

AMERISERV FINANCIAL INC /PA/  
Form DEF 14A  
March 17, 2014

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

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934**

Filed by the Registrant  x  
Filed by a Party other than the Registrant  o  
Check the appropriate box:

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

**AMERISERV FINANCIAL, INC.**

(Name of registrant as specified in its charter)

(Name of person(s) filing proxy statement, if other than the registrant)

Payment of Filing Fee (Check the appropriate box):

- x No fee required.
  - o Fee computed on table below per Exchange Act Rules 14a-6(i)(4) 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.

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**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS  
AND PROXY STATEMENT**

**AMERISERV FINANCIAL, INC.  
P.O. BOX 430  
JOHNSTOWN, PENNSYLVANIA 15907-0430**

To Be Held April 22, 2014

Mailed to Security Holders on or about March 17, 2014

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AmeriServ Financial, Inc.  
P.O. Box 430  
Johnstown, Pennsylvania 15907-0430  
814-533-5300  
March 17, 2014

Dear Fellow Shareholder:

AmeriServ Financial, Inc.'s annual meeting of shareholders will be held on Tuesday, April 22, 2014, at 1:30 p.m., Eastern Time, at the Holiday Inn Downtown, Crown Ballroom, 250 Market Street, Johnstown, Pennsylvania 15901.

The matters to be acted upon at the meeting are:

- (a) the election of four Class I director nominees of the board of directors;
- (b) an advisory vote to approve the compensation of the named executive officers of AmeriServ Financial, Inc.; and
- (c) such other matters as may properly come before the AmeriServ Financial, Inc. annual meeting or any adjournment thereof.

Your vote is very important to us, and we encourage you to review the enclosed materials. Voting via the Internet or by telephone is fast and convenient, and your vote is immediately tabulated and confirmed. Using the Internet or telephone saves us money by reducing postage and proxy tabulation costs. If you prefer to vote by mail, please sign, date and return the proxy card. Regardless of whether you plan to attend the annual meeting in person, please vote now so that the matters coming before the meeting may be acted upon.

I look forward to seeing you at the annual meeting.

Respectfully yours,

Glenn L. Wilson  
President & Chief Executive Officer

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**AmeriServ Financial, Inc.**  
**P.O. Box 430**  
**Johnstown, Pennsylvania 15907-0430**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

To Our Shareholders:

NOTICE IS HEREBY GIVEN that the annual meeting of shareholders of AmeriServ Financial, Inc. will be held at the Holiday Inn Downtown, Crown Ballroom, 250 Market Street, Johnstown, Pennsylvania 15901, on Tuesday, April 22, 2014, at 1:30 p.m., Eastern Time, for the purpose of considering and voting on the following matters:

1. election of four Class I director nominees of the board of directors, each to serve until the 2017 annual meeting of shareholders, or until the earlier of their resignation or their respective successors shall have been elected and qualified (Matter No. 1);
2. an advisory vote to approve the compensation of the named executive officers of AmeriServ Financial, Inc. (Matter No. 2); and
3. such other business as may properly come before the meeting or any adjournment thereof.

Only those shareholders of record at the close of business on February 21, 2014, shall be entitled to notice of and to vote at the annual meeting or any adjournment or postponement thereof. A proxy statement, a proxy card and a self-addressed postage prepaid envelope are enclosed. This proxy statement and enclosed proxy card are being mailed to shareholders on or about March 17, 2014. Please complete, sign and date the proxy card and return it promptly in the envelope provided or, if you prefer, vote by telephone or Internet by following the instructions on the proxy card.

If you attend the meeting and are a shareholder of record, you may revoke your proxy and vote in person.

This notice, the accompanying proxy statement and form of proxy are sent to you by order of the board of directors.

Sharon M. Callihan  
Corporate Secretary

Johnstown, Pennsylvania  
March 17, 2014

**Important Notice Regarding the Availability of Proxy Materials  
for the Annual Meeting to Be Held on April 22, 2014:**

**Our Proxy Statement on Schedule 14A, form of proxy card, 2013 Annual Report on Form 10-K and 2013 Annual Report are available at: <https://www.proxyvote.com>.**

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**AMERISERV FINANCIAL, INC.**  
**P.O. Box 430**  
**Johnstown, Pennsylvania 15907-0430**

**PROXY STATEMENT**

**GENERAL**

**Introduction**

The board of directors of AmeriServ Financial, Inc. is soliciting proxies for use at our annual meeting of shareholders to be held on April 22, 2014, at 1:30 p.m., Eastern Time, at the Holiday Inn Downtown, Crown Ballroom, 250 Market Street, Johnstown, Pennsylvania 15901. This proxy statement and enclosed proxy card are being mailed to shareholders on or about March 17, 2014. Our annual report for the year ended December 31, 2013, accompanies this proxy statement. The annual report should not be regarded as proxy solicitation material. AmeriServ Financial, Inc. (which is sometimes referred to as ASRV, the company, we, us or our ) is the holding company for AmeriServ Financial Bank doing business as AmeriServ Financial (the Bank ) and AmeriServ Trust & Financial Services Company.

**Solicitation of Proxies**

We will bear the cost of soliciting proxies. In addition to the use of the mail, some of our directors and officers may solicit proxies, without additional compensation, in person, by telephone, telegram, or otherwise. We may make arrangements with banks, brokerage houses and other custodians, nominees and fiduciaries to forward solicitation material to the beneficial owners of shares held by them of record, and we may reimburse them for reasonable expenses they incur.

**Voting Securities**

As of the close of business on the record date, February 21, 2014, there were 18,784,188 shares of common stock, par value \$0.01 per share, outstanding. Holders of record of our common stock as of the close of business on the record date are entitled to notice of and to vote at the annual meeting or any adjournment or postponement thereof. Except with respect to the election of directors, each shareholder is entitled to one vote for each share held. Holders of our common stock are entitled to cumulate their vote in the election of directors.

The four persons receiving the highest number of votes cast at the annual meeting will be elected as Class I directors (Matter No. 1). The affirmative vote of a majority of the votes cast at the annual meeting is required to approve the advisory (non-binding) vote on the compensation of our named executive officers (Matter No. 2).

If any other matters are properly presented for consideration at the annual meeting, including, among other things, consideration of a motion to adjourn the meeting to another time or place, the persons named in the proxy card will have discretion to vote on those matters according to their best judgment to the same extent as the person signing the proxy would be entitled to vote. At the date of this proxy statement, we do not anticipate that any other matters will be

raised at the annual meeting.

Although the advisory votes on the compensation of our named executive officers is non-binding, as provided by law, our board of directors will review the results of the votes and take them into account in making a determination concerning executive compensation.

If you participate in our Dividend Reinvestment and Common Stock Purchase Plan, the proxy card included with this proxy statement indicates the number of shares registered in your name and the number of shares, including fractional shares, credited to your Dividend Reinvestment and Common Stock Purchase Plan account.

If your shares are held in street name (that is, through a broker, trustee or other holder of record), you will receive a voting instruction card from your broker seeking instructions as to how your shares should be voted. If no voting instructions are given, your broker or nominee has discretionary authority to vote your shares on your behalf on routine matters. A broker non-vote results on a matter when your broker or

nominee returns a proxy but does not vote on a particular proposal because it does not have discretionary authority to vote on that proposal and has not received voting instructions from you. We believe that your broker or nominee does not have discretionary voting power with respect to any of the matters considered at this meeting. You may not vote shares held in street name at the annual meeting unless you obtain a legal proxy from your broker or holder of record.

If you appropriately mark, sign and return the enclosed proxy card or voting instruction card, as the case may be, in time to be voted at the annual meeting, or if you vote by telephone or Internet in accordance with the instructions on the proxy card or voting instruction card, as the case may be, the shares represented thereby will be voted in accordance with your instructions. Signed proxies not marked to the contrary will be voted FOR the election of the nominees for ASRV's board of directors, and FOR an advisory (non-binding) vote on the compensation of our named executive officers. Proxy holders shall have full discretion and authority to vote for any one or more of such nominees and will vote the shares represented by each proxy so as to maximize the number of nominees elected to ASRV's board of directors, except to the extent that a shareholder withholds such authority on such proxy. However, the shares represented by each proxy cannot be voted by the proxy holders for a greater number of nominees than those identified in this proxy statement.

## Right of Revocation

If you are a shareholder of record, you may revoke your proxy at any time before it has been exercised by filing with the Corporate Secretary of ASRV an instrument of revocation or a duly executed proxy bearing a later date. Additionally, if you attend the annual meeting, you may also revoke a previously granted proxy by voting in person at the meeting.

## Quorum

Under our bylaws, the presence, in person or by proxy, of shareholders entitled to cast at least a majority of the votes that all shareholders are entitled to cast constitutes a quorum for the transaction of business at the annual meeting. Abstentions will not constitute or be counted as votes cast for purposes of the annual meeting, but will be counted for purposes of determining the presence of a quorum.

## Principal Shareholders

The following table sets forth information regarding persons or entities that we believe own of record or beneficially, as of February 21, 2014, five percent or more of the outstanding shares of our common stock.

Name and Address of Beneficial Owner	Amount of Beneficial Ownership	Percent of Common Stock
Financial Stocks Capital Partners III L.P. <sup>(1)</sup> 1300 Carew Tower 441 Vine Street Cincinnati, Ohio 45202	1,687,884	9.0%
Dimensional Fund Advisors LP <sup>(2)</sup> 1299 Ocean Avenue 1 <sup>st</sup> Floor Santa Monica, California 90401	1,653,918	8.8%
	1,108,873	5.9%



Wellington Management Company, LLP<sup>(3)</sup>  
75 State Street  
Boston, Massachusetts 02109

Includes Finstocks Capital Management, LLC, Elbrook Holdings, LLC, FSI Group, LLC, Steven N. Stein, and (1) John M. Stein. This information is based upon Amendment No. 6 to a Schedule 13G filing dated January 15, 2014 made with the Securities and Exchange Commission.

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Includes subsidiaries of Dimensional Fund Advisors LP (collectively, Dimensional ), four investment companies to which Dimensional furnishes investment advice and certain other commingled group trusts and separate accounts (2) to which Dimensional may serve as investment manager, adviser or sub-adviser. This information is based upon Amendment No. 12 to a Schedule 13G filing dated February 10, 2014 made with the Securities and Exchange Commission.

(3) This information is based upon Amendment No. 4 to a Schedule 13G filing dated February 14, 2014 made with the Securities and Exchange Commission.

## **MATTER NO. 1 ELECTION OF ASRV DIRECTORS**

### **General**

Under our articles of incorporation, the total number of directors may be determined by either a resolution adopted by a majority vote of the directors then in office or by a resolution adopted by the shareholders at a meeting. The number of directors for 2014 has been set by the board at 15, including our current President and Chief Executive Officer.

Immediately following the annual meeting, the number of directors for 2014 will be set at 13. The board has determined that all directors are independent, pursuant to the listing standards of The NASDAQ Global Market ( NASDAQ ), except Glenn L. Wilson, the current President and Chief Executive Officer of the company who is not independent by reason of his current employment relationship with ASRV.

Our board of directors, as provided in our articles of incorporation, is divided into three classes, each being as nearly equal in number as possible. The directors in each class serve a term of three years or until the earlier of their resignation or their respective successors have been elected and qualified. Under our articles of incorporation, a person who is elected to fill a vacancy on the board of directors will serve as a director for the remaining term of office of the class to which he or she was elected.

### **Nominees and Continuing Directors**

The board of directors has fixed the number of directors in Class I at four and has nominated Allan R. Dennison, James M. Edwards, Sr., Sara A. Sargent, and Robert L. Wise for election as Class I directors, each of whom will serve a three-year term that will expire at the 2017 annual meeting of shareholders, or until the earlier of their resignation or their respective successors have been duly elected and qualified. Directors Dennison, Edwards, Sargent, and Wise were previously elected by the shareholders at the 2011 annual meeting. Directors Oravec and Picking have informed us that they will be resigning effective immediately following the Annual Meeting. The remaining directors will continue to serve in accordance with their previous election, with the terms of the Class II and Class III directors expiring in 2015 and 2016, respectively.

Our bylaws permit nominations for election to the board of directors to be made by the board of directors or by any shareholder entitled to vote for the election of directors. All nominations for directors to be made at the annual meeting by shareholders entitled to vote for the election of directors must be preceded by notice in writing, delivered or mailed by first class United States mail, postage prepaid, to the Non-Executive Chairman of ASRV not less than 90 days nor more than 120 days prior to the anniversary date of the previous year's annual meeting. Such notice must contain, to the extent known, the following information:

the name and address of the shareholder who intends to make such nomination ( Nominating Shareholder );

the name and address of the beneficial owner, if different than the Nominating Shareholder, of any of the shares owned of record by the Nominating Shareholder ( Beneficial Holder );  
the number of shares of each class and series of shares of the Corporation which are owned of record and beneficially by the Nominating Shareholder and the number which are owned beneficially by any Beneficial Holder;  
a representation that there are (and will be) no undisclosed arrangements and understandings between the Nominating Shareholder and any Beneficial Holder and any other person or persons pursuant to which the nomination is being made;

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the name and address of the person or persons to be nominated;  
a representation that the Nominating Shareholder is at the time of giving of the notice, was or will be on the record date for the meeting, and will be on the meeting date a holder of record of shares of the Corporation entitled to vote at such meeting, and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice;  
such other information regarding each nominee proposed by the Nominating Shareholder as would have been required to be included in a proxy statement filed pursuant to the proxy rules of the Securities and Exchange Commission had the nominee been nominated, or intended to be nominated, by ASRV's board of directors;  
a description of any agreement, arrangement or understanding (including any derivative or short positions, profit interests, options, hedging transactions, and borrowed or loaned shares) that has been entered into as of the date of the Nominating Shareholder's notice by, or on behalf of, the Nominating Shareholder or any of its affiliates or associates, the effect or intent of which is to mitigate loss to, manage risk or benefit of share price exchanges for, or increase or decrease the voting power of the Nominating Shareholder or any of its affiliates or associates with respect to shares of ASRV stock; and

the written consent of each nominee to serve as a director of ASRV if so elected.

The presiding officer of any such shareholder meeting may, in such officer's sole discretion, refuse to acknowledge the nomination of any person which the presiding officer determines is not made in compliance with the foregoing procedure.

We have not received any properly made notice of nomination for directors from any shareholder in connection with this year's annual meeting. Any nomination that does not comply with the procedures required by the bylaws and any vote cast at the annual meeting for any candidate not duly nominated will be disregarded.

With respect to the election of directors, each shareholder has the right to vote, for each share of our common stock held by the shareholder, such number of votes as shall be equal to the number of directors to be elected, and the shareholder may cast the whole number of votes for one nominee or distribute them among two or more nominees.

Except as noted below, each of the nominees listed is now a director of ASRV and has expressed his willingness to serve. If any of the nominees become unable to accept nomination or election, the persons named in the proxy may vote for a substitute nominee selected by ASRV's board of directors. Our management, however, has no present reason to believe that any Class I nominee will be unable to serve as a director, if elected.

The following tables set forth as to each of the nominees for election as a Class I director and as to each of the continuing Class II and Class III directors, his or her age, principal occupation and business experience, the period during which he or she has served as a director of ASRV, or an affiliate or predecessor, and their current and recent directorships in other public companies. In addition, we briefly describe the particular experience, qualifications, attributes or skills that led our board to conclude that the person should serve as a director of ASRV. There are no family relationships between any of the listed persons.

**THE BOARD UNANIMOUSLY RECOMMENDS THAT YOU CAST YOUR VOTES FOR THE ELECTION OF THE BELOW-NAMED NOMINEES TO SERVE AS CLASS I DIRECTORS.**

## Nominees for Election as Class I Directors      Term Will Expire in 2017

Name and Principal Occupation	Age	Director Since <sup>(1)</sup>	Directorship in Other Reporting Companies
<p><b>Allan R. Dennison</b>            Since November 2012, Mr. Dennison has served as Non-Executive Vice Chairman of the Board of Directors of ASRV, the Bank, and the Trust Company. Previously, from February 2004 until October 2009, Mr. Dennison served as President &amp; CEO of ASRV and its subsidiaries. Mr. Dennison has more than 40 years of banking experience, and his prior positions included being President and CEO of Swineford National Bank, a community bank affiliated with Fulton Financial Corporation, and senior positions with Mellon Bank of Pittsburgh and Huntington National Bank. The depth of Mr. Dennison's banking experience and industry knowledge over decades of economic change is highly valuable to the board. Mr. Dennison is the Chairman of the board enterprise risk committee.</p>	67	2005	None
<p><b>James M. Edwards, Sr.</b>            Since 2010, Mr. Edwards has served as Treasurer of the Cambria/Somerset Counties Authority, a regional water authority. From 1980 to 1997, he served as President and CEO of WJAC, Inc., the NBC affiliated television/radio broadcast company serving the Johnstown-Altoona-State College, Pennsylvania television market. He also served on the Board of Directors of the Johnstown Tribune Publishing Co., WJAC, Inc.'s parent company, as well as Treasurer and Vice Chairman of the NBC Television Network Affiliates Board. From 1990 to 1996 he served as Chairman of JARI, the largest economic development organization in the greater Johnstown, Pennsylvania region. From 2007 to 2010, he also served as JARI's Director of Entrepreneurial Development. Since 1984, he has served on the Board of Directors of each of Johnstown Savings Bank and AmeriServ Financial, Inc., including serving on the Executive Committee of both boards. Mr. Edwards brings to the Board the business experience he gained during a 40 year career in the newspaper, radio, and television business; several years of experience as a director of companies involved in the refractory, men and women's clothing, soft drink bottling, travel agency, and investment company business; as well as the experience gained by serving as Chairman or Vice-Chairman of national and state print and broadcast media organizations; and over 30 years of experience with major community service organizations, including Chairman of the Greater Johnstown Cambria County Chamber of Commerce, Chairman of the East Coast Hockey League's Board of Governors and a 2014 inductee into the ECHL Hall of Fame; the largest Tier II professional hockey</p>	74	1984	None

league in the country. Chairman of the Construction Oversight Committee and Project Administrator for the \$34 million dollar Johnstown Renaissance Complex Project, and President of the 17,000 member Pennsylvania Jaycees. We believe that Mr. Edwards' extensive and diversified business experience, and his long history of involvement in community public services organizations in the Johnstown Area provides the broad-based background appropriate of a director.

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Name and Principal Occupation	Age	Director Since <sup>(1)</sup>	Directorship in Other Reporting Companies
<p><b>Sara A. Sargent</b></p> <p>Ms. Sargent is the owner and President of Sargent's Court Reporting Service, Inc., Sargent's Personnel Agency, Inc., and Sargent's Transcription Service, Inc. She is active in all phases of the business, including operations, marketing, financial analysis, and contract negotiations. Ms. Sargent has won numerous business-related awards, including the Small Business Person of the Year for the Commonwealth of Pennsylvania and being selected by Ernst &amp; Young and Merrill Lynch as Entrepreneur of the Year for Western Pennsylvania and West Virginia. We believe that her professional experience managing multiple organizations demonstrates that she has the capability to effectively oversee ASRV's management as a member of the board and continues to make valuable contributions to ASRV's committees. Ms. Sargent is the Chair of the nominating committee.</p>	66	1996	None
<p><b>Robert L. Wise</b></p> <p>Mr. Wise is the former President of Pennsylvania Electric Company, Metropolitan Edison Company, Jersey Central Power and Light Company, GPU Genco, Inc., and former CEO of GPU International, each of them a subsidiary of GPU, Inc., a large public energy conglomerate of 14,000 employees, serving more than 4 million customers. GPU, Inc., merged with FirstEnergy, Inc., in 2001. Mr. Wise's executive experience at subsidiaries of a large publicly traded company is valuable to ASRV as a board member, and more specifically, as a member of our audit committee.</p>	70	1986	None

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## Continuing Class III Directors      Term Expires in 2016

Name and Principal Occupation	Age	Director Since <sup>(1)</sup>	Directorship in Other Reporting Companies
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**Daniel R. DeVos**

Mr. DeVos is the former President & CEO of Concurrent Technologies Corporation ( CTC ), a position he held from 1988 until he retired in January 2009. He continues to serve as a director of CTC, a nonprofit research and development organization. Under Mr. DeVos leadership, CTC grew from 15 to 1,400 employees at 50 locations across the country with annual revenues in excess of \$240 million and achieved a national reputation for advanced computing, telecommunications, process modeling, materials development and environmental technology applications. In addition, Mr. DeVos has played an important role in the revitalization efforts in the Johnstown area, including serving as Chairman of the Johnstown Chamber of Commerce and the Johnstown chapter of the United Way. We believe that Mr. DeVos previous professional experiences provides him with insight as to how companies may improve their business processes and operations and better utilize technology in these processes and operations, which is valuable to our board of directors, especially when it is involved in considering capital investments in technology and in its ongoing responsibilities for overseeing management and evaluating management s effectiveness. Mr. DeVos is the Chairman of the board technology committee.

71	1991	None
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Name and Principal Occupation	Age	Director Since <sup>(1)</sup>	Directorship in Other Reporting Companies
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**Bruce E. Duke, III, M.D.**

Dr. Duke is currently retired from practice. Until April 2011, he was a surgeon with Conemaugh Health System ( CHS ), the largest health care provider in west central Pennsylvania. Since July 2009, Dr. Duke has served on the finance and capital improvement committees for CHS s holding company. Also, since July, 2013, he has served as a member of the board of directors of the Conemaugh Health Foundation. Prior to his employment with CHS in 2008, he was the President of Valley Surgeons, Inc., a 10 employee firm with 3 surgeons, where he oversaw the business matters for the firm and acted as a fiduciary for its pension plan. During his tenure with ASRV, Dr. Duke has made valuable contributions to our board and committees and we believe he will continue to do so given his experience in managing the operations, financial statements, and compensation programs of his surgical practice.

70	1987	None
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Name and Principal Occupation	Age	Director Since <sup>(1)</sup>	Directorship in Other Reporting Companies
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**Craig G. Ford**

Mr. Ford is currently the Non-Executive Chairman of ASRV, the Bank and the Trust Company. From December 2002 until March 2004, he served as the President & CEO of ASRV and the Bank. From 1992 to December 2002 and since his retirement from ASRV, he has acted as an independent consultant to small to mid-cap financial institutions and advised them on strategic planning, technology planning, business plan development and execution, and management-board coordination. From 1987 to 1992, Mr. Ford was a Group Executive Vice President of Meridian Bancorp, where he was responsible for technology and government relations. Prior to that, Mr. Ford had a long career with Mellon Bank, where he led the bank's community banking division for 10 years until he began serving as the Chairman's liaison with acquired companies. Mr. Ford has also been prominent in bank industry activities, including a term as President of the Pennsylvania Bankers Association, Chairman of the Pennsylvania Bankers Association Government Relations Council, and Chairman of the American Bankers Association's Membership Criteria Committee. Mr. Ford also served as Co-Chairman of the Committee for Efficiency in Government of the Office of Management of the Budget (1974-1976), as well as serving as a member of the Financial Council of the American Management Association, and as a member of the USPS Treasury Task Force (1970-1975). He received his bachelor of science degree in economics from the Wharton School of Business of the University of Pennsylvania.

84	2003	None
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Mr. Ford's nomination is based upon the value we place on his in-depth knowledge regarding the banking business and the community in which ASRV operates. Additionally, we believe that Mr. Ford's knowledge and leadership qualities are important to the board's effectiveness and in his role as Chairman. We believe his leadership and knowledge were very important to the successful transition from Mr. Ford to our former President & CEO, Allan Dennison, and will continue to be important for the successful leadership transition from Mr. Dennison to our current President & CEO, Glenn Wilson. Finally, Mr. Ford's aptitude in the area of strategic planning remains important as ASRV formulates plans in these uncertain economic times.

Name and Principal Occupation	Age	Director Since <sup>(1)</sup>	Directorship in Other Reporting Companies
<p><b>Kim W. Kunkle</b></p> <p>Since 1984, Mr. Kunkle has served as the President &amp; CEO of Laurel Holdings, Inc. ( Laurel Holdings ), a closely-held holding company with investments in underground utility construction, plumbing, janitorial services, metal machining, industrial tool distribution, pipeline rehabilitation, turf management and electronic assembly in the defense industry. The Laurel Holdings subsidiaries and partnerships employ approximately 600 employees. We believe that Mr. Kunkle's professional experience managing a diverse organization of Laurel Holdings size demonstrates his ability to effectively oversee ASRV's management as a member of the board and continue to make valuable contributions to ASRV's committees.</p>	59	1984	None

## Continuing Class II Directors Term Expires in 2015

Name and Principal Occupation	Age	Director Since <sup>(1)</sup>	Directorship in Other Reporting Companies
<p><b>J. Michael Adams, Jr., Esquire</b></p> <p>Mr. Adams is the owner of Elizabeth Milling Company, a manufacturing and packaging company of ice-melt products with facilities in Smithton and Donora, Pennsylvania. He is also the owner and managing member of NATASH LP which is a real estate investment company. He formerly served as the founder and managing member of Mike Adams &amp; Associates LLC, a Pittsburgh based law firm. He practiced law for 24 years prior to his retirement which included serving as legal counsel to both private businesses and public institutions, boards and commissions. Mr. Adams also previously served as chairman of the board of directors of the Daily News Publishing Co., a privately held company. He received a B.S. from Carnegie Mellon University and a J.D. from University of Pittsburgh School of Law. His corporate, legal and board experience provide Mr. Adams skills relevant to his service on our audit and nominating committees respectively. Because we are a public company operating in a highly regulated industry, we believe Mr. Adams' experience and perspective is valuable not only as a member of the board but also as a member of multiple board committees.</p>	52	2000	None

Name and Principal Occupation	Age	Director Since <sup>(1)</sup>	Directorship in Other Reporting Companies
<p><b>Margaret A. O Malley, Esquire</b></p> <p>Ms. O Malley has over 29 years of experience in private legal practice at, and is the owner of, Yost &amp; O Malley, a law firm in Johnstown, Pennsylvania, where she advises both individuals and corporate for profit and non-profit entities. She is licensed to practice law in Pennsylvania and the District of Columbia, and is an experienced litigator in both state and federal courts. Since 2000, she has been the Chair of ASRV's compensation and corporate governance committees and the Vice-Chair of its executive committee. She served as Vice-Chair of the audit committee from 2000 until 2013 when she became the Chair of the audit committee. Because we are a public company operating in a highly regulated industry, we believe Ms. O Malley's experience and perspective as an attorney is valuable not only as a member of the board but also in her continued role as Chair of the compensation, nominating and corporate governance committees. With ASRV's increased regulatory and corporate governance measures passed in recent years, we believe that Ms. O Malley's continued leadership in these committee roles remains important to the board's success.</p>	54	1997	None
<p><b>Mark E. Pasquerilla</b></p> <p>Mr. Pasquerilla has been an officer and director of Pasquerilla Enterprises, LP, a Johnstown-based real estate owner and manager and also a private financial investor, and its subsidiaries since 2006 (CEO since 2013, and President from 2006 to 2013). Mr. Pasquerilla has been an officer of Crown American Enterprises, Inc. (Crown American), a private financial investor, from 1992 to 2013 and a director from 2012 to 2013. From April 1999 until December 2006, he served as Chairman and CEO of its affiliates, Crown Holding Company and Crown Hotel Holding Company. From 1992 to December 2006, Mr. Pasquerilla also served as President of Crown Holding Company and its various subsidiaries. From April 1999 until it was until it was acquired by Pennsylvania Real Estate Investment Trust (PREIT) in November 2003, he served as Chairman and CEO of Crown American Realty Trust and as a trustee from 1993 until 2003. Mr. Pasquerilla has been a trustee of PREIT since December 2003. In connection with his work as an officer and trustee of Crown American and PREIT, Mr. Pasquerilla has acquired substantial experience in real estate finance. Because, like most banks, ASRV has many real estate loans, we believe this experience is important to the board of directors. Mr. Pasquerilla is Chairman of ASRV's Executive Committee.</p>	54	1997	Pennsylvania Real Estate Investment Trust (PREIT) (2003 Present); Member of PREIT Nominating and Corporate Governance Committee (2011 Present)

Name and Principal Occupation	Age	Director Since <sup>(1)</sup>	Directorship in Other Reporting Companies
<p><b>Thomas C. Slater</b> Mr. Slater has been the owner, President &amp; Director of Slater Laboratories, Inc. since 1970. Mr. Slater is also the founder of the Community Foundation for the Alleghenies, a member of the American Association of Bioanalysts, and a former trustee of Mount Aloysius College. Mr. Slater serves on ASRV's compensation and nominating committees, and is Chairman of the investment/ALCO committee. The board continues to find Mr. Slater's extensive experience with ASRV and his commitment to his committee positions to be a primary factor in his continued service to the board.</p>	72	1980	None
<p><b>Glenn L. Wilson</b> Mr. Wilson has been President &amp; CEO of ASRV and the Bank since August 2009. Mr. Wilson was Chairman, President &amp; CEO of Citizens National Bank, an affiliate of Mercantile Bankshares from 2003 to March 2007, when it was acquired by PNC Financial Service Group, Inc. Upon the acquisition by PNC, Mr. Wilson became Executive Vice President of PNC Bank where he served until August 2009. Mr. Wilson is also past national chair of the Risk Management Association (RMA), which is the leading body of credit and enterprise risk professionals in the banking industry. He remains a life member in this organization, which provides various resources and forums that ASRV takes advantage of in managing various organizational risks. Mr. Wilson is an officer of the board of directors of the Pennsylvania Bankers Association and various other community, economic, and educational boards. For the board to run efficiently and effectively, we believe that the nomination of the President &amp; CEO to the board is necessary and assists the board in keeping abreast of management's progress on corporate initiatives. Moreover, we believe that Mr. Wilson's experience at two other financial institutions in past years provides the board with insight relevant to its strategic initiatives.</p>	58	2009	None

(1) Reflects the earlier of the first year as a director of ASRV, the Bank, or Johnstown Savings Bank

## Security Ownership of Management

The following table sets forth information concerning the number of shares of our common stock beneficially owned, as of February 21, 2014, by each present director, nominee for director, and each executive officer named in the Summary Compensation Table appearing below.

Name of Beneficial Owner <sup>(1)</sup>	Shares Beneficially Owned	Percent of Class (%)
J. Michael Adams, Jr. <sup>(3)</sup>	97,090	*
Michael R. Baylor <sup>(2)</sup>	19,623	*
Allan R. Dennison <sup>(4)</sup>	33,629	*
Daniel R. DeVos	59,222	*
Bruce E. Duke, III, M.D. <sup>(5)</sup>	70,172	*
James M. Edwards, Sr. <sup>(6)</sup>	55,496	*
Craig G. Ford <sup>(2)</sup>	73,490	*
James T. Huerth <sup>(2), (7)</sup>	38,032	*
Kim W. Kunkle <sup>(8)</sup>	64,097	*
Margaret A. O Malley	287,748	1.5
Very Rev. Christian R. Oravec	24,890	*
Mark E. Pasquerilla <sup>(9)</sup>	440,446	2.3
Howard M. Picking, III <sup>(10)</sup>	82,710	*
Sara A. Sargent	177,465	*
Thomas C. Slater	61,022	*
Jeffrey A. Stopko <sup>(2), (11)</sup>	48,602	*
Glenn L. Wilson <sup>(2)</sup>	145,958	*
Robert L. Wise	111,218	*
Gregor T. Young, IV, JD <sup>(2), (12)</sup>	113,694	*
Officers, Directors and Nominees for Director as a Group (19 persons)	2,004,604	10.6

\*

Less than 1%

(1) Except as noted below, each of the identified beneficial owners, including the officers, directors and nominees for director, has sole investment and voting power as to all the shares beneficially owned with the exception of those held jointly by certain officers, directors and nominees for director with their spouses or directly by their spouses or other relatives.

(2) Includes shares of our common stock that may be acquired within sixty (60) days of the Record Date upon the exercise of presently exercisable stock options that were granted under the 2001 Stock Incentive Plan and the 2011 Stock Incentive Plan as follows: 17,841, 40,000, 27,729, 14,973, 64,208, 32,455 and 157,206 held by Messrs. Baylor, Ford, Huerth, Stopko, Wilson, Young, and the group, respectively.

(3) Includes 23,897 shares of our common stock held by Jerome M. Adams and Elizabeth Adams under a Voting Trust Agreement dated January 31, 2002 of which Mr. Adams serves as voting trustee. 69,106 of Mr. Adams' shares have been pledged to a financial institution.

(4) Includes 7,126 shares of our common stock held in Mr. Dennison's 401(k) plan.

(5) Includes 5,702 shares of our common stock held jointly with Dr. Duke's spouse.

(6) Includes 8,841 shares of our common stock held by Mr. Edwards' spouse.

(7) Includes 508 shares of our common stock held in Mr. Huerth's 401(k) plan.

(8)

Includes 19,203 shares of our common stock held by Laurel Management Retirement Plan, of which Mr. Kunkle is a trustee and 3,000 shares of our common stock held by Laurel Holdings, Inc., of which Mr. Kunkle is an officer. With respect to each, Mr. Kunkle has voting and investment power.

Includes 287,150 shares of our common stock held by Crown American Enterprises, Inc., of which Mark E. (9) Pasquerilla is an officer, and has the power to vote such shares, and 125,500 shares held by the Marenrico Partnership, of which Mr. Pasquerilla is one of the partners and has the power to vote such shares.

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- (10) Includes 366 shares of our common stock owned by The Picking Company of which Mr. Picking is Chairman. He has shared voting power over 3,162 shares of our common stock with Mr. Picking's spouse.
- (11) Includes 14,273 shares of our common stock held in Mr. Stopko's 401(k) plan.
- (12) Includes 68,553 shares of our common stock jointly held with Mr. Young's spouse.

## **Section 16(a) Beneficial Ownership Reporting Compliance**

Based solely upon our review of the Forms 3 and Forms 4 filed by the beneficial owners of our common stock, we believe all reports required by Section 16(a) of the Exchange Act were filed on time.

## **Board and Committees**

The board of directors has various standing committees, including an audit committee, a board enterprise risk committee, a compensation committee, a corporate governance committee, an executive committee, an investment/ALCO committee, a nominating committee, and a technology committee, and each committee operates under a written charter. Directors are expected to attend meetings of the board, meetings of the committees on which they serve and the ASRV annual meeting. During 2013, the board of directors held 13 meetings, the audit committee held 10 meetings, the executive committee held 1 meeting, the investment/ALCO committee held 4 meetings, the technology committee held 4 meetings, the corporate governance committee held 5 meetings, the compensation committee held 5 meetings, the nominating committee held 1 meeting, and the board enterprise risk committee held 4 meetings. There were 2 executive sessions of the board of directors excluding management. Each director attended at least 75% of the combined total of meetings of the board of directors and of each committee of which he or she was a member. Each director attended ASRV's 2013 annual meeting of shareholders with the exception of Kim W. Kunkle.

The executive committee serves as a resource for management to seek guidance on issues between regularly scheduled meetings or with respect to matters that generally do not warrant calling a special board meeting. In addition, from time to time the executive committee is asked to study strategic issues in greater depth than may be practical for the board as a whole. The executive committee is comprised of Directors Pasquerilla (Chair), O'Malley (Vice Chair), Adams, Dennison, Ford, Kunkle, Picking and Sargent.

The primary responsibility of the board enterprise risk committee is to oversee the company's enterprise risk management activities on behalf of the board and report the results of their activities to the board, including executive management's assessment of key systemic risks facing the company and executive management's structure and processes established to identify, measure, monitor, and manage risks. The board enterprise risk committee is comprised of Directors Dennison (Chair), O'Malley (Vice Chair), DeVos, Duke, Ford, Kunkle, Pasquerilla, Sargent, and Slater.

The technology committee is comprised of Directors DeVos (Chair), Sargent (Vice Chair), Edwards, Pasquerilla, Slater, Wilson and Wise. The technology committee monitors the operation of information systems (IS), including new technology implementation, within the company and its subsidiaries and provides input into the company's strategic IS plan and IS disaster recovery plan.

The investment/ALCO committee is comprised of Directors Slater (Chair), Kunkle (Vice Chair), Dennison, Duke, Edwards, Ford, Oravec, Pasquerilla, Picking, and Wilson. This committee is responsible for overseeing our investment policy and monitoring interest rate, liquidity and market risk.

The audit committee is comprised of Directors O'Malley (Chair), Adams (Vice Chair), DeVos, Duke, Oravec, Picking, Sargent and Wise, each of whom in the judgment of the board of directors is independent within the meaning of the NASDAQ listing requirements. Mr. Wise is also designated as the audit committee financial expert, and meets the



qualifications to serve as such under the NASDAQ listing standards. This designation does not impose any duties, obligations or liabilities on Mr. Wise that are greater than the duties, obligations or liabilities imposed on the other members of the Audit Committee.

The audit committee operates under a written charter and is responsible for the appointment, compensation, oversight, and termination of our independent auditors. The committee is required to pre-approve audit and certain non-audit services performed by the independent auditors. The committee also assists the board in providing oversight over the integrity of our financial statements, compliance with

applicable legal and regulatory requirements and the performance of our internal audit function. The committee also is responsible for, among other things, reporting to our board on the results of the annual audit and reviewing the financial statements and related financial and non-financial disclosures included in our Annual Report on Form 10-K and Quarterly Reports on Form 10-Q. Importantly, from a corporate governance perspective, the audit committee regularly evaluates the independent auditors' independence from ASRV and its management, including approving consulting and other legally permitted, non-audit services provided by our auditors and the potential impact of the services on the auditors' independence. The committee meets periodically with our independent auditors and our internal auditors outside of the presence of management, and possesses the authority to retain professionals to assist it in meeting its responsibilities without consulting with management. The committee reviews and discusses with management earnings releases, including the use of pro forma information (if applicable). The committee also discusses with management and the independent auditors the effect of accounting initiatives. The committee also is responsible for receiving and evaluating complaints and concerns relating to accounting and auditing matters.

The nominating committee is comprised of Directors Sargent (Chair), O Malley (Vice Chair), Adams, DeVos, Kunkle, Pasquerilla, Picking, and Slater, each of whom in the judgment of the board of directors is independent within the meaning of the NASDAQ listing standards. The nominating committee operates under a written charter and is responsible for nominating individuals to stand for election as directors at the annual meeting of shareholders, assisting the board in the event of any vacancy on the board by identifying individuals qualified to become board members, recommending to the board qualified individuals to fill such vacancy, and recommending to the board, on an annual basis, nominees for each board committee. The committee has the responsibility to develop and recommend criteria for the selection of director nominees to the board, including, but not limited to, diversity, age, skills, experience, and time availability (including consideration of the number of other boards on which the proposed director sits) in the context of the needs of the board and ASRV and such other criteria as the committee determines to be relevant at the time. The committee has the power to apply these criteria in connection with the identification of individuals to be board members, as well as to apply the standards for independence imposed by our listing agreement with NASDAQ and all applicable federal laws in connection with this identification process.

The nominating committee does not maintain a formal diversity policy with respect to the identification or selection of directors for nomination to the board of directors. Diversity is just one of many factors the nominating committee considers in the identification and selection of director nominees. ASRV defines diversity broadly to include differences in race, gender, ethnicity, age, viewpoint, professional experience, educational background, skills and other personal attributes that can foster board heterogeneity in order to encourage and maintain board effectiveness.

The nominating committee considers potential candidates recommended by its members, management and others, including shareholders. In considering candidates recommended by shareholders, the committee will apply the same criteria it applies in connection with candidates recommended by the nominating committee. Shareholders may propose candidates to the nominating committee by delivering a notice to the nominating committee that contains the information required by Section 1.3 of our bylaws. In addition, shareholders may nominate persons directly for election as directors in accordance with the procedures set forth in Section 1.3 of our bylaws. A notice of any such nomination must contain all required information and must be mailed or delivered to our Non-Executive Chairman not less than 90 days or more than 120 days prior to the annual meeting. The nominating committee did not pay any fee to any third party to search for, identify and/or evaluate the 2014 nominees for directors.

The corporate governance committee is comprised of Directors O Malley (Chair), Adams (Vice Chair), Duke, Ford, Picking, and Sargent, each of whom in the judgment of the board of directors is independent within the meaning of the NASDAQ listing standards. The committee is responsible for making recommendations to the board of directors regarding, and monitoring compliance with: corporate governance principles applicable to the company; matters involving the company's articles of incorporation, bylaws, shareholder proposals, committee responsibilities and other corporate governance issues; and the company's policies, including, but not limited to, its Code of Ethics and Legal

Code of Conduct, Code of Conduct for Directors, and Code of Ethics for the Chief Executive Officer and Senior Financial Officers.

The compensation committee is comprised of Directors O Malley (Chair), Pasquerilla (Vice Chair), Adams, DeVos, Picking, Sargent and Slater, each of whom in the judgment of the board of directors is independent within the meaning of the NASDAQ listing standards. The compensation committee is responsible for reviewing and making recommendations regarding executive compensation and board compensation. The committee's processes and procedures for determining executive compensation are described below under Compensation Discussion and Analysis. The committee has the authority to establish the compensation of the principal executive officer and other key executives. The principal executive officer provides input regarding compensation for executive officers other than himself.

The committee's procedure for determining director compensation is to benchmark director compensation against compensation paid by similar asset size peer financial institutions. The committee also encourages stock ownership by directors by directing that the annual retainer be paid in our common stock and by facilitating the use of monthly board fees for the purchase of additional shares of our common stock. The committee's charter does not permit the committee to delegate its authority. The committee retained Strategic Compensation Planning, Inc. as a compensation consultant with respect to advising the committee on best practices in the community banking industry, including best practices for executive compensation and director fees.

## **Board Leadership Structure and Risk Oversight**

The board of directors currently separates the role of Chairman of the Board of Directors and President and Chief Executive Officer. We believe that the separation of these roles, while not always necessary, is appropriate in the current economic and regulatory environment in which ASRV operates. We believe that the President and Chief Executive Officer should primarily focus on managing ASRV's operations in a manner that executes its corporate strategy. Conversely, we believe that our Chairman of the Board of Directors should primarily focus on leading the board's oversight of corporate governance matters, monitoring the progress and effectiveness of the President and Chief Executive Officer and management in implementing the company's corporate strategy, and ensuring that the board is receiving, with sufficient frequency, the information it requires to act effectively, including providing proper risk oversight.

Although our Non-Executive Vice Chairman leads the risk oversight processes, we believe that each member of our board of directors in his or her fiduciary capacity has a responsibility to monitor and manage risks faced by ASRV. At a minimum this requires the members of our board of directors to be actively engaged in board discussions, review materials provided to them, and know when it is appropriate to request further information from management and/or engage the assistance of outside advisors. Furthermore, because the banking industry is highly regulated, certain risks to ASRV are monitored by the board of directors through its review of ASRV's compliance with regulations set forth by its regulatory authorities, including the Pennsylvania Department of Banking, the Board of Governors of the Federal Reserve System, and the Federal Deposit Insurance Corporation, and recommendations contained in regulatory examinations.

We believe risk oversight is a responsibility for each member of the board of directors. Each of our committees concentrates on specific risks for which they have an expertise, and each committee is required to regularly report to the board of directors on its findings. For example, the investment/ALCO committee regularly monitors ASRV's exposure to certain investment risks, such as the effect of interest rate or liquidity changes, while our audit committee monitors ASRV's exposure to certain reputational risks by establishing and evaluating the effectiveness of the company programs to report and monitor fraud and by monitoring ASRV's internal controls over financial reporting. Our compensation committee's role in monitoring the risks related to our compensation structure is discussed in further detail in the Compensation Committee Report below.

Additionally, our board enterprise risk committee, which coordinates the board's oversight of enterprise risks by working with the other committees of the board to avoid the duplication of efforts, met four times during 2013. The primary responsibility of the board enterprise risk committee is to oversee the company's enterprise risk management activities on behalf of the board and report the results of their activities to the board, including executive management's assessment of key systemic risks facing the company and executive management's structure and processes established to identify, measure, monitor, and manage risks. This committee is made up of the chairs of the board committees responsible for risk oversight.

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## Compensation Committee Interlocks and Insider Participation

Directors O Malley (Chair), Pasquerilla (Vice Chair), Adams, DeVos, Picking, Sargent and Slater are excluded from participation in any plan administered by the compensation committee while serving as a member of such committee, except for participation in the Independent Directors Annual Retainer Plan (the committee's administration of which is limited to coordinating the payment of a predetermined retainer) and the ASRV 2011 Stock Incentive Plan, which was previously approved by shareholders on April 26, 2011.

None of our executive officers serves as a member of the board of directors, or on the compensation committee, of any entity that has one or more executive officers serving on our board of directors or compensation committee.

## Executive Compensation

### Introduction.

The compensation committee administers our executive compensation program. The committee, which is composed entirely of independent directors, operates under a written charter and is responsible for reviewing and determining executive officer compensation, for evaluating the President and Chief Executive Officer (the CEO), for overseeing the evaluation of all other officers and employees, for administering our incentive compensation programs (including our stock incentive plan), for approving and overseeing the administration of our employee benefits programs, for providing insight and guidance to management with respect to employee compensation generally, and for reviewing and making recommendations to the board with respect to director compensation. The CEO makes recommendations to the compensation committee with respect to decisions concerning other executive officers.

The compensation committee annually reviews the adequacy of its charter and recommends changes to the board for approval. The compensation committee meets at scheduled times during the year and also acts upon occasion by written consent. The chair of the committee reports on committee activities and makes committee recommendations at meetings of the board of directors.

### Compensation Philosophy.

Our executive compensation programs seek to achieve and maintain equity with respect to balancing the interests of shareholders and executive officers, while supporting our need to attract and retain competent executive management.

Toward this end, the compensation committee has developed an executive compensation policy, along with supporting executive compensation plans and programs, which are intended to attain the following objectives:

- emphasize the enhancement of shareholder value;
- support the acquisition and retention of competent executives;
- deliver the total executive compensation package in a cost-effective manner;
- reinforce key business objectives;
- provide competitive compensation opportunities for competitive results;
- encourage management ownership of our common stock; and
- comply with applicable regulations.

The committee collects and analyzes comparative executive compensation information from relevant peer groups, approves executive salary adjustments, recommends executive discretionary incentive/bonus plans, and administers our 2011 Stock Incentive Plan. Additionally, from time to time, the committee reviews other human resource issues, including qualified and non-qualified benefits, management performance appraisals, and succession planning.

The committee uses comparisons of competitive executive pay practices taken from banking industry compensation surveys and, from time-to-time, consultation with independent executive compensation advisors. Peer groups and competitive compensation practices are determined using executive compensation packages at bank holding companies and subsidiaries of comparable size to us and our subsidiaries. However, the

committee does not maintain a specific target percentile with respect to this peer group in determining executive compensation levels. A selection of national information is used for comparative compensation survey data, including data from a peer group of small-cap bank holding companies. The peer group is periodically revised, and for 2013 compensation decisions the group consisted of the following companies: ACNB Corporation, Farmers & Merchants Trust Co., Penn Security B & TC, Chemung Canal Trust Co., Peoples Bank – Codorus Valley, First United Bank & Trust, Lorain National Bank, Farmers National Bank of Canfield, Peapack-Gladstone Bank, Citizens & Northern Bank, Bryn Mawr Bank Corp., Orrstown Financial Services, Inc., ESSA Bancorp, and CNB Financial Corp.

Our executive compensation policy is designed to encourage decisions and actions that have a positive impact on overall corporate performance. For that reason, participation is focused on executive officers who have the greatest opportunity to influence the achievement of strategic corporate objectives.

We use two components of the executive compensation program to establish and maintain the desired relationship between executive pay and performance.

The first component, the formal performance appraisal system, relates to annual salary adjustments. We establish quantitative and qualitative performance factors for each executive position, and annually evaluate the performance of the executive against these standards. We then integrate this appraisal with market-based adjustments to salary ranges to determine if a base salary increase is merited.

The second component of ensuring the desired relationship between executive pay and performance relates to the committee's role in administering the 2011 Stock Incentive Plan and recommending executive discretionary cash incentive/bonus awards. The committee recommends to the board of directors cash and equity at-risk compensation awards when, in the judgment of committee members, such awards are justified by the performance of executive officers in relation to our performance with due regard for the level of risk assumed by the company.

The accounting and tax treatment of particular forms of compensation do not materially affect the committee's compensation decisions. However, the committee evaluates the effect of such accounting and tax treatment on an ongoing basis and will make appropriate modifications to its compensation policies where appropriate.

### **Components of Compensation.**

For 2013, the elements of total compensation that we paid to our senior officers, including the CEO and the other executive officers identified in the Summary Compensation Table that appears following this Compensation Discussion and Analysis (the CEO and the other executive officers identified in that table are referred to collectively as the Named Executive Officers ), include the following:

- base salary;
- awards under our cash and stock-based incentive compensation program;
- awards under our 2011 Stock Incentive Plan;
- benefits under our pension plan;
- benefits under our health and welfare benefits plans; and
- certain limited perquisites.

1. **Base Salary.** The compensation committee reviews the base salaries of the Named Executive Officers on an annual basis as well as in the event of any promotion or significant change in job responsibilities. The committee reviews peer group data to establish a market-competitive executive base salary program, combined with a formal performance appraisal system that focuses on awards that are integrated with strategic corporate objectives. Salary income for each Named Executive Officer is reported in Column (b) of the Summary Compensation Table, which appears following this Compensation Discussion and Analysis.





2. **Incentive Cash and Stock Compensation.** We have an established, written executive incentive compensation plan, our Executive At-Risk Incentive Compensation Plan, which generally provides for cash and stock awards for the achievement of performance goals. We based awards for 2013 on annual company-wide budget return on assets ( ROA ) targets and comparison to peer ROA performance for the previously named peer group. All awards are subject to recovery by ASRV in the event the payment was based on materially inaccurate financial statements or any other materially inaccurate performance metric criteria.

3. **Incentive Stock Option Awards.** We use the grant of stock options and stock awards under our 2011 Stock Incentive Plan as the primary vehicles for providing long-term incentive compensation opportunities to our senior officers, including the Named Executive Officers. The 2011 Stock Incentive Plan provides for the grant of restricted stock awards and qualified and non-qualified stock options. We grant all stock options with a per share exercise price that is not less than 100% of the fair market value of such shares on the date that the option is granted. Accordingly, grantees will not obtain any value from the option grant under the 2011 Stock Incentive Plan unless the market price of our common stock increases after the date of grant. The 2011 Stock Incentive Plan is designed to provide at-risk (incentive) compensation that aligns management's financial interests with those of our shareholders, encourages management ownership of our common stock, supports the achievement of corporate short and long-term financial objectives, and provides competitive equity reward opportunities. We have not adopted any specific policy regarding the amount or timing of any stock-based compensation under the 2011 Stock Incentive Plan. Information concerning the number of options held by each Named Executive Officer as of December 31, 2013, is set forth in the Outstanding Equity Awards at Fiscal Year-End Table, which appears below.

4. **Pension Plan.** We maintain a defined benefit pension plan for the benefit of our employees, including the Named Executive Officers. Benefits under the plan are based upon an employee's years of service and highest average compensation for a five-year period. The 2013 increase in the actuarial present values of each Named Executive Officer's accumulated benefit under the plan is set forth in Column (g) of the Summary Compensation Table which appears below and the actuarial present value of each Named Executive Officer's accumulated benefit under the plan and the aggregate number of years of service credited to each Named Executive Officer is set forth in the Pension Benefits Table which appears below. The compensation committee believes that this plan promotes employee and executive officer retention and permits us to maintain a competitive position and attract talented officers and employees. Effective January 1, 2013, we amended the defined benefit pension plan to provide that employees hired on or after that date are not eligible to participate. Instead, such employees are eligible to participate in a qualified 401(k) retirement plan. All of the Named Executive Officers continue to participate in the defined benefit pension plan under the old plan provisions.

5. **Health and Welfare Benefits.** We provide health, life, and disability insurance, and other employee benefits programs to our employees, including the Named Executive Officers. The compensation committee is responsible for overseeing the administration of these programs and believes that our employee benefits programs should be comparable to those maintained by other members of our peer group so as to assure that we are able to maintain a competitive position in terms of attracting and retaining officers and other employees. We provide these employee benefits plans on a non-discriminatory basis to all employees.

6. **Perquisites.** ASRV provides some of its Named Executive Officers with additional benefits not available to our other employees. For example, as set forth in the footnotes to our Summary Compensation Table, which appears below, some of our Named Executive Officers receive reimbursements for the purchase or lease of, and the operation expenses for, a motor vehicle and for country club membership fees and dues. The compensation committee believes that these perquisites are offered by its competitors for talented executive officers and allow ASRV to remain competitive in attracting and retaining talented executive officers.



### **2013 Executive Officer Compensation.**

For 2013, we increased the Named Executive Officers' base salaries in order to, among other things, maintain their compensation at a competitive level. The compensation committee also considered a number of factors in setting these new levels, including the Named Executive Officers' annual performance review, an annual review of peer compensation, and the overall performance of the company. Additionally, for 2013, each of the Named Executive Officers received cash bonus and equity awards under our Executive At-Risk Incentive Compensation Plan, which are set forth below in the Summary Compensation Table.

As part of our compensation program, we entered into agreements with Messrs. Wilson, Stopko, Huerth, Young, and Baylor pursuant to which they will be entitled to receive severance benefits upon the occurrence of certain enumerated events following a change in control. The events that trigger payment are generally those related to termination of employment without cause or detrimental changes in the executive's terms and conditions of employment. See *Employment Contracts and Payments Upon Termination or Change in Control* below for a more detailed description of these events. We believe that this structure will help: (i) assure the executives' full attention and dedication to the company, free from distractions caused by personal uncertainties and risks related to a pending or threatened change in control, (ii) assure the executives' objectivity for shareholders' interests, (iii) assure the executives of fair treatment in case of involuntary termination following a change in control, and (iv) attract and retain key talent during uncertain times.

### **Our Compensation Policies and Risk.**

The compensation committee discussed, evaluated, and reviewed with our senior risk officer all of the company's employee compensation programs in light of the risks posed to us by such programs. The compensation committee also discussed, evaluated, and reviewed with our senior risk officer all of the compensation programs in which the Named Executive Officers participate to assess whether any aspect of these programs create risks that are reasonably likely to have a material adverse effect on us. The compensation committee met with our senior risk officer in February and November of 2013 with respect to the foregoing.

At the conclusion of this review, the compensation committee determined that our compensation programs for our Named Executive Officers do not create risks that are reasonably likely to have a material adverse effect on us.

### **Restatement of Financial Statements.**

The compensation committee is of the view that, to the extent permitted by law, it has authority to retroactively adjust any cash or equity-based incentive award paid to any senior officer (including any Named Executive Officer) where the award was based upon our achievement of specified financial goals and it is subsequently determined following a restatement of our financial statements that the specified goals were not in fact achieved. There has been no restatement of our financial statements, and, therefore, there have been no retroactive adjustments of any cash or equity-based incentive award on such a basis.

## Compensation Paid to Executive Officers

The following table sets forth information for the years ended December 31, 2011, 2012, and 2013 concerning the compensation of our Named Executive Officers for services in all capacities to us and our subsidiaries.

### SUMMARY COMPENSATION TABLE

Name, Age and Principal Position <sup>(1)</sup>	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$) <sup>(2)(3)</sup>	Option Awards (\$) <sup>(2)</sup>	Non-Equity Incentive Plan Compensation (\$) <sup>(3)</sup>	Changes in Pension Value and Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$) <sup>(4)</sup>	Total (\$)
Glenn L. Wilson, 58 President and CEO of ASRV and AmeriServ Financial Bank	2013	\$368,333	\$0	\$10,877	\$0	\$32,632	\$53,545	\$16,285	\$481,672
	2012	\$357,500	\$0	\$26,299	\$13,548	\$17,875	\$63,229	\$17,834	\$496,285
	2011	\$350,000	\$0	\$47,355	\$24,395	\$25,000	\$50,859	\$16,440	\$514,049
Jeffrey A. Stopko, 51 Executive Vice President and CFO of ASRV	2013	\$195,258	\$0	\$5,741	\$0	\$17,222	\$28,520	\$6,304	\$253,045
	2012	\$186,255	\$0	\$10,244	\$5,277	\$20,000	\$64,026	\$5,685	\$291,486
	2011	\$175,020	\$0	\$17,708	\$10,652	\$14,002	\$39,248	\$4,315	\$260,945
Gregor T. Young, IV, JD 58 President and CEO of AmeriServ Trust and Financial Services Company	2013	\$238,132	\$0	\$10,645	\$0	\$31,934	\$53,553	\$20,324	\$354,588
	2012	\$230,625	\$0	\$10,021	\$5,162	\$25,000	\$61,100	\$19,797	\$351,705
	2011	\$225,000	\$0	\$17,078	\$10,327	\$18,000	\$49,294	\$42,326	\$362,025
James T. Huerth, 52 Executive Vice President and Chief Commercial Banking of AmeriServ Financial Bank	2013	\$190,633	\$0	\$5,605	\$0	\$16,814	\$29,381	\$12,815	\$255,248
	2012	\$182,500	\$0	\$10,038	\$5,171	\$20,000	\$37,631	\$12,097	\$267,437
	2011	\$175,000	\$0	\$17,706	\$10,651	\$14,000	\$29,479	\$39,785	\$286,621
Michael R. Baylor, 51 Sr. Vice President and Regional President of AmeriServ Financial Bank	2013	\$180,250	\$0	\$2,650	\$0	\$33,449	\$31,231	\$9,830	\$257,410
	2012	\$150,545	\$60,000	\$5,534	\$2,851	\$12,500	\$39,992	\$6,000	\$277,422

(1) Prior to joining AmeriServ: (a) Mr. Wilson was Chairman, President & CEO of Citizens National Bank, an affiliate of Mercantile Bankshares from 2003 to March 2007, when it was acquired by PNC Financial Service Group, Inc; upon the acquisition by PNC, Mr. Wilson became Executive Vice President of PNC Bank where he served until August 2009, (b) Mr. Young was the Executive Vice President and Managing Director of S&T Bank Wealth Management Group from March 2000 to February 2010; (c) Mr. Huerth was Director of Corporate Banking, Senior Executive Vice President of StellarOne from 2008 to 2009, and President & CEO, and a Director of Planters

Bank and Trust Co. from 2004 to 2008; and (d) Mr. Baylor was Executive Vice President and Maryland Division President for Tower Bank from 2010 to 2012, Executive Vice President and COO for Tower Bank from 2009 to 2010, Executive Vice President and Regional President for PNC Bank from 2007 to 2009, President of Fidelity Bank in 2007, and Executive Vice President and Maryland Market President for Sovereign Bank from 2004 to 2007. Mr. Stopko has been Chief Financial Officer with AmeriServ in excess of five years and was promoted to Executive Vice President in 2009.

(2) Represents the grant date fair value, computed in accordance with FASB A.S.C. Topic 718, of stock and option awards earned under the Executive At-Risk Incentive Compensation Plan. See the discussion in our Annual Report on Form 10-K for the year ended December 31, 2013, for a discussion of the assumptions and methodologies used to calculate the amounts in this column.

(3) Represents cash and stock amounts earned under the Executive At-Risk Incentive Compensation Plan for achievement of performance goals in 2013.

(4) For 2013, includes, as applicable (a) premiums we pay for life insurance policies with coverage limits above \$50,000 for each of the Named Executive Officers, (b) country club dues for Messrs. Wilson, Young, and Huerth (c) the aggregate incremental cost of Messrs. Wilson's, Young's, and Huerth's company-provided automobile, and (d) the automobile allowance and fuel reimbursement for Mr. Baylor.

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## Outstanding Equity Awards at Fiscal Year-End

The following table sets forth information concerning outstanding equity awards held by each Named Executive Officer as of December 31, 2013.

## OUTSTANDING EQUITY AWARDS AT DECEMBER 31, 2013

- (1)  $\frac{1}{2}$  vests on each of March 15, 2014 and March 15, 2015.  
 (2) Vests on February 16, 2014.  
 (3)  $\frac{1}{2}$  vests on each of February 21, 2014 and February 21, 2015.  
 (4)  $\frac{1}{3}$  vests on each of March 15, 2014, March 15, 2015, and March 15, 2016.

### Option Exercises and Stock Vested

## OPTION EXERCISES AND STOCK VESTED

Name	OPTION AWARDS		STOCK AWARDS	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)
Glenn L. Wilson				
Jeffrey A. Stopko				
Gregor T. Young, IV, JD				
James T. Huerth				
Michael R. Baylor				

## Pension Benefits

The following table sets forth information concerning plans that provide for payments or other benefits at, following, or in connection with, retirement for each Named Executive Officer.

## PENSION BENEFITS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2013

Name	Plan Name	Number of years of Credited Service (#)	Present Value of Accumulated Benefit (\$) <sup>(1)</sup>	Payments During Last Fiscal Year (\$)
Glenn L. Wilson	Defined Benefit Plan	4	222,459	\$ 0
Jeffrey A. Stopko	Defined Benefit Plan	27	299,662	\$ 0
Gregor T. Young, IV, JD	Defined Benefit Plan	4	204,891	\$ 0
James T. Huerth	Defined Benefit Plan	4	117,318	\$ 0
Michael R. Baylor	Defined Benefit Plan	2	71,226	\$ 0

The present value of accumulated benefits was calculated with the following assumptions. Retirement occurs at age 65. At that time, the participants take a lump sum based on the accrued benefit as of December 31, 2013. The lump sum is calculated using an interest rate of 6.00% and the IRS 2011 applicable mortality table for IRC Section 417(e). The lump sum is discounted to December 31, 2013, at a rate of 4.50% per year.

Benefits described in the foregoing table relate to the qualified defined benefit retirement plan that we provide to all our employees. Remuneration for pension benefit purposes is total cash remuneration paid to an employee for a calendar year, including base salary, wages, commissions, overtime, bonuses and any other form of extra cash compensation and any pre-tax contributions under a qualified retirement or cafeteria plan. An employee's benefit is determined based on the employee's final average compensation, which means the average annual compensation received by an employee in five consecutive years out of the last ten years before the employee's termination of employment for which the average annual compensation is highest.

Retirement benefits under the pension plan are paid for the life of the employee with a right of survivorship with respect to ten years of post-retirement benefits. Other optional forms of benefits are available in actuarially equivalent amounts.

## Nonqualified Defined Contribution and Other Nonqualified Deferred Compensation Plans

We do not maintain a nonqualified defined contribution or other deferred compensation plan for the Named Executive Officers.



## **Employment Contracts and Payments Upon Termination or Change in Control**

We enter into employment contracts and change in control agreements with certain of our employees, including the Named Executive Officers, when we determine that an employment or change in control agreement is warranted in order to ensure the executive's continued employment in light of prevailing market competition for the particular position held by the executive officer, or where it is determined it is necessary in light of the prior experience of the executive or our practices with respect to other similarly situated employees.

### **Mr. Wilson's Employment Agreement**

We entered into an employment agreement with Mr. Wilson, which was effective August 17, 2009. Mr. Wilson's agreement has a two-year term and, unless terminated as set forth therein or unless one party provides written notice to the other of its intent not to renew the agreement 90 days in advance of the agreement's second anniversary date, the agreement is automatically renewed for an additional term of one year.

The agreement provides for an annual base salary of \$350,000. Mr. Wilson was not eligible for a merit increase until the 2012 calendar year. In addition, the agreement provides, among other things, that Mr. Wilson has the right to:

Participate in the bonus programs that we maintain for our executive officers of similar rank, which may not exceed 30% of his base salary and are subject to recovery or clawback if such bonuses were based on materially inaccurate financial statements or any other materially inaccurate performance metric criteria;

Participate in our health, life, and disability insurance programs, pension plan, 401(k) plan, and other fringe benefit programs that we generally offer to all our employees;

Take up to five weeks of vacation;

Receive payment of the initiation fees and dues to be a member of a country club and reimbursement for all ordinary, necessary, and reasonable business-related expenses incurred by him on business at such country club;

Receive a company-provided automobile and operating expenses for business use (and ancillary personal use); and

Receive payment for certain relocation and moving expenses incurred by his acceptance of the position of President & CEO during 2009 and 2010.

If we terminate Mr. Wilson's employment without cause (other than by reason of our decision not to renew the agreement), or Mr. Wilson resigns for good reason (following his written notice to us within 90 days of the occurrence of any event of good reason and our failure to cure the same within 30 days of receipt of such notice), and no change in control has occurred as of the date of such termination, he will become entitled to the following upon his execution of a release agreement:

A lump sum cash payment within 30 days from the termination date equal to two times his annual base salary then in effect; and

The continuation of his health insurance benefits for him and his eligible dependents for a period of two years following his termination date (this period will include his COBRA eligibility period and Mr. Wilson would be responsible for the payment of premiums for such benefits in the same amount as similarly situated active employees).

Mr. Wilson's employment agreement generally defines the term "good reason" as the termination of his employment absent a change in control and on the account of a reduction in his base salary except across-the-board reductions similarly affecting all our salaried employees or senior executive officers.

Mr. Wilson's employment agreement generally defines the term "cause" as:

A material breach of Mr. Wilson's agreement by Mr. Wilson not cured by him within 30 days of his receipt of the company's notice that it intends to terminate his employment for cause based upon this breach;

The commission of any act involving dishonesty or fraud or conduct tending to bring us into public disgrace or disrepute in any respect, including, but not limited to, acts of dishonesty or fraud, a commission of a felony, or a crime of moral turpitude;

Gross negligence or willful misconduct or the continuing and unreasonable refusal to substantially perform duties as specifically directed by the board of directors; or

An addiction to drugs or alcohol if Mr. Wilson refused treatment or failed to successfully complete treatment within the last 12 months.

In the event that Mr. Wilson resigns from, or we terminate, his employment without cause, upon or after a change in control, he will become entitled to the following severance benefits under his employment agreement:

A lump sum cash payment within 30 days from the termination date equal to 2.99 times his annual base salary then in effect;

The continuation of his health insurance benefits for him and his eligible dependents for a period of three years following his termination date (this period will include his COBRA eligibility period and Mr. Wilson would be responsible for the payment of premiums for such benefits in the same amount as similarly situated active employees); and

A lump sum cash payment within 30 days from the termination date equal to the excess of (A) the aggregate retirement benefits he would have received under the terms of each of our tax-qualified and non-qualified plans as in effect upon the termination date as if he continued to be employed for three more years and had he received on a pro-rated basis, as appropriate, the greater of (I) the highest compensation taken into account under each such plan with respect to one of the three years immediately preceding the year in which the termination date falls, or (II) his annualized base compensation in effect immediately prior to the date of termination, over (B) the retirement benefits he actually receives under such plans.

Mr. Wilson's agreement generally defines the term "change in control" as the occurrence of any of the following:

Any person or group (as those terms are defined or used in Section 13(d) of the Securities Exchange Act of 1934) that is not our affiliate is or becomes the beneficial owner (as that term is defined in Rule 13d-3 under the Exchange Act) of our securities representing 50% or more of the combined voting power of our securities then outstanding; or There occurs a merger, consolidation, share exchange, division or other reorganization involving us and another entity which is not our affiliate in which our shareholders do not continue to hold a majority of the capital stock of the resulting entity, or a sale, exchange, transfer, or other disposition of substantially all of our assets to another entity or other person which is not our affiliate.

In the event Mr. Wilson suffers a total and permanent disability (i.e., a mental or physical disability, illness, or incapacity that renders him unable to perform a substantial portion of his duties for a period of three consecutive months or an aggregate period of six months in any 18-month period or that renders him unable to earn a livelihood as an employee of a comparable business), we will continue his salary for up to 90 days, with such salary reduced by any amounts payable under an applicable disability insurance plan.

Mr. Wilson is subject to the confidentiality and non-solicitation covenants for the term of his employment and for two years thereafter.

## **Mr. Young's Employment Agreement**

Effective March 29, 2010, AmeriServ Trust & Financial Services Company entered into an employment agreement with Mr. Young. Mr. Young's agreement is materially identical to Mr. Wilson's except that the initial term of Mr. Young's agreement is for one year, his initial annual salary is \$225,000, and he received two stock option awards of 10,000 shares each.

## **Mr. Huerth's Employment Agreement**

Effective May 17, 2010, the Bank entered into an employment agreement with Mr. Huerth. Mr. Huerth's agreement is materially identical to Mr. Wilson's except that the initial term of Mr. Huerth's agreement is for one year, his initial annual salary is \$175,000, he is entitled to four weeks of annual vacation, and he received two stock option awards of 7,500 shares each.



## Mr. Baylor s Employment Agreement

We entered into an employment agreement with Mr. Baylor, which was effective February 21, 2012. Mr. Baylor s agreement has a one-year term and, unless terminated as set forth therein or unless one party provides written notice to the other of its intent not to renew the agreement 90 days in advance of the agreement s anniversary date, the agreement is automatically renewed for an additional term of one year.

The agreement provides for an annual base salary of \$175,000. Mr. Baylor was not eligible for a merit increase until the 2013 calendar year. In addition, the agreement provides that, among other things, Mr. Baylor has the right to:

Participate in the bonus programs that we maintain for our executive officers of similar rank, which amounts paid thereunder are subject to recovery or clawback if such bonuses were based on materially inaccurate financial statements or any other materially inaccurate performance metric criteria;

Participate in our health, life, and disability insurance programs, pension plan, 401(k) plan and other fringe benefit programs that we generally provide to our employees;

Take up to four weeks of annual vacation;

Receive 10,000 stock options, which vested on February 21, 2013;

Receive 10,000 stock options, which vest in three annual installments; and

Receive an automobile allowance of \$300 per pay period and a fuel purchase card capped at \$400 per month.

If we terminate Mr. Baylor s employment without cause (other than by reason of our decision not to renew the agreement) or due to Mr. Baylor s disability, and no change in control has occurred as of the date of such termination, he will become entitled to the following upon his execution of a release agreement:

A lump sum cash payment within 30 days from the termination date equal to 0.75 times his annual base salary then in effect; and

The continuation of his health insurance benefits for him and his eligible dependents for a period of nine months following his termination date (this period will include his COBRA eligibility period and Mr. Baylor would be responsible for the payment of premiums for such benefits in the same amount as similarly situated active employees).

Mr. Baylor s employment agreement generally defines the term cause in the same way as Mr. Wilson s agreement.

In the event that Mr. Baylor resigns from, or we terminate his employment without cause, upon or after a change in control, he will become entitled to the following severance benefits under his employment agreement:

A lump sum cash payment within 30 days from the termination date equal to his annual base salary then in effect; and  
The continuation of his health insurance benefits for him and his eligible dependents for a period of one year following his termination date (this period will include his COBRA eligibility period and Mr. Baylor would be responsible for the payment of premiums for such benefits in the same amount as similarly situated active employees).

Mr. Baylor s agreement generally defines the term change in control in the same way as Mr. Wilson s agreement. Mr. Baylor is subject to confidentiality and non-solicitation covenants for the term of his employment and for one year thereafter.

## Mr. Stopko's Change in Control Agreement

We entered into a change in control agreement with Mr. Stopko, which was initially effective as of May 24, 2002. The initial term of the agreement is for three years and the agreement annually renews for a term ending three years from each annual anniversary date, unless a party has given the other party written notice at least 60 days prior to such anniversary date that such party does not agree to renew the employment agreement. Under the agreement, if we or a successor terminate Mr. Stopko's employment, without cause, or if Mr. Stopko terminates employment for good reason (following his written notice to us within 90 days of the occurrence of any event of good reason and our failure to cure the same within 30 days of receipt of such notice) following a change in control, he will be entitled to certain severance benefits; provided that he executes a release agreement. The severance benefits under the agreement consist of the following:

A lump-sum payment, within 30 days following termination, equal to two times the sum of his average base salary and bonuses for the five immediately preceding calendar years;

Two additional years of service credit for the purpose of calculating pension benefits where the incremental actuarial present value is paid as a lump sum cash payment;

Continuation, for a period of two years, of all life, disability, and medical insurance benefits in effect during the immediately preceding three calendar years (or, to the extent such benefits cannot be provided under a plan because he is no longer an employee, a lump-sum payment equal to the after-tax cost of obtaining such benefits); and

All unvested stock options will become immediately vested, and such options will be exercisable at any time prior to the earlier of the expiration date of such options or the date which is 90 days after termination.

If Mr. Stopko becomes entitled to receive the severance benefits under the agreement, he will be subject to a covenant not to compete and an agreement not to solicit our customers or employees for 24 months following termination of employment.

The agreement generally defines the term "change in control" as the occurrence of any of the following:

Any person or group (as those terms are defined or used in Section 13(d) of the Securities Exchange Act of 1934) is or becomes the beneficial owner (as that term is defined in Rule 13d-3 under the Exchange Act) of our securities representing 24.99% or more of the combined voting power of our securities then outstanding;

There occurs a merger, consolidation, share exchange, division or other reorganization involving us and another entity in which our shareholders do not continue to hold a majority of the capital stock of the resulting entity, or a sale, exchange, transfer, or other disposition of substantially all of our assets to another entity or other person; or

There occurs a contested proxy solicitation or solicitations of our shareholders which results in the contesting party or parties obtaining the ability to elect a majority of the members of the board of directors standing for election at one or more meetings of our shareholders.

The agreement generally defines the term "cause" as:

Material breach of any provision of the agreement, which is not cured within 30 days;

Willful misconduct that is materially inimical to our best interests, monetary or otherwise;

Conviction, or the entering of a plea of guilty or nolo contendere, of a felony or of any crime involving moral turpitude, fraud or deceit; or

Adjudication as a bankrupt under the United States Bankruptcy Code.

In connection with this agreement, the term "good reason" includes the occurrence of any of the following events:

A reduction in title, responsibilities, including reporting responsibilities or authority;

Assignment of duties inconsistent with his office;

A material reduction in annual base salary;

A termination of participation, on substantially similar terms, in any incentive compensation or bonus plans, or any change or amendment to any of the substantive provisions of any of such plans that would materially decrease the potential benefits; or

A failure to provide benefits at least as favorable as those enjoyed by the officer and his dependents under any pension, life insurance, medical, health and accident, disability or other employee plans immediately prior to a change in control, or any action that would materially reduce any of such benefits, unless such reduction relates to a reduction in benefits applicable to all employees generally.

The table below summarizes the payments the Named Executive Officers would receive if they were terminated as of, or a change in control occurred on, December 31, 2013.

(1) For severance and welfare continuation payment calculation, and time and form of such payments, see  
Employment and Severance Agreements.

(2) Assumes no increase in the cost of welfare benefits.

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## Compensation of Directors

The following table sets forth information concerning compensation that we or the Bank or the Trust Company paid or accrued to each non-employee member of our board of directors during the year ended December 31, 2013.

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$) <sup>(1)</sup>	Option Awards (\$) <sup>(2)</sup>	Non-Equity Incentive Plan Compensation (\$)	Change in		Total
					Value and Nonqualified Deferred Compensation Earnings	All Other Compensation (\$)	
J. Michael Adams, Jr.	\$24,367	\$5,999	\$	\$	\$	\$	\$30,366
Allan R. Dennison	\$40,017	\$5,999	\$	\$	\$	\$	\$46,016
Daniel R. DeVos	\$28,967	\$5,999	\$	\$	\$	\$	\$34,966
Bruce E. Duke, III, M.D.	\$18,417	\$5,999	\$	\$	\$	\$	\$24,416
James M. Edwards, Sr.	\$14,717	\$5,999	\$	\$	\$	\$	\$20,716
Craig G. Ford	\$76,017	\$5,999	\$	\$	\$	\$	\$82,016
Kim W. Kunkle	\$25,417	\$5,999	\$	\$	\$	\$	\$31,416
Margaret A. O Malley	\$25,767	\$5,999	\$	\$	\$	\$	\$31,766
Very Rev. Christian R. Oravec	\$17,967	\$5,999	\$	\$	\$	\$	\$23,966
Mark E. Pasquerilla	\$24,217	\$5,999	\$	\$	\$	\$	\$30,216
Howard M. Picking, III	\$22,767	\$5,999	\$	\$	\$	\$	\$28,766
Sara A. Sargent	\$32,667	\$5,999	\$	\$	\$	\$	\$38,666
Thomas C. Slater	\$26,667	\$5,999	\$	\$	\$	\$	\$32,666
Robert L. Wise	\$12,567	\$14,299	\$	\$	\$	\$	\$26,866

(1) Represents the grant date fair value, computed in accordance with FASB ASC Topic 718, of stock awards earned under our 2011 Stock Incentive Plan. See the discussion in our Annual Report on Form 10-K for the year ended December 31, 2013, for a discussion of the assumptions and methodologies used to calculate the amounts in this column. All non-employee independent directors receive an annual retainer of \$6,000 payable in shares of our common stock. All directors received 1,976 shares of our common stock pursuant to this arrangement on May 1, 2013. Board meeting and committee meeting attendance fees are paid in cash. Mr. Wise has directed ASRV to apply a portion of his board fees that would otherwise be received in cash to the purchase of shares of our common stock.

(2) Other than Mr. Ford, no director has any outstanding options to purchase AmeriServ's common stock. Mr. Ford currently has 40,000 options to purchase AmeriServ's common stock, which is fully exercisable.

In 2013, all ASRV and Bank board meetings were held jointly, but with separate agendas and minutes. We paid the nonemployee directors a fee of \$450 through April 30, 2013, and \$600 beginning on May 1, 2013, for their attendance at each joint ASRV and Bank board meeting. We paid our nonemployee directors a fee of \$400 through April 30, 2013, and \$500 beginning on May 1, 2013, for their attendance at certain committee meetings of the ASRV and Bank board of directors. In 2013, each committee Chair received \$1,000 in addition to the committee meeting fee. However, directors frequently were not compensated for specially called committee meetings, telephonic meetings, or committee meetings convened for a limited purpose, such as the audit committee's review of quarterly earnings releases. Beginning in April 2004, Mr. Ford assumed the position of non-executive Chairman of the Board of Directors of ASRV and the Bank. His monthly retainer increased from \$6,000 to \$6,500 beginning in May of 2013,

for his services in that capacity. Beginning in November 2012, Mr. Dennison assumed the position of non-executive Vice Chairman of the Board of Directors of ASRV and the Bank. His monthly retainer increased from \$3,000 to \$3,500 beginning in May of 2013 for his services in that capacity.

Messrs. Adams, Dennison, Edwards, Ford, Oravec, Kunkle, Picking, and Wise, and Ms. O Malley and Sargent are also directors of AmeriServ Trust and Financial Services Company (the Trust Company). Directors serving on the board of directors of the Trust Company were compensated for their services by the payment of a fee of \$450 through April 30, 2013 and \$600 beginning on May 1, 2013 for each board of directors meeting attended, except for Messrs. Ford and Dennison.

## **MATTER NO. 2 ADVISORY (NON-BINDING) VOTE ON THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS**

As described above in the Executive Compensation section and the compensation tables of this proxy statement, ASRV's compensation programs are designed to:

align the interests of our executive officers with the long-term interests of our shareholders;  
create a culture that rewards the superior performance of our executive officers through the attainment of specified performance objectives and targets; and  
attract, motivate, and retain the highest level of executive talent and experience for the benefit of our shareholders.

We are submitting a non-binding proposal allowing our shareholders to cast an advisory vote on our compensation program at the annual meeting of shareholders. This proposal, commonly known as a say-on-pay vote, gives you as a shareholder of ASRV an opportunity to endorse or not endorse our executive compensation programs and policies through the following resolution:

**RESOLVED**, that the compensation paid to the company's named executive officers, as disclosed pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the narrative disclosure regarding executive compensation, the compensation tables and any related material disclosed in this proxy statement, is hereby **APPROVED**.

Because your vote is advisory, it will not be binding upon the board. However, the compensation committee will take into account the outcome of the vote when considering future executive compensation programs and arrangements.

Opponents of say-on-pay votes have suggested that the impact on shareholder value of these proposals remains unproven because shareholders currently, for example, have the right to approve certain compensation plans, such as stock option plans.

Therefore, we cannot assess what measurable impact, if any, this proposal will have in the creation of shareholder value or improving our corporate governance, in light of the corporate governance standards we currently have in place.

We believe that both ASRV and its shareholders benefit from maintaining a constructive dialogue with its shareholders. This proposal is only one part of our corporate governance program and practices that maintain this dialogue with our shareholders and our commitment to the creation of long-term shareholder value.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT SHAREHOLDERS VOTE IN FAVOR OF THE ABOVE ADVISORY (NON-BINDING) VOTE ON THE COMPENSATION OF OUR**

**NAMED EXECUTIVE OFFICERS.**

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# AUDIT COMMITTEE REPORT

## General

On September 15, 2011, the audit committee of the Board of Directors of AmeriServ Financial, Inc. extended the engagement of S.R. Snodgrass P.C. to provide audit, tax, SOC1 and benefit plan audit services for the years ending on December 31, 2012, 2013 and 2014.

S.R. Snodgrass, P.C. has audited our consolidated financial statements as of and for the year ended December 31, 2013. The report on those consolidated financial statements appears in the Annual Report to Shareholders. Representatives of S.R. Snodgrass, P.C. are expected to be present at the annual meeting with the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

## Audit Fees

The following table sets forth the aggregate fees billed to us by S.R. Snodgrass, P.C. for the fiscal years ended December 31, 2013 and December 31, 2012.

	2013	2012
Audit Fees	\$ 263,266	\$ 256,733
Audit-Related Fees	95,299	95,089
Tax Fees	34,000	32,000
All Other Fees	48,350	30,470

Audit Fees include fees for audit services associated with the annual core audit and expenses associated with on-going compliance with the Sarbanes-Oxley Act of 2002. This category also includes fees associated with the quarterly reviews of Form 10-Q.

Audit-Related Fees includes fees associated with the SOC1 Report issued by AmeriServ Trust & Financial Services Company, expenses associated with the audit of the 401(k) profit sharing plan, and fees associated with a student loan audit required by the Department of Education.

Tax Fees includes tax preparation, tax compliance and tax advice.

All Other Fees include an information technology network security assessment, review of XBRL tagging and reporting process and a surprise custody examination.

The audit committee's Pre-Approval Policy is available on the company's website at [www.ameriservfinancial.com](http://www.ameriservfinancial.com), by following the links to Investor Relations and Corporate Governance.

The audit committee pre-approves all audit and legally permissible non-audit services provided by S.R. Snodgrass, P.C. in accordance with the pre-approval policies and procedures adopted by the committee at its meeting on July 17, 2013. These services may include audit services, audit-related services, tax services and other services. Under the policy, pre-approved services include pre-approval of non-prohibited services for a limited dollar amount. A list of the prohibited non-audit services as defined by the Securities and Exchange Commission (SEC) is attached to the pre-approval policy. The SEC's rule and relevant guidance will be consulted to determine the precise definitions of these services and the applicability of exceptions to certain of the prohibitions.

The pre-approval fee levels for all services to be provided by S.R. Snodgrass, P.C. are established annually by the audit committee. Any proposed services exceeding these levels will require specific pre-approval by the audit committee. The approved pre-approval fee level for audit services for fiscal year 2013 was \$10,000.

The audit committee may delegate pre-approval authority to one or more of its members. Such member must report any decisions to the audit committee at the next scheduled meeting. All services performed by S.R. Snodgrass, P.C. in 2013 were pre-approved in accordance with the pre-approval policy.

The audit committee of ASRV's board of directors operates under a written charter that specifies the audit committee's duties and responsibilities. This charter is available on ASRV's website at [www.ameriservfinancial.com](http://www.ameriservfinancial.com) by following the links to Investor Relations and Corporate Governance.

The audit committee oversees ASRV's financial reporting process on behalf of the Board of Directors. Management has the primary responsibility for the financial statements and the reporting process, including the system of internal controls. In fulfilling its oversight responsibilities, the audit committee reviewed the audited financial statements in the Annual Report with management including a discussion about the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments and the clarity of the disclosures in the financial statements.

The audit committee reviewed with S.R. Snodgrass, P.C., our independent registered public accounting firm, who is responsible for expressing an opinion on the conformity of those audited financial statements with generally accepted accounting principles, their judgment as to the quality, not just the acceptability, of ASRV's accounting principles and such other matters as are required to be discussed with the audit committee under generally accepted auditing standards or as are required by Statement on Auditing Standards No. 61, as amended (AICPA, Professional Standards, Vol. 1, AU Section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T. The audit committee has received the written disclosures and the letter from S.R. Snodgrass, P.C. required by the Independence Standards Board Standard No. 1, and has discussed with S.R. Snodgrass, P.C. its independence. When necessary, the audit committee has considered the compatibility of non-audit services with the auditor's independence.

The audit committee discussed with ASRV's internal auditor and S.R. Snodgrass, P.C. the overall scope and plans for their respective audits. The audit committee met with the internal auditor and S.R. Snodgrass, P.C. to discuss the results of their audits and examinations, their evaluations of ASRV's internal controls and the overall quality of ASRV's financial reporting.

In reliance on the reviews and discussions referred to above, the audit committee recommended to the board of directors, and the board of directors has approved, that the audited financial statements be included in the Annual Report on Form 10-K for the year ended December 31, 2013, for filing with the Securities and Exchange Commission.

Submitted by the Audit Committee,

Margaret A. O Malley (Chair)  
J. Michael Adams, Jr. (Vice Chair)  
Daniel R. DeVos  
Bruce E. Duke, III, M.D.  
Very Rev, Christian R. Oravec  
Howard M. Picking, III  
Sara A. Sargent  
Robert L. Wise

## **CORPORATE GOVERNANCE DOCUMENTS**

A copy of our Code of Ethics and Legal Code of Conduct, Code of Conduct for Directors, our Code of Ethics for the Chief Executive Officer and Senior Financial Officer and the charters of our audit committee, nominating committee, compensation committee, corporate governance committee, investment/ALCO committee, enterprise risk committee and technology committee are available on our website under Investor Relations at [www.ameriserv.com](http://www.ameriserv.com) and any shareholder may obtain a printed copy of these documents by writing to Investor Relations, AmeriServ Financial, Inc., P.O. Box 430, Johnstown, Pennsylvania 15907-0430, by e-mail at [info@ameriserv.com](mailto:info@ameriserv.com) or by calling Investor Relations at (814) 533-5310.

## **FINANCIAL INFORMATION**

Requests for printed financial material (including our annual reports, Forms 10-K, 10-Q and Call Reports) should be directed to Jeffrey A. Stopko, Executive Vice President and Chief Financial Officer, AmeriServ Financial, Inc., P.O. Box 430, Johnstown, Pennsylvania 15907-0430, telephone (814) 533-5310.



# **DIRECTOR INDEPENDENCE AND TRANSACTIONS WITH RELATED PARTIES**

## **Director Independence**

The board of directors of ASRV undertakes a formal review of director independence semi-annually with input from outside corporate counsel. This process consists of an oral question and answer session at a board meeting at which all directors hear the responses of each director and have an opportunity to evaluate the facts presented. As part of this question and answer session, each director is asked to confirm that there are no facts or circumstances with respect to the director that would be in conflict with the NASDAQ listing standards regarding independence or that would otherwise compromise the director's independence. This independence review is further supplemented by an annual questionnaire that directors are required to complete that contains a number of questions designed to ascertain the facts necessary to determine independence, as well as facts regarding any related party transactions. Based upon these reviews, the board of directors has determined that all directors are independent, other than Mr. Wilson, our current President and Chief Executive Officer. In making this determination, the board considered a number of specific relationships between directors and ASRV as follows:

Director Pasquerilla owns the Holiday Inn Downtown, in Johnstown, Pennsylvania. ASRV periodically holds off-site meetings at the Holiday Inn, including, in some years, its annual meeting of shareholders. In addition, the Holiday Inn provides catering services to ASRV from time to time. The board determined that the amount paid by the company to the Holiday Inn is not material to the company or the Holiday Inn.

Director Kunkle is the majority owner of Laurel Holdings, Inc. Among other things, Laurel Holdings operates a company that provides janitorial services to ASRV. In 2013, ASRV paid Laurel Holdings the sum of approximately \$260,000 for these services. The amount paid represents less than five percent of Laurel Holdings' consolidated revenues. Accordingly, the board concluded that the existence of this relationship did not impair Mr. Kunkle's independence.

## **Transactions With Related Parties**

Certain directors, nominees, and executive officers or their associates were customers of and had transactions with ASRV or its subsidiaries during 2013. Transactions that involved loans or commitments by the Bank were made in the ordinary course of business and on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with unrelated persons and did not involve more than the normal risk of collectability or present other unfavorable features. All transactions, products or services provided to the directors, nominees, executive officers, or their associates by ASRV or its subsidiaries are on substantially the same terms and conditions that those directors, nominees, executive officer, or their associates could receive elsewhere.

## **Review, Approval or Ratification of Transactions with Related Persons**

Our audit committee charter requires that the audit committee approve all related party transactions other than routine deposit relationships and loans that otherwise comply with federal regulations. ASRV also reviews the independence of directors semi-annually. During this process, related party transactions are disclosed to all board members.



## **OTHER MATTERS**

The board of directors knows of no other matters to be presented at the annual meeting. If, however, any other business should properly come before the annual meeting, or any adjournment thereof, it is intended that the proxies will be voted with respect thereto in accordance with the best judgment of the persons named in the proxies.

## **SHAREHOLDER COMMUNICATIONS**

Shareholders and other interested parties who desire to communicate directly with our independent, non-management directors should submit communications in writing addressed to Audit Committee Chair, AmeriServ Financial, Inc., P.O. Box 430, Johnstown, Pennsylvania 15907-0430.

Shareholders, employees and other interested parties who desire to express a concern relating to accounting or auditing matters should communicate directly with our audit committee in writing addressed to Audit Committee Chair, AmeriServ Financial, Inc., P.O. Box 430, Johnstown, Pennsylvania 15907-0430.

## **SHAREHOLDER PROPOSALS FOR NEXT ANNUAL MEETING**

Any shareholder who desires to submit a proposal for inclusion in the proxy materials relating to our 2015 annual meeting of shareholders in accordance with the rules of the SEC must submit such proposal in writing, addressed to: Chairman of the Board of Directors, AmeriServ Financial, Inc., Executive Offices, P.O. Box 430, Johnstown, Pennsylvania 15907-0430 no later than November 17, 2014.

In accordance with our bylaws, a shareholder who desires to propose a matter for consideration at an annual meeting of shareholders, even if the proposal is not submitted by the deadline for inclusion in our proxy materials, must comply with the procedures specified in our bylaws, including providing notice thereof in writing, delivered or mailed by first-class United States mail, postage prepaid, to the Chairman of the Board of Directors at the address above, not less than 90 days nor more than 120 days prior to the anniversary date of the previous year's annual meeting. Assuming the annual meeting of shareholders in 2015 is held within thirty days before or after April 22, 2015, this period will begin on December 23, 2014, and will end on January 22, 2015.

In accordance with our bylaws, a shareholder who desires to nominate candidates for election to ASRV's board of directors must comply with the proceeding specified in the bylaws, including providing proper notice of the nomination in writing, delivered or mailed by first-class United States mail, postage prepaid, to the Chairman of the Board of Directors at the address above, not less than 90 days nor more than 120 days prior to the anniversary date of the previous year's annual meeting. Assuming the annual meeting of shareholders in 2015 is held within thirty days before or after April 22, 2015, this period will begin on December 23, 2014 and will end on January 22, 2015.

If the shareholder does not also comply with the requirements of Rule 14a-4(c)(2) under the Securities Exchange Act of 1934, as amended, proxy holders may exercise discretionary voting authority under proxies that we solicit to vote in accordance with their best judgment on any such shareholder proposal or nomination.

By Order of the Board of Directors:

Sharon M. Callihan  
Corporate Secretary

March 17, 2014

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