

AMERISERV FINANCIAL INC /PA/
Form PRE 14A
March 02, 2010

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 ☒

Filed by a Party other than the Registrant ☐

Check the appropriate box:

☒ Preliminary Proxy Statement

☐ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

☐ Definitive Proxy Statement

☐ Definitive Additional Materials

☐ Soliciting Material under §240.14a-12

AMERISERV FINANCIAL, INC.

(Name of registrant as specified in its charter)

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

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

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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 27, 2010

Mailed to Security Holders March 22, 2010

AmeriServ Financial, Inc.

P. O. Box 430

Johnstown, Pennsylvania 15907-0430

814-533-5158

March 22, 2010

Dear Fellow Shareholder:

AmeriServ Financial, Inc.'s annual meeting of shareholders will be held on Tuesday, April 27, 2010, at 1:30 p.m., Eastern Time, at the Holiday Inn Downtown, Crown Ballroom, 250 Market Street, Johnstown, Pennsylvania 15901-2996.

The matters to be acted upon at the meeting are:

- (a) the election of five Class III directors;
- (b) the waiver of the director age restriction provision of the bylaws with respect to Craig G. Ford, a nominee for election as a director;
- (c) an advisory (non-binding) vote on executive compensation; and
- (d) 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,

/s/ Glenn L. Wilson

Glenn L. Wilson

President & Chief Executive Officer

AmeriServ Financial, Inc.

P. O. Box 430

Johnstown, Pennsylvania 15907-0430

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

March 22, 2010

To The 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 15901-2996, on Tuesday April 27, 2010, at 1:30 p.m., Eastern Time, for the purpose of considering and voting on the following matters:

1. Election of five Class III directors for a term of three years from the date of election and until their successors shall have been elected and qualified (Matter No. 1);
2. The waiver of the director age restriction provision of the bylaws with respect to Craig G. Ford, a nominee for election as a director (Matter No. 2);
3. An advisory (non-binding) vote on executive compensation (Matter No. 3); and
4. 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 March 8, 2010, shall be entitled to notice of and to vote at the meeting. A proxy statement, a proxy card and a self-addressed postage prepaid envelope are enclosed. 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, 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 22, 2010

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting to Be Held on
April 27, 2010:**

Our Proxy Statement on Schedule 14A, form of proxy card, 2009 Annual Report on Form 10-K and 2009 Annual Report are available at: <https://www.proxyvote.com>.

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 27, 2010, at 1:30 p.m., Eastern Time, at the Holiday Inn Downtown, Crown Ballroom, 250 Market Street, Johnstown, Pennsylvania 15901-2296. This proxy statement and enclosed proxy card are being mailed to shareholders on or about March 22, 2010. Our annual report for the year ended December 31, 2009, 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, March 8, 2010, there were _____ 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. 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 five persons receiving the highest number of votes cast at the annual meeting will be elected as Class III directors (Matter No. 1). The affirmative vote of a majority of the votes cast at the annual meeting is required to approve the waiver of the director age restriction provision of the bylaws with respect to our Chairman of the board of directors, Craig G. Ford, a nominee for election as a director (Matter No. 2), and the advisory vote on executive compensation (Matter No. 3).

If you participate in our Dividend Reinvestment and Common Stock Purchase Plan, the proxy card included with this proxy statement represents 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 you appropriately mark, sign and return the enclosed proxy card 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, the shares represented by the proxy 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, FOR the waiver of the director age restriction with respect to our Chairman, Craig G. Ford, and FOR the advisory vote on executive compensation.

Right of Revocation

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. 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 March 8, 2010, 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
Dimensional Fund Advisors Inc. (1) 1299 Ocean Avenue 11th Floor Santa Monica, California 90401	1,681,946	7.93%
Financial Stocks Capital Partners III L.P. (2) 441 Vine Street, Suite 5070 Cincinnati, Ohio 45202	2,110,000	9.90%
Wellington Management Company, LLP (3) 75 State Street Boston, Massachusetts 02109	1,498,200	7.06%

- (1) Dimensional Fund Advisors Inc., an investment advisor registered under Section 203 of the Investment Advisors Act of 1940, furnishes investment advice to four investment companies registered under the Investment Company Act of 1940, and serves as investment manager to certain other commingled group trust and separate accounts. These investment companies, trusts and accounts are the Funds. In its role as investment advisor or manager, Dimensional possesses voting and/or investment power over _____ shares of our common stock as of March 8, 2010. The Funds own all securities reported and Dimensional disclaims beneficial ownership of such securities.
- (2) Financial Stocks Capital Partners III L.P. is a private equity partnership. The general partner is an affiliate of Financial Stocks, Inc., a registered investment advisor.
- (3) Wellington Management Company, LLP is a private partnership, which focuses exclusively on the business of investment management.

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 2010 has been set by the board at 16. 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, and Allan R. Dennison, the former President and CEO of the company, who are disqualified by reason of their current or past 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 each and until their successors are elected and have 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 III at five and has nominated Daniel R. Devos, James C. Dewar, Bruce E. Duke, III, M.D., Craig G. Ford, and Kim W. Kunkle for election as Class III directors, each of whom will serve a three year term that will expire at the 2013 annual meeting of shareholders and until his or her successor is duly elected and has qualified. Directors Devos, Dewar, Duke, Ford and Kunkle were elected by the shareholders at the 2007 annual meeting. The remaining directors will continue to serve in accordance with their previous election, with the terms of the Class I and Class II directors expiring in 2011 and 2012, respectively. If Matter No. 2 is not approved by the required number of votes at the annual meeting, Mr. Ford will not be able to serve as a director of the Company.

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 director 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 President of ASRV not less than 90 days nor more than 120 days prior to the annual meeting. Such notice must contain, to the extent known, the following information:

the name and address of each proposed nominee;

the principal occupation of each proposed nominee;

the number of shares of capital stock of ASRV owned by the notifying shareholder

the total number of shares of capital stock of ASRV that will be voted by the notifying shareholder and the total number of shares of capital stock that will be voted for each proposed nominee; and

the name and residence address of the notifying shareholder.

We have not received any notice of nomination for election as a director 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. If a signed proxy contains no direction regarding the distribution of votes, the proxies will have authority to cumulate votes in their discretion, except to the extent that a shareholder withholds such authority on the form of proxy. The five persons receiving the highest number of votes cast at the annual meeting will be elected as Class III directors.

Except as noted above, shares represented by proxies will be voted for the nominees listed, each of whom is now a director of ASRV and each of whom has expressed his willingness to serve, or for any substitute nominee or nominees designated by our board of directors in the event any nominee or nominees become unavailable for election. We have no reason to believe that any of the nominees will not serve if elected.

The following tables set forth as to each of the nominees for election as a Class III director and as to each of the continuing Class I and Class II 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 recommends that you cast your votes FOR the election of the below-named nominees to serve as Class III Directors.

Nominees for Election as Class III Directors - Term Expires in 2013

Name and Principal Occupation (1)	Age	Director Since (2)	Directorship in Other Reporting Companies
Daniel R. DeVos	67	1991	None

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 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 Johnston 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.

James C. Dewar	72	1974	None
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Mr. Dewar is the President & CEO of Geo. C. Dewar, Inc. and was the President & CEO of Dewar's Car World until he retired in 1999. Mr. Dewar has served for many years of the ASRV audit committee and as a result has acquired significant experience with ASRV's audit process, internal audit function, and financial reporting. In addition, as a long-time director, Mr. Dewar's experience with ASRV through various economic climates remains valuable to our board during these difficult economic times. As a former business owner, he can offer the board insight as to the economic pressures our customers are facing.

Bruce E. Duke, III, M.D.	66	1987	None
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Dr. Duke is currently a surgeon with Conemaugh Health System (CHS), the largest health care provider in west central Pennsylvania, and serves on the finance and capital improvement committees for CHS's holding company. 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. We have nominated Dr. Duke because during his tenure with ASRV he has made a valuable contribution 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.

Craig G. Ford	80	2003	None
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Mr. Ford is currently the Non-executive Chairman of ASRV and the Bank. 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.

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 areas of strategic planning remain important as ASRV formulates plans in these uncertain economic times.

Kim W. Kunkle	55	1984	None
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Since 1984, Mr. Kunkle has served as the President & CEO of Laurel Holdings, Inc. (Laurel), a Johnstown-based holding company with investments in metal working, janitorial services, pipeline construction, defense electronics, industrial tool distribution, and sports turf renovation. The Laurel subsidiaries employ over 1,100 employees. We have nominated Mr. Kunkle because we believe that his professional experience managing a diverse organization of Laurel's 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.

Continuing Class II Directors - Term Expires in 2012

Name and Principal Occupation (1)	Age	Director Since (2)	Directorship in Other Reporting Companies
Thomas C. Slater Mr. Slater has been the owner, President & Director of Slater Laboratories, Inc. since 1970. Mr. Slater serves on ASRV's compensation, nominating, and investment/ALCO committees. 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 nomination to the board.	67	1980	None
Margaret A. O'Malley, Esquire Ms. O'Malley has over 26 years of experience in private legal practice at Yost & O'Malley, a law firm in Johnstown, Pennsylvania. She is an experienced litigator in both state and federal courts. Since 2000, she has been the Chair of ASRV's compensation, nominating and corporate governance committees and the Vice Chair of its executive and audit committees. 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 in her continued role as Chair of the compensation, nominating, and corporate governance committees. With ASRV's participation in the Capital Purchase Program and the increased regulatory and corporate governance measures passed in light of the recent economic crisis, we believe that Ms. O'Malley's continued leadership in these committee roles remains important to the board's success.	50	1997	None
Mark E. Pasquerilla Mr. Pasquerilla has been the President of Pasquerilla Enterprises, L.P. since 2006. From 1992 until it was acquired by the Pennsylvania Real Estate Investment Trust in December 2006, Mr. Pasquerilla was an officer and director of Crown American Enterprises, Inc., a commercial real estate developer. From April 1999 until December 2006, he served as Chairman & CEO of its affiliates, Crown Holding Company and Crown Hotel Holding Company. In these positions he acquired substantial experience in real estate finance. Because declining real estate values contributed significantly to the economic crisis, and, like most banks, ASRV has many real estate loans, we believe that his professional experience in this area is important to the board.	50	1997	Pennsylvania Real Estate Investment Trust (2003-Present)
Nedret Vidinli Mr. Vidinli has been a Managing Director of FSI Group, Inc. (FSI), a multi-strategy investment platform focused on opportunities in the financial services sector, since 2006. FSI specializes in financing and investing in banks, thrifts, insurance companies, REITs, real estate operating companies, specialty finance firms, asset management firms, financial technology companies, and brokerage firms. From 2002 to 2006, he served as a Vice President and Senior Analyst of FSI's	42	2008	First Keystone Financial, Inc. (2007-Present)

affiliate, Financial Stocks, Inc. He is also a Chartered Financial Analyst. Mr. Vidinli's knowledge regarding the financial services industry and his experience as an analyst makes him a valuable member of our board because these experiences provide insights regarding our actions and strategies, and how they compare to our competitors and how they will be perceived by our current and prospective investors. FSI is also involved in managing the assets received by United States Treasury under the TARP Capital Purchase Program (CPP). Given ASRV's current participation in CPP, we believe Mr. Vidinli's familiarity with this program is valuable for our board of directors. Furthermore, because Mr. Vidinli is a relatively new member to our board, we believe that his continued participation may offer, in some circumstances, a new perspective.

Michael J. Adams, Jr., Esquire

48 2000 None

Mr. Adams is the founder, and has been a Managing Partner, of Mike Adams & Associates LLC, a Pittsburgh based law firm, for over 21 years. He maintains a diverse civil litigation practice and is licensed to practice law in Pennsylvania and the District of Columbia. Mr. Adams presently serves as the solicitor for the Community College of Allegheny County. In addition, Mr. Adams currently serves as chairman of the committee which reviews applications and interviews candidates for the U.S. District Court of the Western District of Pennsylvania on behalf of U.S. Senator Robert P. Casey, Jr. His experience as solicitor and in the judge appointment process have provided 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 as an attorney is valuable not only as a member of the board but also as member of multiple board committees.

Glenn L. Wilson

54 2009 None

Mr. Wilson has been President & CEO of ASRV and the Bank since August 2009. 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. For the board to run efficiently and effectively, we believe that the nomination of the President & 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 the last seven years provides the board with new insight relevant to its strategic initiatives.

Continuing Class I Directors - Term Expires in 2011

Name and Principal Occupation	Age	Director Since (1)	Directorship in Other Reporting Companies
Allan R. Dennison	63	2005	None

From February 2004 until October 2009, Mr. Dennison served as President & 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 changes is highly valuable to the board, especially in this uncertain economic climate. Furthermore, his experience and leadership on the board will help ensure Mr. Wilson's smooth transition to President & CEO.

Very Rev. Christian R. Oravec

72 1990 None

Since 2004, Very Rev. Oravec has been Minister Provincial of the Franciscan Friars, an organization of 145 people stationed in 14 states and two foreign countries. He is the Chairman of the Board of Trustees of Saint Francis University of Loretto, Pennsylvania and Franciscan University of Steubenville, Ohio. His unique professional experience adds to the diversity of our board and his leadership positions at these institutions has given him experience managing financial matters relevant to his service on our audit and investment/ALCO committees.

James E. Edwards, Sr.

70 1984 None

Mr. Edwards is the former President and CEO of the NBC network affiliated television broadcasting company, WJAC, Incorporated, which serves the Johnstown-Altoona-State College, Pennsylvania metropolitan area. From 2007 to 2010, he has served as the Director of Entrepreneurial Development for the Johnstown Area Regional Industries the largest economic development organization in the region. 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 business, men's clothing, soft drink bottling, the travel agency business, and an investment company; the experience gained by serving in a leadership position on the Boards of Directors for national and state print, broadcast, and professional hockey industries; and over 30 years of experience serving in leadership positions with major community service organizations including the Chamber of Commerce and the Johnstown Area Regional Industries Economic Development organization. We believe that Mr. Edwards' extensive business experience, his long history of involvement in community public service agencies and his recent effort to work with entrepreneurs in the Johnstown area provides the broad-based background appropriate for a director.

Howard M. Picking, III

72 1970 None

Mr. Picking is the Chairman of The Picking Company, a real estate holding company. Mr. Picking is also the former CEO & Chairman of Miller-Picking Corporation, a large HVAC and metal fabrication firm located in Johnstown, Pennsylvania, where he served from 1966 until his retirement in 1997. As our longest serving director, Mr. Picking has extensive knowledge of ASRV's operations and has been with us in varying economic climates. Furthermore, his professional experience as a former CEO & Chairman is important to his effective service as a board member and as a member of our audit, compensation, and nominating committees.

Sara A. Sargent

62 1996 None

Ms. Sargent is the owner & 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 & Young and Merrill Lynch as Entrepreneur of the Year for Western Pennsylvania and West Virginia. We believe that her professional experience managing multiple organizations of this size demonstrates that she has the capability to effectively oversee ASRV's management as a member of the board and continue to make valuable contributions to ASRV's committees.

Robert L. Wise

66 1986 None

Mr. Wise is the former President of Pennsylvania Electric Company, GPU Genco, Inc., GPU International, Inc. and GPU Energy, Inc., each of them a subsidiary of GPU, Inc., a public energy conglomerate purchased by FirstEnergy, Inc. in 2001. Mr. Wise's executive experience at subsidiaries of a public company is valuable to ASRV as a board member, and more specifically, as a member of our audit committee.

(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 March 8, 2010, by each present director, nominee for director, and each executive officer named in the Summary Compensation Table appearing below.

Name of Beneficial Owner (1)	Amount and Nature of Beneficial Ownership (2)	Percent of Class
J. Michael Adams, Jr. (3)	64,010	*
Allan R. Dennison	31,248	*
Daniel R. DeVos	49,989	*
James C. Dewar	121,213	*
Bruce E. Duke, III, M.D.	57,806	*
James M. Edwards, Sr.	46,263	*
Craig G. Ford	22,257	*
Dan L. Hummel	17,460	*
Kim W. Kunkle (4)	54,863	*
Gary M. McKeown	5,986	*
Margaret A. O Malley (5)		
Very Rev. Christian R. Oravec	15,656	*
Mark E. Pasquerilla (6)		
Howard M. Picking, III (7)	73,477	*
Sara A. Sargent	158,231	*
Thomas C. Slater	51,789	*
Jeffrey A. Stopko		*
Nedret Vidinli (8)	2,110,000	9.90
Ronald W. Virag	5,324	*
Glenn L. Wilson	10,000	*
Robert L. Wise	76,498	*

Officers, Directors and
Nominees for Director
as a Group
(21 persons)

*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 1991 Stock Option Plan and the 2001 Stock Incentive Plan as follows: 60,000,

12,900, 15,000, 15,900, 19,100, and _____ held by Messrs. Ford, Dennison, Hummel, McKeown, Stopko, Virag, and the group, respectively.

- (3) Total number of shares includes J. Michael Adams, Jr. as voting trustee of 23,897 shares of our common stock held by Jerome M. Adams and Elizabeth Adams under a Voting Trust Agreement dated January 31, 2002.
- (4) Includes 22,202 shares held by Laurel Management Retirement Plan, of which Mr. Kunkle is a trustee and 3,000 shares held by Laurel Holdings, Inc., of which Mr. Kunkle is an officer. With respect to each, Mr. Kunkle has voting and investment power.
- (5) Total number of shares includes Margaret A. O Malley as voting trustee of 105,248 shares of our common stock held by _____ under a Voting Trust Agreement dated March 3, 1997.
- (6) Includes 287,150 shares of our common stock held by Crown American Enterprises, Inc., of which Mark E. Pasquerilla is an officer, and 125,500 shares held by the Marenrico Partnership, of which Mr. Pasquerilla is one of the partners.
- (7) Includes 366 shares owned by The Picking Company of which Mr. Picking is Chairman.
- (8) Financial Stocks Capital Partners III L.P. has voting and dispositive power of the 2,110,000 shares deemed to be beneficially owned by Mr. Vidinli. Mr. Vidinli is a managing director of FSI Group, Inc., which is the general partner of Financial Stocks Capital Partners III L.P. Mr. Vidinli disclaims any beneficial ownership of these shares because he does not have voting or dispositive power over these shares.

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 corporate governance committee, an executive committee, an investment/ALCO committee, a compensation committee, and a nominating committee. Directors are expected to attend meetings of the board, meetings of the committees on which they serve and the ASRV annual meeting. During 2009, the board of directors held 12 meetings, the audit committee held 9 meetings, the executive committee held no meetings, the investment/ALCO committee held 4 meetings, the corporate governance committee held 3 meetings, the compensation committee held 5 meetings, and the nominating committee held 3 meetings. 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 2009 annual meeting except for Bruce E. Duke, III, M.D. There were 2 executive sessions of the board of directors excluding management.

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, Dewar, Ford, Kunkle, Picking and Sargent.

The audit committee is comprised of Directors Dewar (Chair), O Malley (Vice Chair), Adams, DeVos, Duke, Ford, 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. Ford is also designated as the audit committee financial expert, and meets the qualifications to serve as such under the NASDAQ listing standards.

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 O Malley (Chair), Sargent (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 President 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 2010 nominees for directors.

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

The corporate governance committee is comprised of Directors O Malley (Chair), Adams (Vice Chair), Ford, Picking, and Sargent. 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 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, Dewar, 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 peer financial institutions in our market area. The committee also encourages stock ownership by directors by directing that the annual retainer be paid in our common stock until the director meets a minimum ownership requirement 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 did not retain any compensation consultants with respect to establishing executive or director compensation for 2009.

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. Moreover, the separation of these roles is appropriate at this time since our President & Chief Executive Officer only joined ASRV in August 2009. We believe that the President & 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 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 FDIC, and recommendations contained in regulatory examinations.

Because we believe risk oversight is a responsibility for each member of the board of directors, we do not concentrate the board's responsibility for risk oversight in a single committee. Instead, 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 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.

Compensation Committee Interlocks And Insider Participation

Directors O'Malley (Chair), Pasquerilla (Vice Chair), Adams, DeVos, Dewar, 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 2001 Stock Incentive Plan, which was previously approved by shareholders on April 24, 2001.

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.

Compensation Discussion and Analysis

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, for overseeing the evaluation of all other officers and employees, for administering our incentive compensation programs (including the stock option 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 President and Chief Executive Officer makes recommendations with respect to decisions concerning other executive officers of ASRV.

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;