

Edgar Filing: PEOPLES BANCORP INC - Form DEF 14A

PEOPLES BANCORP INC
Form DEF 14A
March 14, 2006

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 []

Check the appropriate box:

- [] Preliminary Proxy Statement
[] Confidential, for Use of the Commission Only (as permitted
by Rule 14a-6(e)(2))
[X] Definitive Proxy Statement
[] Definitive Additional Materials
[] Soliciting Material Pursuant to Section 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.
[] 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.

Edgar Filing: PEOPLES BANCORP INC - Form DEF 14A

- (1) Amount Previously Paid: _____
(2) Form, Schedule or Registration Statement No.: _____
(3) Filing Party: _____
(4) Date Filed: _____

[PEOPLES BANCORP INC. LOGO]

Peoples Bancorp Inc. o 138 Putnam Street o 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 24, 2006

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 Savings Time, on Thursday, April 13, 2006, 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 Expires In
Carl L. Baker, Jr.	(for re-election)	2009
George W. Broughton	(for re-election)	2009
Wilford D. Dimit	(for re-election)	2009
Richard Ferguson	(for re-election)	2009

2. To consider and vote upon a proposal to approve the Peoples Bancorp Inc. 2006 Equity Plan.
3. To consider and vote upon a proposal to adopt amendments to Sections 2.06, 2.07, 3.01 and 3.04 of Peoples' Code of Regulations which would clarify when a Leadership Director is to be elected by Peoples' directors as well as the role of the Leadership Director in providing a bridge between the independent directors and management.
4. To transact any other business which properly comes before the Annual Meeting or any adjournment.

If you were a shareholder of record at the close of business on February 13, 2006, 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 sign, date and return your

Edgar Filing: PEOPLES BANCORP INC - Form DEF 14A

proxy card in the enclosed envelope at your earliest convenience.

Peoples' 2005 Annual Report to Shareholders and Form 10-K for the Year Ended December 31, 2005 and Peoples' 2005 Summary Annual Report accompany this notice and proxy statement.

By Order of the Board of Directors,

/s/ RHONDA L. MEARS

Rhonda L. Mears
Corporate Secretary

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

PROXY STATEMENT FOR ANNUAL MEETING OF SHAREHOLDERS
To Be Held April 13, 2006

GENERAL INFORMATION

We are sending you this proxy statement and the enclosed proxy card because the Board of Directors of Peoples Bancorp Inc. ("Peoples") is soliciting your proxy to vote at the Annual Meeting of Shareholders (the "Annual Meeting"), to be held on Thursday, April 13, 2006, at 10:00 a.m., Eastern Daylight Savings Time, or at any adjournment. 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 information that you will need in order to vote.

Peoples has four wholly-owned subsidiaries, Peoples Bank, National Association ("Peoples Bank"), Peoples Investment Company, PEBO Capital Trust I and PEBO Capital Trust II. Peoples Bank also owns an insurance agency subsidiary, Peoples Insurance Agency, Inc., and an asset management subsidiary. Peoples Investment Company also owns a capital management subsidiary. Peoples also established Peoples Bancorp Foundation, Inc., as an independent charitable foundation to provide financial assistance and grants to local organizations.

MAILING

We mailed this proxy statement and the accompanying proxy card on or about March 24, 2006, to all shareholders entitled to vote their common shares at the Annual Meeting. We also sent with the proxy statement Peoples' 2005 Annual Report to Shareholders and Form 10-K for the Year Ended December 31, 2005 (the "2005 Annual Report to Shareholders") and Peoples' 2005 Summary Annual Report. ADDITIONAL COPIES OF PEOPLES' ANNUAL REPORT ON FORM 10-K FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005, MAY BE OBTAINED, WITHOUT CHARGE, UPON WRITTEN REQUEST TO: RHONDA L. MEARS, CORPORATE SECRETARY, 138 PUTNAM STREET, P.O. BOX 738, MARIETTA, OHIO 45750-0738. THE FORM 10-K IS ALSO ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION (THE "SEC") AND IS AVAILABLE ON THE SEC'S WEBSITE AT WWW.SEC.GOV.

HOUSEHOLDING OF ANNUAL MEETING MATERIALS

Edgar Filing: PEOPLES BANCORP INC - Form DEF 14A

The SEC has implemented rules regarding the delivery of proxy materials (i.e., annual reports and proxy statements, proxy statements combined with a prospectus, or any information statements provided to shareholders) to households. This method of delivery, often referred to as "householding," would permit Peoples to send a single annual report and/or a single proxy statement to any household at which two or more different shareholders reside if Peoples reasonably believes such shareholders are members of the same family or otherwise share the same address or that one shareholder has multiple accounts. In each case, the shareholder(s) must consent to the householding process. Each shareholder would continue to receive a separate notice of any meeting of shareholders and proxy card. The householding procedure is intended to reduce the volume of duplicate information shareholders receive and reduce Peoples' expenses. Peoples may institute householding in the future and will notify registered shareholders affected by householding at that time.

Many broker/dealers and other holders of record have instituted householding. If your family has one or more "street name" accounts under which you beneficially own common shares of Peoples, you may have received householding information from your broker/dealer, financial institution, or other nominee in the past. Please contact the holder of record directly if you have questions, require additional copies of this proxy statement, Peoples' 2005 Annual Report to Shareholders or Peoples' 2005 Summary Annual Report, or if you wish to revoke your decision to household and thereby receive multiple copies. You should also contact the holder of record if you wish to institute householding. These options are available to you at any time.

VOTING INFORMATION

WHO CAN VOTE AT THE ANNUAL MEETING?

Only shareholders of record at the close of business on February 13, 2006, are entitled to receive notice of and to vote at the Annual Meeting. At the close of business on February 13, 2006, there were 10,584,553 common shares outstanding and entitled to vote. Each common share entitles the holder 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 enclosed 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/dealer, financial institution or other record holder, you must bring an account statement or letter from that broker/dealer, financial institution or other holder of record authorizing you to vote on behalf of the record holder. The account statement or letter must show that you were the direct or indirect beneficial owner of the common shares on February 13, 2006, the record date for voting.

HOW WILL MY COMMON SHARES BE VOTED?

Those common shares represented by properly executed proxy cards that are received prior to the Annual Meeting and not subsequently revoked will be voted in accordance with your instructions by your "proxy" (one of 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, your proxy will vote your common shares as recommended by the Board of Directors, except in the case of broker non-votes where applicable, as follows:

Edgar Filing: PEOPLES BANCORP INC - Form DEF 14A

- o "FOR" the election as directors of the nominees listed under "PROPOSAL NUMBER 1: ELECTION OF DIRECTORS";
- o "FOR" the approval of the Peoples Bancorp Inc. 2006 Equity Plan as described in "PROPOSAL NUMBER 2: APPROVAL OF PEOPLES BANCORP INC. 2006 EQUITY PLAN"; and
- o "FOR" the adoption of the proposed amendments to Sections 2.06, 2.07, 3.01 and 3.04 of Peoples' Code of Regulations as described in "PROPOSAL NUMBER 3: ADOPTION OF AMENDMENTS TO SECTIONS 2.06, 2.07, 3.01 AND 3.04 OF THE CODE OF REGULATIONS."

If any other matters are properly presented for voting at the Annual Meeting, the persons named as proxies will vote on those matters in accordance with their best judgment.

MAY I REVOKE MY PROXY?

Yes. You may change your mind after you send in your proxy card by following any one of the following three procedures. To revoke your proxy:

- o Send in another signed proxy card with a later date, which must be received by Peoples prior to the Annual Meeting;
- o Send written notice revoking your proxy to 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; or
- o Attend the Annual Meeting and revoke your proxy in person if your common shares are held in your name. If your common shares are held in the name of your broker/dealer, financial institution or other holder of record and you wish to revoke your proxy in person, you must bring an account statement or letter from the broker/dealer, financial institution or other holder of record indicating that you were the beneficial owner of the common shares on February 13, 2006, the record date for voting.

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

WHAT IS THE QUORUM REQUIREMENT FOR THE ANNUAL MEETING?

Under Peoples' Code of Regulations, a quorum is a majority of the common shares outstanding. Common shares may be present in person or represented by proxy at the Annual Meeting. Both abstentions and broker non-votes are counted as present for purposes of determining the presence of a quorum. Generally, broker non-votes occur when common shares held by a broker/dealer for a beneficial owner are not voted with respect to a particular proposal because the broker/dealer has not received voting instructions from the beneficial owner and the broker/dealer lacks discretionary voting power to vote such common shares. Broker/dealers have discretionary authority to vote their clients' common shares on "routine" proposals, such as the uncontested election of directors, even if they do not receive voting instructions from their clients. They cannot, however, vote their clients' common shares on other "non-routine" matters without instructions from their clients.

WHAT IF MY COMMON SHARES ARE HELD IN STREET NAME?

If you hold your common shares in "street name" with a broker/dealer, financial institution or other holder of record, you should review the information provided to you by such holder of record. This information will set forth the procedures you need to follow in instructing the holder of record how

Edgar Filing: PEOPLES BANCORP INC - Form DEF 14A

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.

WHAT 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 and common shares have been allocated to your account in the Retirement Savings Plan, you will be entitled to instruct the trustee of the Retirement Savings Plan how to vote those common shares. If you are such a participant, you may receive your proxy card separately. If you give no voting instructions to the trustee of the Retirement Savings Plan, the trustee will not vote the common shares allocated to your account under the Retirement Savings Plan.

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 through a holder of record. Although we are mailing these proxy materials, directors, officers and employees of Peoples and our subsidiaries also may solicit proxies by further mailings, telephone, facsimile or personal contact without receiving any additional compensation for such solicitations. Peoples will also reimburse our transfer agent, broker/dealers, voting trustees, financial institutions and other custodians, nominees and fiduciaries for their reasonable costs in forwarding the proxy materials to the beneficial shareholders.

WHAT VOTE IS REQUIRED TO APPROVE THE PROPOSALS PRESENTED AT THE ANNUAL MEETING?

PROPOSAL NUMBER 1: ELECTION OF DIRECTORS

Under Ohio law and Peoples' Code of Regulations, the four nominees for election as directors in the class whose terms will expire in 2009 receiving the greatest number of votes "FOR" election will be elected as directors. Common shares as to which the authority to vote is withheld will be counted for quorum purposes but will not affect whether a nominee has received sufficient votes to be elected.

PROPOSAL NUMBER 2: APPROVAL OF PEOPLES BANCORP INC. 2006 EQUITY PLAN

The affirmative vote of the holders of a majority of the common shares that are voted on the proposal to approve the Peoples Bancorp Inc. 2006 Equity Plan is necessary to approve the 2006 Equity Plan. Broker non-votes will not be treated as votes cast. Abstentions will be treated as votes cast and will have the effect of a vote "AGAINST" the proposal.

PROPOSAL NUMBER 3: ADOPTION OF AMENDMENTS TO SECTIONS 2.06, 2.07, 3.01 AND 3.04 OF THE CODE OF REGULATIONS

The affirmative vote of the holders of common shares entitling them to exercise not less than a majority of the voting power of Peoples is required to adopt the proposed amendments to Sections 2.06, 2.07, 3.01 and 3.04 of Peoples' Code of Regulations. The effect of an abstention or a broker non-vote is the same as a vote "AGAINST" the proposal.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth, as of February 13, 2006 (except as

Edgar Filing: PEOPLES BANCORP INC - Form DEF 14A

otherwise noted), certain information concerning the beneficial ownership of common shares by the only persons known by Peoples to be the beneficial owner of more than 5% of the 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	1,174,016 (2)	11.09%
Franklin Resources Inc. Charles B. Johnson Rupert H. Johnson, Jr. Franklin Advisory Services, LLC One Franklin Parkway San Mateo, CA 94403-1906	909,947 (3)	8.60%

- (1) The "Percent of Class" computation is based on 10,584,553 common shares outstanding on February 13, 2006.
- (2) Includes Peoples Bank's beneficial ownership through Peoples Financial Advisors, a division of Peoples Bank in the following manner: 131,316 common shares with shared investment and sole voting power; 704,400 common shares with shared investment and voting power; 286,214 common shares with sole voting and investment power; and 52,086 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, dated February 13, 2006, filed with the SEC on behalf of Franklin Resources, Inc., Charles B. Johnson, Rupert H. Johnson, Jr. and Franklin Advisory Services, LLC to report beneficial ownership of common shares of Peoples as of December 31, 2005. These common shares are reported to be beneficially owned by one or more open or closed-end investment companies or other managed accounts which are advised by Franklin Advisory Services, LLC or Franklin Templeton Portfolio Advisors, Inc., which are investment adviser subsidiaries of Franklin Resources, Inc. Such advisory 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 905,647 common shares and sole investment power as to 908,747 common shares and Franklin Templeton Portfolio Advisors, Inc. had sole voting (except as previously noted) and sole investment power as to 1,200 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

Edgar Filing: PEOPLES BANCORP INC - Form DEF 14A

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 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.

The following table sets forth, as of February 13, 2006, certain information with respect to the common shares beneficially owned by each current director of Peoples, by each nominee for election as a director of Peoples, by each individual named in the Summary Compensation Table and by all current executive officers and directors of Peoples as a group:

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership (1)		
Common Shares Presently Held	Common Shares Which Can Be Acquired Upon Exercise of Options Currently Exercisable or Options First Becoming Exercisable Within 60 Da		
Carl L. Baker, Jr.	25,666	(3)	9,231
David B. Baker (5)	24,289	(6)	25,139
Mark F. Bradley (5)	5,304	(7)	26,139
George W. Broughton	173,169	(8)	10,181
Frank L. Christy	78,114	(9)	6,098
John W. Conlon (5)	22,679	(10)	17,092
Wilford D. Dimit	47,732	(11)	11,010
Robert E. Evans (12)	-		-
Richard Ferguson	100	(13)	1,155
Robert W. Price	24,517	(14)	4,620
Theodore P. Sauber	128,433	(15)	2,310
Carol A. Schneeberger (5)	19,651	(16)	19,051
Paul T. Theisen	25,157	(17)	13,245
Joseph H. Wesel	39,750	(18)	11,151
Thomas J. Wolf	29,410	(19)	2,310
Joseph S. Yazombek (5)	38,424	(20)	33,042
All current directors and executive officers as a group (numbering 16)	687,154	(21)	200,801

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires that Peoples' directors, executive officers and greater-than-10% beneficial owners file reports with the SEC reporting their initial beneficial ownership of common shares and any subsequent changes in their beneficial ownership. Specific due dates have been established by the SEC, and Peoples is required to disclose in this proxy statement any late reports. To Peoples' knowledge, based solely on a review of reports furnished to Peoples and written representations that no other reports were required, during the 2005 fiscal year, all Section 16(a) filing requirements applicable to its officers, directors and greater-than-10% beneficial owners were complied with, except:

- o Paul T. Theisen filed late one Form 4 covering four transactions related to the same day exercise of options and sale of the underlying

Edgar Filing: PEOPLES BANCORP INC - Form DEF 14A

common shares (which occurred on February 8, 2005, and were reported on February 15, 2005); and

- o John W. Conlon filed late one Form 4 reporting the disposition of common shares held in Mr. Conlon's account in the Peoples Bancorp Inc. Retirement Savings Plan (which occurred on July 27, 2005, and was reported on October 7, 2005).

TRANSACTIONS INVOLVING MANAGEMENT

On January 26, 2005, Peoples Bank purchased real estate and the building located on it from First Settlement, Inc., a corporation as to which Wilford D. Dimit, a director of Peoples, is the President and a controlling shareholder. The real estate is contiguous to the main office of Peoples Bank in Marietta, Ohio. The purchase price for the real estate and building of \$400,000 was determined through an arm's length negotiation and was acquired to add office space necessary for continual growth of Peoples' operations. From January 26, 2005 through March 31, 2005, Peoples Bank leased to First Settlement, Inc. space within the building on the first floor on a month-to-month basis for purposes of continued operation of a restaurant. These lease payments were in the aggregate amount of \$2,000. Mr. Dimit sold the restaurant in April 2005. These transactions were pre-approved by the Board of Directors of Peoples Bank and have been approved by the Audit Committee of the Board of Directors of Peoples.

On September 14, 2005, the Board of Directors appointed David T. Wesel as an executive officer of Peoples and of Peoples Bank, effective January 1, 2006. David T. Wesel is the son of Joseph H. Wesel, a director and Chairman of the Board of Peoples. Effective January 1, 2006, David T. Wesel assumed the positions of Executive Vice President of Peoples and of Peoples Bank and President of the Peoples Financial Advisors division of Peoples Bank. Prior to that time, David T. Wesel had served as Vice President of Peoples Bank and Sales Manager of Peoples Financial Advisors, but was not an executive officer of Peoples or Peoples Bank. David T. Wesel received compensation in excess of \$60,000 during the 2005 fiscal year.

Paul T. Theisen is Of Counsel to, and an independent contractor with, TheisenBrock, A Legal Professional Association, which rendered legal services to Peoples and our subsidiaries during the 2005 fiscal year and continues to render legal services to Peoples and our subsidiaries. Since 1998, Mr. Theisen has not been a partner, controlling shareholder or executive officer or otherwise been related to or held any interest in TheisenBrock, other than as Of Counsel and an independent contractor (and has not individually performed legal services for Peoples or any of our subsidiaries).

During the 2005 fiscal year, Peoples Bank entered into banking transactions, in the ordinary course of business and in compliance with applicable federal and state laws and regulations, with certain executive officers and directors of Peoples, with members of their immediate families, and with corporations or organizations as to which directors of Peoples serve as executive officers or beneficially own more than 10% of the equity securities. It is expected that similar banking transactions will be entered into in the future. Payments from Peoples Bank to such persons in connection with the deposit of funds or Peoples Bank's acting in an agency capacity have been made on substantially the same terms as those prevailing at the time for comparable transactions with persons not affiliated with Peoples or our subsidiaries. Loans to such persons have been made on substantially the same terms, including the interest rate charged and the collateral required, as those prevailing at the time for comparable transactions with persons not affiliated with Peoples or our subsidiaries. These loans have been subject to, and are presently subject to, no more than a normal risk of uncollectibility, and present no other unfavorable features. The aggregate amount of loans to directors and executive officers of

Edgar Filing: PEOPLES BANCORP INC - Form DEF 14A

Peoples, and affiliates of these directors and executive officers of Peoples, as a group at December 31, 2005, was \$6,730,937. As of the date of this proxy statement, all of the loans described in this paragraph were performing in accordance with their original terms.

PROPOSAL NUMBER 1:
ELECTION OF DIRECTORS

As of the date of this proxy statement, there were 11 members of the Board of Directors - four directors in the class whose terms expire at the Annual Meeting, three in the class whose terms expire in 2007 and four in the class whose terms expire in 2008. The death of Robert E. Evans on June 15, 2005, created a vacancy in the class whose terms expire in 2007. However, upon unanimous recommendation by the Governance and Nominating Committee and as permitted by Section 2.02 of Peoples' Code of Regulations, on February 9, 2006, the Board of Directors fixed the number of directors at 11, reflecting the number of individuals currently serving as directors.

The Board of Directors proposes that each of the four nominees identified below be re-elected for a new three-year term and until his successor is duly elected and qualified or until his earlier resignation, removal from office or death. The Governance and Nominating Committee recommended each nominee. The four nominees for election as directors in the class whose terms expire in 2009 receiving the greatest number of votes will be elected. Common shares represented by properly executed and returned proxy cards will be voted as specified or, if no instructions are given, "FOR" the election of the Board of Directors' nominees.

The following table gives certain information, as of February 13, 2006, concerning each nominee for re-election as a director of Peoples. Unless otherwise indicated, each individual has had the same principal occupation for more than five years.

THE BOARD OF DIRECTORS
UNANIMOUSLY RECOMMENDS THAT SHAREHOLDERS VOTE
"FOR" THE ELECTION OF ALL NOMINEES LISTED
BELOW.

Our Continuously For Term Nominee -----	Age ---	Position(s) Held with Peoples and Principal Subsidiaries and Principal Occupation(s) -----
Carl L. Baker, Jr.	43	President and Chief Executive Officer, B & N Coal, Inc., a mining, reclamation and construction concern in southeastern Ohio; Co-Owner of Sharon Stone Company, a limestone and slag producer in Noble and Washington Counties, Ohio; Owner of Dexter Hardwoods, Inc., a hardwood sawmill located in Noble County, Ohio. Partner in Belpre Sand & Gravel Company, a sand and gravel operation located in Little Hocking, Washington County, Ohio, since 2002.

Edgar Filing: PEOPLES BANCORP INC - Form DEF 14A

George W. Broughton	48	President of GWB Specialty Foods, LLC, an ice cream, frozen food, and coffee service distributor; President of Broughton Commercial Properties, LLC, a commercial properties rental company; Chairman of Broughton Foundation, a nonprofit charitable foundation, and Broughton Park, a park facility owned by the Broughton Foundation and made available to the public; and President and Controller of George Broughton Family LLP, an asset management company. All of these entities are based in Marietta, Ohio. Director of Peoples Bancorp Foundation Inc. since December 2003. (1)
Wilford D. Dimit	71	President of First Settlement, Inc., Marietta, Ohio, a corporation operating a retail clothing store for men and women, a family shoes store, a cosmetic studio and public alteration shop from July 1983 to November 2004 and a restaurant from March 1983 to March 2005. (1)
Richard Ferguson	59	Owner of Ferguson Consulting, LLC, a Columbus, Ohio based professional practice that focuses on business valuations and forensic accounting services; Certified Public Accountant since 1976 and Certified Valuation Analyst since 1996.

While it is contemplated that all nominees will stand for re-election, if one or more nominees at the time of the Annual Meeting should be unavailable or unable to serve as a candidate for re-election as a director, the individuals designated as proxies on the proxy card will have full discretion to vote the common shares represented by the proxies they hold for the election of the remaining nominees and for the election of any substitute nominee or nominees designated by the Board of Directors following recommendation by the Governance and Nominating Committee. The Board of Directors knows of no reason why any of the nominees named above will be unavailable or unable to serve if elected to the Board.

The following table gives certain information, as of February 13, 2006, concerning the current directors who will continue to serve after the Annual Meeting. Unless otherwise indicated, each individual has had the same principal occupation for more than five years.

Nominee -----	Age ---	Position(s) Held with Peoples and Our Principal Subsidiaries and Principal Occupation(s) -----
Mark F. Bradley	36	Chief Executive Officer since May 2005, President since June 2004, Chief Operating Officer from July 2003 to May 2005, Director since February 2003, Executive Vice President and

Edgar Filing: PEOPLES BANCORP INC - Form DEF 14A

Chief Integration Officer from April 2002 to July 2003, and Controller from 1997 to 2001, of Peoples; Chief Executive Officer since May 2005, President since 2002, Chief Operating Officer from 2002 to May 2005, and Controller from 1997 to 2001, of Peoples Bank; Director of Peoples Bancorp Foundation Inc. since December 2003; President since January 2006 and Director since January 2004 of Peoples Insurance Agency, Inc. (1)

Frank L. Christy 58 President of Christy & Associates, Inc., a business development company located in Marietta, Ohio; President of Lafayette Center, Inc., owner and operator of a retail shopping center located in Marietta, Ohio from January 1988 to December 2005; President of Riverbank Restaurants, Inc., owner and operator of a lodging facility located in Charleston West Virginia; Chairman of Caron Products and Services, Inc., a manufacturer and distributor of chillers and incubators for scientific work, located in Marietta, Ohio; and Chairman of Rossi Pasta Ltd., a manufacturer and distributor of gourmet pasta and sauce located in Marietta, Ohio.

Robert W. Price 42 General Manager, Shelly Materials, Inc., Findlay District, division of The Shelly Company, since 2002. The Shelly Company is an asphalt and construction materials company headquartered in Thornville, Ohio, and a wholly-owned subsidiary of Oldcastle Materials Group, a division of CRH plc. Formerly President of Smith Concrete and related companies.

Theodore P. Sauber 72 Vice President of T.C.K.S., Inc., a holding company for McDonald's restaurants in Ohio and West Virginia. Trustee of Rio Grande University; a member of the Ohio University Trustees Academy; and past chairman of the Athens (Ohio) Chamber of Commerce. Director of Peoples Bancorp Foundation Inc. since December 2003. (1)

Paul T. Theisen 75 Attorney-At-Law. Currently active as a mediator and arbitrator. For more than 40 years, was a litigator with TheisenBrock, A Legal Professional Association, Marietta Ohio, and has been Of Counsel to, and an independent contractor with, that firm since 1998. Vice Chairman of the Board since June 2005, and Leadership Director since December 2005, of Peoples. (1)

Joseph H. Wesel 76 President of W.D.A., Inc., Marietta, Ohio, a real estate holding company; Chairman and Chief Executive Officer of Marietta Automotive Warehouse, Inc., Marietta, Ohio, an automotive parts wholesaler, from 1978 until June 2001; Chairman of the Board from 1991 until July 2003 and since June 2005, Leadership Director from July 2003 to December 2005, and Vice Chairman of the Board from July 2003 to June 2005, of Peoples. (1)

Thomas J. Wolf 59 Principal shareholder of six holding companies for 1 McDonald's restaurants in Kentucky and West Virginia; Board member of each of Our Lady of Bellefonte Hospital in Ashland Kentucky, since 2002; the Ashland Alliance (chamber of commerce for Boyd and Greenup Counties, Kentucky), since 2002; the Ronald McDonald House in Huntington, West Virginia, since 1998; and the David School based in David, Kentucky, since 1999.

Other than the father-son relationship between Joseph H. Wesel, a director of Peoples, and David T. Wesel, an executive officer of Peoples, there are no family relationships among any of the directors, nominees for election as directors and executive officers of Peoples.

Please see Peoples' Annual Report on Form 10-K for the fiscal year ended December 31, 2005, for information on Peoples' executive officers.

THE BOARD OF DIRECTORS AND
COMMITTEES OF THE BOARD

Independence of Directors

The rules of the NASDAQ Stock Market (the "NASDAQ Rules") require that a majority of Peoples' Board of Directors be independent directors. The definition of independence for purposes of the NASDAQ Rules includes a series of objective tests, such as the director is not an employee of Peoples or any of our subsidiaries and has not directly or indirectly engaged in various types of business dealings with Peoples or any of our subsidiaries and the director does not have an immediate family member who is employed by Peoples or any of our subsidiaries as an executive officer. In addition, as further required by the NASDAQ Rules, the Board of Directors has made a subjective determination as to each independent director that no relationships exist which, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. In making these determinations, the Board of Directors has reviewed, considered and discussed each director's business and personal relationships, both direct or indirect, with Peoples and our subsidiaries and the compensation and other payments each director and the immediate family members of each director have, both directly or indirectly, received from or made to Peoples and our subsidiaries and presently expect to receive from or make to Peoples and our subsidiaries. Based on that review, consideration and discussion, the Board of Directors has determined that at least a majority of its members are independent and that each of the following directors has no financial or personal ties, either directly or indirectly, with Peoples or our subsidiaries (other than compensation as a director of Peoples and our subsidiaries, banking relationships in the ordinary course of business with Peoples Bank and ownership of common shares of Peoples as described in this proxy statement) and thus qualifies as independent: Carl L. Baker, Jr.; George W. Broughton; Frank L. Christy; Richard Ferguson; Robert W. Price; Theodore P. Sauber; Paul T. Theisen; and Thomas J. Wolf.

While Paul T. Theisen is Of Counsel to, and an independent contractor with, the law firm of TheisenBrock, Mr. Theisen has not been a partner, controlling shareholder or executive officer or otherwise been related to or held any interest in TheisenBrock, other than as Of Counsel and an independent contractor (and has not individually performed services for Peoples or any of our subsidiaries), since 1998.

The Board of Directors has determined that Wilford D. Dimit does not qualify as an independent director under the applicable NASDAQ Rules due to the transactions between Peoples Bank and First Settlement, Inc. described above in "TRANSACTIONS INVOLVING MANAGEMENT". The Board of Directors has determined however, that those transactions do not disqualify Mr. Dimit from being independent for the purposes of Rule 10A-3 under the Exchange Act, which applies to directors serving on the Audit Committee.

Edgar Filing: PEOPLES BANCORP INC - Form DEF 14A

On September 14, 2005, the Board of Directors appointed David T. Wesel as an executive officer of Peoples and of Peoples Bank, effective January 1, 2006. Joseph H. Wesel is the father of David T. Wesel. The Board of Directors has determined that due to his relationship to David T. Wesel, Joseph H. Wesel no longer qualifies as an independent director either under the applicable NASDAQ Rules or for purposes of Rule 16b-3 under the Exchange Act or Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"), each of which applies to directors serving on the Compensation Committee. However, the Board of Directors has determined that Joseph T. Wesel qualified as an independent director prior to January 1, 2006, the date his son became an executive officer.

Leadership Director and Executive Sessions

The directors elect a Leadership Director who is responsible for providing a bridge between the independent directors and Peoples' management. The Leadership Director presides at all executive sessions of the independent directors (without management present). The Leadership Director also serves as the Chairman of the Governance and Nominating Committee of the Board of Directors. Joseph H. Wesel served as Leadership Director until December 8, 2005. Paul T. Theisen has served as the Leadership Director since December 8, 2005. In accordance with applicable NASDAQ Rules, the independent directors were given the opportunity to meet in executive session at the end of each meeting and at such other times as the independent directors deemed necessary. The independent directors met in executive session a total of four times during 2005.

Meetings of the Board and Attendance at Annual Meetings of Shareholders

The Board of Directors held a total of 13 meetings during the 2005 fiscal year. Each incumbent director attended 80% or more of the aggregate of the total number of meetings held by the Board of Directors and the total number of meetings held by all committees of the Board of Directors on which he served, in each case during his period of service.

Peoples encourages all incumbent directors and director nominees to attend each annual meeting of shareholders. All but one of the then incumbent directors and director nominees, who were also directors at the time, attended Peoples' last annual meeting of shareholders held on April 14, 2005.

Communications with the Board of Directors

Although Peoples has not to date developed formal processes by which shareholders may communicate directly with directors, it believes that the informal process, in which any communication sent to the Board of Directors either generally or in care of the Chief Executive Officer, the Corporate Secretary or another corporate officer is forwarded to all members of the Board, has served the needs of the Board and Peoples' shareholders. There is no screening process, and all shareholder communications that are received by officers for the attention of the Board of Directors are forwarded to the members of the Board.

Not having found any problems with shareholder communications with directors under the existing process, the Governance and Nominating Committee has not found it necessary to develop more specific procedures. Until other procedures are developed and posted on the "Corporate Governance & Ethics" page of Peoples' website at www.peoplesbancorp.com, any communication to the Board of Directors or to individual directors may be mailed to the Board or an individual director, in care of Peoples' Corporate Secretary, at Peoples' headquarters in

Edgar Filing: PEOPLES BANCORP INC - Form DEF 14A

Marietta, Ohio. The mailing envelope must contain a clear notation indicating that the enclosed letter is a "Shareholder-Board Communication" or "Shareholder-Director Communication." In addition, communication via Peoples' website may be used. Correspondence through the "Investor Relations - Shareholder Contacts" page of the website is also directed to the Corporate Secretary. All such communications, whether via mail or the website, must identify the author as a shareholder and clearly state whether the intended recipients are all members of the Board of Directors or just certain specified individual directors. The Corporate Secretary will make copies of all such communications and circulate them to the appropriate director or directors without any screening.

Committees of the Board

The Board of Directors has four standing committees: the Audit Committee, the Compensation Committee, the Executive Committee, and the Governance and Nominating Committee.

AUDIT COMMITTEE

The Audit Committee is organized and conducts its business pursuant to a written charter adopted by the Board of Directors. A current copy of the charter of the Audit Committee is posted on the "Corporate Governance & Ethics" page of Peoples' website at www.peoplesbancorp.com. At least annually, the Audit Committee reviews and reassesses the adequacy of its charter and recommends any proposed changes to the full Board of Directors for approval. The Audit Committee is responsible for:

- o overseeing the accounting and financial reporting processes of Peoples;
- o overseeing the audits of the consolidated financial statements of Peoples;
- o appointing, compensating and overseeing the work of the independent registered public accounting firm employed by Peoples for the purpose of preparing or issuing an audit report or performing related work;
- o pre-approving all audit and non-audit services provided by the independent registered public accounting firm;
- o establishing procedures for the receipt, retention and treatment of complaints received by Peoples regarding accounting, internal accounting controls or auditing matters; and
- o assisting the Board of Directors in the oversight of:
 - o the performance of Peoples' internal auditors and independent registered public accounting firm,
 - o the independent registered public accounting firm's qualifications and independence; and
 - o Peoples' compliance with ethics policies and legal and regulatory requirements.

The Audit Committee will also carry out such other responsibilities as may be delegated to the Audit Committee by the full Board of Directors. The Audit Committee held seven meetings during the 2005 fiscal year. The Audit Committee's report relating to the 2005 fiscal year appears on pages 49 through 50.

Edgar Filing: PEOPLES BANCORP INC - Form DEF 14A

The members of the Audit Committee are: Richard Ferguson (Chairman); Wilford D. Dimit (Vice Chairman); Carl L. Baker, Jr.; George W. Broughton; Frank L. Christy; Theodore P. Sauber; and Thomas J. Wolf. Each individual also served on the Audit Committee throughout the entire 2005 fiscal year. Each member of the Audit Committee qualifies as independent for purposes of Rule 10A-3 under the Exchange Act. Further, each member of the Audit Committee, with the exception of Wilford D. Dimit, qualifies as an independent director under the applicable NASDAQ Rules. With respect to Mr. Dimit, current NASDAQ Rules permit, under exceptional and limited circumstances, one member of the Audit Committee to be a director who does not meet the independence requirements of the applicable NASDAQ Rules, if (i) that director meets the criteria of Rule 10A-3 and is not a current officer or employee of Peoples or any of our subsidiaries (or a family member of such an officer or employee), and (ii) the Board of Directors has determined that such director's committee membership is required by the best interests of Peoples and its shareholders. The Board of Directors has made such a determination with regard to Mr. Dimit.

Prior to the transactions between Peoples Bank and First Settlement, Inc. described above in "TRANSACTIONS INVOLVING MANAGEMENT," Mr. Dimit had qualified as an independent director under the applicable NASDAQ Rules. However, the \$400,000 purchase price for the real estate and building represented more than 5% of the consolidated gross revenues of First Settlement, Inc. for the fiscal year completed prior to the transaction and more than 5% of its consolidated gross revenues for the fiscal year in which the transaction occurred. Accordingly, this non-compensatory payment causes Mr. Dimit not to qualify as independent under the NASDAQ Rules. The Board of Directors has determined that the continued membership of Mr. Dimit on the Audit Committee is in the best interests of Peoples and its shareholders due to Mr. Dimit's experience as Chairman of the Audit Committee from April 1997 to February 2005, and a member of the Audit Committee since January 1993, during which time he has been instrumental to the conduct of the business of the Audit Committee.

Each member of the Audit Committee has substantial background and experience as the chief executive officer or active leader of his respective business or professional interest. Under SEC rules, Peoples is required to disclose whether it has an "audit committee financial expert" serving on its Audit Committee. While the Board of Directors believes that each member of the Audit Committee is highly qualified to discharge his duties, it has identified Richard Ferguson as a particular member of the Audit Committee qualifying as an "audit committee financial expert" under the SEC's rules. Upon recommendation of the Governance and Nominating Committee, the Board of Directors has determined that Mr. Ferguson's background, knowledge, qualifications and experience, professional and otherwise, qualify him as an audit committee financial expert. The Board of Directors has further determined that Mr. Ferguson qualifies as "financially sophisticated" for purposes of the applicable NASDAQ Rules.

The Board of Directors has also determined that each other member of the Audit Committee is capable of (i) understanding accounting principles generally accepted in the United States ("US GAAP") and financial statements, (ii) assessing the general application of US GAAP in connection with the accounting for estimates, accruals and reserves, (iii) analyzing and evaluating Peoples' consolidated financial statements, (iv) understanding internal control over financial reporting, and (v) understanding audit committee functions, all of which are attributes of an "audit committee financial expert" under the SEC's rules.

None of the members of the Audit Committee is affiliated with Peoples or any of our subsidiaries other than in his capacity as a member of the Board of Directors of Peoples (and committees thereof) and, in the case of Messrs. Dimit, Broughton, and Sauber, a member of the board of directors of Peoples Bank (and committees thereof). No member of the Audit Committee has received or

Edgar Filing: PEOPLES BANCORP INC - Form DEF 14A

accepted, directly or indirectly, any consulting, advisory, or other compensatory fee from Peoples or any of our subsidiaries other than ordinary fees received in his capacity as a director of Peoples (and committee member) and, in the case of Messrs. Dimit, Broughton, and Sauber, as a director of Peoples Bank (and committee member).

COMPENSATION COMMITTEE

The Compensation Committee is comprised of five directors who qualify as independent directors under the applicable NASDAQ Rules, outside directors for purposes of Section 162(m) of the Internal Revenue Code, and non-employer directors for purposes of Rule 16b-3 under the Exchange Act: Frank L. Christy (Chairman); Carl L. Baker, Jr.; George W. Broughton; Robert W. Price; and Paul T. Theisen. Messrs. Baker, Christy and Price also served on the Compensation Committee throughout the entire 2005 fiscal year. Mr. Broughton was appointed to the Compensation Committee on August 11, 2005. Mr. Theisen was appointed to the Compensation Committee on November 10, 2005. Joseph H. Wesel served as a member of the Compensation Committee during the entire 2005 fiscal year and as the Chairman until December 8, 2005, when he was succeeded in that position by Mr. Christy. Mr. Wesel qualified as an independent director while he served on the Compensation Committee. Wilford D. Dimit had served as a member of the Compensation Committee prior to transactions between First Settlement, Inc. and Peoples Bank described above in "TRANSACTIONS INVOLVING MANAGEMENT." Although Mr. Dimit resigned from the Compensation Committee effective February 9, 2005, he did not participate in the discussions or deliberations of the Compensation Committee from and after January 26, 2005.

The Compensation Committee is organized and conducts its business pursuant to a written charter adopted by the Board of Directors. A current copy of the charter of the Compensation Committee is posted on the "Corporate Governance & Ethics" page of Peoples' website at www.peoplesbancorp.com. The Compensation Committee periodically reviews and reassesses the adequacy of its charter and recommends any proposed changes to the full Board of Directors for approval.

The purpose of the Compensation Committee is to review and approve, on behalf of the Board of Directors, management recommendations regarding all forms of compensation, including stock-based compensation, to be provided to the executive officers and directors of Peoples and our subsidiaries and all bonus and equity-based compensation, incentives, perquisites, employee benefits, salary programs and human resources policies and procedures for all employees of Peoples and our subsidiaries. The Compensation Committee is responsible for reviewing and approving goals and objectives relevant to the compensation of Peoples' executive officers and other officers designated by the Board of Directors, evaluating such officers' performance in light of those goals and objectives and determining compensation based on that evaluation. The Compensation Committee administers Peoples' Amended and Restated 1993 Stock Option Plan (the "1993 Plan"), 1995 Stock Option Plan (the "1995 Plan"), 1998 Stock Option Plan (the "1998 Plan") and 2002 Stock Option Plan (the "2002 Plan") and any other plans requiring Compensation Committee administration and approves awards as required to comply with applicable securities and tax laws. If the Peoples Bancorp Inc. 2006 Equity Plan is approved by the shareholders at the Annual Meeting, the Compensation Committee will also administer that plan. The Compensation Committee will undertake such other responsibilities as the full Board of Directors may prescribe.

The Compensation Committee held nine meetings during the 2005 fiscal year. The Compensation Committee's report on executive compensation appears on pages 17 through 23.

EXECUTIVE COMMITTEE

Edgar Filing: PEOPLES BANCORP INC - Form DEF 14A

The Executive Committee is comprised of five directors: Mark F. Bradley (Chairman); Wilford D. Dimit; Robert W. Price; Paul T. Theisen; and Joseph H. Wesel. The Executive Committee is authorized to act in the intervals between meetings of the directors on matters delegated by the full Board of Directors. There were no meetings of the Executive Committee during the 2005 fiscal year.

GOVERNANCE AND NOMINATING COMMITTEE

The members of the Governance and Nominating Committee are: Paul T. Theisen (Chairman); George W. Broughton; Wilford D. Dimit; and Robert W. Price. Each of these individuals also served on the Governance and Nominating Committee throughout the entire 2005 fiscal year. Joseph H. Wesel served as a member of the Governance and Nominating Committee during the entire 2005 fiscal year and as Chairman until December 8, 2005, when he was succeeded in that position by Mr. Theisen. The Board of Directors has determined that each of the members of the Governance and Nominating Committee, with the exception of Mr. Dimit, qualifies as an independent director under applicable NASDAQ Rules. The Board of Directors has also determined that Mr. Wesel qualified as an independent director while he served on the Governance and Nominating Committee. Current NASDAQ Rules permit, under exceptional and limited circumstances, one member of the Governance and Nominating Committee to be a director who does not meet the independence requirements of the applicable NASDAQ Rules if (i) that director is not a current officer or employee of Peoples or any of our subsidiaries (or a family member of such an officer or employee) and (ii) the Board of Directors has determined that such director's committee membership is required by the best interests of Peoples and its shareholders. The Board of Directors has made such a determination with regard to Mr. Dimit due to his experience as a member of the Executive Committee since 2004 and a member of the Governance and Nominating Committee since its inception in 2003.

The Governance and Nominating Committee is organized and conducts its business pursuant to a written charter adopted by the Board of Directors. The purposes of the Governance and Nominating Committee are:

- o to identify qualified candidates for election, nomination or appointment to the Board of Directors and recommend to the full Board a slate of director nominees for each annual meeting of the shareholders of Peoples or as vacancies occur;
- o to make recommendations to the full Board of Directors and the Chairman of the Board regarding assignment and rotation of members and chairs of committees of the Board;
- o to oversee matters of corporate governance, including an evaluation of Board performance and processes;
- o to review with the Chairman of the Board, or another director designated by the full Board, issues involving potential conflicts of interest and/or any change of status of directors pursuant to applicable law and the applicable provisions of Peoples' Code of Ethics for Directors, Officers and Employees or Peoples' Code of Regulations;
- o to recommend the number of members to serve on the Board of Directors;
- o to periodically review Peoples' Code of Ethics for Directors, Officers and Employees and recommend to the full Board changes, as necessary; and
- o to undertake such other responsibilities as may be referred to the Governance and Nominating Committee by the full Board of

Edgar Filing: PEOPLES BANCORP INC - Form DEF 14A

Directors or the Chairman of the Board.

The charter of the Governance and Nominating Committee is posted on the "Corporate Governance & Ethics" page of Peoples' website at www.peoplesbancorp.com. The Governance and Nominating Committee periodically reviews and reassesses the adequacy of its charter and recommends any proposed changes to the full Board of Directors for approval. The Governance and Nominating Committee held three meetings during the 2005 fiscal year.

Nominating Procedures

As described above, Peoples has a standing Governance and Nominating Committee that has the responsibility to identify and recommend individuals qualified to become directors. Each candidate must satisfy the eligibility requirements set forth in Peoples' Code of Regulations. To be eligible for election as a director, an individual must be a shareholder of Peoples. In addition, the individual must either (i) serve as chief executive officer or in another position of active leadership with a business or professional interest located within the geographic area served by Peoples and our subsidiaries or (ii) serve as an executive officer of Peoples or one of our subsidiaries. However, the qualification in the preceding sentence does not apply to individuals elected as initial directors of Peoples in 1980. An individual will not be eligible for nomination and re-election as a director after five years has passed since the individual ceased to hold the executive or leadership position satisfying the eligibility requirement. This five-year limitation does not apply, however, to an individual who retires from service as the Chairman of the Board or the Chief Executive Officer of Peoples.

When considering potential candidates for the Board of Directors, the Governance and Nominating Committee strives to assure that the composition of the Board, as well as its practices and operation, contribute to value creation and to the effective representation of Peoples' shareholders. The Governance and Nominating Committee may consider those factors it deems appropriate in evaluating director candidates including judgment, skill, diversity, strength of character, experience with businesses and organizations comparable in size or scope to Peoples, experience and skill relative to other Board members, and specialized knowledge or experience. Depending upon the current needs of the Board of Directors, certain factors may be weighed more or less heavily by the Governance and Nominating Committee.

In considering candidates for the Board of Directors, the Governance and Nominating Committee evaluates the entirety of each candidate's credentials and, other than the eligibility requirements set forth in Peoples' Code of Regulations, does not have any specific minimum qualifications that must be met by a Governance and Nominating Committee-recommended nominee. However, the Governance and Nominating Committee does believe that all members of the Board should have the highest character and integrity; a reputation for working constructively with others; sufficient time to devote to Board matters; and no conflict of interest that would interfere with performance as a director.

The Governance and Nominating Committee considers candidates for the Board of Directors from any reasonable source, including shareholder recommendations. The Governance and Nominating Committee does not evaluate candidates differently based on who has made the recommendation. The Governance and Nominating Committee has the authority under its charter to hire and pay a fee to consultants or search firms to assist in the process of identifying and evaluating candidates. No such consultants or search firms have been used to date and, accordingly, no fees have been paid to consultants or search firms.

Shareholders may recommend director candidates for consideration by the Governance and Nominating Committee by writing to the Corporate Secretary of

Edgar Filing: PEOPLES BANCORP INC - Form DEF 14A

Peoples at Peoples' executive offices in Marietta, Ohio, giving the candidate's name, age, business address, residence address, principal occupation or employment and number of common shares beneficially owned. The recommendation should also describe the qualifications, attributes, skills or other qualities of the recommended director candidate. A written statement from the candidate consenting to be named as a director candidate and, if nominated and elected, to serve as a director should accompany any such recommendation.

Shareholders who wish to nominate an individual for election as a director at an annual meeting of the shareholders of Peoples must comply with Peoples' Code of Regulations regarding shareholder nominations. Shareholder nominations must be made in writing and delivered or mailed to the Corporate Secretary of Peoples not less than 14 days nor more than 50 days prior to any meeting of shareholders called for the election of directors. However, if less than 21 days' notice of the meeting is given to the shareholders, the nomination must be mailed or delivered to the Corporate Secretary not later than the close of business on the seventh day following the day on which the notice of the meeting was mailed to the shareholders. Nominations for the Annual Meeting must be received by March 31, 2006. Each nomination must contain the following information to the extent known by the nominating shareholder:

- o the name, age, business address and residence address of each proposed nominee;
- o the principal occupation or employment of each proposed nominee;
- o the number of common shares beneficially owned by each proposed nominee and by the nominating shareholder; and
- o any other information required to be disclosed with respect to a nominee for election as a director under the SEC's proxy rules.

Each nomination must be accompanied by the written consent of the proposed nominee to serve as a director of Peoples if elected. Nominations not made in accordance with Peoples' Code of Regulations will not be considered.

Code of Ethics

In accordance with applicable NASDAQ Rules and rules of the SEC, the Board of Directors has adopted the Code of Ethics for Directors, Officers and Employees of Peoples Bancorp Inc. and its Affiliates, which is available on the "Corporate Governance & Ethics" page of Peoples' website at www.peoplesbancorp.com.

REPORT OF COMPENSATION COMMITTEE ON EXECUTIVE COMPENSATION

Policy

Peoples' cash compensation package for its executive officers consists of two components: (i) base salary; and (ii) annual performance-based bonuses. Peoples also grants stock options to its executive officers as a means to promote ownership of common shares.

The Compensation Committee is comprised of independent, non-employee directors and operates under a charter approved by the Board of Directors. The Compensation Committee is responsible for the review, approval and

Edgar Filing: PEOPLES BANCORP INC - Form DEF 14A

administration of the base salary level and annual bonus compensation programs as well as the stock option program for executive officers. In determining compensation levels, the Compensation Committee considers: salary and bonus levels which will attract and retain qualified executives when considered with the other components of Peoples' compensation structure; specific annual performance criteria; and rewarding executive officers for continuous improvement in their respective areas which contribute to increases in shareholder value. The Compensation Committee met nine times during the 2005 fiscal year.

Peoples' philosophy for granting options is based on the principle of encouraging key employees, including executive officers, to remain with Peoples and become owners with a long-term interest in the Peoples' overall performance while incenting those individuals to manage with a view toward maximizing long-term shareholder value creation.

Section 162(m) of the Internal Revenue Code prohibits Peoples from claiming a deduction on its federal income tax return for compensation in excess of \$1 million paid for a given fiscal year to the Chief Executive Officer (or person serving in that capacity) at the close of the fiscal year and the four most highly compensated officers of Peoples, other than the Chief Executive Officer, at the end of the fiscal year. The \$1 million compensation deduction limitation does not apply to "performance-based compensation". Due to the fact that all executive officers receive compensation at levels substantially below the \$1 million deductibility limit, the Compensation Committee does not propose at this time to present for shareholder approval performance goals such as those provided in the performance compensation program described below under "ANNUAL BONUSES." The design and administration of Peoples' 1995 Plan, 1998 Plan, and 2002 Plan are intended to comply with Section 162(m) so that any compensation, which may be received by executive officers of Peoples under those plans, will qualify as "performance-based". The Compensation Committee will rely, from time to time, upon the guidance of Peoples' General Counsel regarding the appropriateness of presenting the performance compensation program, or any similar plan, to shareholders.

Base Salary

Executive officers' base salaries are determined by evaluating the most recent comparative peer data and the role and responsibilities of their respective positions. During the latter part of the 2004 fiscal year, the Compensation Committee engaged the services of Clark Consulting, a compensation consulting firm, to perform competitive peer analysis of executive compensation. In conjunction with Peoples, Clark Consulting identified a group of 15 peer financial institution holding companies based on market capitalization, geographic location, performance, and similarity in lines of business. The peer group represents publicly-traded financial institution holding companies with total asset size from slightly over \$900 million to slightly under \$3.5 billion. This comparative data does not include the compensation paid by all of the companies that are included in the NASDAQ Bank Stocks Index, which is used for comparative purposes in the performance graph that appears on page 34. The information gathered from the analysis was used to determine the competitiveness of compensation for executive officers relative to other financial institution holding companies of comparable size and overall performance. The information was used to determine the 2005 compensation for the executive officers. On December 9, 2004, the Compensation Committee established base salaries for executive officers for the 2005 fiscal year.

Individual salary increases are reviewed annually and are based on Peoples' overall performance and the executive's attainment of specific individual business objectives during the preceding year. Specific individual business objectives for fiscal year 2006 have been established for each executive officer. These objectives are both quantitative in nature, such as sales and revenue goals and cost containment; and also qualitative in nature,

Edgar Filing: PEOPLES BANCORP INC - Form DEF 14A

such as the development and retention of key staff, assessment and development of quality products and services, and management effectiveness.

Annual Bonuses

Executive officers are eligible to earn annual bonuses under the performance compensation program. On January 13, 2005, the Compensation Committee established a bonus matrix, for the 2005 fiscal year, comprised of three financial components: (i) Earnings Per Share; (ii) Return On Average Equity; and (iii) Non-interest Income Leverage Ratio which is a measure of non-interest income relative to operating non-interest expense. The weightings for Earnings Per Share and Return On Average Equity were 45% each and the Non-interest Income Leverage Ratio was weighted at 10%. The performance goals established for each of the financial components, if attained, make available an incentive pool of bonus payments.

Annual performance goals were established for Robert E. Evans, in his capacity at the time as Chairman of the Board and Chief Executive Officer, and for Mark F. Bradley, in his capacity at the time as President and Chief Operating Officer, directly related to the above-mentioned financial performance measurements, all of which are quantitative in nature and designed to promote shareholder value. The annual bonus was weighted 90% for attainment of these financial components and 10% for individual performance. These individuals could receive a maximum payout of 100% of their respective annual base salaries.

Annual performance goals were also established for each other executive officer, the nature of which differed depending upon the officer's job responsibilities. Goals were both quantitative in nature, such as sales and revenue goals and cost containment; and also qualitative in nature, such as the development and retention of key staff, assessment and development of quality products and services, and management effectiveness. Annual bonuses for executive officers were weighted with a 75% weighting for attainment of the previously mentioned financial components and the remaining 25% based on the attainment of specific individual goals. The maximum cash payout which these individuals could receive was 70% of their respective annual base salaries.

At the end of each fiscal year, the extent to which Peoples' and individual goals are actually achieved is measured. If all goals are satisfied, the executive officer receives a target bonus amount. To the extent goals are partially met, then only that portion as expressed in the bonus matrix is paid out. If goals are exceeded, a higher portion of the bonus matrix is paid out up to the maximum established amount. Executive officers are required to defer 25% of their incentive compensation for a period of three years and have the option to defer any remaining incentive compensation until they reach retirement age. Interest is accrued at 50% of Peoples' return on average equity achieved during the calendar year.

The objective of the performance compensation program is to promote shareholder value. In that regard, in 2003, the Compensation Committee implemented a concept of "absolute minimum", whereby if 85% of the Earnings Per Share financial component minimum, defined as one penny in earnings per share improvement over the previous fiscal year, is not achieved there will be no annual bonus payment to executive officers, regardless of the level of achievement in respect of their individual performance goals. The Compensation Committee waived the "absolute minimum" requirement in respect of the 2004 fiscal year, on an exception basis, due to the fact non-recurring charges related to the repositioning of Peoples' investment portfolio caused 2004 Earnings Per Share to be lower than results from normal operations. The Compensation Committee believed that individual incentive bonuses should be paid because many successful results were achieved through normal operations. This waiver allowed the named executive officers to receive the portion based on the

Edgar Filing: PEOPLES BANCORP INC - Form DEF 14A

level of achievement of their individual performance goals, but not the portion related to Peoples' corporate results.

Incentive bonuses earned for individual performance in the 2005 fiscal year were determined by the Compensation Committee on February 9, 2006, and were paid to the named executive officers in March 2006 in the total amount of \$236,768. The program will operate in a similar manner for the 2006 fiscal year.

Option Grants

Options to purchase common shares are granted annually to executive officers. Grants are made to executive officers at an exercise price of 100% of the fair market value of the underlying common shares on the date of grant. Grants are made with a three-year cliff-vesting requirement in order to more closely align the benefits to the executive officer with the interests of the shareholders.

Peoples' philosophy in granting options is to increase executive ownership of common shares. Peoples therefore believes that the executive officers will have an incentive to manage with a view toward maximizing long-term shareholder value. In determining the total number of options to be granted annually to all recipients, including executive officers, the Compensation Committee considers the executive officer's individual performance as well as the performance of Peoples during the immediately preceding fiscal year.

The Compensation Committee establishes guidelines for the number of common shares available for the granting of options to each executive officer based on: individual job performance; Peoples' financial performance; and evaluation of competitive peer data for similar grants. These option grants provide incentive for the creation of shareholder value since the full benefit of the grant to each executive officer can only be realized with an appreciation in the price of Peoples' common shares. The Compensation Committee believes the options granted to executive officers mutually align the interests of the executive officers with those of the shareholders.

The objective of the stock option program is to promote shareholder value. In that regard, in 2003, the Compensation Committee implemented a restriction of "absolute minimum", whereby if 85% of the Earnings Per Share minimum (defined as one penny in earnings per share improvement over the previous fiscal year) for the prior fiscal year is not achieved, there will be no option grants to executive officers. The Compensation Committee waived the absolute minimum requirement in respect of the 2004 fiscal year, on an exception basis, due to the fact non-recurring charges related to the repositioning of Peoples' investment portfolio caused 2004 Earnings Per Share to be lower than results from normal operations. The Compensation Committee believed that individual option grants should be paid because many successful results were achieved through normal operations. This waiver allowed the named executive officers to receive the portion based on the level of achievement of their individual performance goals, but not the portion related to Peoples' corporate results.

Stock option grants earned in respect of the 2005 fiscal year were made by the Compensation Committee to the named executive officers in February 2006 and covered an aggregate of 10,896 common shares. The options were valued using the market price of a common share of stock on the date of grant.

On August 11, 2005, the Compensation Committee engaged the services of Clark Consulting, a compensation consulting firm, to perform a review of Peoples' current deferred compensation plans to ensure compliance with Section 409A of the Internal Revenue Code. The Compensation Committee intends to

Edgar Filing: PEOPLES BANCORP INC - Form DEF 14A

administer these plans to avoid or minimize the effect of Section 409A and, if necessary, will amend or recommend the amendment of these plans to comply with Section 409A before December 31, 2006 (or a later date specified by the Internal Revenue Service).

The Compensation Committee subsequently retained Clark Consulting to design a new equity plan for implementation in 2006. The proposed Peoples Bancorp Inc. 2006 Equity Plan is discussed under "PROPOSAL NUMBER 2: APPROVAL OF PEOPLES BANCORP INC. 2006 EQUITY PLAN" beginning at page 35.

On December 29, 2005, the Compensation Committee approved the acceleration of the vesting schedule with regard to all unvested options previously granted to employees of Peoples and our subsidiaries, including executive officers of Peoples, and subsidiary directors pursuant to Peoples' various stock option plans. Except for the acceleration of vesting, these options will continue to be governed by their original terms and conditions. As a result of the vesting acceleration, options to purchase an aggregate of 161,514 common shares became exercisable as of December 29, 2005. Vesting of these options was to occur over the next six years, with the majority previously scheduled to vest in 2006. Included in the options for which vesting was accelerated were options held by the following individuals who served as executive officers of Peoples during the 2005 fiscal year:

Name of Individual	Aggregate Number of Options Accelerated
Mark F. Bradley	7,526
David B. Baker	6,711
John W. Conlon	8,227
Larry E. Holdren	8,206
Carol A. Schneeberger	8,017
Joseph S. Yazombek	8,847

As previously reported, effective January 1, 2006, David B. Baker ceased to serve as an executive officer of Peoples and David T. Wesel became an executive officer of Peoples.

Executive Officer Perquisites

Based on business need, on a case-by-case basis, the Compensation Committee grants the use of a company-paid automobile and country club membership to selected executive officers to further business development on behalf of Peoples. Personal use of such perquisites is either reimbursed to Peoples or paid by the executive officer.

Other Compensation

The executive officers participate in the Peoples Bancorp Inc. Retirement Savings Plan on the same basis as all other employees. Peoples "matches" certain employee contributions to the Retirement Savings Plan. The matching amounts for the individuals named in the Summary Compensation Table are included under the caption "All Other Compensation" in that table.

The executive officers also participate in the Peoples Bancorp Inc. Retirement Plan on the same basis as all other employees. Annual pension benefits are payable under the Retirement Plan upon retirement based upon specified compensation and years of service classifications.

The executive officers are also eligible to participate in the employee benefit programs maintained by Peoples, including life, medical and dental insurance plans, on the same terms as all other employees.

Edgar Filing: PEOPLES BANCORP INC - Form DEF 14A

Chief Executive Officer's Compensation

The 2005 base salaries for Robert E. Evans and Mark F. Bradley were determined by evaluating the most recent comparative peer data and the role and responsibilities of their respective positions. During latter part of the 2004 fiscal year, the Compensation Committee engaged the services of Clark Consulting, a compensation consulting firm, to perform competitive peer analysis of executive compensation. In conjunction with Peoples, Clark Consulting identified a group of 15 peer financial institution holding companies based on market capitalization, geographic location, performance, and similarity in lines of business. The peer group represents publicly-traded financial institution holding companies with total asset size from slightly over \$900 million to slightly under \$3.5 billion. The information gathered from the analysis was used to determine the competitiveness of compensation for Robert E. Evans and Mark F. Bradley relative to other financial institution holding companies of comparable size and overall performance. The information was used to determine the 2005 compensation for both individuals. On December 9, 2004, the Compensation Committee established base salaries for Robert E. Evans and Mark F. Bradley for the 2005 fiscal year.

On May 31, 2005, Robert E. Evans retired and resigned from his position as Chief Executive Officer and as an employee of each of Peoples and Peoples Bank. The compensation he received following his retirement is described below under "OTHER COMPENSATION TO MR. EVANS."

As part of a succession plan announced in February 2005, Mark F. Bradley, who had served as President and Chief Operating Officer, was named Chief Executive Officer of both Peoples and Peoples Bank, succeeding Mr. Evans effective May 31, 2005. In light of his increased job responsibilities as President and Chief Executive Officer, the Compensation Committee determined that Mr. Bradley's annualized base salary should be increased from \$200,000 to \$225,000 effective June 1, 2005. This placed Mr. Bradley's base salary just below the median of base salaries of chief executive officers paid by those financial institution holding companies selected for peer comparison.

The Compensation Committee considered the following factors in determining the base salary for 2006 for Mr. Bradley in his capacity as Peoples' President and Chief Executive Officer: Peoples' success in achieving its 2005 fiscal year established financial targets and the median level of compensation paid to Chief Executive Officer's of financial institution holding companies selected for peer comparison. Based on these factors, the Compensation Committee determined on February 9, 2006, Mr. Bradley's base salary should be increased from \$225,000 to \$250,000 effective January 1, 2006. This still placed Mr. Bradley's annual base salary just below the median of base salaries of chief executive officers paid by those financial institution holding companies selected for peer comparison.

For the 2005 fiscal year, Mr. Bradley was eligible to earn a cash bonus under the performance compensation program ranging up to 100% of his base salary and options up to 140% of base salary based on the attainment of established performance goals. The options were valued using the market price of a common share of stock on the date of grant. The Compensation Committee certified that based on Peoples' and Mr. Bradley's individual performance during the 2005 fiscal year, he earned a bonus under the performance compensation program of \$60,000. Likewise, he also earned options totaling 2,970 common shares. Both the

Edgar Filing: PEOPLES BANCORP INC - Form DEF 14A

bonus and options were earned in respect to the 2005 fiscal year. The options were granted in February 2006. The bonus was paid in March 2006. In recognition of Mr. Bradley's role and importance to Peoples' success and promotion of shareholder value, Peoples provided him with a country club membership in 2005.

Other Compensation to Mr. Evans

On May 31, 2005, Robert E. Evans retired and resigned from his position as Chief Executive Officer and as an employee of each of Peoples and Peoples Bank. Mr. Evans continued to serve as Chairman of the Board and a non-employee director of each entity thereafter. On May 31, 2005, the Board of Directors of Peoples, upon the recommendation of the Compensation Committee, approved the payment of a monthly fee to Mr. Evans in his capacities as Chairman of the Board of Peoples and Peoples Bank. The monthly fee was to be \$8,333, effective June 1, 2005. Mr. Evans was to receive no separate compensation for attending meetings of any committees of either board of directors or for other services provided as a member of either board. He received a payment of \$8,333 on June 15, 2005, for his services as Chairman of the Board of Peoples and Peoples Bank.

On June 9, 2005, the Board of Directors, upon the recommendation of the Compensation Committee, approved a Director Retirement Plan for the benefit of Mr. Evans in recognition of his 35 years of service with the organization and his direct responsibility for its substantial success and growth. The Director Retirement Plan was intended to provide Mr. Evans with a monthly benefit for life, commencing July 1, 2005, and, if she survived him, a reduced monthly benefit for Mr. Evans' spouse for her life. The monthly benefit to be paid to Mr. Evans was to increase each year and was to be \$1,156 per month for the 2005 calendar year. Similarly, the monthly benefit, payable to Mr. Evans' spouse upon Mr. Evans' death was to generally increase each year and was \$662 per month for the 2005 calendar year. During 2005, six payments were made to Mr. Evans' spouse under the plan.

On June 9, 2005, the Board of Directors, upon the recommendation of the Compensation Committee, also approved the payment of a benefit in the amount of \$145,000 under the deferred compensation agreement, dated November 18, 1976, between Mr. Evans and The Peoples Banking and Trust Company (now known as Peoples Bank, National Association), as amended December 26, 1978 and March 22, 1979. The deferred compensation agreement provided for the accrual of \$5,000 for Mr. Evans' account upon the completion of each year of service to Peoples Bank until he reached normal retirement age (65). As of May 31, 2005, a total of \$141,667 had been accrued for Mr. Evans' account and the Compensation Committee and the Board of Directors both felt it was appropriate to credit Mr. Evans' account with the full \$5,000 annual amount in respect of the year of his retirement. In connection with the benefit payment, the deferred compensation agreement was terminated effective June 9, 2005.

To the extent that the effect of Mr. Evan's retirement was specifically addressed under any of the other employee benefit programs in which he participated at the time of his retirement, those terms continued to apply.

On June 15, 2005, Mr. Evans died.

Change in Control Agreements

In 2004, the Compensation Committee engaged the services of Clark Consulting to explore whether change in control agreements would be appropriate for executive officers. Based upon a recommendation from Clark Consulting, the Compensation Committee supported the development and implementation of change in control agreements for all executive officers to promote shareholder value should a change in control occur. In August 2004, Peoples entered into change in

Edgar Filing: PEOPLES BANCORP INC - Form DEF 14A

control agreements with Robert E. Evans (which expired upon his retirement), Mark F. Bradley, John W. Conlon, Carol A. Schneeberger, David B. Baker, and Larry E. Holdren to encourage those executive officers to continue their employment with Peoples in the event Peoples is acquired by another entity. The agreements were not undertaken in the belief a change in control was imminent or expected.

An executive officer's base annual compensation for purposes of his or her change in control agreement is the average annualized compensation paid by Peoples which was includible in the executive officer's gross income prior to any deferred arrangements during the most recent five taxable years ending before the date of the change in control.

Generally, the agreements provide for severance compensation to those executive officers if their employment is terminated by Peoples or its successors for any reason other than cause within six months prior to or within 24 months after a defined change in control occurs. In addition, compensation will be paid if the executive officer voluntarily terminates employment during the same periods because of a decrease in the executive officer's base annual compensation without the executive officer's consent; a material reduction in the importance of the executive officer's job responsibilities without the executive officer's consent, other than by reason of termination for cause or by reason of disability, retirement or death; geographical relocation of the executive officer without executive officer's consent to an office more than 50 miles from the executive officer's current location; or failure by Peoples to obtain assumption of the agreement by its successor.

Under the agreements, a change in control is deemed to occur in the event of a change of ownership of Peoples which must be reported to the SEC as a change of control, including but not limited to the acquisition by any person, entity, or group of beneficial ownership of 25% or more of Peoples' voting securities or all or substantially all of the assets of Peoples.

Under the agreements, severance provisions include: (i) a lump sum cash payment of two and one-half times base annual compensation for Mr. Bradley and two times base annual compensation for Mr. Conlon, Ms. Schneeberger, Mr. Baker, and Mr. Holdren, in each case payable within thirty days following the termination date; (ii) continuing participation in life, medical, and dental insurance for twelve months substantially in the form and expense to the executive officer as that received on the date of termination; and (iii) the executive officer entering into a non-compete agreement for twelve months immediately following the date of termination. In the case of Mr. Bradley, the duration of the non-compete agreement and the continuing participation in life, medical, and dental insurance is 15 months immediately following the date of termination.

During 2005, management changes occurred which impacted those individuals covered by change in control agreements. On September 14, 2005, it was announced David B. Baker would no longer serve as an Executive Vice President of Peoples and Peoples Bank effective January 1, 2006. The change in control agreement with David B. Baker was terminated on January 1, 2006. On September 14, 2005, it was also announced David B. Baker would be succeeded by David T. Wesel effective January 1, 2006. On December 8, 2005, the Compensation Committee authorized the execution on behalf of Peoples, on or about January 3, 2006, of a change in control agreement with David T. Wesel when he became an executive officer. The terms of David T. Wesel's change in control agreement are the same as those in the change in control agreements entered into in August 2004 with David B. Baker, John W. Conlon, Larry E. Holdren, and Carol A. Schneeberger.

Compensation Committee Interlocks and Insider Participation

Edgar Filing: PEOPLES BANCORP INC - Form DEF 14A

Each of Frank L. Christy, Carl L. Baker, Jr., Robert W. Price and Joseph H. Wesel served as a member of the Compensation Committee for the entire 2005 fiscal year. Mr. Wesel served as Chairman until December 8, 2005, when he was succeeded in that position by Frank L. Christy. George W. Broughton joined the Compensation Committee on August 11, 2005 and Paul T. Theisen joined the Compensation Committee on November 10, 2005. Wilford D. Dimit served on the Compensation Committee until his resignation on February 9, 2005. None of the individuals serving on the Compensation Committee has been an officer or employee of Peoples or any of our subsidiaries. In addition, no executive officer of Peoples has served on any board of directors or compensation committee of any entity that compensates any member of the Compensation Committee.

David T. Wesel, who is the son of Joseph H. Wesel, was appointed to the positions of Executive Vice President of Peoples and of Peoples Bank and President of the Peoples Financial Advisors division of Peoples Bank, effective January 1, 2006. Prior to that time, he had served as a Vice President of Peoples Bank and Sales Manager of Peoples Financial Advisors, but was not an executive officer of Peoples or Peoples Bank. During the 2005 fiscal year, David T. Wesel received compensation in excess of \$60,000.

While Paul T. Theisen is Of Counsel to, and an independent contractor with, the law firm of TheisenBrock, Mr. Theisen has not been a partner, controlling shareholder or executive officer or otherwise been related to or held any interest in TheisenBrock, other than as Of Counsel and an independent contractor (and has not individually performed services for Peoples or any of our subsidiaries), since 1998.

On January 26, 2005, Peoples Bank purchased real estate and the building located on it from First Settlement Inc., a corporation as to which Wilford D. Dimit is the President and the controlling shareholder. The purchase price for the real estate and building was \$400,000 and was determined through an arm's length negotiation. From January 26, 2005 through March 31, 2005, Peoples Bank leased to First Settlement, Inc. space within the building on a month-to-month basis for purposes of continued operation of a restaurant. These lease payments were in the aggregate amount of \$2,000. Mr. Dimit sold the restaurant in April 2005. Mr. Dimit resigned from the Compensation Committee effective February 9, 2005 and did not participate in the discussions or deliberations of the Compensation Committee from and after January 26, 2005.

Conclusion

We have reviewed all components of the compensation of the individuals named in the Summary Compensation Table, including base salary, annual bonus and long-term equity compensation in the form of option grants, accumulated realized and unrealized stock option gains, the dollar value to the individual and cost to Peoples of all perquisites and other personal benefits and the projected payout obligations under change in control scenarios. Based on this review, we find each such individual's total compensation (and, in the case of change in control scenarios, the potential payouts) in the aggregate to be reasonable and not excessive. Furthermore, we believe that the compensation paid to all executive officers is consistent with Peoples' goals and objectives.

SUBMITTED BY THE COMPENSATION COMMITTEE OF PEOPLES' BOARD OF DIRECTORS:

Frank L. Christy (Chairman since December 8, 2005); Joseph H. Wesel (member until December 31, 2005 and Chairman until December 8, 2005); Carl L. Baker, Jr.; George W. Broughton (member since August 11, 2005); Robert W. Price; and Paul T. Theisen (member since November 10, 2005).

Edgar Filing: PEOPLES BANCORP INC - Form DEF 14A

COMPENSATION OF EXECUTIVE OFFICERS AND DIRECTORS

Summary of Cash and Other Compensation

The following table shows, for the last three fiscal years, the cash compensation paid by Peoples and our subsidiaries, as well as other compensation paid or accrued for those years, to each individual who served as Chief Executive Officer of Peoples during the 2005 fiscal year and the four other most highly compensated executive officers of Peoples during the 2005 fiscal year.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Annual Compensation			Long Term Compensation Awards
		Salary	Directors' Fees (4)	Bonus (5)	
Robert E. Evans Chairman of the Board and Chief Executive Officer (1)	2005	\$ 147,747	\$ 8,333	-	-
	2004	\$ 300,000	\$ 16,600	\$ 24,300	1,238
	2003	\$ 300,000	\$ 16,600	-	-
Mark F. Bradley President and Chief Executive Officer (2)	2005	\$ 214,583	-	\$ 60,000	2,970
	2004	\$ 169,950	\$ 16,850	\$ 9,007	459
	2003	\$ 165,000	\$ 15,750	-	-
Joseph S. Yazombek Executive Vice President/ Chief Lending Officer	2005	\$ 195,000	-	\$ 47,190	2,388
	2004	\$ 160,680	-	\$ 23,299	1,215
	2003	\$ 156,000	-	-	-
John W. Conlon Chief Financial Officer and Treasurer	2005	\$ 183,000	-	\$ 30,378	1,535
	2004	\$ 153,000	-	\$ 23,715	1,235
	2003	\$ 150,000	-	-	-
Carol A. Schneeberger Executive Vice President, Operations	2005	\$ 160,000	-	\$ 37,600	1,903
	2004	\$ 151,700	-	\$ 15,170	792
	2003	\$ 148,000	-	-	-
David B. Baker Executive Vice President (3)	2005	\$ 160,000	-	\$ 31,520	1,592
	2004	\$ 156,060	-	\$ 8,739	456
	2003	\$ 153,000	-	-	-

Edgar Filing: PEOPLES BANCORP INC - Form DEF 14A

For Mr. Evans, "All Other" also includes for each year the amount of \$5,000, which was accrued, pursuant to the terms of the deferred compensation agreement between Mr. Evans and Peoples Bank which is described below under "DEFERRED COMPENSATION AGREEMENT." On June 9, 2005, the Board of Directors, upon the recommendation of the Compensation Committee, approved the payment of a benefit in the amount of \$145,000 under the deferred compensation agreement. As of May 31, 2005, a total of \$141,667 had been accrued for his account and the Compensation Committee and the Board of Directors both felt it was appropriate to credit Mr. Evans' account with the full \$5,000 annual amount which would have otherwise accrued for his account in the year of his retirement. "All Other" does not include the \$145,000 paid to Mr. Evans under the terms of the deferred compensation agreement. In connection with the benefit payment, the deferred compensation agreement was terminated effective June 9, 2005. "All Other" does not include amounts paid to Mr. Evans' spouse under the director retirement plan for the benefit of Mr. Evans, which is described below under "DIRECTOR RETIREMENT PLAN."

"All Other" for the 2005 fiscal year also includes earnings in the amount of \$8,184 and \$1,022, respectively, for Messrs. Evans and Bradley, accrued during the 2005 fiscal year on the cumulative amount of directors' fees deferred under the terms of the Deferred Compensation Plan for Directors of Peoples Bancorp Inc. and Subsidiaries. These earnings represent dividends credited on common shares accrued to Messrs. Evans' and Bradley's accounts. These dividends are converted into a common share equivalent based on the fair market value of a common share as of the first business day of the following calendar quarter and during the 2005 fiscal year, an aggregate of 201 common shares and 37 common shares were accrued, respectively, to Messrs. Evans' and Bradley's accounts. As of August 9, 2005, an aggregate of 14,860 common shares accrued in Mr. Evans' account were distributed as a result of his death. As of December 31, 2005, an aggregate of 1,414 common shares were accrued for Mr. Bradley's account.

"All Other" for the 2005 fiscal year also includes country club dues of \$919, \$2,124, \$3,283 and \$2,124, respectively, for Messrs. Evans, Bradley, Yazombek and Conlon.

Grant of Options

Options were granted on February 9, 2006, to each of the individuals named in the Summary Compensation Table (other than Robert E. Evans) based on the individual's performance during the 2005 fiscal year. The following table summarizes information concerning the individual grants of options made to each of the named individuals in respect of the 2005 fiscal year. Peoples has never granted stock appreciation rights.

OPTION GRANTS IN LAST FISCAL YEAR (1)

Name	Number of Common Shares Underlying Options Granted (2)	% of Total Options Granted to Employees in Fiscal Year	Exercise Price (\$/Share)	Expiration Date	Grant Pre Value
Robert E. Evans	-	-	-	-	-
Mark F. Bradley	2,970	6.96%	\$28.25	2/9/2016	\$22
Joseph S. Yazombek	2,388	5.60%	\$28.25	2/9/2016	\$18
John W. Conlon	1,535	3.60%	\$28.25	2/9/2016	\$11
Carol A. Schneeberger	1,903	4.46%	\$28.25	2/9/2016	\$14

Edgar Filing: PEOPLES BANCORP INC - Form DEF 14A

David B. Baker	1,592	3.73%	\$28.25	2/9/2016	\$12

Option Exercises and Holdings

The following table summarizes information concerning options exercised during, and unexercised options held as of the end of, the 2005 fiscal year by each of the named individuals.

AGGREGATED OPTION EXERCISES IN LAST FISCAL YEAR
AND FISCAL YEAR-END OPTION VALUES (1)

Name	Number of Common Shares Underlying Options Exercised	Value Realized	Number of Common Shares Underlying Unexercised Options at Fiscal Year End (2) -----	Value of Un- Money at Fiscal -----
------	---	-------------------	---	---