

March 9, 2009

Neil M. Barofsky  
Special Inspector General  
Office of the Special Inspector General  
Troubled Asset Relief Program  
1500 Pennsylvania Avenue, N.W., Suite 1064  
Washington, D.C. 20220

Dear Mr. Barofsky,

This letter is in response to your letter dated February 6, 2009, requesting information as part of your audit into the use of funds provided to Peoples Bancorp Inc. (“Peoples”) under the Troubled Asset Relief Program (“TARP”) and Peoples’ compliance with the executive compensation requirements under the Emergency Economic Stabilization Act of 2008 (the “EESA”). Thank you for the opportunity to provide information in support of the audit process.

Background information regarding Peoples

Peoples makes available a wide range of financial products and services to customers through financial service locations and automated teller machines (“ATMs”) in Ohio, West Virginia and Kentucky, as well as telephone and internet-based banking. These products and services, which include traditional commercial banking products and services, a complete line of insurance products and custom-tailored fiduciary and wealth management services, are offered through Peoples’ financial service units – Peoples Bank, National Association (a national banking association and wholly-owned subsidiary of Peoples, “Peoples Bank”); Peoples Financial Advisors (a division of Peoples Bank); and Peoples Insurance Agency, Inc. (a wholly-owned subsidiary of Peoples Bank).

Peoples’ primary market area largely consists of rural or small urban areas with a diverse group of industries and employers. Principal industries in this area include health care, education and other social services; plastics and petrochemical manufacturing; oil, gas and coal production; and tourism and other service-related industries. Because of this diversity, Peoples is not dependent upon any single industry segment for its business opportunities.

Over the last several years, Peoples has undertaken a controlled and steady expansion strategy, which has included the opening of *de novo* banking and loan production offices, acquisitions of existing banking offices, both individually and as part of entire institutions, and acquisitions of two insurance agencies. As a result, Peoples has experienced growth in total assets and its capital position, as well as expansion of its customer base and primary market area.

Peoples Bank originates various types of loans, including commercial and commercial real estate loans, residential real estate loans, home equity lines of credit, real estate construction loans, and consumer loans. Peoples’ lending activities are focused principally on lending opportunities within its primary market areas, although Peoples occasionally originates loans to creditworthy customers outside its primary markets. In general, Peoples retains the majority of loans it originates; however, certain longer-term fixed-rate mortgage loan originations, primarily one-to-four family residential mortgages, are sold into the secondary market.

Prior to Peoples' participation in the voluntary Capital Purchase Program established by the United States Department of the Treasury (the "U.S. Treasury") as part of TARP under the EESA, capital levels at both Peoples and Peoples Bank were substantially larger than the amounts needed to be considered "well capitalized" under the risk-based capital requirements and guidelines imposed by the federal regulatory agencies. The following details the risk-based capital ratios of both Peoples and Peoples Bank:

|                | To Be Well Capitalized | PEOPLES       |        | PEOPLES BANK  |        |
|----------------|------------------------|---------------|--------|---------------|--------|
|                |                        | September 30, |        | September 30, |        |
|                |                        | 2008          | 2007   | 2008          | 2007   |
| Tier 1 Capital | 6.00%                  | 12.35%        | 11.82% | 11.10%        | 10.66% |
| Total Capital  | 10.00%                 | 13.68%        | 13.04% | 12.36%        | 11.77% |
| Leverage       | 5.00%                  | 8.66%         | 8.67%  | 7.77%         | 7.83%  |

Like nearly every financial institution, Peoples' loan quality was impacted by the contracting economy and commercial real estate market, which caused declines in commercial real estate values and deterioration in financial condition of various commercial borrowers. These conditions led to elevated levels of nonperforming and impaired loans, charge-offs and provision for loan losses. Consequently, both Peoples and Peoples Bank took steps throughout 2008 to preserve their strong capital positions and minimize the impact of adverse conditions. These actions included eliminating any plan repurchases of Peoples' common shares and limiting dividend payments by Peoples Bank to Peoples. Despite these challenges, Peoples and Peoples Bank generated positive results in several key areas in 2008, including increased total revenues, retail deposit growth and expense control.

#### Peoples' evaluation of TARP funds and the Capital Purchase Program

Based on discussions with the U.S. Treasury and banking regulators, management understood the purpose of the Capital Purchase Program initially was to encourage healthy U.S. financial institutions to build capital and increase the flow of credit to U.S. businesses and consumers on competitive terms, which in turn would provide stability to the financial system and promote the sustained growth and vitality of the U.S. economy. The stronger capital position would also afford healthy financial institutions a greater ability to expand services within their communities and take advantage of other growth opportunities that might be presented in the future.

Peoples' decision to apply for participation in the Capital Purchase Program was predicated on the basis that participation would benefit its customers, the company and its shareholders since the Capital Purchase Program provided a cost-effective means to enhance already strong capital levels in a challenging environment. Peoples' Total Risk-Based Capital ratio was expected to exceed 16% if it received the maximum capital investment allowed under the Capital Purchase Program. Management believed this additional capital would further strengthen Peoples Bank's ability to lend and serve customers in its communities and provide additional capacity to incur losses in the investment and loan portfolios attributable to deterioration in values caused by the weakened economy. Management also believed TARP funds would help maintain the company's competitive edge from a capital perspective and afford opportunities to expand the balance sheet given the opportunistic market conditions within the financial services industry.

#### Response to Information Requests

The following are our responses to your specific requests. Please note the reference numbers correspond with your original requests:

**(1) A narrative response specifically outlining (a) your anticipated use of TARP funds; (b) whether the TARP funds were segregated from other institutional funds; (c) your actual use of TARP funds to date; and (d) your expected use of unspent TARP funds. In your response, please take into consideration your anticipated use of TARP funds at the time you applied for such funds, or any actions that have taken that you would not have been able to take absent the infusion of TARP funds.**

Anticipated use of TARP funds

As stated above, Peoples' original intended use of the TARP funds was two-fold: (1) fortify Peoples Bank's capital position to maintain its ability to continue making loans to qualified individuals and businesses and withstand additional losses; and (2) finance other expansion opportunities created by the operating environment. These intended uses are consistent with those indicated in the Application for TARP Capital Purchase Program submitted by Peoples, as well as statements made in various public documents and filings with the Securities and Exchange Commission, including a Current Report on Form 8-K dated November 13, 2008 and filed November 14, 2008, and the definitive Proxy Statement for the Special Meeting of Shareholders held on January 22, 2009, for the purpose of authorizing the issuance of preferred shares by Peoples. Copies of these documents are attached to this letter as exhibits.

Due to adverse conditions in the financial services industry, Peoples Bank has seen reduced lending activity by other financial institutions operating in its market area, which provided Peoples Bank with new lending opportunities and customer relationships. These opportunities are not isolated to commercial credits but also include consumer lending opportunities, specifically residential first mortgage lending. Much of the residential mortgage lending opportunities have arisen as a result of lower rates being offered by the secondary market. (b) (4)

Without TARP funds, management anticipated Peoples might have to divert capital from other business segments or face tough decisions, such as constrict lending activities or slow expansion plans. Both of these actions would have an adverse affect on the overall health of the local economy in which Peoples operates.

Peoples also expected the TARP funds to improve the liquidity position of Peoples Bank by reducing overnight advances from the Federal Home Loan Bank of Cincinnati (the "FHLB"). (b) (4)

As a result, Peoples Bank's ability to fund new loan originations may have been limited by its ability to attract and retain retail deposits (b) (4). The improved liquidity position, as a result of receiving TARP funds, has increased Peoples Bank's ability to continue making loans (b) (4).

Over the last couple months, Peoples' anticipated use of TARP funds has evolved to where the funds are now reserved exclusively for use in Peoples Bank's lending activities. Prior to receiving TARP funds, Peoples Bank was an active lender in its markets. In the second half of 2008, Peoples Bank's loan production slowed primarily as a result of further weakening in the real estate markets and general economy, which created greater uncertainty and reluctance in both commercial and consumer borrowers to take on additional debt. Peoples Bank also experienced elevated levels of payoffs in 2007 and charge-offs in 2008, which exceeded new loan production during those periods, further impacting total loan balances. The TARP funds provide Peoples Bank with a greater ability to increase its lending and use the TARP funds for new loans to consumers and businesses within Peoples' market area that meet prudent underwriting standards given current economic conditions.

Peoples has designated a portion of the TARP funds for use in a Mortgage and Consumer Relief Program (the "Relief Program"). The Relief Program is intended to offer financial assistance to

distressed borrowers who have the willingness and capacity to make payments. The financial assistance offered under the Relief Program includes the following possible actions: (1) interest extension; (2) modification of loan terms; (3) refinancing of existing loans; and (4) foreclosure prevention. The loans covered by the Relief Program include owner-occupied residential mortgage loans, home equity lines of credit and non-mortgage consumer loans owed to Peoples Bank. To qualify for participation in the Relief Program, a borrower must be experiencing an unexpected long-term or temporary hardship due to a loss of income from either a major injury/illness or economic conditions (e.g., loss of job). A summary of Peoples Bank's Mortgage and Consumer Relief Program is attached to this letter as an exhibit.

#### Segregation of TARP funds

As stated in our response above, Peoples reserved the entire \$39 million of TARP funds for use in Peoples Bank's lending activities. Management has taken specific steps to establish a tracking and reporting process that will be used to monitor the actual deployment of TARP funds into new loans beginning February 1, 2009. These steps include specific TARP coding of new loans originated using TARP funds and generation of monthly reporting that provides detailed information regarding those loans.

The deployment of TARP funds is being monitored closely by various levels of Peoples' management, including executive and senior management and the risk management committee. Executive management is also providing information to the Board of Directors on a monthly basis, strengthening the oversight of Peoples' use and segregation of TARP funds.

The Board of Directors and management recognize actual deployment of TARP funds is likely to take several months since it is dependent on the demand for new loans. As a result, TARP funds could create excess liquidity or cash reserves for Peoples or Peoples Bank. Despite this potential, the Board of Directors and management will not consider any portion of TARP funds in its analysis or payment of cash dividends to common shareholders or for any other corporate uses. Rather, all TARP funds will be designated as "restricted cash" and used entirely for lending activities.

#### Actual use of TARP funds to date

On January 30, 2009, Peoples received a capital investment of \$39,000,000 from the U.S. Treasury under the Capital Purchase Program. As discussed in the "Anticipated use of TARP funds" section above, TARP funds were used initially to reduce overnight advances from the FHLB, as the funds were placed into Peoples' deposit account held at Peoples Bank. Peoples intends to use the majority, if not all, of TARP funds to infuse additional capital into Peoples Bank. Due to the recent timing of this investment from the U.S. Treasury, management has not finalized its analysis to determine the appropriate amount of, and method for, Peoples' capital investment into Peoples Bank.

On February 24, 2009, Peoples made a direct capital investment into Peoples Bank using \$12,000,000 of TARP funds. This capital investment was intended to strengthen capital levels at Peoples Bank for lending, liquidity and maintaining adequate borrowing capacity through the FHLB to allow for increased lending activity.

The following table details the impact of the February 24, 2009, investment on Peoples Bank's risk-based capital ratios:

|                | PEOPLES BANK              |                        |                     |
|----------------|---------------------------|------------------------|---------------------|
|                | To Be Well<br>Capitalized | February 24, 2009      |                     |
|                |                           | Prior to<br>Investment | After<br>Investment |
| Tier 1 Capital | 6.00%                     | 10.53%                 | 11.43%              |
| Total Capital  | 10.00%                    | 11.78%                 | 12.67%              |
| Leverage       | 5.00%                     | 7.43%                  | 8.05%               |

During the month of February 2009, Peoples Bank has remained an active lender and began providing relief to existing borrowers. Based on a comparison to prior year lending activity, new loan production was comparable, if not slightly stronger, in February 2009 versus the level experienced in February 2008. In addition, Peoples Bank has provided some form of financial assistance to borrowers, with much of the relief being granted in the form of modification or refinancing of existing loans.

Expected use of unspent TARP funds

The remaining \$27,000,000 continues to be held at the parent company level in the form of a deposit with Peoples Bank. Peoples anticipates using the remaining \$27,000,000 of unspent TARP funds to enhance the capital position of Peoples Bank, which would provide additional strength for its lending activities, whether in the form of new loan originations or borrower relief programs. Considering the TARP funds were received only recently, many of our initiatives and plans for the funds are still in the early stages of implementation. As a result, management's analysis of the amount of and method for infusing the capital, as well as the related corporate approval process, is ongoing but should be completed by no later than March 31, 2009. The following illustrates the potential impact on Peoples Bank's risk-based capital ratios if Peoples invests the entire unspent TARP funds into Peoples Bank:

|                | PEOPLES BANK              |            |            |            |
|----------------|---------------------------|------------|------------|------------|
|                | To Be Well<br>Capitalized | Actual     | Estimated  | Pro Forma  |
|                |                           | 12/31/2008 | 02/24/2009 | 02/24/2009 |
| Tier 1 Capital | 6.00%                     | 10.82%     | 11.43%     | 12.21%     |
| Total Capital  | 10.00%                    | 12.07%     | 12.67%     | 14.68%     |
| Leverage       | 5.00%                     | 7.47%      | 8.05%      | 8.60%      |

Several recent developments have caused management to re-evaluate Peoples' participation in the Capital Purchase Program and the impact of TARP funds on the financial condition and future results of operations of both Peoples and Peoples Bank. These developments include the recent enactment of the American Recovery and Reinvestment Act of 2009 (the "ARRA") on February 17, 2009, and creation of alternative programs for financial institutions to generate additional capital and/or liquidity.

Management is specifically evaluating the impact of the executive compensation and corporate governance standards imposed by the ARRA, which are more stringent than those previously proposed by the U.S. Treasury, and the ability to repay TARP funds, subject to consultation with the appropriate federal banking agency, without penalty, delay or the need to raise additional replacement capital granted by the ARRA. However, any decision to repay TARP funds would be contingent on Peoples Bank's ability to maintain capital and liquidity at levels necessary to support expanded lending activity and the Relief Program.

For as long as Peoples continues to hold any portion of TARP funds, the Board of Directors and management of Peoples and Peoples Bank are committed to using unspent TARP funds as they were intended by the EESA and U.S. Treasury – to allow healthy U.S. financial institutions, like Peoples and Peoples Bank, to build capital and increase the flow of credit to U.S. businesses and consumers on competitive terms, which in turn should help stabilize the financial system and promote the sustained growth and vitality of the U.S. economy.

**(2) Your specific plans, and the status of implementation of those plans, for addressing executive compensation requirements associated with the funding. Information provided regarding executive compensation should also include any assessments made of loan risks and their relationship to executive compensation; how limitations on executive compensation will be implemented in line with Department of Treasury guidelines; and whether any such limitations may be offset by other changes to other, longer-term or deferred forms of executive compensation.**

Peoples has addressed the executive compensation requirements associated with TARP funding and intends to fully comply with the EESA standards.

In order to comply with the standard of ensuring that incentive compensation for senior executives does not encourage unnecessary and excessive risks that threaten the value of the financial institution, the Peoples (1) developed the 2009 incentive goals designed to award senior executives for attainment of certain performance objectives and (2) created a committee to determine the effectiveness of the goals relative to the EESA standard to ensure that incentive compensation for senior executives does not encourage unnecessary and excessive risks that threaten the value of the financial institution.

In recent years, a significant portion of the annual cash incentives and equity-based awards for senior executives was tied to earnings-related performance goals. For 2009, a “balanced scorecard” has been designed as the basis for both cash incentives and equity-based awards. The scorecard is comprised of the following components and their corresponding weightings: (i) Earnings Per Common Share (25% weighting); (ii) Non-Performing Assets as a Percent of Loans and Other Real Estate Owned (20% weighting); (iii) Revenue Growth (10% weighting); (iv) Deposit Growth (10% weighting); (v) Client Service Score (5% weighting); and (vi) a Discretionary Measure (30% weighting). The Discretionary Measure is unique to each executive officer and consists of quantitative measures such as business unit revenue and net income goals, loan portfolio growth, net loan charge-off results, levels of nonperforming loans, and expense reduction, and qualitative measures, such as the development, management and retention of key staff, the assessment and development of quality products and services and other strategic initiatives. The 2009 payout potential for achieving the maximum level of performance was reduced to 75% of the corresponding payout percentage for achieving the maximum level of performance under prior years’ standards. The scorecard’s components, goals, and payout potentials were recently approved by the Compensation Committee of the Board of Directors of Peoples.

The Compensation Committee reviewed the design and operation of Peoples’ incentive compensation arrangements with Peoples’ senior risk officers, which include the Senior Vice President, Director of Risk Management; the Senior Vice President, Auditor; and the Vice President, Director of Investments and Treasury. This review included the performance goals required to be achieved for threshold, target and maximum levels of cash and equity-based incentive payments, along with the corresponding payout potentials. Primary risks identified were (i) manipulation to meet performance objectives and (ii) retention of key personnel. Controls to mitigate those risks were also reviewed. The Compensation Committee has determined that the 2009 incentive arrangements do not provide Peoples’ senior executives with the incentive to engage in business activities or other behavior that would threaten the value of Peoples or the investments of its shareholders, due to the reduction in the focus on earnings in the weightings. Peoples has included the certification required by the regulations issued by the U.S.

Treasury in October 2008 in the section captioned "Compensation Committee Report" in Peoples' Proxy Statement for the 2009 Annual Meeting of Shareholders. A preliminary copy of this Proxy Statement was filed with the Securities and Exchange Commission ("SEC") on March 6, 2009.

In order to comply with the standards requiring the clawback of any bonus or incentive compensation paid to a senior executive based on statements of earnings, gains, or other criteria that are later proven to be materially inaccurate and prohibiting Peoples from making any golden parachute payment to a senior executive based on the applicable Internal Revenue Code regulations, each senior executive entered into a letter agreement with Peoples which modifies existing compensation arrangements during the period the U.S. Treasury holds an equity or debt position acquired from Peoples under the Capital Purchase Program. One modification provides for the recovery of any bonus and/or incentive compensation paid by Peoples if the payments were based on materially inaccurate financial statements or any other materially inaccurate performance metric criteria. Another modification prohibits Peoples from making any golden parachute payment. Additionally, the original terms of the double trigger change in control agreements currently in effect between the senior executives and Peoples provide for a change in control benefit of either 2 or 2.5 times the senior executive's base annual compensation and include provisions which reduce the total payments to the senior executive below the excess parachute payment threshold set forth in the regulations issued by the U.S. Treasury in October 2008. Copies of the letter agreement with each senior executive is attached to this letter as an exhibit.

Additionally, Peoples has agreed to the \$500,000 annual tax-deduction cap for each senior executive's total annual compensation in order to meet the limiting compensation deductions standard.

As discussed in the "Expected use of unspent TARP funds" section above, Peoples is aware of the additional requirements relative to the compensation of Peoples' senior executives and five most highly-compensated employees contemplated by the ARRA. As of March 6, 2009, the U.S. Treasury had not amended the Securities Purchase Agreement to require that Peoples comply with these requirements or issued regulations describing how Peoples is to implement these requirements. To the extent that the U.S. Treasury amends the Securities Purchase Agreement to require that Peoples comply with these requirements and/or issues such regulations, Peoples will take such steps as are necessary to comply with these requirements, including the evaluation of the composition of the existing Compensation Committee to determine whether it is consistent with the requirements of the ARRA.

Certification of Executive Officer

I, Edward G. Sloane, certify that I have reviewed this response and the supporting documents and, based on my knowledge, this response and the supporting documents do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading.

Sincerely,

/s/ EDWARD G. SLOANE

Edward G. Sloane  
Executive Vice President,  
Chief Financial Officer and Treasurer

**Index of Exhibits and Attachments**

The following is an index of all documents included as exhibits or attachments to Peoples' letter.

- (1) Application for Preliminary Approval, dated November 3, 2008
- (2) Current Report on Form 8-K, dated November 13, 2008 and filed with the SEC on November 14, 2008, announcing the receipt of notification from U.S. Treasury granting preliminary approval of Peoples' participation in the Capital Purchase Program.
- (3) Press Release, dated December 3, 2008, announcing a Special Meeting of Peoples' Shareholders to consider and vote on a proposal to authorize Peoples to issue preferred shares, together with Current report on Form 8-K, dated and filed with the SEC on December 3, 2008, reporting same.
- (4) Definitive Letter to Shareholders, Notice of Special Meeting of Shareholders and Proxy Statement, dated December 17, 2008, for the Special Meeting of Shareholders held on January 22, 2009, for the purpose of voting upon proposal to adopt amendment to Peoples' Amended Articles of Incorporation authorizing the issuance of preferred shares.
- (5) Press release, dated January 23, 2009, announcing adoption by Peoples' shareholders of amendment to Amended Articles of Incorporation to authorize issuance of preferred shares, together with Current Report on Form 8-K, dated and filed with the SEC on January 23, 2009, reporting same.
- (6) Letter Agreements entered into with Peoples, under dates during the period from January 22, 2009 through January 25, 2009, by Mark F. Bradley, Peoples' President and Chief Executive Officer; Edward G. Sloane, Peoples' Chief Financial Officer and Treasurer; Deborah K. Hill, Peoples' Executive Vice President, Consumer and Business Financial Services; David T. Wesel, Peoples' Executive Vice President (who became Executive Vice President, Investment and Insurance Services effective March 1, 2009); Carol A. Schneeberger, Peoples' Executive Vice President of Operations; and Joseph S. Yazombek, Peoples' Executive Vice President, Chief Lending Officer. Each Letter Agreement became effective upon the closing of the transactions on January 30, 2009 pursuant to which Peoples became a participant in the Capital Purchase Program.
- (7) Press Release, dated February 2, 2009, announcing receipt of \$39 million in TARP funds, together with Current Report on Form 8-K, dated and filed with the SEC on February 2, 2009, reporting same.
- (8) Peoples Bank's Mortgage and Consumer Loan Relief Program summary



(b) (8)

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

**FORM 8-K**

CURRENT REPORT

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

Date of Report (Date of earliest event reported): November 13, 2008



**PEOPLES BANCORP INC.**

\_\_\_\_\_  
(Exact name of Registrant as specified in its charter)

|  |   |   |
|--|---|---|
| <u>Ohio</u><br>(State or other jurisdiction<br>of incorporation) | <u>0-16772</u><br>(Commission File<br>Number) | <u>31-0987416</u><br>(I.R.S. Employer<br>Identification Number) |
|--|---|---|

|  |                            |
|--|----------------------------|
| <u>138 Putnam Street, PO Box 738<br/>Marietta, Ohio</u><br>(Address of principal executive office) | <u>45750</u><br>(Zip Code) |
|--|----------------------------|

Registrant's telephone number, including area code: (740) 373-3155

Not applicable  
(Former name or former address, if changed since last report)

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

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

## **Item 8.01 – Other Events**

On November 13, 2008, Peoples Bancorp Inc. (“Peoples”) received notification that the United States Department of the Treasury (the “U.S. Treasury”) granted preliminary approval on November 12, 2008 for a capital investment of \$39 million through the sale of senior preferred shares to the U.S. Treasury by Peoples under the U.S. Treasury’s voluntary Capital Purchase Program (“CPP”), which was created by the U.S. Treasury under the authority provided in the Emergency Economic Stabilization Act of 2008. The Board of Directors of Peoples previously approved participation in the voluntary CPP as part of the Troubled Asset Relief Program (“TARP”) and authorized management to apply for participation in the CPP up to \$39 million, or 3% of Peoples’ total risk-weighted assets, which is the maximum that Peoples is allowed to receive under the CPP.

While both Peoples and its banking subsidiary are currently well above well-capitalized ratios under applicable regulatory guidelines, management believes participation in the CPP will allow Peoples to raise additional capital to support its existing operations and provide Peoples with additional strength to lend and serve its customers during these uncertain economic times. The stronger capital position also allows Peoples to better grow its balance sheet through expansion opportunities that could be presented in the future.

Peoples is not currently authorized to issue preferred shares under its Amended Articles of Incorporation, which is a prerequisite to participate in the CPP. On October 31, 2008, the Board of Directors adopted a proposed amendment to Peoples’ Amended Articles of Incorporation to authorize the issuance of preferred shares, subject to shareholder approval. The Board of Directors determined it is in the best interests of Peoples and its shareholders to call a Special Meeting of Shareholders for the purpose of considering and voting on the adoption of a proposed amendment to Peoples’ Amended Articles of Incorporation.

Peoples’ management believes accessing the TARP capital maintains the company’s competitive edge from a capital perspective, with a Total Risk-Based Capital ratio in excess of 16% after the U.S. Treasury’s capital investment, compared to 13.68% at September 30, 2008 and the minimum ratio of 10% required to be considered a well-capitalized institution.

The Board of Directors has set the date of the Special Meeting of Shareholders as December 22, 2008, with the close of business on November 10, 2008 as the record date for determining shareholders entitled to vote at the Special Meeting of Shareholders. The approval of the holders of at least a majority of the outstanding common shares of Peoples will be necessary to adopt the proposed amendment to Peoples’ Amended Articles of Incorporation.

The voluntary CPP and TARP are designed to restore stability to the U.S. financial system. The U.S Treasury’s term sheet describing the CPP as well as forms of the documentation to be executed by publicly-traded financial institutions, such as Peoples, participating in the CPP, are available on their website at <http://www.ustreas.gov>.

**Peoples will file a proxy statement and the other materials with the SEC in connection with the Special Meeting of Shareholders. Peoples’ shareholders are urged to read the proxy statement and these other materials when they become available because they will contain important information about the business to be conducted at the Special Meeting of Shareholders.**

## **SIGNATURES**

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

### **PEOPLES BANCORP INC.**

Date: November 13, 2008

By: /s/ EDWARD G. SLOANE  
Edward G. Sloane  
Chief Financial Officer and Treasurer

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

**FORM 8-K**

CURRENT REPORT

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

Date of Report (Date of earliest event reported): December 3, 2008



**PEOPLES BANCORP INC.**

(Exact name of Registrant as specified in its charter)

|   |                             |   |
|---|-----------------------------|---|
| <u>Ohio</u>                                       | <u>0-16772</u>              | <u>31-0987416</u>                       |
| (State or other jurisdiction<br>of incorporation) | (Commission File<br>Number) | (I.R.S. Employer<br>Identification No.) |

|   |              |
|---|--------------|
| <u>138 Putnam Street, PO Box 738</u><br><u>Marietta, Ohio</u> | <u>45750</u> |
| (Address of principal executive offices)                      | (Zip Code)   |

Registrant's telephone number, including area code: (740) 373-3155

Not applicable  
(Former name or former address, if changed since last report)

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

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

### **Item 8.01 – Other Events**

On December 3, 2008, Peoples Bancorp Inc. (“Peoples”) issued a news release related to the preliminary approval of its participation in the TARP Capital Purchase Program and the date of a Special Meeting of Shareholders. A copy of the news release is attached as Exhibit 99 to this current Report on Form 8-K.

**Peoples will release definitive proxy materials to shareholders in respect of a Special Meeting of Shareholders at such time as is appropriate under applicable laws, rules and regulations, including those of the SEC and NASDAQ. Peoples’ shareholders are urged to read these definitive proxy materials when they become available because they will contain important information about the business to be conducted at such Special Meeting.**

### **SIGNATURES**

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

### **PEOPLES BANCORP INC.**

Date: December 3, 2008

By: /s/ EDWARD G. SLOANE  
Edward G. Sloane  
Chief Financial Officer and Treasurer

### **EXHIBIT INDEX**

| <u>Exhibit Number</u> | <u>Description</u>                   |
|-----------------------|--------------------------------------|
| 99                    | News Release issued December 3, 2008 |



PEOPLES BANCORP INC. – P.O. BOX 738 - MARIETTA, OHIO – 45750  
www.peoplesbancorp.com

## NEWS RELEASE

**FOR IMMEDIATE RELEASE**

December 3, 2008

Contact: Mark F. Bradley  
President and Chief Executive Officer  
(740) 373-3155

### **PEOPLES BANCORP INC. RECEIVES PRELIMINARY APPROVAL TO PARTICIPATE IN U.S. TREASURY CAPITAL PURCHASE PROGRAM**

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**MARIETTA, Ohio** – The Board of Directors of Peoples Bancorp Inc. (“Peoples”) (NASDAQ: PEBO) has called a Special Meeting of Shareholders, which will be held on January 22, 2009, to consider and vote on a proposal to adopt an amendment to Peoples’ Amended Articles of Incorporation to authorize Peoples to issue preferred shares.

The authorization would enable Peoples to participate in the TARP Capital Purchase Program established by the U.S. Department of Treasury (the “U.S. Treasury”) under the Emergency Economic Stabilization Act of 2008. Peoples is not currently authorized to issue preferred shares under its Amended Articles of Incorporation, which is a prerequisite for participation in the Capital Purchase Program.

Peoples has already received preliminary approval from the U.S. Treasury to participate in the Capital Purchase Program, which is a voluntary program designed to provide capital for healthy banks, improve lending activities and benefit the U.S. economy.

“As a community bank, we believe it is important for us to be a part of the U.S. Treasury’s Capital Purchase Program in support of our local economy,” said Mark F. Bradley, President and Chief Executive Officer. “We believe the Capital Purchase Program provides a cost effective means for healthy financial institutions like Peoples to fortify capital positions.”

On November 12, 2008, Peoples received preliminary approval from the U.S. Treasury of its application for a capital investment of \$39 million, or 3% of Peoples’ total risk-weighted assets, which is the maximum that Peoples is allowed to receive under the Capital Purchase Program. This investment would be in the form of newly issued non-voting cumulative perpetual preferred shares and a related 10-year warrant sold by Peoples to the U.S. Treasury. The preferred shares will pay an annual dividend of 5% during the first five years and 9% each year thereafter, unless redeemed by Peoples. The warrant will entitle the holder to purchase 313,505 Peoples common shares with an exercise price of \$18.66. The U.S. Treasury’s preliminary approval is also subject to certain standard conditions and approvals, including the execution of definitive agreements.

“This additional capital will add to our already strong capital position during these challenging economic times,” said Bradley. “Our primary intent will be to use this capital to serve the needs of our clients and invest in our communities by continuing to make loans to qualified individuals and businesses. We may also use a portion of the proceeds for other expansion opportunities that could be presented in the future.”

Peoples’ Total Risk-Based Capital Ratio is expected to exceed 16% if Peoples issues the entire \$39 million of cumulative perpetual preferred shares, as preliminarily approved by the U.S.

Treasury, compared to 13.68% at September 30, 2008. A minimum ratio of 10% is required to be considered a well-capitalized institution under applicable regulatory guidelines.

Peoples will soon file with the Securities and Exchange Commission definitive proxy materials in respect of the Special Meeting of Shareholders. In mid-December, these proxy materials will be mailed to Peoples shareholders of record as of December 10, 2008, the record date for shareholder voting.

Peoples Bancorp Inc. is a diversified financial products and services company with \$1.9 billion in assets, 49 locations and 38 ATMs in Ohio, West Virginia and Kentucky. Peoples makes available a complete line of banking, investment, insurance, and trust solutions through its financial service units – Peoples Bank, National Association; Peoples Financial Advisors (a division of Peoples Bank) and Peoples Insurance Agency, Inc. Peoples' common shares are traded on the NASDAQ Global Select Market under the symbol "PEBO", and Peoples is a member of the Russell 3000 index of US publicly traded companies. Learn more about Peoples at [www.peoplesbancorp.com](http://www.peoplesbancorp.com).

**Peoples will release definitive proxy materials to shareholders in respect of a Special Meeting of Shareholders at such time as is appropriate under applicable laws, rules and regulations, including those of the SEC and NASDAQ. Peoples' shareholders are urged to read these definitive proxy materials when they become available because they will contain important information about the business to be conducted at such Special Meeting.**

Safe Harbor Statement:

This news release contains certain statements that are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Rule 175 promulgated thereunder, and Section 21E of the Securities Exchange Act of 1934, as amended, and Rule 3b-6 promulgated thereunder. In particular, this release includes forward-looking statements regarding the amount of capital Peoples may obtain through participation in the Capital Purchase Program, the timing of any capital investment by the U.S. Treasury, the potential benefits of Peoples' participation in the Capital Purchase Program and the potential impact participation could have on Peoples' future results of operations and financial condition. These statements are subject to certain risks and uncertainties including Peoples' ability to satisfy the terms and conditions of participation in the Capital Purchase Program, Peoples' ability to deploy any capital received through the Capital Purchase Program and the other risks set forth in Peoples' filings with the Securities and Exchange Commission, including the those risk factors included in the disclosure under the heading "ITEM 1A. RISK FACTORS" of Part I of Peoples' Annual Report on Form 10-K for the fiscal year ended December 31, 2007. As a result, actual results may differ materially from the forward-looking statements in this news release. Peoples encourages readers of this news release to understand forward-looking statements to be strategic objectives rather than absolute targets of future performance. Peoples undertakes no obligation to update these forward-looking statements to reflect events or circumstances after the date of this news release or to reflect the occurrence of unanticipated events, except as required by applicable legal requirements. Copies of documents filed with the SEC are available free of charge at the SEC's website at <http://www.sec.gov> and/or from Peoples' website.

**END OF RELEASE**

**SCHEDULE 14A  
(Rule 14a-101)**

**INFORMATION REQUIRED IN PROXY STATEMENT  
SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934 (Amendment No. )**

Filed by the Registrant   
Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under § 240.14a-12

**Peoples Bancorp Inc.**

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

\_\_\_\_\_

(2) Aggregate number of securities to which transaction applies:

\_\_\_\_\_

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

\_\_\_\_\_

(4) Proposed maximum aggregate value of transaction:

\_\_\_\_\_

(5) Total fee paid:

\_\_\_\_\_

- Fee paid previously with preliminary materials.



Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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(2) Form, Schedule or Registration Statement No.:

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(3) Filing Party:

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(4) Date Filed:

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Peoples Bancorp Inc. • 138 Putnam Street • P.O. Box 738  
Marietta, OH 45750-0738  
Telephone: (740) 374-6136  
www.peoplesbancorp.com

December 17, 2008

Dear Fellow Shareholders:

This letter is to inform you of an opportunity for Peoples Bancorp Inc. (“Peoples”) that requires us to conduct a Special Meeting of Shareholders.

On October 31, 2008, the Board of Directors of Peoples took action to access a much-publicized source of capital being offered by the U.S. Department of the Treasury (“U.S. Treasury”), authorizing the submission of an application to participate in the voluntary Capital Purchase Program. The Capital Purchase Program targets “healthy institutions” and was created by the U.S. Treasury as part of the Troubled Asset Relief Program instituted under the Emergency Economic Stabilization Act of 2008, in order to restore stability to the U.S. financial system. The Board of Directors authorized management to apply for participation in the Capital Purchase Program at a level of approximately \$39 million, which represents 3% of Peoples’ total risk-weighted assets.

On November 12, 2008, Peoples received preliminary approval from the U.S. Treasury of its application to access \$39 million of capital. Under the Capital Purchase Program, Peoples would issue to the U.S. Treasury:

- \$39 million of non-voting cumulative perpetual preferred shares (“Senior Preferred Shares”) that carry a 5% coupon for each of the first five years and 9% per year thereafter.
- A warrant to purchase Peoples common shares amounting to 15% of the Senior Preferred Share amount, with the exercise price based on the 20-day average closing price for the period ended on the last trading day prior to Peoples receiving preliminary approval from the U.S. Treasury. Based on an average closing price of \$18.66, the U.S. Treasury would be issued a warrant to purchase 313,505 common shares, or approximately 3% of Peoples’ outstanding common shares on November 11, 2008.

Participation in the Capital Purchase Program is voluntary and should be considered as an investment by the U.S. Treasury in the future of the financial services industry. While Peoples is a well-capitalized institution, we believe that participation in the Capital Purchase Program will benefit our clients, the company and our shareholders by giving us the ability to enhance our already strong capital levels in this challenging environment. Raising capital under the U.S. Treasury’s program will provide Peoples with additional strength to lend and serve our clients in our communities and enhance shareholder value through business expansion opportunities.

Peoples’ Board of Directors solicits your proxy for the Special Meeting of Shareholders to vote to amend Article FOURTH of Peoples’ Amended Articles of Incorporation to authorize Peoples to issue preferred shares. Peoples is not currently authorized to issue preferred shares under its Amended Articles of Incorporation, which is a prerequisite to participation in the Capital Purchase Program.

**The Board of Directors of Peoples urges you to vote “FOR” the amendment to our Amended Articles of Incorporation.** Peoples is joining a long list of other healthy financial institutions across the country accessing this capital. Your approval of this proposed amendment will give us the added strength to be successful in the long-term.

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

**FORM 8-K**

CURRENT REPORT

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

Date of Report (Date of earliest event reported): January 22, 2009



**PEOPLES BANCORP INC.**

\_\_\_\_\_  
(Exact name of Registrant as specified in its charter)

|  |   |  |
|--|---|--|
| <u>Ohio</u><br>(State or other jurisdiction<br>of incorporation) | <u>0-16772</u><br>(Commission File<br>Number) | <u>31-0987416</u><br>(I.R.S. Employer<br>Identification No.) |
|--|---|--|

|  |                            |
|--|----------------------------|
| <u>138 Putnam Street, PO Box 738<br/>Marietta, Ohio</u><br>(Address of principal executive office) | <u>45750</u><br>(Zip Code) |
|--|----------------------------|

Registrant's telephone number, including area code: (740) 373-3155

Not applicable  
(Former name or former address, if changed since last report)

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

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

**PEOPLES BANCORP INC.**  
**138 Putnam Street, Post Office Box 738**  
**Marietta, Ohio 45750-0738**  
**(740) 373-3155**  
**www.peoplesbancorp.com**

Mark F. Bradley  
President and Chief Executive Officer  
Peoples Bancorp Inc.  
138 Putnam Street  
Post Office Box 738  
Marietta, Ohio 45750-0738

Dear Mark:

Peoples Bancorp Inc. (the "Company") anticipates entering into a Letter Agreement and Securities Purchase Agreement – Standard Terms incorporated into the Letter Agreement, attached hereto as Appendix A (collectively, the "Participation Agreement"), with the United States Department of the Treasury (the "Treasury") that provides for the Company's participation in the Capital Purchase Program (the "CPP") of the Treasury's Troubled Assets Relief Program.

In order for the Company to participate in the CPP, and as a condition to the closing of the investment by the Treasury in the Company contemplated by the Participation Agreement, the Company is required to establish specified standards for executive compensation payable to Senior Executive Officers and to make certain changes to its compensation arrangements as described below:

- (1) No Golden Parachute Payments. The Company is prohibited from making any Golden Parachute Payment to you during any CPP Covered Period.
- (2) Recovery of Bonus and Incentive Compensation. Any bonus and/or incentive compensation paid to you during a CPP Covered Period (including any bonus and/or incentive compensation considered to have been paid to you during a CPP Covered Period pursuant to 31 C.F.R. § 30.6 (as in effect on the Closing Date)) is subject to recovery by the Company if the payments were based on materially inaccurate financial statements or any other materially inaccurate performance metric criteria.
- (3) No Unnecessary or Excessive Risk. The Company is required to review its Benefit Plans to ensure that they do not encourage Senior Executive Officers to take unnecessary and excessive risks that threaten the value of the Company.

This letter is intended to comply with the requirements imposed by the CPP. In consideration of the benefits that you will receive as a result of the Company's participation in the CPP, by signing this letter, you agree that each of the Company's compensation, bonus, incentive and other benefit plans, arrangements and agreements (including golden parachute, severance and

employment agreements) (collectively, "Benefit Plans") with respect to you is hereby amended to the extent necessary to give effect to provisions (1) and (2), above. For your reference, the affected Benefit Plans are set forth in Appendix B to this letter. In addition, you and the Company agree to negotiate revisions to any Benefit Plan required to give effect to provision (3), above, promptly and in good faith.

Provisions (1), (2) and (3) of this letter are intended to, and will be interpreted, administered and construed to, comply with Section 111 of EESA (and, to the maximum extent consistent with the foregoing, to permit operation of the Benefit Plans in accordance with their terms before giving effect to this letter).

The following capitalized terms shall have the meanings set forth below:

- (a) "Company" includes Peoples Bancorp Inc. and any entity treated as a single employer with Peoples Bancorp Inc. under 31 C.F.R. § 30.1(b) (as in effect on the Closing Date).
- (b) "CPP Covered Period" is any period during which: (a) you are a Senior Executive Officer; and (b) the Treasury holds an equity or debt position acquired from the Company under the CPP. The term "CPP Covered Period" shall be limited by, and interpreted in a manner consistent with, 31 C.F.R. § 30.11 (as in effect on the Closing Date).
- (c) "Closing Date" shall have the meaning given to it in the Participation Agreement.
- (d) "EESA" means the Emergency Economic Stabilization Act of 2008 as implemented by guidance or regulation issued by the Treasury and as published in the Federal Register on October 20, 2008.
- (e) "Golden Parachute Payment" is used with same meaning as in Section 111(b)(2)(C) of EESA as supplemented by 31 C.F.R. § 30.9 (as in effect on the Closing Date).
- (f) "Senior Executive Officer" means the Company's "senior executive officers" as defined in Section 111(b)(3) of EESA as supplemented by 31 C.F.R. § 30.2 (as in effect on the Closing Date).

To the extent not subject to federal law, this letter will be governed by and construed in accordance with the laws of Ohio. This letter may be executed in two or more counterparts, each of which will be deemed to be an original. A signature transmitted by facsimile will be deemed an original signature.

If the Company does not participate or ceases at any time to participate in the CPP, this letter shall be of no further force and effect.

The Board appreciates the concessions you are making and looks forward to your continued leadership during these financially turbulent times.

[signature page follows]

Yours sincerely,

PEOPLES BANCORP INC.

By: /s/ Carol A. Schneeberger

Title: EVP, Operations

Date: 01/23/2009

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\*\*\*\*\*

Intending to be legally bound, I agree with and accept the foregoing terms on the date set forth below.

/s/ Mark F. Bradley

Mark F. Bradley

Date: January 23, 2009

**APPENDIX A**

**Letter Agreement, and Securities  
Purchase Agreement – Standard Terms  
incorporated into Letter Agreement, with  
United States Department of the Treasury**

*[Intentionally omitted; Included as  
Exhibit 10.1 to the Current Report on Form 8-  
K dated February 2, 2009 and filed on that  
date by Peoples Bancorp Inc. with the  
Securities and Exchange Commission]*

## **APPENDIX B**

The Benefit Plans described in this letter include, but are not limited to, the following plans, agreements, arrangement and methods:

1. Peoples Bancorp Inc. Second Amended and Restated Deferred Compensation Plan for Directors of Peoples Bancorp Inc. and Subsidiaries (effective as of December 11, 2008)
2. Peoples Bancorp. Inc. Amended and Restated 2006 Equity Plan (effective as of December 11, 2008)
3. Peoples Bancorp Inc. Amended and Restated Incentive Award Plan (effective as of December 11, 2008)
4. Peoples Bancorp Inc. Amended and Restated Change in Control Agreement (effective as of December 11, 2008)



**PEOPLES BANCORP INC.**  
**138 Putnam Street, Post Office Box 738**  
**Marietta, Ohio 45750-0738**  
**(740) 373-3155**  
**www.peoplesbancorp.com**

Edward G. Sloane  
Chief Financial Officer and Treasurer  
Peoples Bancorp Inc.  
138 Putnam Street  
Post Office Box 738  
Marietta, Ohio 45750-0738

Dear Ed:

Peoples Bancorp Inc. (the "Company") anticipates entering into a Letter Agreement and Securities Purchase Agreement – Standard Terms incorporated into the Letter Agreement, attached hereto as Appendix A (collectively, the "Participation Agreement"), with the United States Department of the Treasury (the "Treasury") that provides for the Company's participation in the Capital Purchase Program (the "CPP") of the Treasury's Troubled Assets Relief Program.

In order for the Company to participate in the CPP, and as a condition to the closing of the investment by the Treasury in the Company contemplated by the Participation Agreement, the Company is required to establish specified standards for executive compensation payable to Senior Executive Officers and to make certain changes to its compensation arrangements as described below:

- (1) No Golden Parachute Payments. The Company is prohibited from making any Golden Parachute Payment to you during any CPP Covered Period.
- (2) Recovery of Bonus and Incentive Compensation. Any bonus and/or incentive compensation paid to you during a CPP Covered Period (including any bonus and/or incentive compensation considered to have been paid to you during a CPP Covered Period pursuant to 31 C.F.R. § 30.6 (as in effect on the Closing Date)) is subject to recovery by the Company if the payments were based on materially inaccurate financial statements or any other materially inaccurate performance metric criteria.
- (3) No Unnecessary or Excessive Risk. The Company is required to review its Benefit Plans to ensure that they do not encourage Senior Executive Officers to take unnecessary and excessive risks that threaten the value of the Company.

This letter is intended to comply with the requirements imposed by the CPP. In consideration of the benefits that you will receive as a result of the Company's participation in the CPP, by signing this letter, you agree that each of the Company's compensation, bonus, incentive and other benefit plans, arrangements and agreements (including golden parachute, severance and

employment agreements) (collectively, "Benefit Plans") with respect to you is hereby amended to the extent necessary to give effect to provisions (1) and (2), above. For your reference, the affected Benefit Plans are set forth in Appendix B to this letter. In addition, you and the Company agree to negotiate revisions to any Benefit Plan required to give effect to provision (3), above, promptly and in good faith.

Provisions (1), (2) and (3) of this letter are intended to, and will be interpreted, administered and construed to, comply with Section 111 of EESA (and, to the maximum extent consistent with the foregoing, to permit operation of the Benefit Plans in accordance with their terms before giving effect to this letter).

The following capitalized terms shall have the meanings set forth below:

- (a) "Company" includes Peoples Bancorp Inc. and any entity treated as a single employer with Peoples Bancorp Inc. under 31 C.F.R. § 30.1(b) (as in effect on the Closing Date).
- (b) "CPP Covered Period" is any period during which: (a) you are a Senior Executive Officer; and (b) the Treasury holds an equity or debt position acquired from the Company under the CPP. The term "CPP Covered Period" shall be limited by, and interpreted in a manner consistent with, 31 C.F.R. § 30.11 (as in effect on the Closing Date).
- (c) "Closing Date" shall have the meaning given to it in the Participation Agreement.
- (d) "EESA" means the Emergency Economic Stabilization Act of 2008 as implemented by guidance or regulation issued by the Treasury and as published in the Federal Register on October 20, 2008.
- (e) "Golden Parachute Payment" is used with same meaning as in Section 111(b)(2)(C) of EESA as supplemented by 31 C.F.R. § 30.9 (as in effect on the Closing Date).
- (f) "Senior Executive Officer" means the Company's "senior executive officers" as defined in Section 111(b)(3) of EESA as supplemented by 31 C.F.R. § 30.2 (as in effect on the Closing Date).

To the extent not subject to federal law, this letter will be governed by and construed in accordance with the laws of Ohio. This letter may be executed in two or more counterparts, each of which will be deemed to be an original. A signature transmitted by facsimile will be deemed an original signature.

If the Company does not participate or ceases at any time to participate in the CPP, this letter shall be of no further force and effect.

The Board appreciates the concessions you are making and looks forward to your continued leadership during these financially turbulent times.

[signature page follows]

Yours sincerely,

PEOPLES BANCORP INC.

By: /s/ Carol A. Schneeberger

Title: EVP, Operations

Date: 01/22/2009

\*\*\*\*\*

Intending to be legally bound, I agree with and accept the foregoing terms on the date set forth below.

/s/ Edward G. Sloane

Edward G. Sloane

Date: January 22, 2009

**APPENDIX A**

**Letter Agreement, and Securities  
Purchase Agreement – Standard Terms  
incorporated into Letter Agreement, with  
United States Department of the Treasury**

*[Intentionally omitted; Included as  
Exhibit 10.1 to the Current Report on Form 8-  
K dated February 2, 2009 and filed on that  
date by Peoples Bancorp Inc. with the  
Securities and Exchange Commission]*

## **APPENDIX B**

The Benefit Plans described in this letter include, but are not limited to, the following plans, agreements, arrangement and methods:

1. Peoples Bancorp Inc. Amended and Restated 2006 Equity Plan (effective as of December 11, 2008)
2. Peoples Bancorp Inc. Amended and Restated Incentive Award Plan (effective as of December 11, 2008)
3. Peoples Bancorp Inc. Amended and Restated Change in Control Agreement (effective as of December 11, 2008)

**PEOPLES BANCORP INC.**  
**138 Putnam Street, Post Office Box 738**  
**Marietta, Ohio 45750-0738**  
**(740) 373-3155**  
**www.peoplesbancorp.com**

Deborah K. Hill  
Executive Vice President - Consumer  
and Business Financial Services  
Peoples Bancorp Inc.  
138 Putnam Street  
Post Office Box 738  
Marietta, Ohio 45750-0738

Dear Deb:

Peoples Bancorp Inc. (the "Company") anticipates entering into a Letter Agreement and Securities Purchase Agreement – Standard Terms incorporated into the Letter Agreement, attached hereto as Appendix A (collectively, the "Participation Agreement"), with the United States Department of the Treasury (the "Treasury") that provides for the Company's participation in the Capital Purchase Program (the "CPP") of the Treasury's Troubled Assets Relief Program.

In order for the Company to participate in the CPP, and as a condition to the closing of the investment by the Treasury in the Company contemplated by the Participation Agreement, the Company is required to establish specified standards for executive compensation payable to Senior Executive Officers and to make certain changes to its compensation arrangements as described below:

- (1) No Golden Parachute Payments. The Company is prohibited from making any Golden Parachute Payment to you during any CPP Covered Period.
- (2) Recovery of Bonus and Incentive Compensation. Any bonus and/or incentive compensation paid to you during a CPP Covered Period (including any bonus and/or incentive compensation considered to have been paid to you during a CPP Covered Period pursuant to 31 C.F.R. § 30.6 (as in effect on the Closing Date)) is subject to recovery by the Company if the payments were based on materially inaccurate financial statements or any other materially inaccurate performance metric criteria.
- (3) No Unnecessary or Excessive Risk. The Company is required to review its Benefit Plans to ensure that they do not encourage Senior Executive Officers to take unnecessary and excessive risks that threaten the value of the Company.

This letter is intended to comply with the requirements imposed by the CPP. In consideration of the benefits that you will receive as a result of the Company's participation in the CPP, by signing this letter, you agree that each of the Company's compensation, bonus, incentive and other benefit plans, arrangements and agreements (including golden parachute, severance and

employment agreements) (collectively, "Benefit Plans") with respect to you is hereby amended to the extent necessary to give effect to provisions (1) and (2), above. For your reference, the affected Benefit Plans are set forth in Appendix B to this letter. In addition, you and the Company agree to negotiate revisions to any Benefit Plan required to give effect to provision (3), above, promptly and in good faith.

Provisions (1), (2) and (3) of this letter are intended to, and will be interpreted, administered and construed to, comply with Section 111 of EESA (and, to the maximum extent consistent with the foregoing, to permit operation of the Benefit Plans in accordance with their terms before giving effect to this letter).

The following capitalized terms shall have the meanings set forth below:

- (a) "Company" includes Peoples Bancorp Inc. and any entity treated as a single employer with Peoples Bancorp Inc. under 31 C.F.R. § 30.1(b) (as in effect on the Closing Date).
- (b) "CPP Covered Period" is any period during which: (a) you are a Senior Executive Officer; and (b) the Treasury holds an equity or debt position acquired from the Company under the CPP. The term "CPP Covered Period" shall be limited by, and interpreted in a manner consistent with, 31 C.F.R. § 30.11 (as in effect on the Closing Date).
- (c) "Closing Date" shall have the meaning given to it in the Participation Agreement.
- (d) "EESA" means the Emergency Economic Stabilization Act of 2008 as implemented by guidance or regulation issued by the Treasury and as published in the Federal Register on October 20, 2008.
- (e) "Golden Parachute Payment" is used with same meaning as in Section 111(b)(2)(C) of EESA as supplemented by 31 C.F.R. § 30.9 (as in effect on the Closing Date).
- (f) "Senior Executive Officer" means the Company's "senior executive officers" as defined in Section 111(b)(3) of EESA as supplemented by 31 C.F.R. § 30.2 (as in effect on the Closing Date).

To the extent not subject to federal law, this letter will be governed by and construed in accordance with the laws of Ohio. This letter may be executed in two or more counterparts, each of which will be deemed to be an original. A signature transmitted by facsimile will be deemed an original signature.

If the Company does not participate or ceases at any time to participate in the CPP, this letter shall be of no further force and effect.

The Board appreciates the concessions you are making and looks forward to your continued leadership during these financially turbulent times.

[signature page follows]

Yours sincerely,

PEOPLES BANCORP INC.

By: /s/ Carol A. Schneeberger

Title: EVP, Operations

Date: 01/22/2009

\*\*\*\*\*

Intending to be legally bound, I agree with and accept the foregoing terms on the date set forth below.

/s/ Deborah K. Hill

Deborah K. Hill

Date: January 22, 2009



**APPENDIX A**

**Letter Agreement, and Securities  
Purchase Agreement – Standard Terms  
incorporated into Letter Agreement, with  
United States Department of the Treasury**

*[Intentionally omitted; Included as  
Exhibit 10.1 to the Current Report on Form 8-  
K dated February 2, 2009 and filed on that  
date by Peoples Bancorp Inc. with the  
Securities and Exchange Commission]*

## **APPENDIX B**

The Benefit Plans described in this letter include, but are not limited to, the following plans, agreements, arrangement and methods:

1. Peoples Bancorp Inc. Amended and Restated 2006 Equity Plan (effective as of December 11, 2008)
2. Peoples Bancorp Inc. Amended and Restated Incentive Award Plan (effective as of December 11, 2008)
3. Peoples Bancorp Inc. Amended and Restated Change in Control Agreement (effective as of December 11, 2008)

**PEOPLES BANCORP INC.**  
**138 Putnam Street, Post Office Box 738**  
**Marietta, Ohio 45750-0738**  
**(740) 373-3155**  
**www.peoplesbancorp.com**

David T. Wesel  
Executive Vice President  
Peoples Bancorp Inc.  
138 Putnam Street  
Post Office Box 738  
Marietta, Ohio 45750-0738

Dear Dave:

Peoples Bancorp Inc. (the "Company") anticipates entering into a Letter Agreement and Securities Purchase Agreement – Standard Terms incorporated into the Letter Agreement, attached hereto as Appendix A (collectively, the "Participation Agreement"), with the United States Department of the Treasury (the "Treasury") that provides for the Company's participation in the Capital Purchase Program (the "CPP") of the Treasury's Troubled Assets Relief Program.

In order for the Company to participate in the CPP, and as a condition to the closing of the investment by the Treasury in the Company contemplated by the Participation Agreement, the Company is required to establish specified standards for executive compensation payable to Senior Executive Officers and to make certain changes to its compensation arrangements as described below:

- (1) No Golden Parachute Payments. The Company is prohibited from making any Golden Parachute Payment to you during any CPP Covered Period.
- (2) Recovery of Bonus and Incentive Compensation. Any bonus and/or incentive compensation paid to you during a CPP Covered Period (including any bonus and/or incentive compensation considered to have been paid to you during a CPP Covered Period pursuant to 31 C.F.R. § 30.6 (as in effect on the Closing Date)) is subject to recovery by the Company if the payments were based on materially inaccurate financial statements or any other materially inaccurate performance metric criteria.
- (3) No Unnecessary or Excessive Risk. The Company is required to review its Benefit Plans to ensure that they do not encourage Senior Executive Officers to take unnecessary and excessive risks that threaten the value of the Company.

This letter is intended to comply with the requirements imposed by the CPP. In consideration of the benefits that you will receive as a result of the Company's participation in the CPP, by signing this letter, you agree that each of the Company's compensation, bonus, incentive and other benefit plans, arrangements and agreements (including golden parachute, severance and

employment agreements) (collectively, "Benefit Plans") with respect to you is hereby amended to the extent necessary to give effect to provisions (1) and (2), above. For your reference, the affected Benefit Plans are set forth in Appendix B to this letter. In addition, you and the Company agree to negotiate revisions to any Benefit Plan required to give effect to provision (3), above, promptly and in good faith.

Provisions (1), (2) and (3) of this letter are intended to, and will be interpreted, administered and construed to, comply with Section 111 of EESA (and, to the maximum extent consistent with the foregoing, to permit operation of the Benefit Plans in accordance with their terms before giving effect to this letter).

The following capitalized terms shall have the meanings set forth below:

- (a) "Company" includes Peoples Bancorp Inc. and any entity treated as a single employer with Peoples Bancorp Inc. under 31 C.F.R. § 30.1(b) (as in effect on the Closing Date).
- (b) "CPP Covered Period" is any period during which: (a) you are a Senior Executive Officer; and (b) the Treasury holds an equity or debt position acquired from the Company under the CPP. The term "CPP Covered Period" shall be limited by, and interpreted in a manner consistent with, 31 C.F.R. § 30.11 (as in effect on the Closing Date).
- (c) "Closing Date" shall have the meaning given to it in the Participation Agreement.
- (d) "EESA" means the Emergency Economic Stabilization Act of 2008 as implemented by guidance or regulation issued by the Treasury and as published in the Federal Register on October 20, 2008.
- (e) "Golden Parachute Payment" is used with same meaning as in Section 111(b)(2)(C) of EESA as supplemented by 31 C.F.R. § 30.9 (as in effect on the Closing Date).
- (f) "Senior Executive Officer" means the Company's "senior executive officers" as defined in Section 111(b)(3) of EESA as supplemented by 31 C.F.R. § 30.2 (as in effect on the Closing Date).

To the extent not subject to federal law, this letter will be governed by and construed in accordance with the laws of Ohio. This letter may be executed in two or more counterparts, each of which will be deemed to be an original. A signature transmitted by facsimile will be deemed an original signature.

If the Company does not participate or ceases at any time to participate in the CPP, this letter shall be of no further force and effect.

The Board appreciates the concessions you are making and looks forward to your continued leadership during these financially turbulent times.

[signature page follows]

Yours sincerely,

PEOPLES BANCORP INC.

By: /s/ Carol A. Schneeberger

Title: EVP, Operations

Date: 01/23/2009

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Intending to be legally bound, I agree with and accept the foregoing terms on the date set forth below.

/s/ David T. Wesel

David T. Wesel

Date: January 25, 2009

**APPENDIX A**

**Letter Agreement, and Securities  
Purchase Agreement – Standard Terms  
incorporated into Letter Agreement, with  
United States Department of the Treasury**

*[Intentionally omitted; Included as  
Exhibit 10.1 to the Current Report on Form 8-  
K dated February 2, 2009 and filed on that  
date by Peoples Bancorp Inc. with the  
Securities and Exchange Commission]*

**APPENDIX B**

The Benefit Plans described in this letter include, but are not limited to, the following plans, agreements, arrangement and methods:

1. Peoples Bancorp Inc. Amended and Restated 2006 Equity Plan (effective as of December 11, 2008)
2. Peoples Bancorp Inc. Amended and Restated Incentive Award Plan (effective as of December 11, 2008)
3. Peoples Bancorp Inc. Amended and Restated Change in Control Agreement (effective as of December 11, 2008)

**PEOPLES BANCORP INC.**  
**138 Putnam Street, Post Office Box 738**  
**Marietta, Ohio 45750-0738**  
**(740) 373-3155**  
**www.peoplesbancorp.com**

Carol A. Schneeberger  
Executive Vice President - Operations  
Peoples Bancorp Inc.  
138 Putnam Street  
Post Office Box 738  
Marietta, Ohio 45750-0738

Dear Carol:

Peoples Bancorp Inc. (the "Company") anticipates entering into a Letter Agreement and Securities Purchase Agreement – Standard Terms incorporated into the Letter Agreement, attached hereto as Appendix A (collectively, the "Participation Agreement"), with the United States Department of the Treasury (the "Treasury") that provides for the Company's participation in the Capital Purchase Program (the "CPP") of the Treasury's Troubled Assets Relief Program.

In order for the Company to participate in the CPP, and as a condition to the closing of the investment by the Treasury in the Company contemplated by the Participation Agreement, the Company is required to establish specified standards for executive compensation payable to Senior Executive Officers and to make certain changes to its compensation arrangements as described below:

- (1) No Golden Parachute Payments. The Company is prohibited from making any Golden Parachute Payment to you during any CPP Covered Period.
- (2) Recovery of Bonus and Incentive Compensation. Any bonus and/or incentive compensation paid to you during a CPP Covered Period (including any bonus and/or incentive compensation considered to have been paid to you during a CPP Covered Period pursuant to 31 C.F.R. § 30.6 (as in effect on the Closing Date)) is subject to recovery by the Company if the payments were based on materially inaccurate financial statements or any other materially inaccurate performance metric criteria.
- (3) No Unnecessary or Excessive Risk. The Company is required to review its Benefit Plans to ensure that they do not encourage Senior Executive Officers to take unnecessary and excessive risks that threaten the value of the Company.

This letter is intended to comply with the requirements imposed by the CPP. In consideration of the benefits that you will receive as a result of the Company's participation in the CPP, by signing this letter, you agree that each of the Company's compensation, bonus, incentive and other benefit plans, arrangements and agreements (including golden parachute, severance and



employment agreements) (collectively, "Benefit Plans") with respect to you is hereby amended to the extent necessary to give effect to provisions (1) and (2), above. For your reference, the affected Benefit Plans are set forth in Appendix B to this letter. In addition, you and the Company agree to negotiate revisions to any Benefit Plan required to give effect to provision (3), above, promptly and in good faith.

Provisions (1), (2) and (3) of this letter are intended to, and will be interpreted, administered and construed to, comply with Section 111 of EESA (and, to the maximum extent consistent with the foregoing, to permit operation of the Benefit Plans in accordance with their terms before giving effect to this letter).

The following capitalized terms shall have the meanings set forth below:

- (a) "Company" includes Peoples Bancorp Inc. and any entity treated as a single employer with Peoples Bancorp Inc. under 31 C.F.R. § 30.1(b) (as in effect on the Closing Date).
- (b) "CPP Covered Period" is any period during which: (a) you are a Senior Executive Officer; and (b) the Treasury holds an equity or debt position acquired from the Company under the CPP. The term "CPP Covered Period" shall be limited by, and interpreted in a manner consistent with, 31 C.F.R. § 30.11 (as in effect on the Closing Date).
- (c) "Closing Date" shall have the meaning given to it in the Participation Agreement.
- (d) "EESA" means the Emergency Economic Stabilization Act of 2008 as implemented by guidance or regulation issued by the Treasury and as published in the Federal Register on October 20, 2008.
- (e) "Golden Parachute Payment" is used with same meaning as in Section 111(b)(2)(C) of EESA as supplemented by 31 C.F.R. § 30.9 (as in effect on the Closing Date).
- (f) "Senior Executive Officer" means the Company's "senior executive officers" as defined in Section 111(b)(3) of EESA as supplemented by 31 C.F.R. § 30.2 (as in effect on the Closing Date).

To the extent not subject to federal law, this letter will be governed by and construed in accordance with the laws of Ohio. This letter may be executed in two or more counterparts, each of which will be deemed to be an original. A signature transmitted by facsimile will be deemed an original signature.

If the Company does not participate or ceases at any time to participate in the CPP, this letter shall be of no further force and effect.

The Board appreciates the concessions you are making and looks forward to your continued leadership during these financially turbulent times.

[signature page follows]

Yours sincerely,

PEOPLES BANCORP INC.

By: /s/ Mark F. Bradley

Title: President & CEO

Date: 1/23/2009

\*\*\*\*\*

Intending to be legally bound, I agree with and accept the foregoing terms on the date set forth below.

/s/ Carol A. Schneeberger

Carol A. Schneeberger

Date: January 23, 2009

**APPENDIX A**

**Letter Agreement, and Securities  
Purchase Agreement – Standard Terms  
incorporated into Letter Agreement, with  
United States Department of the Treasury**

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*[Intentionally omitted; Included as  
Exhibit 10.1 to the Current Report on Form 8-  
K dated February 2, 2009 and filed on that  
date by Peoples Bancorp Inc. with the  
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**APPENDIX B**

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2. Peoples Bancorp Inc. Amended and Restated Incentive Award Plan (effective as of December 11, 2008)

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3. Peoples Bancorp Inc. Amended and Restated Change in Control Agreement (effective as of December 11, 2008)

**PEOPLES BANCORP INC.**  
**138 Putnam Street, Post Office Box 738**  
**Marietta, Ohio 45750-0738**  
**(740) 373-3155**  
**www.peoplesbancorp.com**

Joseph S. Yazombek  
Executive Vice President - Chief Lending Officer  
Peoples Bancorp Inc.  
138 Putnam Street  
Post Office Box 738  
Marietta, Ohio 45750-0738

Dear Joe:

Peoples Bancorp Inc. (the "Company") anticipates entering into a Letter Agreement and Securities Purchase Agreement – Standard Terms incorporated into the Letter Agreement, attached hereto as Appendix A (collectively, the "Participation Agreement"), with the United States Department of the Treasury (the "Treasury") that provides for the Company's participation in the Capital Purchase Program (the "CPP") of the Treasury's Troubled Assets Relief Program.

In order for the Company to participate in the CPP, and as a condition to the closing of the investment by the Treasury in the Company contemplated by the Participation Agreement, the Company is required to establish specified standards for executive compensation payable to Senior Executive Officers and to make certain changes to its compensation arrangements as described below:

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The Board appreciates the concessions you are making and looks forward to your continued leadership during these financially turbulent times.

[signature page follows]

Yours sincerely,

PEOPLES BANCORP INC.

By: /s/ Carol A. Schneeberger

Title: EVP, Operations

Date: 01/23/2009

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\*\*\*\*\*

Intending to be legally bound, I agree with and accept the foregoing terms on the date set forth below.

/s/ Joseph S. Yazombek

Joseph S. Yazombek

Date: January 23, 2009

**APPENDIX A**

**Letter Agreement, and Securities  
Purchase Agreement – Standard Terms  
incorporated into Letter Agreement, with  
United States Department of the Treasury**

*[Intentionally omitted; Included as  
Exhibit 10.1 to the Current Report on Form 8-  
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## **APPENDIX B**

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

**FORM 8-K**

CURRENT REPORT

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

Date of Report (Date of earliest event reported): February 2, 2009 (January 28, 2009)



**PEOPLES BANCORP INC.**

(Exact name of Registrant as specified in its charter)

|   |                             |   |
|---|-----------------------------|---|
| Ohio  | 0-16772                     | 31-0987416                              |
| (State or other jurisdiction<br>of incorporation)             | (Commission File<br>Number) | (I.R.S. Employer<br>Identification No.) |
| 138 Putnam Street, P.O. Box 738<br>Marietta, Ohio             |                             | 45750                                   |
| (Address of principal executive office)                       |                             | (Zip Code)                              |
| Registrant's telephone number, including area code:           |                             | <u>(740) 373-3155</u>                   |
| Not applicable  |                             |   |
| (Former name or former address, if changed since last report) |                             |   |

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

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

**Peoples Bank, National Association  
Mortgage and Consumer Loan Relief Program**

**History:**

Although Peoples Bank did not participate in the aggressive sub prime lending activities, which are viewed in the industry as occurring during the 2005-2008 period, we do believe that we should take steps to help our customers who have been impacted by the effect of these activities on our national economy. Peoples Bank's underwriting has been consistently strong during the mortgage boom. In fact, 79% of first mortgages booked during this period had a credit score greater than 660. This is a much higher percentage than the national average of approximately 55%. Peoples Bank's real estate loan average delinquency of 2.68% in 2008 has remained steady during this time and is well below national averages that hover near 10%.

Based on these findings, it is strongly believed that Peoples Bank's mortgage and consumer relief programs will be far more successful than the highly publicized national average of failed mortgage relief programs. Peoples is certainly not immune to current economic conditions, and foresees increased delinquency. In response to such conditions, we are voluntarily offering as much assistance as possible to prevent additional losses and foreclosures.

**Objective:**

To provide financial restructuring to distressed borrowers on home and consumer loans. The intent of this program is to keep borrowers from losing their assets wherever possible.

**Criteria for Participation in the Program:**

- Mortgage loans must be owner-occupied.
  
- Borrowers must have a willingness to work with the bank, and demonstrate some ability to make payments.
  
- Some degree of financial hardship must be demonstrated:
  - Medical Hardship: Major injury or medical condition resulting in reduction or loss of income, with or without insurance.
  - Financial Hardship: Loss of income due to unexpected economic conditions such as layoffs, business closing, etc, with or without unemployment benefits.

**Implementation:**

Peoples Bank is maintaining an unemployment status report by monitoring company layoffs and closures in our market area and contacting those employers to obtain information on the timing, extent, and severance packages being offered to employees and the availability of unemployment insurance. We then search our records to identify customers potentially impacted by the closure or layoff and encourage them to consider one of our loan relief programs.

Loans offered through our program are approved by two members of senior management and then managed at a centralized location.

## **Specific Programs:**

### Foreclosure Prevention for Owner Occupied Homes

Peoples Bank will offer a no closing cost mortgage to pay all arrearage of the first and or second mortgage. The loan is a 36-month note with no interest and no payments for 6 months. The interest on the remaining 30 months is priced at the same rate as that of the first mortgage.

### Refinances for Owner Occupied Homes

Peoples Bank will agree to refinance mortgages for a borrower in financial difficulty who shows a willingness and ability to repay the debt. The interest, escrow, and closing fees due on the new loan may be deferred or capitalized.

### Modifications for Owner Occupied Homes

Peoples Bank may choose to modify loan agreements (as opposed to refinance) to expedite the relief for borrowers with an ability and willingness to make payments. Peoples may defer or capitalize the interest, escrow and closing fees. This is also known as re-aging the loan.

### Hope 4 Homeowners

This is program offered by the FHA. Because Peoples Bank's specific FHA provider does not participate in this program we are not able to offer it to our borrowers. Peoples Bank does inform customers about the program and provides information on how to find a qualified lender with an FHA provider who does participate in the program.

### Consumer/Personal Loans

Peoples will modify loan payments by extending the term or lowering the interest rate to enable borrowers to continue making an affordable loan payment.

### Non-Owner Occupied Mortgages

Peoples Bank can modify or refinance this type of loan, but cannot defer or capitalize the interest due to loan to value restrictions.

### Interest Extensions

Peoples Bank may offer an interest extension to customers suffering from a temporary hardship, and has agreed to waive the extension fees until further notice.