

PARK NATIONAL CORP /OH/  
Form 11-K  
June 24, 2013

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

FORM 11-K

(Mark One)

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

For the fiscal year ended December 31, 2012

OR

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

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

Commission file number 333-91178

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

Park National Corporation  
Employees Stock Ownership Plan

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

Park National Corporation  
50 North Third Street  
Newark, Ohio 43055

---

REQUIRED INFORMATION

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

Audited Financial Statements:

Report of Independent Registered Public Accounting Firm - Crowe Horwath LLP

Statements of Net Assets Available for Benefits at December 31, 2012 and 2011

Statements of Changes in Net Assets Available for Benefits for the Years Ended December 31, 2012 and 2011

Notes to Financial Statements - December 31, 2012 and 2011

Supplemental Schedules:

Schedule of Assets Held for Investment Purposes, Schedule H, Line 4(i) - December 31, 2012

Schedule of Reportable Transactions, Schedule H, Line 4(j) - December 31, 2012

The following exhibit is being filed herewith:

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

---

SIGNATURES

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

PARK NATIONAL CORPORATION  
EMPLOYEES STOCK OWNERSHIP PLAN

By THE PARK NATIONAL BANK, Trustee

Date: June 24, 2013

By: /s/ Brady T. Burt

Printed Name: Brady T. Burt

Title: Chief Financial Officer

---

PARK NATIONAL CORPORATION  
EMPLOYEES STOCK OWNERSHIP PLAN

ANNUAL REPORT ON FORM 11-K  
FOR FISCAL YEAR ENDED DECEMBER 31, 2012

INDEX TO EXHIBITS

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

---

Financial Statements and Supplemental Schedules

Park National Corporation  
Employees Stock Ownership Plan  
Years Ended December 31, 2012 and 2011  
With Report of Independent Registered Public Accounting Firm

---

Park National Corporation  
Employees Stock Ownership Plan

Financial Statements and Supplemental Schedules

Years Ended December 31, 2012 and 2011

Contents

Audited Financial Statements

Report of Independent Registered Public Accounting Firm	1
Statements of Net Assets Available for Benefits	2
Statements of Changes in Net Assets Available for Benefits	3
Notes to Financial Statements	4

Supplemental Schedules

Schedule H, Line 4i – Schedule of Assets (Held at End of Year)	14
Schedule H, Line 4j – Schedule of Reportable Transactions	15

---

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited the accompanying statements of net assets available for benefits of Park National Corporation Employees Stock Ownership Plan as of December 31, 2012 and 2011, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2012 and 2011, and the changes in net assets available for benefits for the years then ended in conformity with U.S. generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental Schedule H, Line 4i - Schedule of Assets (Held at End of Year) and Schedule H, Line 4j - Schedule of Reportable Transactions are presented for the purpose of additional analysis and are not a required part of the basic financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedules are the responsibility of the Plan's management. The supplemental schedules have been subjected to the auditing procedures applied in the audit of the basic 2012 financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic 2012 financial statements taken as a whole.

/s/ Crowe Horwath LLP

Crowe Horwath LLP

Columbus, Ohio  
June 24, 2013

Park National Corporation  
 Employees Stock Ownership Plan  
 Statements of Net Assets Available for Benefits  
 December 31, 2012 and 2011

---

	2012	2011
ASSETS		
Investments, at fair value:		
Park National Corporation Common Stock	\$56,575,722	\$55,064,377
Mutual Funds		
Equity index funds	11,980,687	10,516,570
Bond funds	3,529,192	3,121,861
Blended index funds	3,993,334	3,449,357
Interest-bearing account, issued by The Park National Bank	3,045,004	3,194,505
Total Investments	79,123,939	75,346,670
Accrued interest and dividends	7,631	37,406
<b>TOTAL ASSETS AND NET ASSETS AVAILABLE FOR BENEFITS</b>	<b>\$79,131,570</b>	<b>\$75,384,076</b>

---

See accompanying notes to financial statements.

2

---



Park National Corporation  
 Employees Stock Ownership Plan  
 Statements of Changes in Net Assets Available for Benefits  
 For the years ended December 31, 2012 and 2011

---

	2012	2011
Investment income (loss):		
Net realized and unrealized appreciation/(depreciation) in fair value of investments	\$1,445,571	\$(6,415,054 )
Interest and dividends	3,699,501	3,490,333
Total investment income (loss)	5,145,072	(2,924,721 )
Contributions:		
Employer	1,042,305	1,093,493
Employee	4,352,083	4,470,628
Rollover	208,604	494,082
Total contributions	5,602,992	6,058,203
Benefit payments to participants	7,000,570	5,574,170
Net increase (decrease) in net assets available for benefits	3,747,494	(2,440,688 )
Net assets available for benefits at beginning of year	75,384,076	77,824,764
Net assets available for benefits at end of year	\$79,131,570	\$75,384,076

See accompanying notes to financial statements.

3

---

Park National Corporation  
Employees Stock Ownership Plan  
Notes to Financial Statements  
December 31, 2012 and 2011

---

## 1. Description of the Plan

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

### General

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

### Contributions

Each year, participants may contribute up to 25% of their pretax annual compensation, as defined in the Plan. Participants may also contribute rollover amounts representing distributions from other qualified defined contribution plans. The maximum salary deferral permitted by the Internal Revenue Code (Code) was \$17,000 for 2012 and \$16,500 for 2011. The Plan also permits participants who are age 50 or older to make catch-up contributions in accordance with Code Section 414(v).

Park provides a matching contribution at a level established annually by Park. For both 2011 and 2012, Park's employer matching contribution was 25% of all employee KSOP contributions.

### Participant Accounts

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

### Vesting

Participants' accounts are 100% vested at all times.

Park National Corporation  
Employees Stock Ownership Plan  
Notes to Financial Statements  
December 31, 2012 and 2011

---

## 1. Description of the Plan (continued)

### Payments of Benefits

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

### Employees Stock Ownership Plans ("ESOP")

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

## 2. Summary of Accounting Policies

### Basis of Presentation

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

### Valuation of Investments

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

### Investment Income

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

Park National Corporation  
Employees Stock Ownership Plan  
Notes to Financial Statements  
December 31, 2012 and 2011

---

## 2. Summary of Accounting Policies (continued)

### Administrative Expenses

All administrative expenses charged to the Plan are borne by Park. Park also provides other accounting and administrative services to the Plan. Investment management fees and operating expenses charged to the Plan for investments in mutual funds are deducted from income earned on a daily basis and are not separately reflected. Consequently, management fees and operating expenses are reflected as a reduction of the investment return for such investments.

### Payment of Benefits

Benefits are recorded when paid.

### Use of Estimates

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

### Concentration of Credit Risk

At December 31, 2012 and 2011, approximately 71% and 73%, respectively, of the Plan's assets were invested in Park National Corporation Common Stock.

Park National Corporation  
 Employees Stock Ownership Plan  
 Notes to Financial Statements  
 December 31, 2012 and 2011

---

### 3. Plan Termination

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

### 4. Investments

The Plan's investments are held in trust by The Park National Bank, a wholly owned subsidiary of Park National Corporation. The Plan's investments (including investments bought and sold as well as investments held during the year) appreciated/(depreciated) in fair value during the years ended December 31, 2012 and 2011 as follows:

	2012		2011
Park National Corporation Common Stock	\$(430,339	)	\$(6,067,250 )
Vanguard Institutional Index Fund	673,462		(1,155 )
Vanguard Short-Term Investment-Grade Bond Fund	26,582		(18,088 )
Vanguard Growth Index Fund	311,995		9,869
Vanguard Extended Market Index Fund	300,527		(97,792 )
Vanguard Balanced Index Fund	209,117		35,956
Vanguard Total International Stock Index Fund	116,904		(312,771 )
Vanguard Target Retirement 2015 Fund	36,922		(3,837 )
Vanguard Target Retirement 2025 Fund	37,992		(13,630 )
Vanguard Target Retirement 2035 Fund	16,593		(4,821 )
Vanguard Target Retirement 2045 Fund	22,543		(6,890 )
Vanguard Total International Stock Index Signal Fund	95,924		—
Vanguard Intermediate-Term Bond Index Fund	27,349		65,355
	\$1,445,571		\$(6,415,054 )

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

	2012	2011
*Park National Corporation Common Stock	\$56,575,722	\$55,064,377
Vanguard Institutional Index Fund	5,705,625	5,055,185

\* Nonparticipant-directed



Park National Corporation  
 Employees Stock Ownership Plan  
 Notes to Financial Statements  
 December 31, 2012 and 2011

---

### 5. Nonparticipant-Directed Investments

The following information represents the assets and the significant components of changes in assets related to the Plan's investment in Park National Corporation Common Stock, an undetermined portion of which is nonparticipant directed based upon Plan provisions. Initial contributions are deposited into the Plan in the form of cash with shares of Park National Corporation Common Stock purchased on a delayed basis.

	December 31, 2012	2011
Investment, at fair value:		
Park National Corporation Common Stock	\$56,575,722	\$55,064,377
The Park National Bank FDIC Account	166	34,693
	\$56,575,888	\$55,099,070
Changes in assets:		
Contributions	\$5,449,375	\$5,635,119
Interest and dividend income	3,230,689	3,101,180
Distributions to participants	(5,036,637	) (3,796,973
Net transfers to participant directed investments	(1,736,270	) (1,589,308
Net appreciation/(depreciation) in fair value of investments	(430,339	) (6,067,250
Increase/(decrease) in assets	\$1,476,818	\$(2,717,232

### 6. Income Tax Status

The Plan has received a determination letter from the Internal Revenue Service dated September 30, 2003, stating that the Plan is qualified under Section 401(a) of the Internal Revenue Code (the "Code") and, therefore, the related trust is exempt from taxation. Subsequent to this determination by the Internal Revenue Service, the Plan was amended. The Plan applied for a new determination letter on January 31, 2009 which has yet to be received. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The Plan administrator believes the Plan is being operated in compliance with the applicable requirements of the Code and, therefore, believes that the Plan, as amended, is qualified and the related trust is tax exempt.



Park National Corporation  
 Employees Stock Ownership Plan  
 Notes to Financial Statements  
 December 31, 2012 and 2011

---

7. Party-in-Interest

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

	December 31, 2012	2011
Park National Corporation Common Stock	\$56,575,722	\$55,064,377
The Park National Bank FDIC Account	3,045,004	3,194,505
	\$59,620,726	\$58,258,882

At December 31, 2012, the Plan held 875,499 shares of Park National Corporation Common Stock, with a fair value of \$56,575,722. At December 31, 2011, the Plan held 846,363 shares of Park National Corporation Common Stock, with a fair value of \$55,064,377.

During 2012 and 2011, cash dividends of \$3,230,418 and \$3,100,826, respectively, were paid to the Plan by Park National Corporation.

At December 31, 2012 and 2011, the Plan held a participant-directed interest bearing account issued by The Park National Bank of \$3,044,838 and \$3,159,812, respectively. At December 31, 2012 and 2011, the Plan held nonparticipant-directed, interest-bearing accounts issued by Park National Bank of \$166 and \$34,693, respectively. During 2012 and 2011, interest of \$4,663 and \$5,003, respectively, were paid to the Plan by The Park National Bank.

During 2012 and 2011, the Plan purchased 57,450 shares and 83,047 shares, respectively, of Park National Corporation Common Stock.

Park National Corporation  
 Employees Stock Ownership Plan  
 Notes to Financial Statements  
 December 31, 2012 and 2011

---

8. Form 5500 Reconciliation

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

	December 31, 2012	2011
Net assets available for benefits per the financial statements	\$79,131,570	\$75,384,076
Less: Accrued interest and dividends	(7,631	) (37,406 )
Net assets per the Form 5500	\$79,123,939	\$75,346,670

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

	2012	2011
Net increase/(decrease) in net assets available for benefits per the financial statements	\$3,747,494	\$(2,440,688 )
Less: Accrued interest and dividends	(7,631	) (37,406 )
Plus: Prior year accrued interest and dividends	37,406	26,965
Net income/(loss) per the Form 5500	\$3,777,269	\$(2,451,129 )

9. Risks and Uncertainties

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

Park National Corporation  
Employees Stock Ownership Plan  
Notes to Financial Statements  
December 31, 2012 and 2011

---

## 10. Fair Values

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

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

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

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

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

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

Park National Corporation  
Employees Stock Ownership Plan  
Notes to Financial Statements  
December 31, 2012 and 2011

---

#### 11. Sale of the Vision Bank Business

On February 16, 2012, Park and its wholly-owned subsidiary, Vision Bank, a Florida state-chartered bank, completed their sale of substantially all of the performing loans, operating assets and liabilities associated with Vision Bank to Centennial Bank (“Centennial”), an Arkansas state-chartered bank which is a wholly-owned subsidiary of Home BancShares, Inc., an Arkansas Corporation (“Home”) as contemplated by the previously announced Purchase and Assumption Agreement by and between Park, Vision Bank, Home and Centennial, dated as of November 16, 2011, as amended by the First Amendment to Purchase and Assumption Agreement, dated as of January 25, 2012 and the Second Amendment to Purchase and Assumption Agreement, dated as of April 30, 2012. As part of this transaction, each Vision Bank employee, being 100% vested in the Plan, is entitled to their entire account balance under the Plan, determined as of February 16, 2012. All payments thereafter will be made from the Plan in accordance with the terms of the Plan.

SUPPLEMENTAL SCHEDULES

---

Park National Corporation  
 Employees Stock Ownership Plan  
 Schedule H, Line 4i  
 Schedule of Assets (Held at End of Year)  
 December 31, 2012

Name of Plan Sponsor: Employer identification number: Three digit plan number:	Park National Corporation 31-1179518 002	(d) Cost	(e) Current Value
(b) Identity of Issue, Borrower, Lessor or Similar Party	(c) Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value		
Interest-bearing account * The Park National Bank FDIC Account	Interest rate of 0.13%	\$3,045,004	\$3,045,004
Common Stock: * Park National Corporation Common Stock	875,499 shares	\$49,155,113	\$56,575,722
Mutual Funds:			
Vanguard Institutional Index Fund	43,715 shares	**	\$5,705,625
Vanguard Short-Term Investment Grade Fund	149,921 shares	**	1,623,642
Vanguard Growth Index Fund	72,753 shares	**	2,468,505
Vanguard Extended Market Index Fund	54,231 shares	**	2,137,257
Vanguard Intermediate-Term Bond Index Fund	159,327 shares	**	1,905,550
Vanguard Balanced Index Fund	108,724 shares	**	2,556,111
Vanguard Total International Stock Index Signal Fund	55,551 shares	**	1,669,299
Vanguard Target Retirement 2015 Fund	37,334 shares	**	499,531
Vanguard Target Retirement 2025 Fund	33,599 shares	**	456,612
Vanguard Target Retirement 2035 Fund	14,017 shares	**	197,500
Vanguard Target Retirement 2045 Fund	19,490 shares	**	283,581
Total Mutual Funds		**	\$19,503,213
Total Investments Held at End of Year			\$79,123,939

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

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

Park National Corporation  
 Employees Stock Ownership Plan  
 Schedule H, Line 4j  
 Schedule of Reportable Transactions  
 For the year ended December 31, 2012

Name of Plan Sponsor: Park National Corporation  
 Employer identification number: 31-1179518  
 Three digit plan number: 002

(a) Identity or Party Involved	(b) Description of Asset Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	(c) Cost	(d) Selling Price	(g) Cost of Asset	(h) Current Value of Asset on Transaction Date	(i) Net Gain or (Loss)
Category (iii) – A series of transactions in excess of 5% of plan assets						
The Park National Bank	FDIC Account, 91 purchases	\$8,661,207	\$—	\$8,661,207	\$8,661,207	\$—
The Park National Bank	FDIC Account, 141 sales	—	8,810,708	8,810,708	8,810,708	—
Park National Corporation						
Common Stock	Common Stock, 16 purchases	\$3,873,574	\$—	\$3,873,574	\$3,873,574	\$—
Common Stock	Common Stock, 3 sales	\$—	\$58,437	\$79,434	\$58,437	\$(20,997)