**181**	**28**	81	141	222
Total interest income	**(6,810)**	**26,486**	**19,676**	28,735	14,167	42,902
Interest expense:						
Transaction accounts	**$ 621**	**$10,124**	**$10,745**	$ 788	$ 6,517	$ 7,305
Savings accounts	**(332)**	**366**	**34**	150	741	891
Time deposits	**(394)**	**14,988**	**14,594**	1,613	7,092	8,705
Short-term borrowings	**2,566**	**5,618**	**8,184**	(1,757)	3,946	2,189
Long-term debt	**(9,970)**	**3,833**	**(6,137)**	8,899	7,204	16,103
Total interest expense	**(7,509)**	**34,929**	**27,420**	9,693	25,500	35,193
Net variance	**$ 699**	**$(8,443)**	**$(7,744)**	$19,042	$(11,333)	$ 7,709

Other Income: Total other income, exclusive of security gains or losses, increased by $5.1 million or 8.5% to $64.7 million in 2006 compared to an increase of $7.0 million or 13.2% to $59.6 million in 2005. The large increase in 2005 was primarily due to the additional customers and volume from the acquisitions of First Federal and First Clermont.

Income from fiduciary activities increased by $1.5 million or 12.6% to $13.5 million in 2006 and increased by $897,000 or 8.1% to $12.0 million in 2005. These increases are primarily due to growth in the number of customers being served. Additionally, the strong performance of the equity markets in 2006 contributed to an increase in the market value of assets being managed which contributed to the increase in fee income in 2006. Management expects an increase of 8% to 9% in fee income from fiduciary activities in 2007. First Federal and First Clermont did not have any fee income from fiduciary activities.

Service charges on deposit accounts increased by $2.1 million or 11.9% to $20.0 million in 2006 and increased by $2.3 million or 14.6% to $17.9 million in 2005. The primary reason for the relatively large increase in service charges on deposit accounts in 2006 was due to an increase in charges from Park's courtesy overdraft program and to an increase in the number of checking account customers. The large increase in service charges on deposits in 2005 was due to the additional deposit customers from the First Federal and First Clermont acquisitions. Management expects that the increase in service charges on deposit accounts will be approximately 10% in 2007.

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 $10.9 million in 2006 compared to $10.8 million in 2005 and $10.3 million in 2004. Management expects that the volume of mortgage loans originated and sold in the secondary market in 2007 will approximate 2006. Management projects that other service income will be approximately $11 million in 2007.

The subcategory of "other income" was $20.2 million in 2006 compared to $19.0 million in 2005 and $15.6 million in 2004. The percentage increase was 6.6% in 2006 compared to 21.6% in 2005. The large increase in other income in 2005 was primarily due to the additional customers from the First Federal and First Clermont acquisitions. This subcategory includes fees earned from check card and ATM services, fee income from bank owned life insurance, fee income earned from the sale of investment and insurance products, rental fee income from safety deposit boxes and fees earned from the sale of official checks and printed checks. Management expects that other income for 2007 will be approximately $20.5 million.

A year ago, management projected that total other income, exclusive of security gains or losses, would be approximately $61.5 million in 2006. The actual results of $64.7 million exceeded the projection by $3.2 million or 5.1%. This variance was due to fee income from fiduciary activities exceeding the projection by $600,000, service charges on deposits exceeding the projection by $1.0 million and other income exceeding the projection by $1.6 million. These positive variances were primarily due to an increase in volume. For 2007, management expects that total other income, exclusive of security gains or losses, will be approximately $68.3 million in 2007, a projected increase of 5.6%.

Other Expense: Total other expense increased by $1.6 million or 1.1% to $141.0 million in 2006 and increased by $13.1 million or 10.4% to $139.4 million in 2005. The large increase in total other expense in 2005 of 10.4% was primarily due to the acquisitions of First Federal and First Clermont.

Salaries and employee benefits expense increased by $1.7 million or 2.2% to $80.2 million in 2006 and increased by $7.0 million or 9.8% to $78.5 million in 2005. Full-time equivalent employees at year-end 2006 were 1,892 compared to 1,824 at year-end 2005, an increase of 3.7%. The small increase in salaries and employee benefits expense in 2006 was primarily due to the $1.4 million reduction in the officer incentive compensation pool in 2006 compared to 2005. A total of 123 employees were added from the First Federal and First Clermont acquisitions, which explains the large increase of 9.8% in salaries and employee benefits expense in 2005. None of the employees of First Federal and First Clermont were included in salaries and employee benefits expense in 2004, but were included for the entire year of 2005. A year ago, management projected that salaries and employee benefits expense would be approximately $82.4 million for 2006 compared to the actual expense of $80.2 million in 2006. This positive variance was primarily due to a $1.4 million reduction in the officer incentive compensation pool. Management expects that salaries and employee benefits expense will increase by approximately 8% in 2007, primarily due to the increase in full-time equivalent employees and the expected increase in health insurance costs.

Data processing expense increased by $1.2 million or 11.1% to $11.8 million in 2006 and increased by $1.7 million or 19.5% to $10.6 million in 2005. The increase in data processing expense in 2006 was primarily due to upgrades that management made to its data processing systems. In 2005, the large increase in data processing expense was primarily due to the acquisitions of First Federal and First Clermont. Data processing expense is expected to increase by approximately 5% in 2007.

The expense for state franchise taxes was $2.2 million in 2006, $2.9 million in 2005 and $2.5 million in 2004. The decrease in expense in 2006 was primarily due to the First Clermont acquisition closing on January 3, 2005. First Clermont had a franchise tax liability for calendar year 2005 and none for 2006. Management expects that state franchise tax expense will be approximately $2.4 million in 2007.

The subcategory "other expense" was $10.3 million in 2006, $12.0 million in 2005 and $10.9 million in 2004. The subcategory other expense includes expenses for supplies, travel, charitable contributions, sundry write-offs and other miscellaneous expenses. The decrease in other expense in 2006 was due to the decrease in charitable contributions of $1.7 million. Charitable contribution expense was $300,000 in 2006 compared to $2.0 million in 2005. In 2005, the increase in other expense was primarily due to an increase in charitable contributions of $1.1 million to $2.0 million in 2005 compared to $900,000 in 2004. Management expects that charitable contribution expense will be approximately $900,000 in 2007. Management expects that the subcategory other expense will total approximately $11.5 million in 2007.

The expense for amortization of intangibles was $2.5 million in 2006, $2.5 million in 2005 and $1.5 million in 2004. The increase in this expense in 2005 was due to the acquisitions of First Federal and First Clermont. Intangible amortization expense is expected to decrease to $2.0 million in 2007 as the core deposit premiums pertaining to certain branch acquisitions were fully amortized at the end of 2006.

A year ago, management projected that total other expense would be approximately $145.0 million in 2006 compared to actual results of $141.0 million. Most of the positive variance was due to salary and employee benefit expense being $2.2 million below the projected amount. Additionally, management estimated a year ago that the operating expense pertaining to the issuance of incentive stock options would be $1 million in 2006. Park did not issue stock options in 2006 and accordingly did not recognize any expense in connection with the adoption of SFAS No. 123R "Share-Based Payment." Park anticipates that few, if any, stock options would be issued in 2007. For 2007, management expects that total other expense will increase by approximately 6.2% to approximately $150 million in 2007.

Federal Income Taxes: Federal income tax expense as a percentage of income before taxes was 29.3% in 2006, 29.7% in 2005 and 29.2% in 2004. A lower effective tax percentage 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 fee income from bank owned life insurance. Park and its 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.

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 $3.9 million in 2006, $5.4 million in 2005 and $8.6 million in 2004. Net loan charge-offs were $3.9 million in 2006, $5.9 million in 2005 and $7.9 million in 2004. The ratio of net loan charge-offs to average loans was .12% in 2006, .18% in 2005 and .28% in 2004.

At year-end 2006, the allowance for loan losses was $70.5 million or 2.03% of total loans outstanding, compared to $69.7 million or 2.09% of total loans outstanding at year-end 2005 and $68.3 million or 2.19% of total loans outstanding at year-end 2004. In each of the last three years, the loan loss reserve from an acquired bank was added to Park's allowance for loan losses. The Anderson acquisition added $798,000 in 2006, the First Clermont acquisition added $1.8 million in 2005 and the First Federal acquisition added $4.5 million in 2004.

Management believes that the allowance for loan losses at year-end 2006 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.

The following table summarizes the activity in the allowance for loan losses for the past five years. The charge-offs and recoveries are listed by type of loan for each year.

Table 8 – Summary of Loan Loss Experience

(In thousands)	2006	2005	2004	2003	2002
Average loans (net of unearned interest)	**$3,357,278**	$3,278,092	$2,813,069	$2,695,830	$2,719,805
Allowance for loan losses:					
Beginning balance	**$ 69,694**	$ 68,328	$ 63,142	$ 62,028	$ 59,959
Charge-offs:					
Commercial, financial and agricultural	**853**	3,154	2,557	4,698	7,210
Real estate – construction	**718**	46	613	—	317
Real estate – residential	**1,915**	1,006	1,476	1,173	1,208
Real estate – commercial	**556**	1,612	1,951	1,947	884
Consumer	**6,673**	7,255	8,111	9,233	8,606
Lease financing	**57**	316	465	985	1,602
Total charge-offs	**10,772**	13,389	15,173	18,036	19,827
Recoveries:					
Commercial, financial and agricultural	**$ 842**	$ 2,707	$ 2,138	$ 1,543	$ 1,812
Real estate – construction	**—**	173	67	175	—
Real estate – residential	**1,017**	659	650	549	969
Real estate – commercial	**1,646**	517	292	407	565
Consumer	**3,198**	3,214	3,633	3,236	2,891
Lease financing	**150**	229	529	645	616
Total recoveries	**6,853**	7,499	7,309	6,555	6,853
Net charge-offs	**3,919**	5,890	7,864	11,481	12,974
Provision charged to earnings	**3,927**	5,407	8,600	12,595	15,043
Allowance for loan losses of acquired bank	**798**	1,849	4,450	—	—
Ending balance	**$ 70,500**	$ 69,694	$ 68,328	$ 63,142	$ 62,028
Ratio of net charge-offs to average loans	**0.12%**	0.18%	0.28%	0.43%	0.48%
Ratio of allowance for loan losses to end of year loans, net of unearned interest	**2.03%**	2.09%	2.19%	2.31%	2.30%

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,	2006		2005		2004		2003		2002	
(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	**$16,985**	**15.75%**	$17,942	15.40%	$17,837	15.04%	$17,117	16.16%	$17,049	16.34%
Real estate – construction	**4,425**	**6.75%**	3,864	5.80%	3,107	4.98%	2,423	4.44%	1,982	3.68%
Real estate – residential	**10,402**	**37.36%**	10,329	38.68%	8,926	38.14%	7,378	36.02%	7,504	37.17%
Real estate – commercial	**17,097**	**24.56%**	16,823	24.74%	16,930	24.11%	15,412	24.54%	13,889	22.93%
Consumer	**21,285**	**15.29%**	19,799	14.87%	20,206	16.19%	18,681	16.48%	18,322	16.40%
Leases	**306**	**0.29%**	937	0.51%	1,322	1.54%	2,131	2.36%	3,282	3.48%
Total	**$70,500**	**100.00%**	$69,694	100.00%	$68,328	100.00%	$63,142	100.00%	$62,028	100.00%

As of December 31, 2006, 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: l) 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 .95% at year-end 2006, .90% at year-end 2005 and .92% at year-end 2004. The percentage of nonperforming assets to total loans was 1.04% at year-end 2006, .97% at year-end 2005 and 1.01% at year-end 2004.

Park had $176.8 million of loans included on the Corporation's watch list of potential problem loans at December 31, 2006 compared to $130.8 million at year-end 2005 and $131.8 million at year-end 2004. The existing conditions of these loans do not warrant classification as nonaccrual. Management performs additional analyses regarding a borrower's ability to comply with payment terms for watch list loans. As a percentage of year-end total loans, the Corporation's watch list of potential problem loans was 5.1% in 2006, 3.9% in 2005 and 4.2% in 2004.

Management does not expect that the increase in watch list loans in 2006 of $46 million will lead to a significant increase in nonperforming loans and assets in 2007. Park's lending management will work with the additional watch list loan borrowers to prevent these loans from becoming nonperforming.

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)	2006	2005	2004	2003	2002
Nonaccrual loans	**$16,004**	$14,922	$17,873	$15,921	$17,579
Renegotiated loans	**9,113**	7,441	5,461	5,452	2,599
Loans past due 90 days or more	**7,832**	7,661	5,439	4,367	6,290
Total nonperforming loans	**32,949**	30,024	28,773	25,740	26,468
Other real estate owned	**3,351**	2,368	2,680	2,319	3,206
Total nonperforming assets	**$36,300**	$32,392	$31,453	$28,059	$29,674
Percentage of nonperforming loans to loans, net of unearned interest	**0.95%**	0.90%	0.92%	0.94%	0.98%
Percentage of nonperforming assets to loans, net of unearned interest	**1.04%**	0.97%	1.01%	1.03%	1.10%
Percentage of nonperforming assets to total assets	**0.66%**	0.60%	0.58%	0.56%	0.67%

Tax equivalent interest income from loans of $255.6 million for 2006 would have increased by $2.1 million if all loans had been current in accordance with their original terms. Interest income for the year ended December 31, 2006 in the approximate amount of $619,000 is included in interest income for those loans in accordance with their original terms.

CAPITAL RESOURCES

Liquidity and Interest Rate Sensitivity Management: The Corporation'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 $12.3 million during 2006 to $186.3 million at year end. Cash provided by operating activities was $85.3 million in 2006, $78.5 million in 2005, and $85.0 million in 2004. Net income was the primary source of cash for operating activities during each year.

Cash provided by investing activities was $47.8 million in 2006 and $145.1 million in 2005. Cash used in investing activities was $146.2 million in 2004. 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 provided $145.9 million of cash in 2006, $239.0 million in 2005 and $66.3 million in 2004. The other 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 $99.3 million in 2006, $53.6 million in 2005 and $171.8 million in 2004.

Cash used by financing activities was $120.7 million in 2006 and $211.4 million in 2005. Cash provided by financing activities was $53.2 million in 2004. A major source of cash for financing activities is the net change in deposits. Cash provided by the net increase in deposits was $6.3 million in 2006 and $103.3 million in 2004. Cash used by the net decrease in deposits was $55.5 million in 2005.

Changes in short-term borrowings or long-term debt is another major source or use of cash for financing activities. The net increase in short-term borrowings provided cash of $61.7 million in 2006 and $35.8 million in 2005. The net decrease in short-term borrowings used cash of $256.8 million in 2004. Cash was used by the net decrease in long-term debt of $110.6 million in 2006 and $102.6 million in 2005. Cash was provided by the net increase in long-term debt of $271.4 million in 2004.

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 the Corporation to meet its cash flow needs.

The increase or decrease in the investment portfolio and short-term borrowings and long-term debt is greatly dependent upon the growth in loans and deposits. The primary objective of management is to grow loan and deposit totals. To the extent that management is unable to grow loan totals at a desired growth rate, additional investment securities may be added to the balance sheet. Likewise, short-term borrowings and long-term debt are utilized to fund the growth in earning assets if the growth in deposits and the cash flow from operations is not sufficient to do so.

Liquidity is enhanced by assets maturing or repricing within one year. Assets maturing or repricing within one year were $2,452 million or 49.0% of interest earning assets at year-end 2006. Liquidity is also enhanced by a significant amount of stable core deposits from a variety of customers in several Ohio markets served by the Corporation.

An asset/liability committee monitors and forecasts rate-sensitive assets and rate-sensitive liabilities and develops strategies and pricing policies to influence the acquisition of certain assets and liabilities. The purpose of these efforts is to guard the Corporation from adverse impacts of unforeseen swings in interest rates and to enhance the net income of the Corporation by accepting a limited amount of interest rate risk, based on interest rate projections.

The following table shows interest rate sensitivity data for five different time intervals as of December 31, 2006:

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)	$ 119,755	$177,071	$356,913	$258,081	$601,679	$1,513,499
Money market instruments	8,266	—	—	—	—	8,266
Loans (1)	1,195,740	950,797	1,180,733	138,463	14,969	3,480,702
Total interest earning assets	1,323,761	1,127,868	1,537,646	396,544	616,648	5,002,467
Interest bearing liabilities:						
Interest bearing transaction accounts	545,592	—	488,278	—	—	1,033,870
Savings accounts (2)	271,862	—	271,862	—	—	543,724
Time deposits	402,581	834,223	261,121	81,492	1,703	1,581,120
Other	1,858	—	—	—	—	1,858
Total deposits	1,221,893	834,223	1,021,261	81,492	1,703	3,160,572
Short-term borrowings	375,773	—	—	—	—	375,773
Long-term debt	127,700	288,476	165,783	18,920	3,261	604,140
Total interest bearing liabilities	1,725,366	1,122,699	1,187,044	100,412	4,964	4,140,485
Interest rate sensitivity gap	(401,605)	5,169	350,602	296,132	611,684	861,982
Cumulative rate sensitivity gap	(401,605)	(396,436)	(45,834)	250,298	861,982	—
Cumulative gap as a percentage of total interest earning assets	−8.03%	−7.92%	−0.92%	5.00%	17.23%	—

(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 53% of interest bearing transaction accounts and 50% 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 negative 7.92% to a negative 23.12%.

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, 2006, the cumulative interest earning assets maturing or repricing within twelve months were $2,452 million compared to the cumulative interest bearing liabilities maturing or repricing within twelve months of $2,848 million. For the twelve-month cumulative gap position, rate sensitive liabilities exceed rate sensitive assets by $396 million or 7.9% of interest earning assets.

A negative twelve month cumulative rate sensitivity gap (liabilities exceeding assets) would suggest that the Corporation's net interest margin would decrease if interest rates were to rise. 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, 2005, was a negative $64 million or a negative 1.3% of interest earning assets compared to a negative $396 million or a negative 7.9% of interest earning assets at December 31, 2006. This change in the cumulative twelve month interest rate sensitivity gap of a negative $332 million was primarily due to an increase in time deposits maturing or repricing within one year.

The amount of time deposits maturing or repricing within one year increased by $269 million to $1,237 million or 78.2% of the total time deposits at December 31, 2006 compared to $968 million or 64.3% of the total time deposits at December 31, 2005.

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. The Corporation 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, 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. 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 and at December 31, 2004, the earnings simulation model projected that net income would increase by .9% using a rising interest rate scenario and decrease 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 four years at 4.33% in 2006, 4.34% in 2005, 4.56% in 2004 and 4.60% in 2003. 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 4.40% in 2007. The decrease in the net interest margin for 2005 was largely due to the cash acquisitions of First Federal and First Clermont.

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, 2006.

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

Table 12 – Contractual Obligations

December 31, 2006		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		$2,244,414	$ —	$ —	$ —	$2,244,414
Certificates of deposit	11	1,236,804	261,121	81,492	1,703	1,581,120
Short-term borrowings	11	375,773	—	—	—	375,773
Long-term debt	10	66,289	115,808	18,845	403,198	604,140
Operating leases	8	1,727	2,778	1,023	579	6,107
Purchase obligations		90,932	—	—	—	90,932
Total contractual obligations		$4,015,939	$379,707	$101,360	$405,480	$4,902,486

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. Purchase obligations in Table 12 include $90.4 million for the cash portion of the total consideration that could be paid to the Vision shareholders in connection with the pending acquisition.

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, 2006, the Corporation had $824 million of loan commitments for commercial, commercial real estate, and residential real estate loans and had $140 million of commitments for revolving home equity and credit card lines. Standby letters of credit totaled $20 million at December 31, 2006.

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 2007. See Note 17 of the Notes to Consolidated Financial Statements for additional information on loan commitments and standby letters of credit.

The Corporation did not have any significant contingent liabilities at December 31, 2006, and did not have any off-balance sheet arrangements at year-end 2006.

Capital: Park's primary means of maintaining capital adequacy is through net retained earnings. At December 31, 2006, the Corporation's equity capital was $570.4 million, compared to $558.4 million at December 31, 2005. Stockholders' equity at December 31, 2006 was 10.43% of total assets compared to 10.27% of total assets at December 31, 2005.

Net income for 2006 was $94.1 million, $95.2 million in 2005 and $91.5 million in 2004. The cash dividends declared were $51.4 million in 2006, $51.6 million in 2005 and $49.0 million 2004.

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 $143.4 million at December 31, 2006 compared to $116.7 million at December 31, 2005 and $91.4 million at December 31, 2004.

Accumulated other comprehensive income (loss) was $(22.8) million at December 31, 2006 compared to $(10.1) million at December 31, 2005 and $12.4 million at December 31, 2004. Long-term interest rates increased during 2005 and the market value of Park's investment securities decreased causing the large decrease in accumulated other comprehensive income (loss) in 2005. Park adopted SFAS No. 158 concerning the accounting for its pension plan in 2006. This new accounting standard caused Park to charge accumulated other comprehensive income (loss) by $6.8 million.

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 capital standard of risk-based capital to risk-based assets is 8.00% at December 31, 2006. At year-end 2006, the Corporation had a risk-based capital ratio of 15.98% or capital above the minimum required by $286 million. The capital standard of tier l capital to risk-based assets is 4.00% at December 31, 2006. Tier l capital includes stockholders' equity net of goodwill and other intangible assets. At year-end 2006, the Corporation had a tier l capital to risk-based assets ratio of 14.72% or capital above the minimum required by $384 million. Bank regulators have also established a leverage capital ratio of 4%, consisting of tier 1 capital to total assets, not risk adjusted. At year-end 2006, the Corporation had a leverage capital ratio of 9.96% or capital above the minimum required by $316 million. Regulatory guidelines also establish capital ratio requirements for "well capitalized" bank holding companies. The capital ratios are 10% for risk-based capital, 6% for tier 1 capital to risk-based assets and 5% for tier 1 capital to total assets. The Corporation exceeds these higher capital standards and therefore is classified as "well capitalized."

The financial institution subsidiaries of the Corporation each met the well capitalized ratio guidelines at December 31, 2006. See Note 19 of the Notes to Consolidated Financial Statements for the capital ratios for the Corporation 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)	2006	2005	2004	2003	2002
Results of Operations:					
Interest income	**$ 334,559**	$ 314,459	$ 270,993	$ 264,629	$ 287,920
Interest expense	**121,315**	93,895	58,702	61,992	82,588
Net interest income	**213,244**	220,564	212,291	202,637	205,332
Provision for loan losses	**3,927**	5,407	8,600	12,595	15,043
Net interest income after provision for loan losses	**209,317**	215,157	203,691	190,042	190,289
Net gains (losses) on sale of securities	**97**	96	(793)	(6,060)	(182)
Noninterest income	**64,665**	59,609	52,641	61,583	51,032
Noninterest expense	**141,002**	139,438	126,290	122,376	119,964
Net income	**94,091**	95,238	91,507	86,878	85,579
Per share:					
Net income – basic	**6.75**	6.68	6.38	6.01	5.87
Net income – diluted	**6.74**	6.64	6.32	5.97	5.86
Cash dividends declared	**3.690**	3.620	3.414	3.209	2.962
Average Balances:					
Loans	**$3,357,278**	$3,278,092	$2,813,069	$2,695,830	$2,719,805
Investment securities	**1,610,639**	1,851,598	1,901,129	1,759,816	1,384,750
Money market instruments and other	**8,723**	12,258	9,366	35,768	36,679
Total earning assets	**4,976,640**	5,141,948	4,723,564	4,491,414	4,141,234

Table 13 – Consolidated Five-Year Selected Financial Data continued

December 31, (Dollars in thousands, except per share data)	2006	2005	2004	2003	2002
Noninterest bearing deposits	**662,077**	643,032	574,560	522,456	502,400
Interest bearing deposits	**3,162,867**	3,187,033	2,946,360	2,901,835	2,901,456
Total deposits	**3,824,944**	3,830,065	3,520,920	3,424,291	3,403,856
Short-term borrowings	**375,332**	291,842	401,299	515,328	226,238
Long-term debt	**553,307**	799,888	519,979	281,599	252,834
Stockholders' equity	**545,074**	559,211	538,275	520,391	487,316
Total assets	**5,380,623**	5,558,088	5,049,081	4,803,263	4,435,162
Ratios:					
Return on average assets	**1.75%**	1.71%	1.81%	1.81%	1.93%
Return on average equity	**17.26%**	17.03%	17.00%	16.69%	17.56%
Net interest margin (1)	**4.33%**	4.34%	4.56%	4.60%	5.06%
Noninterest expense to net revenue (1)	**50.35%**	49.32%	47.11%	45.66%	46.02%
Dividend payout ratio	**54.65%**	54.19%	53.54%	53.42%	50.42%
Average stockholders' equity to average total assets	**10.13%**	10.06%	10.66%	10.83%	10.99%
Leverage capital	**9.96%**	9.27%	10.10%	10.79%	10.72%
Tier 1 capital	**14.72%**	14.17%	15.16%	16.51%	16.51%
Risk-based capital	**15.98%**	15.43%	16.43%	17.78%	17.78%

(1) Computed on a fully taxable equivalent basis

The following table is a summary of selected quarterly results of operations for the years ended December 31, 2006 and 2005. 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
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**
2005:				
Interest income	$74,959	$78,928	$79,768	$80,804
Interest expense	20,514	23,516	24,217	25,648
Net interest income	54,445	55,412	55,551	55,156
Provision for loan losses	1,082	1,325	1,600	1,400
Gain (loss) on sale of securities	—	96	—	—
Income before income taxes	33,071	35,303	34,763	32,287
Net income	23,342	24,770	24,295	22,831
Per share data:				
Net income – basic	1.63	1.73	1.70	1.62
Net income – diluted	1.61	1.72	1.69	1.61
Weighted-average common stock outstanding – basic	14,331,261	14,312,032	14,256,723	14,134,058
Weighted-average common stock equivalent – diluted	14,475,634	14,379,463	14,338,418	14,199,455

The Corporation's common stock (symbol: PRK) is traded on the American Stock Exchange (AMEX). At December 31, 2006, the Corporation had 4,994 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, 2006 and 2005, as reported by AMEX.

Table 15 – Market and Dividend Information

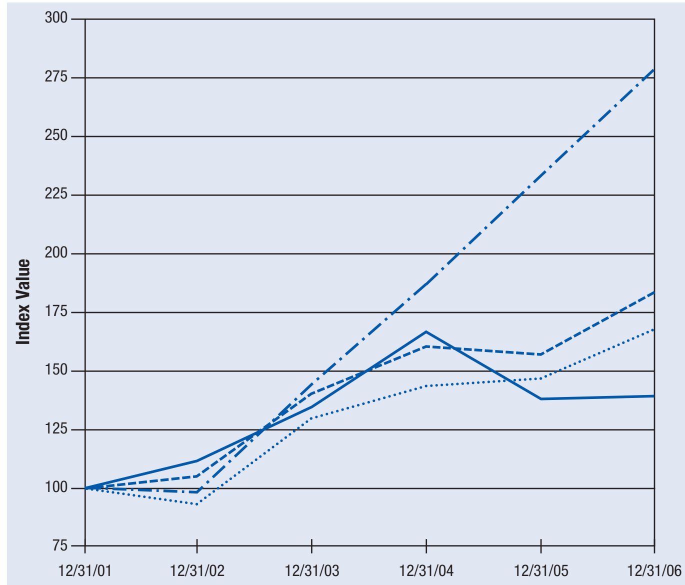
	High	Low	Last Price	Cash Dividend Declared Per Share
2006:				
First Quarter	**$117.21**	**$103.00**	**$106.50**	**$0.92**
Second Quarter	**105.42**	**92.36**	**98.81**	**0.92**
Third Quarter	**105.00**	**93.72**	**100.09**	**0.92**
Fourth Quarter	**103.95**	**98.14**	**99.00**	**0.93**
2005:				
First Quarter	$133.30	$108.40	$112.50	$0.90
Second Quarter	113.01	99.04	110.50	0.90
Third Quarter	118.20	104.55	108.27	0.90
Fourth Quarter	112.91	101.00	102.64	0.92

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, 2001 to December 31, 2006. The AMEX Composite Index is a market capitalization-weighted index of the stocks listed on the American Stock Exchange. The NASDAQ Bank Stock Index is comprised of all depository institutions and holding 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 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 Stock 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



Index	12/31/01	12/31/02	12/31/03	12/31/04	12/31/05	12/31/06
	PERIOD ENDING					
Park National Corporation	100.00	110.00	130.01	168.28	131.73	131.77
Amex Composite	100.00	99.37	145.77	183.03	230.95	277.00
NASDAQ Bank Stocks	100.00	106.95	142.29	161.73	158.61	180.53
SNL Bank and Thrift Index	100.00	93.96	127.39	142.66	144.89	169.30

The total return performance for Park's common shares has lagged behind 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 5.7%. The annual compound growth rate in Park's diluted earnings per share for the past five years is 4.9%. Park's performance ratios (such as return on average assets and return on average equity) continue to be strong compared to other financial institutions. However, Park has had difficulty in growing loans since 2000, and as a result diluted earnings per share have not grown faster than the 4.9% annual compound growth rate for the past five years.

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 conformity 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 conformity 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 supervision and participation of our Chairman and Chief Executive Officer, our President and our Chief Financial Officer, management assessed the effectiveness of the Corporation's internal control over financial reporting as of December 31, 2006. 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.

Based on our assessment and those criteria, management concluded that the Corporation maintained effective internal control over financial reporting as of December 31, 2006.

Park's independent registered public accounting firm (Crowe Chizek and Company LLC) has issued an attestation report on management's assessment of the Corporation's internal control over financial reporting which follows this report.

C. Daniel DeLawder
Chairman and Chief Executive Officer

David L. Trautman
President

John W. Kozak
Chief Financial Officer

February 23, 2007

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders
Park National Corporation
Newark, Ohio

We have audited management's assessment, included in the accompanying Management's Report on Internal Control Over Financial Reporting, that Park National Corporation maintained effective internal control over financial reporting as of December 31, 2006, 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 maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the company's internal control over financial reporting 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 effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assessment that Park National Corporation maintained effective internal control over financial reporting as of December 31, 2006, is fairly stated, in all material respects, based on criteria established in COSO. Also in our opinion, Park National Corporation maintained, in all material respects, effective internal control over financial reporting as of December 31, 2006, based on criteria established in COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of Park National Corporation as of December 31, 2006, and the related consolidated statements of income, changes in stockholders' equity, and cash flows for the year then ended, and our report dated February 23, 2007 expressed an unqualified opinion on those consolidated financial statements.

Crowe Chizek and Company LLC

Columbus, Ohio
February 23, 2007

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 sheet of Park National Corporation as of December 31, 2006, and the related consolidated statements of income, changes in stockholders' equity, and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The consolidated balance sheet of Park National Corporation as of December 31, 2005 and the consolidated statements of income, changes in stockholders' equity and cash flows for each of the two years in the period 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 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 consolidated 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 2006 financial statements referred to above present fairly, in all material respects, the financial position of Park National Corporation as of December 31, 2006, and the results of its operations and its cash flows for the year then ended, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of Park National Corporation's internal control over financial reporting as of December 31, 2006, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 23, 2007, expressed an unqualified opinion thereon.

Crowe Chizek and Company LLC

Columbus, Ohio
February 23, 2007

PARK NATIONAL CORPORATION AND SUBSIDIARIES

at December 31, 2006 and 2005 (Dollars in thousands)

ASSETS	2006	2005
Cash and due from banks	**$ 177,990**	$ 169,690
Money market instruments	**8,266**	4,283
Cash and cash equivalents	**186,256**	173,973
Interest bearing deposits with other banks	**1**	300
Investment securities:		
Securities available-for-sale, at fair value (amortized cost of $1,299,686 and $1,424,955 at December 31, 2006 and 2005, respectively)	**1,275,079**	1,409,351
Securities held-to-maturity, at amortized cost (fair value of $169,786 and $190,425 at December 31, 2006 and 2005, respectively)	**176,485**	195,953
Other investment securities	**61,934**	58,038
Total investment securities	**1,513,498**	1,663,342
Loans	**3,485,994**	3,333,713
Unearned loan interest	**(5,292)**	(5,601)
Total loans	**3,480,702**	3,328,112
Allowance for loan losses	**(70,500)**	(69,694)
Net loans	**3,410,202**	3,258,418
Other assets:		
Bank owned life insurance	**113,101**	109,600
Goodwill and other intangible assets	**78,003**	69,188
Premises and equipment, net	**47,554**	47,172
Accrued interest receivable	**26,122**	23,306
Mortgage loan servicing rights	**10,371**	10,665
Other	**85,768**	80,084
Total other assets	**360,919**	340,015
Total assets	**$5,470,876**	$5,436,048

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

PARK NATIONAL CORPORATION AND SUBSIDIARIES

at December 31, 2006 and 2005 (Dollars in thousands)

LIABILITIES AND STOCKHOLDERS' EQUITY	2006	2005
Deposits:		
Noninterest bearing	**$ 664,962**	$ 667,328
Interest bearing	**3,160,572**	3,090,429
Total deposits	**3,825,534**	3,757,757
Short-term borrowings	**375,773**	314,074
Long-term debt	**604,140**	714,784
Total borrowings	**979,913**	1,028,858
Other liabilities:		
Accrued interest payable	**13,076**	8,943
Other	**81,914**	82,060
Total other liabilities	**94,990**	91,003
Total liabilities	**4,900,437**	4,877,618
COMMITMENTS AND CONTINGENCIES		
Stockholders' equity:		
Common stock, no par value (20,000,000 shares authorized; 15,358,323 shares issued in 2006 and 15,271,574 issued in 2005)	**217,067**	208,365
Accumulated other comprehensive income (loss), net	**(22,820)**	(10,143)
Retained earnings	**519,563**	476,889
Less: Treasury stock (1,436,794 shares in 2006 and 1,178,948 shares in 2005)	**(143,371)**	(116,681)
Total stockholders' equity	**570,439**	558,430
Total liabilities and stockholders' equity	**$5,470,876**	$5,436,048

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

PARK NATIONAL CORPORATION AND SUBSIDIARIES

for the years ended December 31, 2006, 2005 and 2004 (Dollars in thousands, except per share data)

	2006	2005	2004
Interest and dividend income:			
Interest and fees on loans	**$255,123**	$223,868	$178,853
Interest and dividends on:			
Obligations of U.S. Government, its agencies and other securities	**75,300**	85,664	86,806
Obligations of states and political subdivisions	**3,667**	4,486	5,115
Other interest income	**469**	441	219
Total interest and dividend income	**334,559**	314,459	270,993
Interest expense:			
Interest on deposits:			
Demand and savings deposits	**25,870**	15,091	6,895
Time deposits	**56,402**	41,808	33,103
Interest on short-term borrowings	**15,692**	7,508	5,319
Interest on long-term debt	**23,351**	29,488	13,385
Total interest expense	**121,315**	93,895	58,702
Net interest income	**213,244**	220,564	212,291
Provision for loan losses	**3,927**	5,407	8,600
Net interest income after provision for loan losses	**209,317**	215,157	203,691
Other income:			
Income from fiduciary activities	**13,548**	12,034	11,137
Service charges on deposit accounts	**19,969**	17,853	15,585
Net gains (losses) on sales of securities	**97**	96	(793)
Other service income	**10,920**	10,753	10,325
Other	**20,228**	18,969	15,594
Total other income	**$ 64,762**	$ 59,705	$ 51,848

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

PARK NATIONAL CORPORATION AND SUBSIDIARIES

for the years ended December 31, 2006, 2005 and 2004 (Dollars in thousands, except per share data)

	2006	2005	2004
Other expense:			
Salaries and employee benefits	**$ 80,227**	$ 78,498	$ 71,464
Data processing fees	**11,812**	10,636	8,900
Fees and service charges	**9,218**	8,723	8,784
Net occupancy expense of bank premises	**9,066**	8,641	7,024
Amortization of intangibles	**2,470**	2,548	1,479
Furniture and equipment expense	**5,166**	5,278	5,749
Insurance	**1,136**	1,243	1,030
Marketing	**4,438**	4,197	3,972
Postage and telephone	**4,890**	4,827	4,482
State taxes	**2,232**	2,893	2,468
Other	**10,347**	11,954	10,938
Total other expense	**141,002**	139,438	126,290
Income before federal income taxes	**133,077**	135,424	129,249
Federal income taxes	**38,986**	40,186	37,742
Net income	**$ 94,091**	$ 95,238	$ 91,507
Earnings per share:			
Basic	**$6.75**	$6.68	$6.38
Diluted	**$6.74**	$6.64	$6.32

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

PARK NATIONAL CORPORATION AND SUBSIDIARIES

for the years ended December 31, 2006, 2005 and 2004 (Dollars in thousands, except per share data)

	Common Stock				Accumulated Other		
	Shares Outstanding	Amount	Retained Earnings	Treasury Stock	Comprehensive Income (Loss)	Total	Comprehensive Income
Balance, January 1, 2004	14,455,027	$105,895	$486,769	$(68,577)	$ 18,954	$543,041	
Net income	—	—	91,507	—	—	91,507	91,507
Other comprehensive income, net of tax:							
Unrealized net holding loss on securities available-for-sale, net of income taxes of $(3,506)					(6,512)	(6,512)	(6,512)
Total comprehensive income							84,995
Cash dividends:							
Corporation at $3.414 per share	—	—	(48,991)	—	—	(48,991)	
Stock dividend at 5%		102,464	(96,025)	(6,439)		—	
Cash payment for fractional shares for 5% stock dividend	(1,772)	(249)				(249)	
Cash payment for fractional shares in dividend reinvestment plan	(25)	(3)	—	—	—	(3)	
Shares issued for stock options	2,052	144	—	—	—	144	
Treasury stock purchased	(214,681)	—	—	(23,699)	—	(23,699)	
Treasury stock reissued primarily for stock options exercised	79,626	—	—	7,323	—	7,323	
Balance, December 31, 2004	14,320,227	$208,251	$433,260	$(91,392)	$ 12,442	$562,561	
Net income	—	—	95,238	—	—	95,238	95,238
Other comprehensive income, 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:							
Corporation at $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:							
Corporation at $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**	

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

PARK NATIONAL CORPORATION AND SUBSIDIARIES
for the years ended December 31, 2006, 2005 and 2004 (Dollars in thousands)

	2006	2005	2004
Operating activities:			
Net income	**$ 94,091**	$ 95,238	$ 91,507
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision for loan losses	**3,927**	5,407	8,600
Amortization of loan fees and costs, net	**(4,340)**	(3,809)	(3,336)
Provision for depreciation and amortization	**5,522**	5,641	5,436
Amortization of intangible assets	**2,470**	2,548	1,479
Accretion of investment securities	**(1,630)**	(2,444)	(1,756)
Deferred income tax expense (benefit)	**156**	1,990	(2,542)
Realized net investment security (gains) losses	**(97)**	(96)	793
Stock dividends on Federal Home Loan Bank stock	**(3,101)**	(2,525)	(1,665)
Changes in assets and liabilities:			
Increase in other assets	**(14,606)**	(24,431)	(20,219)
Increase in other liabilities	**2,858**	958	6,750
Net cash provided by operating activities	**85,250**	78,477	85,047
Investing activities:			
Proceeds from sales of available-for-sale securities	**304**	131,794	58,438
Proceeds from maturities of securities:			
Held-to-maturity	**19,471**	63,914	52,741
Available-for-sale	**293,207**	345,660	384,087
Purchase of securities:			
Held-to-maturity	**—**	(187,420)	(62,659)
Available-for-sale	**(166,518)**	(113,198)	(364,215)
Net increase in other investments	**(532)**	(1,743)	(2,094)
Net decrease in interest bearing deposits with other banks	**299**	1,796	50
Net increase in loans	**(99,316)**	(53,600)	(171,784)
Proceeds from loans sold with branch office	**—**	5,273	—
Cash received (paid) for acquisition, net	**5,177**	(39,227)	(34,693)
Purchases of premises and equipment, net	**(4,311)**	(8,193)	(6,047)
Net cash provided by (used in) investing activities	**47,781**	145,056	(146,176)
Financing activities:			
Net increase (decrease) in deposits	**6,320**	(55,491)	103,273
Deposits sold with branch office	**—**	(12,419)	—
Net increase (decrease) in short-term borrowings	**61,699**	35,843	(256,756)
Cash payment for fractional shares of common stock	**(5)**	(3)	(252)
Exercise of stock options, including tax benefits	**42**	117	144
Purchase of treasury stock, net	**(26,690)**	(25,289)	(16,376)
Proceeds from long-term debt	**300,000**	326,040	477,915
Repayment of long-term debt	**(410,644)**	(428,689)	(206,541)
Cash dividends paid	**(51,470)**	(51,498)	(48,231)
Net cash (used in) provided by financing activities	**(120,748)**	(211,389)	53,176
Increase (decrease) in cash and cash equivalents	**12,283**	12,144	(7,953)
Cash and cash equivalents at beginning of year	**173,973**	161,829	169,782
Cash and cash equivalents at end of year	**$186,256**	$173,973	$ 161,829
Supplemental disclosure			
Summary of business acquisition:			
Fair value of assets acquired	**$ 69,717**	$185,372	$ 252,687
Cash paid for the purchase of financial institutions	**(9,052)**	(52,500)	(46,638)
Stock issued for the purchase of financial institutions	**(8,665)**	—	—
Fair value of liabilities assumed	**(62,638)**	(161,241)	(232,707)
Goodwill recognized	**$(10,638)**	$ (28,369)	$ (26,658)

The accompanying notes are an integral part of the 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, 2006 and 2005, 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 $5.1 million at December 31, 2006 and $5.8 million at December 31, 2005. 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, loans are placed on nonaccrual status at 90 days past due and interest 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. 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 non-accrual 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 historical loan loss experience, current economic conditions and loan delinquency.

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 the lower of cost or fair market value (which is not in excess of 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), whereas, 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. The servicing rights capitalized are amortized in proportion to and over the period of estimated servicing income. Capitalized mortgage servicing rights totaled $10.4 million at December 31, 2006 and $10.7 million at December 31, 2005. The estimated fair values of capitalized mortgage servicing rights are $11.6 million and $12.2 million at December 31, 2006 and 2005, respectively. 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 2006 and capitalized $2.0 million in both 2005 and 2004. In 2006, 2005 and 2004, Park's amortization of mortgage servicing rights was $1.9 million, $2.1 million and $2.0 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 and also increased by $315,000 in 2004 as a result of the acquisition of First Federal Bancorp, Inc. on December 31, 2004. 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 $1,405 million at December 31, 2006 compared to $1,403 million at December 31, 2005, and $1,266 million at December 31, 2004. At December 31, 2006, $77 million of the sold mortgage loans were sold with recourse compared to $87 million at December 31, 2005. Management closely monitors the delinquency rates on the mortgage loans sold with recourse. At December 31, 2006, 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. 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, the purchase prices being paid for financial institutions in the Midwest, 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 2006, 2005 and 2004. (See Note 2 of the Notes to Consolidated Financial Statements for details on the acquisitions of Anderson Bank Company ("Anderson"), First Federal Bancorp, Inc. ("First Federal") and First Clermont Bank ("First Clermont") and the sale of the Roseville branch office.)

(In thousands)	Goodwill	Core Deposit Intangibles	Total
January 1, 2004	$7,529	$5,429	$12,958
Amortization	—	(1,479)	(1,479)
First Federal acquisition	26,658	2,750	29,408
December 31, 2004	$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**

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

The balance of goodwill was $72.3 million at December 31, 2006. This goodwill balance is located at three subsidiary banks of Park. The subsidiary banks are 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 (as shown on the balance sheet) totaled $78.0 million at December 31, 2006 and $69.2 million at December 31, 2005.

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 First Federal, First Clermont and Anderson acquisitions is six years. Core deposit intangible amortization expense was $2.5 million in both 2006 and 2005 and was $1.5 million in 2004.

The accumulated amortization of core deposit intangibles was $9.0 million at December 31, 2006 and $11.1 million at December 31, 2005. 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)	
2007	$1,968
2008	1,456
2009	1,177
2010	853
2011	108
Total	**$5,562**

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)	**2006**	2005	2004
Interest paid on deposits and other borrowings	**$118,589**	$91,408	$58,986
Income taxes paid	**$ 34,633**	$37,146	$41,884

Loss Contingencies

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. Management does not believe there now are such matters that will have a material effect on the financial statements.

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.

Stock Dividend

Park's Board of Directors approved a 5% stock dividend in November 2004. The additional shares resulting from the dividend were distributed on December 15, 2004 to stockholders of record as of December 1, 2004. The consolidated financial statements, notes and other references to share and per share data have been retroactively restated for the stock dividend.

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.

Stock Options

Effective January 1, 2006, Park adopted Statement of Financial Accounting Standards ("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 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 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 and 232,178 incentive stock options in 2004. Generally, these options vested immediately at the time of grant. 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 and 2004.

December 31, (Dollars in thousands, except per share data)	2005	2004
Net income as reported	$95,238	$91,507
Deduct: Stock-based compensation expense determined under fair value	(3,664)	(3,223)
Pro-forma net income	91,574	88,284
Basic earnings per share as reported	$6.68	$6.38
Pro-forma basic earnings per share	6.42	6.15
Diluted earnings per share as reported	6.64	6.32
Pro-forma diluted earnings per share	6.38	6.09

Derivative Instruments

Park did not use any derivative instruments (such as interest rate swaps) in 2006, 2005 and 2004.

Accounting for Defined Benefit Pension Plan

In September 2006, the Financial Accounting Standards Board 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

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. Park had no items that required posting an adjustment to beginning retained earnings.

On January 26, 2007, Park filed a Form 8-K with the SEC announcing that management had discovered an error in its accounting for accrued interest income on loans. Management determined that accrued interest receivable on loans was overstated by $1.933 million and as a result interest income on loans was overstated by $1.933 million on a cumulative basis. Management discovered in late January 2007 that certain previously charged-off loans were incorrectly accruing interest income. On Park's data processing system, a loan that is charged-off also needs to be coded as nonaccrual for the data processing system to not accrue interest income on these loans. Primarily, one of Park's subsidiary banks did not follow this procedure on certain installment loans for approximately the past ten years. Management determined that interest income on loans was overstated by approximately $100,000 per quarter for the past several quarters. Park's management concluded that the overstatement of accrued interest receivable on loans and the related overstatement of interest income on loans is not material to any previously issued financial statements. Accordingly, Park recorded a cumulative adjustment of $1.933 million in the fourth quarter of 2006 to reduce accrued interest receivable on loans and reduce interest income on loans. On an after-tax basis, this adjustment reduced Park's net income by $1.256 million for the three and twelve months ended December 31, 2006 and reduced diluted earnings per share by $.09 for the three and twelve months ended December 31, 2006, as compared to net income and diluted earnings per share that was previously reported by Park on January 16, 2007, in a Form 8-K filing with the SEC.

Recently Issued but not yet Effective Accounting Pronouncements

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. This Statement is effective for all financial instruments acquired, issued, or subject to a remeasurement (new basis) event occurring after January 1, 2007. Management does not expect that the adoption of this Statement will have a material impact on Park's 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, this Statement is effective January 1, 2007, with the effects of initial adoption being reported as a cumulative-effect adjustment to retained earnings. Management does not expect the adoption of this Statement will have a material impact on its financial statements.

Accounting for Income Taxes: In July 2006, the FASB issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes—an interpretation of SFAS No. 109 (FIN 48)," which prescribes a recognition threshold and measurement attribute for a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. For Park, FIN 48 is effective January 1, 2007. Management does not expect that the adoption of FIN 48 will have a material impact on its financial statements.

Accounting for Postretirement Benefits Pertaining to Life Insurance Arrangements: In September 2006, the FASB Emerging Issues Task Force (EITF) finalized Issue No. 06-4, "Accounting for Deferred Compensation and Postretirement Benefit Aspects of Endorsement Split-Dollar Life Insurance Arrangements." EITF Issue No. 06-4 requires that a liability be recorded during the service period when a split-dollar life insurance agreement continues after the participants' employment or retirement. The required accrued liability will be based on either the post-employment benefit cost for the continuing life insurance or based on the future death benefit depending on the contractual terms of the underlying agreement. For Park, Issue No. 06-4 is effective on January 1, 2008.

At December 31, 2006, Park and its subsidiary banks owned $113 million of bank owned life insurance. These life insurance policies are generally subject to endorsement split-dollar life insurance agreements. These arrangements were designed to provide a pre-retirement and post-retirement benefit for senior officers and directors of Park and its subsidiary banks. Park's management has not completed its evaluation of the impact of adoption of EITF Issue No. 06-4 on Park's financial statements. Without an adjustment to the post-retirement benefits provided by the endorsement split-dollar life insurance agreements, Park's management has concluded that the adoption of EITF Issue No. 06-4 may have a material impact on Park's financial statements.

Accounting for Purchases of Life Insurance: In September 2006, the FASB EITF finalized Issue No. 06-5, "Accounting for Purchases of Life Insurance—Determining the Amount That Could be Realized in Accordance with FASB Technical Bulletin No. 85-4 (Accounting for Purchases of Life Insurance)." EITF Issue No. 06-5 requires that a policyholder consider contractual terms of a life insurance policy in determining the amount that could be realized under the insurance contract. It also requires that if the contract provides for a greater surrender value if all individual policies in a group are surrendered at the same time, that the surrender value be determined based on the assumption that policies will be surrendered on an individual basis. Lastly, EITF Issue No. 06-5 discusses whether the cash surrender value should be discounted when the policyholder is contractually limited in its ability to surrender a policy. For Park, EITF Issue No. 06-5 is effective January 1, 2007. Park does not expect that this Issue will have a material impact on its financial statements.

Fair Value Measurements: In September 2006, FASB issued SFAS No. 157, "Fair Value Measurements." SFAS No. 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. SFAS No. 157 is effective on January 1, 2008 for Park. Management does not expect that the adoption of SFAS No. 157 will have a material impact on Park's financial statements.

2. ORGANIZATION, ACQUISITIONS, BRANCH SALE AND PENDING ACQUISITION

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), and The Citizens National Bank of Urbana (CIT), Park is engaged in a general commercial banking and trust business, primarily in Ohio. 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. All of the 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. See Note 20 for financial information on the Corporation's banking subsidiaries.

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 December 31, 2004, Park acquired First Federal Bancorp, Inc., a savings and loan holding company headquartered in Zanesville, Ohio, in an all cash transaction accounted for as a purchase. The stockholders of First Federal received $13.25 in cash for each outstanding common share of First Federal common stock. Park paid a total of $46.638 million to the stockholders of First Federal. The savings and loan subsidiary of First Federal, First Federal Savings Bank of Eastern Ohio, merged with Century National Bank. The goodwill recognized as a result of this acquisition was $26.658 million. The fair value of the acquired assets of First Federal was $252.687 million and the fair value of the liabilities assumed was $232.707 million at December 31, 2004.

On February 11, 2005, Park's subsidiary Century National Bank, sold its Roseville, Ohio branch office. The Roseville branch office was acquired in connection with the acquisition of First Federal on December 31, 2004. The Federal Reserve Board required that the Roseville branch office be sold as a condition of their approval of the merger transactions involving Park and First Federal. 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.

Pending Acquisition

On September 14, 2006, Park and Vision Bancshares, Inc. ("Vision") jointly announced the signing of an agreement and plan of merger (the "Merger Agreement") providing for the merger of Vision into Park. This merger transaction is subject to the satisfaction of customary closing conditions in the Merger Agreement and the approval of appropriate regulatory authorities and of the shareholders of Vision. Park has filed all necessary regulatory applications and anticipates the transaction will close on or about March 9, 2007, assuming that all required approvals have been received and conditions to closing satisfied. Vision's special shareholders meeting is scheduled to be held on February 20, 2007.

Vision operates two bank subsidiaries, both named Vision Bank. One bank is headquartered in Gulf Shores, Alabama and the other in Panama City, Florida. These banks operate fifteen offices. As of December 31, 2006, (on a consolidated basis) Vision had total assets of $691 million, total loans of $588 million and total deposits of $587 million.

Under the terms of the Merger Agreement, the shareholders of Vision are entitled to receive, in exchange for their shares of Vision common stock, either (a) cash, (b) Park common shares, or (c) a combination of cash and Park common shares, subject to the election and allocation procedures set forth in the Merger Agreement. Park will cause the requests of the Vision shareholders to be allocated on a pro-rata basis so that 50% of the shares of Vision common stock outstanding at the effective time of the merger will be exchanged for cash at the rate of $25.00 per share of Vision common stock and the other 50% of the outstanding shares of Vision common stock will be exchanged for Park common shares at the exchange rate of .2475 Park common shares for each share of Vision common stock. This allocation is subject to adjustment for cash paid in lieu of fractional Park common shares in accordance with the terms of the Merger Agreement.

As of January 8, 2007, 6,114,518 shares of Vision common stock were outstanding and 828,834 shares of Vision common stock were subject to outstanding stock options with a weighted average exercise price of $8.21 per share. Each outstanding stock option (that is not exercised prior to the election deadline specified in the Merger Agreement) granted under one of Vision's equity-based compensation plans will be cancelled and extinguished and converted into the right to receive an amount of cash equal to (1)(a) $25.00 multiplied by (b) the number of shares of Vision common stock subject to the unexercised portion of the stock option minus (2) the aggregate exercise price for the shares of Vision common stock subject to the unexercised portion of the stock option.

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 $30.9 million at December 31, 2006 and $37.7 million at December 31, 2005. 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 permanent impairment. No impairment charges have been deemed necessary in 2006 and 2005.

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**

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 $55.5 million of Federal Home Loan Bank stock and $6.4 million of Federal Reserve stock at December 31, 2006. Park owned $52.1 million of Federal Home Loan Bank stock and $5.9 million of Federal Reserve Bank stock at December 31, 2005. 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, 2006 and December 31, 2005, 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, 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**	**$27,280**
2006:						
Securities Held-to-Maturity						
U.S. Government agencies' asset-backed securities and other asset-backed securities	**$ —**	**$ —**	**$ 154,286**	**$ 6,869**	**$ 154,286**	**$ 6,869**

Investment securities at December 31, 2005, were as follows:

(In thousands)	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
2005:				
Securities Available-for-Sale				
Obligations of U.S. Treasury and other U.S. Government agencies	$ 998	$ —	$ 2	$ 996
Obligations of states and political subdivisions	66,181	1,740	15	67,906
U.S. Government agencies' asset-backed securities and other asset-backed securities	1,356,233	1,823	19,629	1,338,427
Other equity securities	1,543	527	48	2,022
Total	$1,424,955	$4,090	$19,694	$1,409,351
2005:				
Securities Held-to-Maturity				
Obligations of states and political subdivisions	$ 17,430	$ 308	$ —	$ 17,738
U.S. Government agencies' asset-backed securities and other asset-backed securities	178,523	2	5,838	172,687
Total	$ 195,953	$ 310	$ 5,838	$ 190,425

Securities with unrealized losses at December 31, 2005, 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
2005:						
Securities Available-for-Sale						
Obligations of U.S. Treasury and other U.S. Government agencies	$ 996	$ 2	$ —	$ —	$ 996	$ 2
Obligations of states and political subdivisions	346	4	474	11	820	15
U.S. Government agencies' asset-backed securities and other asset-backed securities	1,244,306	19,272	4,338	357	1,248,644	19,629
Other equity securities	—	—	152	48	152	48
Total	$1,245,648	$19,278	$4,964	$416	$1,250,612	$19,694
2005:						
Securities Held-to-Maturity						
U.S. Government agencies' asset-backed securities and other asset-backed securities	$ 172,591	$ 5,838	$ —	$ —	$ 172,591	$ 5,838

The amortized cost and estimated fair value of investments in debt securities at December 31, 2006, 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	$ 996	$ 995	0.21 years	4.92%
Due five through ten years	89,992	89,714	9.34 years	5.97%
Total	$ 90,988	$ 90,709	9.24 years	5.96%
Obligations of states and political subdivisions:				
Due within one year	$ 22,700	$ 22,889	0.50 years	7.21%
Due one through five years	30,635	31,414	1.96 years	7.18%
Due five through ten years	612	647	6.57 years	6.86%
Total	$ 53,947	$ 54,950	1.40 years	7.19%
U.S. Government agencies' asset-backed securities and other asset-backed securities:				
Due within one year	$ 193,432	$ 189,103	0.53 years	4.85%
Due one through five years	553,790	541,321	2.85 years	4.83%
Due five through ten years	358,802	350,772	7.24 years	4.76%
Due over ten years	47,491	46,428	10.62 years	4.70%
Total	$1,153,515	$1,127,624	4.16 years	4.81%
Securities Held-to-Maturity				
Obligations of states and political subdivisions:				
Due within one year	$ 7,761	$ 7,792	0.43 years	6.57%
Due one through five years	6,879	7,007	2.05 years	6.59%
Due five through ten years	500	510	7.50 years	6.60%
Total	$ 15,140	$ 15,309	1.40 years	6.58%
U.S. Government agencies' asset-backed securities and other asset-backed securities:				
Due within one year	$ 20,555	$ 19,681	0.51 years	4.76%
Due one through five years	35,380	33,876	3.07 years	4.72%
Due five through ten years	88,954	85,164	7.59 years	4.73%
Due over ten years	16,456	15,756	10.58 years	4.73%
Total	$ 161,345	$ 154,477	6.00 years	4.73%

Investment securities having a book value of $1,448 million and $1,503 million at December 31, 2006 and 2005, 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, 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 December 31, 2005, $699 million was pledged for government and trust department deposits, $659 million was pledged to secure repurchase agreements and $145 million was pledged as collateral for FHLB advance borrowings.

In 2006, 2005 and 2004, gross gains of $106,000, $97,000 and $140,000, and gross losses of $9,000, $1,000 and $933,000 were realized, respectively. The tax expense related to the net securities gains was $34,000 in both 2006 and 2005 and the tax benefit related to net securities losses was $278,000 in 2004.

5. LOANS

The composition of the loan portfolio is as follows:

December 31 (Dollars in thousands)	2006	2005
Commercial, financial and agricultural	$ 548,254	$ 512,636
Real estate:		
Construction	234,988	193,185
Residential	1,300,294	1,287,438
Commercial	854,869	823,354
Consumer, net	532,092	494,975
Leases, net	10,205	16,524
Total loans	$3,480,702	$3,328,112

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)	2006	2005
Impaired loans:		
Nonaccrual	$10,367	$9,308
Restructured	9,113	7,441
Total impaired loans	19,480	16,749
Other nonaccrual loans	5,637	5,614
Total nonaccrual and restructured loans	$25,117	$22,363

The allowance for credit losses related to impaired loans at December 31, 2006 and 2005, was $2,002,000 and $1,988,000, respectively. All impaired loans for both periods were subject to a related allowance for credit losses.

The average balance of impaired loans was $21,976,000, $19,557,000 and $21,003,000 for 2006, 2005 and 2004, 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, 2006, 2005 and 2004, the Corporation recognized $450,000, $490,000 and $721,000, respectively, of interest income on impaired loans, which included $471,000, $553,000 and $752,000, respectively, of interest income recognized using the cash basis method of income recognition.

Certain of Park's and its affiliate banks' executive officers, directors and their affiliates are loan customers of the Corporation's banking subsidiaries. As of December 31, 2006 and 2005, loans aggregating approximately $112,486,000 and $130,116,000, respectively, were outstanding to such parties. During 2006, $17,870,000 of new loans were made and repayments totaled $35,500,000.

6. ALLOWANCE FOR LOAN LOSSES

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

(Dollars in thousands)	2006	2005	2004
Balance, January 1	$69,694	$68,328	$63,142
Allowance for loan losses of acquired bank	798	1,849	4,450
Provision for loan losses	3,927	5,407	8,600
Losses charged to the reserve	(10,772)	(13,389)	(15,173)
Recoveries	6,853	7,499	7,309
Balance, December 31	$70,500	$69,694	$68,328

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)	2006	2005
Total minimum payments to be received	$9,458	$12,987
Estimated unguaranteed residual value of leased property	1,702	4,562
Less unearned income	(955)	(1,025)
Total	$10,205	$16,524

Minimum lease payments to be received as of December 31, 2006 are:

(In thousands)	
2007	2,242
2008	1,666
2009	2,769
2010	999
2011	459
Thereafter	1,323
Total	**$9,458**

8. PREMISES AND EQUIPMENT

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

December 31 (Dollars in thousands)	2006	2005
Land	**$16,220**	$14,292
Buildings	**59,917**	58,308
Equipment, furniture and fixtures	**55,377**	53,630
Leasehold improvements	**3,951**	3,624
Total	**135,465**	129,854
Less accumulated depreciation and amortization	**(87,911)**	(82,682)
Premises and equipment, net	**$47,554**	$47,172

Depreciation and amortization expense amounted to $5,522,000, $5,641,000 and $5,436,000 for the three years ended December 31, 2006, 2005 and 2004, 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)	
2007	1,727
2008	1,544
2009	1,234
2010	697
2011	326
Thereafter	579
Total	**$6,107**

Rent expense amounted to $2,107,000, $1,915,000 and $1,362,000, for the three years ended December 31, 2006, 2005 and 2004, respectively.

9. SHORT-TERM BORROWINGS

Short-term borrowings are as follows:

December 31 (Dollars in thousands)	2006	2005
Securities sold under agreements to repurchase and federal funds purchased	**$225,356**	$246,502
Federal Home Loan Bank advances	**142,000**	60,000
Other short-term borrowings	**8,417**	7,572
Total short-term borrowings	**$375,773**	$314,074

The outstanding balances for all short-term borrowings as of December 31, 2006, 2005 and 2004 (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
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%
2004:			
Ending balance	$192,483	$ 78,228	$ 7,520
Highest month-end balance	354,195	160,050	7,520
Average daily balance	323,978	74,043	3,278
Weighted-average interest rate:			
As of year-end	1.29%	2.31%	2.25%
Paid during the year	1.17%	2.01%	1.13%

At December 31, 2006 and 2005, Federal Home Loan Bank (FHLB) advances were collateralized by investment securities owned by the Corporation's subsidiary banks and by various loans pledged under a blanket agreement by the Corporation's subsidiary banks.

See Note 4 of the Notes to Consolidated Financial Statements for the amount of investment securities that are pledged. 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. At December 31, 2005, $867 million of residential mortgage loans were pledged to the FHLB.

10. LONG-TERM DEBT

Long-term debt is listed below:

December 31 (Dollars in thousands)	2006		2005	
	Outstanding Balance	**Average Rate**	Outstanding Balance	Average Rate
Total Federal Home Loan Bank advances by year of maturity:				
2006	**$ —**	**—**	$113,268	4.17%
2007	**41,289**	**4.01%**	41,243	4.02%
2008	**84,726**	**4.83%**	122,110	4.20%
2009	**6,082**	**3.92%**	6,115	3.93%
2010	**17,416**	**5.72%**	17,404	5.72%
2011	**1,429**	**4.01%**	6,422	4.59%
Thereafter	**103,198**	**4.15%**	73,222	4.53%
Total	**$254,140**	**4.46%**	$379,784	4.31%
Total broker repurchase agreements by year of maturity:				
2007	**$ 25,000**	**3.84%**	$ 25,000	3.84%
2009	**25,000**	**3.79%**	85,000	3.94%
2010	**—**	**—**	75,000	3.83%
Thereafter	**300,000**	**4.00%**	150,000	3.87%
Total	**$350,000**	**3.97%**	$335,000	3.88%
Total combined long-term debt by year of maturity:				
2006	**$ —**	**—**	$113,268	4.17%
2007	**66,289**	**3.95%**	66,243	3.95%
2008	**84,726**	**4.83%**	122,110	4.20%
2009	**31,082**	**3.81%**	91,115	3.94%
2010	**17,416**	**5.72%**	92,404	4.19%
2011	**1,429**	**4.01%**	6,422	4.59%
Thereafter	**403,198**	**4.04%**	223,222	4.09%
Total	**$604,140**	**4.18%**	$714,784	4.11%

Park had approximately $403 million of long-term debt at December 31, 2006 with a contractual maturity longer than five years. However, approximately $303 million of this debt is callable by the issuer in 2007 and the remaining $100 million is callable by the issuer in 2008.

At December 31, 2006 and 2005, Federal Home Loan Bank (FHLB) advances were collateralized by investment securities owned by the Corporation's subsidiary banks and by various loans pledged under a blanket agreement by the Corporation's subsidiary banks.

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

11. 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, 2006, 1,285,175 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 option 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.

	2005	2004
Risk-free interest rate	3.77%	3.36%
Expected term (years)	4.0	4.0
Expected stock price volatility	19.8%	17.5%
Dividend yield	3.00%	3.00%

The activity in Park's stock option plans is listed in the following table for 2006:

	Stock Options	
	Number	Weighted Average Exercise Price per Share
January 1, 2006	818,182	$ 99.78
Granted	—	—
Exercised	(39,444)	81.81
Forfeited/Expired	(92,714)	91.76
December 31, 2006	**686,024**	**$101.89**

Exercisable at year end:	686,024
Weighted-average remaining contractual life:	2.1 Years
Aggregate intrinsic value:	$2,398,466

Information related to Park's stock option plans for the past three years is listed in the following table for 2006:

(Dollars in thousands)	2006	2005	2004
Intrinsic value of options exercised	**$ 692**	$1,213	$2,255
Cash received from option exercises	**3,227**	4,077	6,617
Tax benefit realized from option exercises	**18**	57	63
Weighted-average fair value of options granted per share	**$ —**	$16.14	$13.88

12. 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 does not expect to make a contribution to the defined benefit pension plan in 2007.

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

(Dollars in thousands)	2006	2005
Change in fair value of plan assets:		
Fair value at beginning of measurement period	**$46,331**	$37,341
Actual return on plan assets	**4,336**	4,303
Company contributions	**9,117**	9,688
Benefits paid	**(4,243)**	(5,001)
Fair value at end of measurement period	**$55,541**	$46,331

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	2006	2005
Equity securities	50% – 100%	**81%**	82%
Fixed income and cash equivalents	remaining balance	**19%**	18%
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 2006 and 2005. 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.

Using an actuarial measurement date of September 30, benefit obligation activity is listed as follows:

(Dollars in thousands)	2006	2005
Change in benefit obligation:		
Projected benefit obligation at beginning of measurement period	**$46,641**	$45,169
Service cost	**3,179**	2,682
Interest cost	**2,886**	2,756
Actuarial loss or (gain)	**1,237**	1,035
Benefits paid	**(4,243)**	(5,001)
Projected benefit obligation at the end of measurement period	**$49,700**	$46,641

The accumulated benefit obligation for the defined benefit pension plan was $40.5 million at September 30, 2006 and $38.3 million at September 30, 2005.

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

	2006	2005
Discount rate	**6.08%**	5.96%
Rate of compensation increase	**3.50%**	3.50%

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

2007	$ 1,156
2008	1,309
2009	1,470
2010	1,686
2011	2,028
2012 – 2015	17,987
Total	**$25,636**

The following table displays the funded status of the defined benefit pension plan which is computed by taking the difference between the fair value of the plan assets and the projected benefit obligation at the measurement date of September 30. Park adopted SFAS No. 158 in 2006. SFAS No. 158 requires that the funded status of the defined benefit pension plan be shown in Park's financial statements as the prepaid benefit cost at September 30, 2006. The prepaid benefit cost at September 30, 2005 includes the unrecognized prior service cost and the unrecognized net actuarial loss. The following table provides information on the prepaid benefit cost at September 30.

(Dollars in thousands)	2006	2005
Funded status	**$5,841**	$ (310)
Unrecognized prior service cost	**—**	238
Unrecognized net actuarial loss	**—**	9,956
Prepaid benefit cost	**$5,841**	$9,884

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).

(Dollars in thousands)	2006
Unrecognized prior service cost	**$ (224)**
Unrecognized net actuarial loss	**(10,277)**
Reduction to prepaid benefit cost	**(10,501)**
Impact on deferred taxes	**3,675**
Adjustment to accumulated other comprehensive income (loss)	**$ (6,826)**

Using an actuarial measurement date of September 30, components of net periodic benefit cost are as follows:

(Dollars in thousands)	2006	2005	2004
Components of net periodic benefit cost:			
Service cost	**$3,179**	$2,682	$ 2,502
Interest cost	**2,886**	2,756	2,577
Expected return on plan assets	**(3,975)**	(3,334)	(2,789)
Amortization of prior service cost	**14**	12	12
Recognized net actuarial loss/(gain)	**555**	545	497
Benefit cost	**$2,659**	$2,661	$ 2,799

The estimated net loss and 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 are $363,000 and $34,000, respectively.

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

	2006	2005
Discount rate	**5.96%**	6.00%
Rate of compensation increase	**3.50%**	3.75%
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 $1,672,000, $1,763,000 and $1,452,000 for 2006, 2005 and 2004, 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, 2006 and 2005, the accrued benefit cost for this plan totaled $5,946,000 and $5,620,000, respectively. The expense for the Corporation was $620,000, $744,000, and $636,000 for 2006, 2005, and 2004, respectively.

13. FEDERAL 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)	2006	2005
Deferred tax assets:		
Allowance for loan losses	**$24,675**	$24,393
Accumulated other comprehensive loss – SFAS No. 115	**8,612**	5,461
Accumulated other comprehensive loss – SFAS No. 158	**3,675**	—
Intangible assets	**3,209**	3,465
Deferred compensation	**3,678**	3,545
Other	**3,973**	3,628
Total deferred tax assets	**$47,822**	$40,492
Deferred tax liabilities:		
Lease revenue reporting	**$ 2,096**	$ 3,830
Deferred investment income	**12,319**	12,170
Pension plan	**5,625**	3,400
Mortgage servicing rights	**3,630**	3,733
Other	**1,762**	1,804
Total deferred tax liabilities	**$25,432**	$24,937
Net deferred tax assets	**$22,390**	$15,555

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

(Dollars in thousands)	2006	2005	2004
Currently payable	**$38,830**	$38,196	$40,284
Deferred	**156**	1,990	(2,542)
Total	**$38,986**	$40,186	$37,742

The following is a reconcilement of federal income tax expense to the amount computed at the statutory rate of 35% for the years ended December 31, 2006, 2005 and 2004.

December 31	2006	2005	2004
Statutory corporate tax rate	**35.0%**	35.0%	35.0%
Changes in rates resulting from:			
Tax-exempt interest, net of disallowed interest	**(1.2%)**	(1.3%)	(1.7%)
Bank owned life insurance	**(1.0%)**	(.9%)	(1.0%)
Tax credits (low income housing)	**(2.9%)**	(2.5%)	(2.2%)
Other	**(.6%)**	(.6%)	(.9%)
Effective tax rate	**29.3%**	29.7%	29.2%

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 was $2.2 million in 2006, $2.9 million in 2005 and $2.5 million in 2004.

14. OTHER COMPREHENSIVE INCOME (LOSS)

Other comprehensive income (loss) components and related taxes are shown in the following table for the years ended December 31, 2006, 2005 and 2004.

Year ended December 31 (Dollars in thousands)	Before-Tax Amount	Tax Expense	Net-of-Tax Amount
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)**
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)
2004:			
Unrealized losses on available-for-sale securities	$(10,811)	$ (3,784)	$ (7,027)
Reclassification adjustment for losses realized in net income	793	278	515
Other comprehensive loss	$(10,018)	$ (3,506)	$ (6,512)

15. 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)	2006	2005	2004
Numerator:			
Net income	**$ 94,091**	$ 95,238	$ 91,507
Denominator:			
Basic earnings per share: Weighted-average shares	**13,929,090**	14,258,519	14,344,771
Effect of dilutive securities – stock options	**37,746**	89,724	141,556
Diluted earnings per share: Adjusted weighted-average shares and assumed conversions	**13,966,836**	14,348,243	14,486,327
Earnings per share:			
Basic earnings per share	**$6.75**	$6.68	$6.38
Diluted earnings per share	**$6.74**	$6.64	$6.32

16. 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, 2006, approximately $2.4 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.

17. 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)	2006	2005
Loan commitments	**$824,412**	$667,074
Unused credit card limits	**140,100**	132,591
Standby letters of credit	**19,687**	20,872

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. 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.

18. 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.

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.

The fair value of financial instruments at December 31, 2006 and 2005, is as follows:

December 31, (In thousands)	2006 Carrying Amount	2006 Fair Value	2005 Carrying Amount	2005 Fair Value
Financial assets:				
Cash and money market instruments	**$ 186,256**	**$ 186,256**	$173,973	$173,973
Interest bearing deposits with other banks	**1**	**1**	300	300
Investment securities	**1,513,498**	**1,506,799**	1,663,342	1,657,814
Bank owned life insurance	**113,101**	**113,101**	109,600	109,600
Loans:				
Commercial, financial and agricultural	**548,254**	**548,254**	512,636	512,636
Real estate:				
Construction	**234,988**	**234,988**	193,185	193,185
Residential	**1,300,294**	**1,294,157**	1,287,438	1,281,657
Commercial	**854,869**	**843,251**	823,354	815,022
Consumer, net	**532,092**	**527,128**	494,975	494,064
Total loans	**3,470,497**	**3,447,778**	3,311,588	3,296,564
Allowance for loan losses	**(70,500)**	**—**	(69,694)	—
Loans receivable, net	**$3,399,997**	**$3,447,778**	$3,241,894	$3,296,564
Financial liabilities:				
Noninterest bearing checking	**$ 664,962**	**$ 664,962**	$667,328	$667,328
Interest bearing transaction accounts	**1,033,870**	**1,033,870**	987,954	987,954
Savings	**543,724**	**543,724**	594,706	594,706
Time deposits	**1,581,120**	**1,575,713**	1,505,903	1,486,989
Other	**1,858**	**1,858**	1,866	1,866
Total deposits	**$3,825,534**	**$3,820,127**	$3,757,757	$3,738,843
Short-term borrowings	**375,773**	**375,773**	314,074	314,074
Long-term debt	**604,140**	**603,516**	714,784	718,384
Unrecognized financial instruments:				
Loan commitments	**—**	**(824)**	—	(667)
Standby letters of credit	**—**	**(98)**	—	(104)

19. CAPITAL RATIOS

The following table reflects various measures of capital at December 31, 2006 and December 31, 2005:

December 31, (Dollars in thousands)	2006 Amount	2006 Ratio	2005 Amount	2005 Ratio
Total equity (1)	**$570,439**	**10.43%**	$558,430	10.27%
Tier 1 capital (2)	**528,019**	**14.72%**	498,502	14.17%
Total risk-based capital (3)	**573,216**	**15.98%**	543,000	15.43%
Leverage (4)	**528,019**	**9.96%**	498,502	9.27%

(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); computed as a ratio to risk-adjusted assets as defined.

(3) Tier 1 capital plus qualifying loan loss allowance; 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, 2006 and 2005, the Corporation's tier 1 capital, 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, 2006 and 2005, all of the Corporation's 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, 2006 and December 31, 2005.

December 31	2006 Tier 1 Risk-Based	2006 Total Risk-Based	2006 Leverage	2005 Tier 1 Risk-Based	2005 Total Risk-Based	2005 Leverage
Park National Bank	**8.11%**	**10.76%**	**5.84%**	7.65%	10.41%	5.44%
Richland Trust Company	**9.44%**	**10.70%**	**5.47%**	9.76%	11.02%	5.76%
Century National Bank	**8.69%**	**10.44%**	**5.57%**	8.91%	11.36%	5.65%
First-Knox National Bank	**8.01%**	**10.61%**	**5.27%**	8.87%	12.23%	5.80%
United Bank, N.A.	**10.89%**	**12.15%**	**5.37%**	10.82%	12.07%	5.64%
Second National Bank	**8.39%**	**10.64%**	**5.39%**	9.27%	12.64%	5.63%
Security National Bank	**9.18%**	**10.76%**	**5.45%**	9.42%	13.78%	5.35%
Citizens National Bank	**14.58%**	**15.83%**	**7.24%**	11.86%	17.29%	5.60%

20. 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, 2006 (In thousands)

	PNB	RTC	CNB	FKNB	UB	SNB	SEC	CIT	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**
Federal 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)

	PNB	RTC	CNB	FKNB	UB	SNB	SEC	CIT	All Others	Total
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
Federal 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

Operating Results for the year ended December 31, 2004 (In thousands)

	PNB	RTC	CNB	FKNB	UB	SNB	SEC	CIT	All Others	Total
Net interest income	$ 63,050	$ 21,992	$ 19,725	$ 32,329	$ 10,074	$ 15,477	$ 31,939	$ 7,252	$ 10,453	$ 212,291
Provision for loan losses	3,230	735	965	1,695	320	(15)	430	580	660	8,600
Other income	21,401	4,339	5,210	6,766	1,722	2,079	8,257	1,253	821	51,848
Depreciation and amortization	1,708	388	520	693	197	334	1,183	197	216	5,436
Other expense	36,827	10,549	11,413	15,995	6,071	7,282	18,649	4,284	9,784	120,854
Income before taxes	42,686	14,659	12,037	20,712	5,208	9,955	19,934	3,444	614	129,249
Federal income taxes	13,808	4,906	3,972	6,864	1,685	3,096	6,485	1,112	(4,186)	37,742
Net income	$ 28,878	$ 9,753	$ 8,065	$ 13,848	$ 3,523	$ 6,859	$ 13,449	$ 2,332	$ 4,800	$ 91,507
Balances at December 31, 2004:										
Assets	$1,662,200	$511,681	$782,393	$756,454	$236,658	$445,158	$917,084	$200,795	$ (99,839)	$5,412,584
Loans	1,011,912	277,812	540,607	479,348	101,628	196,577	436,718	69,830	6,176	3,120,608
Deposits	1,182,804	386,652	530,082	488,748	182,578	262,271	571,580	131,873	(46,727)	3,689,861

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
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
2004:						
Totals for reportable segments	$201,838	$5,220	$111,070	$41,928	$5,512,423	$3,736,588
Elimination of intersegment items	—	—	—	—	(173,856)	(46,727)
Parent Co. and GFC totals – not eliminated	10,453	65	9,784	(4,186)	74,017	—
Other items	—	151	—	—	—	—
Totals	$212,291	$5,436	$120,854	$37,742	$5,412,584	$3,689,861

21. PARENT COMPANY STATEMENTS

The Parent Company statements should be read in conjunction with the consolidated financial statements and the information set forth below.

Investments in subsidiaries are accounted for using the equity method of accounting.

The effective tax rate for the Parent Company is substantially less than the statutory rate due principally to tax-exempt dividends from subsidiaries.

Cash represents noninterest bearing deposits with a bank subsidiary.

Net cash provided by operating activities reflects cash payments (received from subsidiaries) for income taxes of $5.345 million, $5.492 million and $4.386 million in 2006, 2005 and 2004, respectively.

At December 31, 2006 and 2005, stockholders' equity reflected in the Parent Company balance sheet includes $127.1 million and $120.1 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, 2006 and 2005

(In thousands)	2006	2005
Assets:		
Cash	**$150,954**	$ 45,043
Investment in subsidiaries	**382,620**	375,454
Debentures receivable from subsidiary banks	**27,500**	56,000
Other investments	**1,504**	1,738
Dividends receivable from subsidiaries	**—**	75,075
Other assets	**56,259**	52,195
Total assets	**$618,837**	$605,505
Liabilities:		
Dividends payable	**$ 12,947**	$ 13,000
Other liabilities	**35,451**	34,075
Total liabilities	**48,398**	47,075
Total stockholders' equity	**570,439**	558,430
Total liabilities and stockholders' equity	**$618,837**	$605,505

Statements of Income

for the years ended December 31, 2006, 2005 and 2004

(In thousands)	2006	2005	2004
Income:			
Dividends from subsidiaries	**$89,500**	$109,250	$83,000
Interest and dividends	**7,107**	6,553	6,461
Other	**632**	514	774
Total income	**97,239**	116,317	90,235
Expense:			
Other, net	**8,307**	10,096	8,199
Total expense	**8,307**	10,096	8,199
Income before federal taxes and equity in undistributed earnings of subsidiaries	**88,932**	106,221	82,036
Federal income tax benefit	**4,985**	5,503	4,791
Income before equity in undistributed earnings of subsidiaries	**93,917**	111,724	86,827
Equity in undistributed earnings (losses) of subsidiaries	**174**	(16,486)	4,680
Net income	**$94,091**	$ 95,238	$91,507

Statements of Cash Flows

for the years ended December 31, 2006, 2005 and 2004

(In thousands)	2006	2005	2004
Operating activities:			
Net income	**$94,091**	$ 95,238	$ 91,507
Adjustments to reconcile net income to net cash provided by operating activities:			
Undistributed (earnings) losses of subsidiaries	**(174)**	16,486	(4,680)
Realized net investment security (gains) losses	**(97)**	—	—
(Increase) decrease in dividends receivable from subsidiaries	**75,075**	(48,675)	25,500
Increase in other assets	**(4,090)**	(5,138)	(3,833)
Increase in other liabilities	**1,378**	1,408	3,689
Net cash provided by operating activities	**166,183**	59,319	112,183
Investing activities:			
Cash paid for acquisition, net	**(9,052)**	(52,500)	(43,645)
Sales (purchases) of investment securities	**403**	(521)	277
Capital contribution to subsidiary	**(2,000)**	(8,000)	—
Repayment of debentures receivable from subsidiaries	**28,500**	—	—
Net cash provided by (used in) investing activities	**17,851**	(61,021)	(43,368)
Financing activities:			
Cash dividends paid	**(51,470)**	(51,498)	(48,231)
Proceeds from issuance of common stock	**42**	117	144
Cash payment for fractional shares	**(5)**	(3)	(252)
Purchase of treasury stock, net	**(26,690)**	(25,289)	(16,376)
Net cash used in financing activities	**(78,123)**	(76,673)	(64,715)
Increase (decrease) in cash	**105,911**	(78,375)	4,100
Cash at beginning of year	**45,043**	123,418	119,318
Cash at end of year	**$150,954**	$ 45,043	$123,418

NOTES