

PEOPLES BANCORP INC  
Form PRE 14A  
March 05, 2010

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

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  x  
Filed by a Party other than the Registrant  o

Check the appropriate box:

- x Preliminary Proxy Statement
- o Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- o Definitive Proxy Statement
- o Definitive Additional Materials
- o 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):

- x No fee required.
- o 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:

---

Edgar Filing: PEOPLES BANCORP INC - Form PRE 14A

Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth (3) 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:

---

o Fee paid previously with preliminary materials.

o 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:

---

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

---

(3) Filing Party:

---

(4) Date Filed:

---

---

PRELIMINARY COPY

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

March 26, 2010

Dear Fellow Shareholders:

Enclosed you will find the following items pertaining to the Annual Meeting of Shareholders of Peoples Bancorp Inc (“Peoples”) to be held at 10:00 a.m. on Thursday, April 22, 2010 at the Holiday Inn in Marietta, Ohio:

- Notice of Annual Meeting of Shareholders and accompanying Proxy Statement.
- Peoples’ 2009 Annual Report to Shareholders, which includes the Annual Report on Form 10-K for the Fiscal Year Ended December 31, 2009.
  - Proxy Card.
  - Return Envelope.

The proxy card solicits your vote on following: (1) the election of five directors for three-year terms ending in 2013; (2) the approval and adoption of an amendment to Section 2.01 of Peoples’ Code of Regulations in order to clarify the qualifications required for an individual to be eligible to be elected as a director of Peoples; (3) the ratification of Ernst & Young LLP as Peoples’ independent registered public accounting firm for the fiscal year ending December 31, 2010; (4) the approval, in a non-binding advisory vote, of Peoples’ executive compensation as disclosed in the accompanying Proxy Statement; and (5) other business which properly comes before the Annual Meeting.

It is important that your proxy card be signed, dated, and returned promptly in the enclosed return envelope.

I hope that you will consider attending our Annual Meeting. We continue to be active in our pursuit of strategies that enhance long-term shareholder value in these challenging economic times. On behalf of our directors and staff, thank you for your continued support.

Sincerely,

Mark F. Bradley

President and Chief Executive Officer

Peoples Bancorp (w/logo)® is a federally registered service mark of Peoples Bancorp Inc.

PRELIMINARY COPY

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

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS  
PEOPLES BANCORP INC.

Marietta, Ohio  
March 26, 2010

Dear Fellow Shareholders:

The Annual Meeting of Shareholders (the “Annual Meeting”) of Peoples Bancorp Inc. (“Peoples”) will be held at 10:00 a.m., Eastern Daylight Saving Time, on Thursday, April 22, 2010, in the Ball Room of the Holiday Inn, 701 Pike Street in Marietta, Ohio (Interstate 77, Ohio exit 1), for the following purposes:

1. To elect the following directors for terms of three years each:

Nominee		Term Will Expire In
Dave M. Archer	(for re-election)	2013
David L. Mead	(for re-election)	2013
Robert W. Price	(for re-election)	2013
Paul T. Theisen	(for re-election)	2013
Thomas J. Wolf	(for re-election)	2013

2. To consider and vote upon a proposal to approve and adopt an amendment to Section 2.01 of Peoples’ Code of Regulations in order to clarify the qualifications required for an individual to be eligible to be elected as a director of Peoples.
3. To ratify the appointment of Ernst & Young LLP as Peoples’ independent registered public accounting firm for the fiscal year ending December 31, 2010.
4. To approve, in a non-binding advisory vote, Peoples’ executive compensation as disclosed in the accompanying proxy statement; and
5. To transact any other business which properly comes before the Annual Meeting or any adjournment thereof. Peoples’ Board of Directors is not aware of any other business to come before the Annual Meeting.

If you were a holder of record of common shares of Peoples at the close of business on February 26, 2010, you will be entitled to vote in person or by proxy at the Annual Meeting.

You are cordially invited to attend the Annual Meeting. Your vote is important, regardless of the number of common shares you own. Whether or not you plan to attend the Annual Meeting in person, please complete, sign, date and return your proxy card in the enclosed envelope at your earliest convenience.

Edgar Filing: PEOPLES BANCORP INC - Form PRE 14A

Peoples' 2009 Annual Report to Shareholders, which includes the Annual Report on Form 10-K for the fiscal year ended December 31, 2009, accompanies this notice and proxy statement.

By Order of the Board of Directors,

Rhonda L. Mears  
General Counsel and Corporate Secretary

To obtain directions to attend the Annual Meeting and vote in person, please call Investor Relations at 740-374-6136.

---

Table of Contents

PEOPLES BANCORP INC.  
 PROXY STATEMENT FOR THE ANNUAL MEETING OF SHAREHOLDERS  
 To Be Held April 22, 2010

GENERAL INFORMATION	1
Mailing	1
SHAREHOLDER PROPOSALS FOR 2011 ANNUAL MEETING	1
VOTING INFORMATION	2
Who can vote at the Annual Meeting?	2
How do I vote?	2
How do I vote if my common shares are held in “street name”?	2
How do I vote if my common shares are held through the Peoples Bancorp Inc. Retirement Savings Plan?	2
How will my common shares be voted?	2
How do I change or revoke my proxy?	3
If I vote in advance, can I still attend the Annual Meeting?	3
What constitutes a quorum and how many votes are required for adoption of the proposals?	3
Who pays the cost of proxy solicitation?	4
NOTICE REGARDING INTERNET AVAILABILITY OF PROXY MATERIALS	5
PARTICIPATION IN CAPITAL PURCHASE PROGRAM ENACTED AS PART OF TROUBLED ASSETS RELIEF PROGRAM	5
SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT	6
SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE	9
TRANSACTIONS WITH RELATED PERSONS	10
PROPOSAL NUMBER 1: ELECTION OF DIRECTORS	10
Recommendation and Vote	11
EXECUTIVE OFFICERS	15
THE BOARD OF DIRECTORS AND COMMITTEES OF THE BOARD	16
Independence of Directors	16
Executive Sessions	17
Meetings of the Board and Attendance at Annual Meetings of Shareholders	17
Committees of the Board	17
Audit Committee	17
Compensation Committee	18
Executive Committee	20
Governance and Nominating Committee	20
Risk Committee	21
Nominating Procedures	21
Shareholder Communications with the Board of Directors	22
EXECUTIVE COMPENSATION: Compensation Discussion and Analysis	22
Overview of Compensation Program	22
TARP Capital Purchase Program	23
Compensation Philosophy and Objectives	24
Role of Executive Officers in Compensation Decisions	25
Setting Executive Compensation	25

Edgar Filing: PEOPLES BANCORP INC - Form PRE 14A

2009 Executive Compensation Components	27
Base Salary	27
Plan Design for Annual Cash Incentives and Long-Term Equity-Based Incentives	28
Annual Cash Incentives	30
Long-Term Equity-Based Incentive Compensation	31
Retirement and Other Benefits	32
Perquisites and Other Personal Benefits	34

## Table of Contents

Change in Control Agreements	34
Other Compensation Arrangements for Executive Officers	34
Deductibility of Executive Compensation	34
Non-Qualified Deferred Compensation	35
Accounting for Equity-Based Compensation	35
Other Information	35
COMPENSATION COMMITTEE REPORT	35
Summary Compensation Table for 2009	37
Grants of Plan-Based Awards FOR 2009	39
Outstanding Equity Awards at FISCAL Year-end 2009	40
Option Exercises and Stock Vested for 2009	42
Pension Benefits for 2009	42
Non-Qualified Deferred Compensation for 2009	42
Other Potential Post Employment Payments	43
Payments Made Upon Termination	44
Payments Made Upon Retirement	44
Payments Made Upon Death or Disability	44
Payments Made Upon a Change in Control	44
Director Compensation	48
Cash Compensation Paid to Board Members	48
Equity-based Compensation	49
Deferred Compensation Plan for Directors	49
All Other Compensation	49
Director Compensation for 2009	50
Compensation Committee Interlocks and Insider Participation	51
AUDIT COMMITTEE REPORT FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009	51
INDEPENDENT REGISTERED PUBLIC accounting firm	52
Fees	52
Pre-Approval Policy	52
PROPOSAL NUMBER 2: Proposed Amendment to Section 2.01 of Peoples' Code of Regulations	53
Proposed Amendment	53
Recommendation and Vote	53
PROPOSAL NUMBER 3: RATIFICATION OF appointment of independent registered public accounting firm	53
Recommendation and Vote	53
PROPOSAL NUMBER 4: NON-BINDING ADVISORY VOTE ON PEOPLES' EXECUTIVE COMPENSATION	53
Recommendation and Vote	54
HOUSEHOLDING OF ANNUAL MEETING MATERIALS	54
OTHER MATTERS	55

PEOPLES BANCORP INC.  
138 Putnam Street  
P.O. Box 738  
Marietta, Ohio 45750-0738  
(740) 374-6136  
www.peoplesbancorp.com

PROXY STATEMENT FOR THE ANNUAL MEETING OF SHAREHOLDERS  
To Be Held April 22, 2010

GENERAL INFORMATION

We are sending this proxy statement and the accompanying proxy card to you because the Board of Directors of Peoples Bancorp Inc. (“Peoples”) is soliciting your proxy to vote at the Annual Meeting of Shareholders, to be held on Thursday, April 22, 2010, at 10:00 a.m., Eastern Daylight Saving Time (the “Annual Meeting”), or at any adjournment thereof. The Annual Meeting will be held in the Ball Room of the Holiday Inn, 701 Pike Street in Marietta, Ohio (Interstate 77, Ohio exit 1). This proxy statement summarizes the information that you will need in order to vote.

Peoples has three wholly-owned subsidiaries, Peoples Bank, National Association (“Peoples Bank”), Peoples Investment Company and PEBO Capital Trust I. Peoples Bank also owns an insurance agency subsidiary, Peoples Insurance Agency, LLC, and an asset management subsidiary, PBNA, L.L.C. Peoples Investment Company also owns a capital management subsidiary, Peoples Capital Corporation. In 2003, Peoples established Peoples Bancorp Foundation, Inc., as an independent charitable foundation to provide financial assistance and grants to local organizations within Peoples’ market area.

Mailing

We mailed this proxy statement and the accompanying proxy card on or about March 26, 2010 to all shareholders entitled to vote their common shares at the Annual Meeting. The common shares are the only shares of Peoples’ capital stock entitled to vote at the Annual Meeting. We also sent with this proxy statement, Peoples’ 2009 Annual Report to Shareholders, which includes the Annual Report on Form 10-K for the fiscal year ended December 31, 2009 (the “2009 Annual Report”). Additional copies of the 2009 Annual Report may be obtained, without charge, by sending a written request to: Rhonda L. Mears, Corporate Secretary, 138 Putnam Street, P.O. Box 738, Marietta, Ohio 45750-0738. Peoples’ Annual Report on Form 10-K for the fiscal year ended December 31, 2009 is posted in the “Company Information/SEC Filings Updated” section of the “Investor Relations” page of Peoples’ website at www.peoplesbancorp.com and is also on file with the Securities and Exchange Commission (the “SEC”) and available on the SEC’s website at www.sec.gov.

SHAREHOLDER PROPOSALS  
FOR 2011 ANNUAL MEETING

Proposals by shareholders intended to be presented at the 2011 Annual Meeting of Shareholders (the “2011 Annual Meeting”) must be received by the Corporate Secretary of Peoples no later than November 26, 2010, to be eligible for inclusion in Peoples’ proxy, notice of meeting, proxy statement and Notice of Internet Availability of Proxy Materials relating to the 2011 Annual Meeting. Peoples will not be required to include in its proxy, notice of meeting, proxy statement or Notice of Internet Availability of Proxy Materials, a shareholder proposal that is received after that date or that otherwise fails to meet the requirements for shareholder proposals established by applicable SEC rules.

Edgar Filing: PEOPLES BANCORP INC - Form PRE 14A

The SEC has promulgated rules relating to the exercise of discretionary voting authority under proxies solicited by the Board of Directors. If a shareholder intends to present a proposal at the 2011 Annual Meeting without inclusion of that proposal in Peoples' proxy materials, and does not notify the Corporate Secretary of Peoples of the proposal by February 9, 2011, or if Peoples meets other requirements of the applicable SEC rules, the proxies solicited by the Board of Directors for use at the 2011 Annual Meeting will confer discretionary authority to vote on the proposal should it then be raised at the 2011 Annual Meeting.

In each case, written notice must be given to Peoples' Corporate Secretary, at the following address: Peoples Bancorp Inc., 138 Putnam Street, P.O. Box 738, Marietta, Ohio 45750-0738.

Shareholders desiring to nominate candidates for election as directors at the 2011 Annual Meeting must follow the procedures described in the section captioned “NOMINATING PROCEDURES.”

## VOTING INFORMATION

Who can vote at the Annual Meeting?

Only holders of common shares of record at the close of business on February 26, 2010 are entitled to receive notice of and to vote at the Annual Meeting. At the close of business on February 26, 2010, there were 10,496,841 common shares outstanding and entitled to vote. The common shares are the only shares of Peoples’ capital stock entitled to vote at the Annual Meeting.

Each common share entitles the holder thereof to one vote on each matter to be voted upon at the Annual Meeting. There is no cumulative voting with respect to the election of directors.

How do I vote?

Whether or not you plan to attend the Annual Meeting, we urge you to vote in advance by proxy. To do so, you may complete, sign and date the accompanying proxy card and return it in the envelope provided.

If you plan to attend the Annual Meeting and vote in person, we will give you a ballot when you arrive. If your common shares are held in the name of your broker, your financial institution or another record holder (i.e., held in “street name”), you must bring an account statement or letter from that broker, financial institution or other holder of record authorizing you to vote on behalf of such record holder. The account statement or letter must show that you were the direct or indirect beneficial owner of the common shares (i.e., you retained the right to make voting and/or investment decisions with respect to the common shares) on February 26, 2010, the record date for voting at the Annual Meeting.

How do I vote if my common shares are held in “street name”?

If you hold your common shares in “street name” with a broker, financial institution or other holder of record, you should review the information provided to you by such record holder. This information will set forth the procedures you need to follow in instructing the record holder how to vote your “street name” common shares and how to revoke previously given instructions. If you hold your common shares in “street name,” you may be eligible to appoint your proxy electronically via the Internet or telephonically and may incur costs associated with the electronic access or telephone usage.

How do I vote if my common shares are held through the Peoples Bancorp Inc. Retirement Savings Plan?

If you participate in the Peoples Bancorp Inc. Retirement Savings Plan (the “Retirement Savings Plan”), you will be entitled to instruct the trustee of the Retirement Savings Plan how to vote common shares that have been allocated to your account. If you are such a participant, you will receive a proxy card for common shares allocated to your account in the Retirement Savings Plan. If you do not provide voting instructions to the trustee of the Retirement Savings Plan, the trustee will not vote the common shares allocated to your account.

How will my common shares be voted?

Those common shares represented by a properly executed proxy card that is received prior to the Annual Meeting and not subsequently revoked will be voted in accordance with your instructions by your “proxies” (the individuals named

on your proxy card). If you submit a valid proxy card prior to the Annual Meeting, but do not complete the voting instructions on the proxy card, except in the case of broker non-votes where applicable, your proxy will vote your common shares as recommended by the Board of Directors, as follows:

- “FOR” the election as directors of the nominees listed on pages 10 through 12 under “PROPOSAL NUMBER 1: ELECTION OF DIRECTORS”;
- “FOR” the approval and adoption of the proposed amendment to Section 2.01 of Peoples’ Code of Regulations in order to clarify the qualifications required for an individual to be eligible to be elected as a director of Peoples;
- “FOR” the ratification of the appointment of Ernst & Young LLP (“E&Y”) as Peoples’ independent registered public accounting firm for the fiscal year ending December 31, 2010; and
- “FOR” the approval, in a non-binding advisory vote, of Peoples’ executive compensation as described in this proxy statement.

No appraisal or dissenters' rights exist for any action proposed to be taken at the Annual Meeting. If any other matters are properly presented for voting at the Annual Meeting, the individuals appointed as proxies on the accompanying proxy card will vote on those matters, to the extent permitted by applicable law, in accordance with their best judgment.

How do I change or revoke my proxy?

Shareholders who submit proxies retain the right to revoke them at any time before they are exercised. Unless revoked, the common shares represented by such proxies will be voted at the Annual Meeting and any adjournment thereof. You may revoke your proxy at any time before it is actually exercised at the Annual Meeting by:

- filing a written notice of revocation with the Corporate Secretary of Peoples at 138 Putnam Street, P.O. Box 738, Marietta, Ohio 45750-0738, which must be received prior to the Annual Meeting;
- executing and returning a later-dated proxy card, which must be received prior to the Annual Meeting; or
  - attending the Annual Meeting and giving notice of revocation in person.

Attendance at the Annual Meeting will not, by itself, revoke your proxy.

The last-dated proxy you submit (by any means) will supersede any previously submitted proxy. If you hold your common shares in "street name" and instructed your broker, financial institution or other nominee to vote your common shares and you would like to revoke or change your vote, then you must follow the instructions received from your nominee to change your vote.

If I vote in advance, can I still attend the Annual Meeting?

Yes. You are encouraged to vote promptly, by returning your signed proxy card by mail, so that your common shares will be represented at the Annual Meeting. However, appointing a proxy does not affect your right to attend the Annual Meeting and vote your common shares in person.

What constitutes a quorum and how many votes are required for adoption of the proposals?

Under Peoples' Code of Regulations, a quorum is a majority of the voting shares of Peoples then outstanding and entitled to vote at the Annual Meeting. The common shares are the only shares of Peoples' capital stock entitled to vote at the Annual Meeting. Common shares may be present in person or represented by proxy at the Annual Meeting. Both abstentions and broker non-votes are counted as being present for purposes of determining the presence of a quorum. There were 10,496,841 Peoples common shares outstanding and entitled to vote on February 26, 2010, the record date. A majority of the outstanding common shares, or 5,248,421 common shares, present in person or represented by proxy, will constitute a quorum. A quorum must exist to conduct business at the Annual Meeting.

If a proposal is routine, a broker holding common shares for a beneficial owner in street name may vote on the proposal without receiving instructions from the beneficial owner. If a proposal is non-routine, a broker may vote on the proposal only if the beneficial owner has provided voting instructions. A "broker non-vote" occurs when a broker holding common shares for a beneficial owner is unable to vote on a proposal because the proposal is non-routine and the beneficial owner does not provide any voting instructions.

Each of (i) the approval and adoption of the proposed amendment to Section 2.01 of Peoples' Code of Regulations; (ii) the ratification of the appointment of Peoples' independent registered public accounting firm and (iii) the non-binding

advisory vote on executive compensation, is a routine item. The election of directors is a proposal on which a broker may vote only if the beneficial owner has provided voting instructions.

The following sets forth the votes required, and the impact of abstentions and broker non-votes, if any, on the four proposals:

Item	Vote Required	Impact of Abstentions and Broker Non-Votes, if any
Election of Directors	Under Ohio law and Peoples' Code of Regulations, the five nominees for election as directors receiving the greatest number of votes "FOR" their election will be elected as directors in the class whose terms will expire in 2013.	<ul style="list-style-type: none"> <li>· Common shares as to which the authority to vote is withheld will be counted for quorum purposes but will affect whether a nominee has received sufficient votes to be elected.</li> <li>· Broker non-votes will not count as a vote on the proposal and will not affect the outcome of the vote.</li> </ul>
Amendment to Section 2.01 of Peoples' Code of Regulations	Approval of holders of at least a majority of the outstanding common shares.	<ul style="list-style-type: none"> <li>· Abstention has the same effect as a vote "AGAINST" the proposal.</li> </ul>
Ratification of Appointment of Independent Registered Public Accounting Firm	The affirmative vote of a majority of the common shares represented at the Annual Meeting, in person or by proxy, and entitled to vote on the proposal, is required to ratify the appointment of Ernst & Young LLP as Peoples' independent registered public accounting firm for the fiscal year ending December 31, 2010.	<ul style="list-style-type: none"> <li>· Abstention has the same effect as a vote "AGAINST" the proposal.</li> </ul>
Approval, in Non-Binding Advisory Vote, of Peoples' Executive Compensation	The affirmative vote of a majority of the common shares represented at the Annual Meeting, in person or by proxy, and entitled to vote on the proposal, is required to approve, in a non-binding advisory vote, Peoples' executive compensation disclosed in this proxy statement.	<ul style="list-style-type: none"> <li>· Abstention has the same effect as a vote "AGAINST" the proposal.</li> </ul>

Peoples' policy is to keep confidential proxy cards, ballots and voting tabulations that identify individual shareholders. However, exceptions to this policy may be necessary in some instances to comply with legal requirements and, in the case of any contested proxy solicitation, to verify the validity of proxies presented by any person and the results of the voting. Inspectors of election and any employees associated with processing proxy cards or ballots and tabulating the vote must acknowledge their responsibility to comply with this policy of confidentiality.

Who pays the cost of proxy solicitation?

Peoples will pay the costs of soliciting proxies on behalf of the Board of Directors other than the Internet access and telephone usage charges if a proxy is appointed electronically or telephonically through a broker, financial institution or other holder of record. Although we are soliciting proxies by mailing these proxy materials to the holders of our common shares, the directors, officers and employees of Peoples and our subsidiaries also may solicit proxies by further mailings, telephone, electronic mail, facsimile or personal contact without receiving any additional compensation for such solicitations. Peoples will also reimburse its transfer agent, brokers, voting trustees, financial institutions and other custodians, nominees and fiduciaries for their costs in forwarding the proxy materials to the beneficial shareholders.

## NOTICE REGARDING INTERNET AVAILABILITY OF PROXY MATERIALS

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders of Peoples Bancorp Inc. to Be Held on April 22, 2010: This proxy statement, a sample of the form of proxy card and Peoples' 2009 Annual Report to Shareholders are available at [www.peoplesbancorp.com](http://www.peoplesbancorp.com) by selecting the "Peoples Bancorp Inc. Proxy Materials" link.

To obtain directions to attend the Annual Meeting and vote in person, please call Investor Relations at 740-374-6136.

## PARTICIPATION IN CAPITAL PURCHASE PROGRAM ENACTED AS PART OF TROUBLED ASSETS RELIEF PROGRAM

On January 30, 2009, Peoples completed the sale to the United States Department of the Treasury (the "U.S. Treasury") of \$39.0 million of newly-issued Peoples non-voting preferred shares as part of the U.S. Treasury's Capital Purchase Program (the "Capital Purchase Program") enacted as part of the Troubled Assets Relief Program ("TARP") established by the Emergency Economic Stabilization Act of 2008 ("EESA"). To finalize Peoples' participation in the Capital Purchase Program, Peoples and the U.S. Treasury entered into a Letter Agreement, dated January 30, 2009 (the "Letter Agreement"), including the related Securities Purchase Agreement – Standard Terms attached thereto (the "Securities Purchase Agreement" and together with the Letter Agreement, the "UST Agreement"). Pursuant to the UST Agreement, Peoples issued and sold to the U.S. Treasury (i) 39,000 of Peoples' Fixed Rate Cumulative Perpetual Preferred Shares, Series A, each without par value and having a liquidation preference of \$1,000 per share (the "Series A Preferred Shares"), and (ii) a warrant (the "Warrant") to purchase 313,505 Peoples common shares, at an exercise price of \$18.66 per share (subject to certain anti-dilution and other adjustments), for an aggregate purchase price of \$39.0 million in cash. The Warrant has a ten-year term.

In the Securities Purchase Agreement, Peoples adopted the U.S. Treasury's standards for executive compensation and corporate governance for the period during which the U.S. Treasury owns any securities acquired from Peoples pursuant to the Securities Purchase Agreement or upon exercise of the Warrant. These standards generally apply to our executive officers – Mark F. Bradley, Peoples' President and Chief Executive Officer; Edward G. Sloane, Peoples' Executive Vice President, Chief Financial Officer and Treasurer; Carol A. Schneeberger, Peoples' Executive Vice President, Operations; Joseph S. Yazombek, Peoples' Executive Vice President and Chief Credit Officer; Daniel K. McGill, Peoples' Executive Vice President and Chief Commercial Lending Officer; Richard W. Stafford, Peoples' Executive Vice President, Retail Banking; and David T. Wesel, Peoples' Executive Vice President, Investment and Insurance Services. These standards are set forth in the American Recovery and Reinvestment Act of 2009 (the "ARRA") and an interim final rule promulgated by the U.S. Treasury under 31 CFR Part 30 on June 15, 2009 and amended December 7, 2009 (collectively, the "Interim Final Rule") The executive compensation and corporate governance standards under the ARRA and the Interim Final Rule remain in effect during the period in which any obligation arising from financial assistance provided under TARP remains outstanding, excluding any period during which the U.S. Treasury holds only the Warrant to purchase Peoples' common shares (the "ARRA Covered Period").

SECURITY OWNERSHIP OF CERTAIN  
BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth, as of February 26, 2010 (except as otherwise noted), certain information concerning the beneficial ownership of common shares by the only entities known by Peoples to be the beneficial owner of more than 5% of Peoples' outstanding common shares:

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class (1)
Peoples Bank – Trustee 138 Putnam Street P.O. Box 738 Marietta, OH 45750-0738	911,720 (2)	8.69%
Franklin Resources, Inc. Charles B. Johnson Rupert H. Johnson, Jr. Franklin Advisory Services, LLC One Franklin Parkway San Mateo, CA 94403-1906	839,771 (3)	8.00%
Dimensional Fund Advisors LP Palisades West, Building One 6300 Bee Cave Road Austin, TX 78746	836,258 (4)	7.97%
BlackRock, Inc. 40 East 52nd Street New York, NY 10022	636,416 (5)	6.06%

(1) The “Percent of Class” computation is based on 10,496,841 common shares outstanding and entitled to vote on February 26, 2010.

(2) Includes Peoples Bank’s beneficial ownership through Peoples Financial Advisors, a division of Peoples Bank, in the following manner: 150,824 common shares with shared investment and sole voting power; 688,342 common shares with shared investment and shared voting power; 48,986 common shares with sole voting and sole investment power; and 23,568 common shares with sole investment and shared voting power. The officers and directors of Peoples Bank and Peoples disclaim beneficial ownership of the common shares beneficially owned by Peoples Bank through Peoples Financial Advisors.

(3) Based on information contained in a Schedule 13G amendment, filed with the SEC on February 4, 2010 on behalf of Franklin Resources, Inc., Charles B. Johnson, Rupert H. Johnson, Jr., and Franklin Advisory Services, LLC to report their beneficial ownership of common shares of Peoples as of December 31, 2009. These common shares are reported to be beneficially owned by one or more open- or closed-end investment companies or other managed accounts that are investment management clients

of investment managers that are direct and indirect subsidiaries of Franklin Resources, Inc., including Franklin Advisory Services, LLC and Franklin Templeton Portfolio Advisors, Inc., which are investment adviser subsidiaries of Franklin Resources, Inc. The investment management contracts generally grant to the respective investment adviser subsidiary all voting and/or investment power over the common shares owned by the advisory clients. However, the Schedule 13G amendment reports that, to the extent that the underlying client under a managed account investment management arrangement advised by Franklin Templeton Portfolio Advisors, Inc. has retained voting power over any common shares, Franklin Templeton Portfolio Advisors, Inc. disclaims any power to vote or direct the vote of such common shares. The Schedule 13G amendment reports that Franklin Advisory Services, LLC had sole voting power as to 825,771 common shares (7.87% of the outstanding common shares) and sole investment power as to 838,571 common shares (7.99% of the outstanding common shares) and that Franklin Templeton Portfolio Advisors, Inc. had sole voting (except as previously noted) and sole investment power as to 1,200 common shares (.0001% of the outstanding common shares). For purposes of the reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), Charles B. Johnson and Rupert H. Johnson, Jr. are reported to be the principal stockholders of Franklin Resources, Inc., and together with Franklin Resources, Inc., each may be deemed to be, for purposes of Rule 13d-3 under the Exchange Act, the beneficial owner of the common shares held by persons and entities advised by the investment adviser subsidiaries of Franklin Resources, Inc. However, each of Franklin Resources, Inc., Charles B. Johnson, Rupert H. Johnson, Jr., Franklin Advisory Services, LLC and Franklin Templeton Portfolio Advisors, Inc. expressly disclaimed any pecuniary interest (direct financial interest) or beneficial ownership in any of the common shares covered by the Schedule 13G amendment and they believe they are not a "group" within the meaning of Rule 13d-5 under the Exchange Act.

- (4) Based on information contained in a Schedule 13G amendment, filed with the SEC on February 8, 2010 on behalf of Dimensional Fund Advisors LP to report its beneficial ownership of common shares of Peoples as of December 31, 2009. The Schedule 13G amendment reported that Dimensional Fund Advisors LP had sole voting power as to 816,380 common shares and sole investment power as to 836,258 common shares, all of which were held in portfolios of four registered investment companies to which Dimensional Fund Advisors LP furnishes investment advice and of certain other commingled group trusts and separate accounts for which Dimensional Fund Advisors LP serves as investment manager. The common shares reported were owned by the investment companies, trusts and accounts. Dimensional Fund Advisors LP disclaimed beneficial ownership of the reported common shares.
- (5) Based on information contained in a Schedule 13G amendment filed with the SEC on January 29, 2010 on behalf of BlackRock, Inc. to report the beneficial ownership by its subsidiaries (BlackRock Institutional Trust Company, N.A., BlackRock Fund Advisors and BlackRock Investment Management, LLC) of common shares of Peoples as of December 31, 2009. The Schedule 13G reported that BlackRock, Inc. had sole voting power and sole investment power as to 636,416 common shares.

The following table sets forth, as of February 10, 2010, certain information with respect to the common shares beneficially owned by each current director of Peoples (including each nominee for re-election as a director of Peoples), by each individual named in the Summary Compensation Table for 2009 and by all current executive officers and directors of Peoples as a group:

Amount and Nature of Beneficial Ownership (1)

Name of Beneficial Owner	Common Shares Presently Held		Common Shares Which Can Be Acquired Upon Exercise of Options Currently Exercisable or Options First Becoming Exercisable Within 60 Days	Total	Percent of Class (2)
Dave M. Archer	24,066	(3)	2,912	26,978	(4)
Carl L. Baker, Jr.	93,901	(5)	7,984	101,885	(4)
Mark F. Bradley					
(6)	11,071	(7)	17,135	28,206	(4)
George W. Broughton	158,820	(8)	4,665	163,485	1.56%
Wilford D. Dimit	59,402	(9)	7,550	66,952	(4)
Richard Ferguson	751	(10)	2,355	3,106	(4)
Brenda F. Jones, M.D.	3,392	(11)	2,912	6,304	(4)
David L. Mead	4,100	(12)	600	4,700	(4)
Robert W. Price	16,656	(13)	5,820	22,476	(4)
Theodore P. Sauber	130,188	(14)	2,355	132,543	1.26%
Carol A. Schneeberger (6)	33,850	(15)	17,111	50,961	(4)
Edward G. Sloane (6)	5,364	(16)	0	5,364	(4)
Paul T. Theisen	24,225	(17)	7,550	31,775	(4)
	5,932	(18)	3,609	9,541	(4)

David T. Wesel (6)					
Joseph H. Wesel	36,126	(19)	5,820	41,946	(4)
Thomas J. Wolf	25,600	(20)	3,510	29,110	(4)
Joseph S. Yazombek (6)	43,870	(21)	18,969	62,839	(4)
All current directors and executive officers as a group (numbering 19)	679,347	(22)	110,857	790,204	7.45%

(1) Unless otherwise indicated in the footnotes to this table, the beneficial owner has sole voting and investment power with respect to all of the common shares reflected in the table. All fractional common shares have been rounded down to the whole common share. The mailing address of each of the current executive officers and directors of Peoples is 138 Putnam Street, P.O. Box 738, Marietta, Ohio 45750-0738.

- (2) The “Percent of Class” computation is based on the sum of (i) 10,496,841 common shares outstanding and entitled to vote on February 26, 2010 and (ii) the number of common shares, if any, as to which the named individual or group has the right to acquire beneficial ownership upon the exercise of options which are currently exercisable or will first become exercisable within 60 days after February 26, 2010.
- (3) Includes 12,936 common shares held in an investment account by Dave M. Archer, as to which Mr. Archer exercises sole voting and investment power. Does not include 12,233 common shares accrued to Mr. Archer’s bookkeeping account under the Peoples Bancorp Inc. Second Amended and Restated Deferred Compensation Plan for Directors of Peoples Bancorp Inc. and Subsidiaries (the “Deferred Compensation Plan for Directors”), as to which Mr. Archer has no voting or investment power. As of February 26, 2010, 9,306 common shares held by Mr. Archer had been pledged as security.
  - (4) Reflects beneficial ownership of less than 1% of the outstanding common shares.
- (5) Includes 5,777 common shares held in an investment account by Carl L. Baker, Jr., as to which Mr. Baker exercises sole voting and investment power. Includes 8,352 common shares held by B & N Coal, Inc., as to which Mr. Baker exercises shared voting and investment power. Also includes (i) 8,943 common shares held by Mr. Baker as Trustee of the Gilbert Baker Trust, as to which Mr. Baker exercises sole voting and investment power; (ii) 44,924 common shares held by Mr. Baker as Trustee of the Jewell Baker Trust, as to which Mr. Baker exercises sole voting and investment power; (iii) 9,005 common shares held by Mr. Baker as Trustee of the Mary Baker Trust, as to which Mr. Baker exercises sole voting and investment power; and (iv) 2,000 common shares held by Mr. Baker as Trustee of Baker Investments LLC, as to which Mr. Baker exercises sole voting and investment power. Does not include 294 common shares accrued to Mr. Baker’s bookkeeping account under the Deferred Compensation Plan for Directors, as to which Mr. Baker has no voting or investment power.
- (6) Executive officer of Peoples during the 2009 fiscal year and named in the Summary Compensation Table for 2009. Mark F. Bradley also serves as a director of Peoples.
- (7) Does not include 1,661 common shares accrued to Mark F. Bradley’s bookkeeping account under the Deferred Compensation Plan for Directors, as to which Mr. Bradley has no voting or investment power. Includes 7,959 common shares allocated to the account of Mr. Bradley in the Retirement Savings Plan, as to which Mr. Bradley has the power to direct the voting and investment.
- (8) Includes 2,000 common shares held by George Broughton Family Limited Partnership, as to which Mr. Broughton exercises sole voting and investment power. Includes 558 common shares held by Broughton Commercial Properties, LLC, as to which Mr. Broughton exercises sole voting and investment power. Includes 13,374 common shares held in an IRA account by Peoples Bank as custodian, as to which Mr. Broughton exercises sole voting and investment power. Does not include 16,333 common shares held of record and beneficially owned by Mr. Broughton’s wife, as to which Mr. Broughton has no voting or investment power and disclaims beneficial ownership. Does not include 1,453 common shares accrued to Mr. Broughton’s bookkeeping account under the Deferred Compensation Plan for Directors, as to which Mr. Broughton has no voting or investment power. As of February 26, 2010, 558 common shares held by Broughton Commercial Properties, LLC and 9,306 common shares held by Mr. Broughton had been pledged as security.
- (9) Includes 25,407 common shares held in the Wilford D. Dimit Trust Investment Account at Peoples Bank, as to which Mr. Dimit exercises shared voting and investment power with Peoples Bank. Also includes 33,669 common shares held in the Marjorie E. Dimit Trust Investment Account at Peoples Bank, as to which Mr. Dimit exercises shared voting and investment power with Peoples Bank. Does not include 30,343 common shares accrued to Mr. Dimit’s bookkeeping account under the Deferred Compensation Plan for Directors, as to which Mr. Dimit has no voting or investment power.

- (10) Includes 103 common shares allocated to the account of Richard Ferguson in the Ferguson Consulting, LLC retirement savings plan, as to which Mr. Ferguson has the power to direct the voting and investment. Does not include 8,038 common shares accrued to Mr. Ferguson's bookkeeping account under the Deferred Compensation Plan for Directors, as to which Mr. Ferguson has no voting or investment power.
- (11) Does not include 11,947 common shares accrued to Dr. Brenda F. Jones' bookkeeping account under the Deferred Compensation Plan for Directors, as to which Dr. Jones has no voting or investment power.
- (12) Includes 3,500 common shares held in an investment account by David L. Mead, as to which Mr. Mead exercises sole voting and investment power. Does not include 4,526 common shares accrued to Mr. Mead's bookkeeping account under the Deferred Compensation Plan for Directors, as to which Mr. Mead has no voting or investment power.

- (13) Includes 11,167 common shares held in the Robert W. Price Investment Account, as to which Mr. Price exercises sole investment and voting power. Does not include 9,383 common shares accrued to Mr. Price's bookkeeping account under the Deferred Compensation Plan for Directors, as to which Mr. Price has no voting or investment power.
- (14) Includes 56,173 common shares held in the Carol J. Sauber Trust Account at Peoples Bank, as to which Theodore P. Sauber exercises shared investment and voting power with Peoples Bank. Includes 65,594 common shares held in the Theodore P. Sauber Trust Account at Peoples Bank, as to which Mr. Sauber exercises shared investment and voting power with Peoples Bank. Includes 8,121 common shares held in an IRA account by Peoples Bank as custodian, as to which Mr. Sauber exercises shared investment and voting power with Peoples Bank.
- (15) Includes 8,521 common shares held jointly by Carol A. Schneeberger with her husband, as to which Ms. Schneeberger exercises shared voting and investment power. Includes 14,610 common shares allocated to the account of Ms. Schneeberger in the Retirement Savings Plan, as to which Ms. Schneeberger has the power to direct the voting and investment. Includes 3,751 common shares held by David Radcliff, the father of Ms. Schneeberger. Mr. Radcliff has granted to Ms. Schneeberger, pursuant to a power of attorney, voting and investment powers with respect to these 3,751 common shares; however, Ms. Schneeberger disclaims beneficial ownership as to these 3,751 common shares.
- (16) Includes 2,683 common shares allocated to the account of Edward G. Sloane in the Retirement Savings Plan, as to