

AMERISERV FINANCIAL INC /PA/

Form DEF 14A

March 16, 2005

**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 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §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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NOTICE OF
ANNUAL
MEETING OF
SHAREHOLDERS
AND
PROXY
STATEMENT
AMERISERV FINANCIAL, INC.
P.O. BOX 430
JOHNSTOWN, PENNSYLVANIA 15907-0430
To Be Held April 26, 2005
Mailed to Security Holders March 21, 2005

AmeriServ Financial, Inc.
216 Franklin Street, P. O. Box 430
Johnstown, Pennsylvania 15907-0430
814-533-5158

March 21, 2005

Dear Fellow Shareholder:

AmeriServ Financial, Inc.'s Annual Meeting of Shareholders will be held Tuesday, April 26, 2005, 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 six Class I directors; and
- (b) such other matters as may properly come before the AmeriServ Financial, Inc. annual meeting or any adjournment thereof.

Please review the enclosed material and sign, date and return the proxy card or, if you prefer, vote by telephone or Internet by following the instructions on 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,

Allan R. Dennison
President & Chief Executive Officer

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

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

March 21, 2005

To The Shareholders:

NOTICE IS HEREBY GIVEN that, pursuant to the call of its directors, 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 26, 2005, at 1:30 p.m., Eastern Time, for the purpose of considering and voting on the following matters:

1. Election of six Class I 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); and
2. 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 4, 2005, 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 21, 2005

AMERISERV FINANCIAL, INC.
P.O. Box 430
Johnstown, Pennsylvania 15907-0430
PROXY STATEMENT
GENERAL

Introduction

This proxy statement and enclosed proxy card are being mailed to the shareholders of AmeriServ Financial, Inc. (ASRV or the Company) on or about March 21, 2005, in connection with the solicitation of proxies by the Board of Directors of ASRV. The proxies will be voted at the Annual Meeting of Shareholders of ASRV to be held on Tuesday, April 26, 2005, at 1:30 p.m., Eastern Time, at the Holiday Inn Downtown, Crown Ballroom, 250 Market Street, Johnstown, Pennsylvania 15901-2296 (the Annual Meeting). ASRV s Annual Report for the year ended December 31, 2004, accompanies this proxy statement. It should not be regarded as proxy solicitation material. AmeriServ Financial, Inc. is the holding company for AmeriServ Financial Bank doing business as AmeriServ Financial (the Bank).

Solicitation of Proxies

The cost of the solicitation of proxies will be borne by ASRV. In addition to the use of the mail, some directors and officers of ASRV may solicit proxies, without additional compensation, in person, by telephone, telegram, or otherwise. Arrangements may be made by ASRV 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 ASRV may reimburse them for reasonable expenses they incur in so doing.

Voting Securities

As of the close of business on March 4, 2005 (the Record Date), there were outstanding 19,722,080 shares of common stock, par value \$2.50 per share (the ASRV Common Stock), the only class of capital stock of ASRV outstanding. Holders of record of ASRV 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 ASRV Common Stock are entitled to cumulate their vote in the election of directors.

If a shareholder participated in ASRV s Dividend Reinvestment and Common Stock Purchase Plan, the proxy card sent to such shareholder will represent the number of shares registered in the shareholder s name and the number of shares, including fractional shares, credited to the shareholder s Dividend Reinvestment and Common Stock Purchase Plan account.

If the enclosed proxy card is appropriately marked, signed and returned in time to be voted at the Annual Meeting, or if a shareholder votes 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 the shareholder s instructions. Signed proxies not marked to the contrary will be voted FOR the election of the nominees for ASRV s Board of Directors.

Right of Revocation

Proxies may be revoked at any time before they have been exercised by filing with the Corporate Secretary of ASRV an instrument of revocation or a duly executed proxy bearing a later date. Any shareholder attending the Annual Meeting also may revoke a previously granted proxy by voting in person at the Annual Meeting.

Quorum

Under ASRV's 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.

Principal Shareholders

The following table sets forth information regarding persons or entities known to ASRV's management to own of record or beneficially, as of March 4, 2005, 5% or more of the outstanding shares of ASRV 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	1,195,359	6.06%
Financial Stocks Capital Partners III L.P.(2) 441 Vine Street, Suite 507 Cincinnati, Ohio 45202	1,950,000	9.89%
Wellington Management Company, LLP(3) 75 State Street Boston, Massachusetts 02109	1,268,200	6.43%

(1) Dimensional Fund Advisors Inc. (Dimensional), 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 trusts 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 1,195,359 shares of ASRV Common Stock as of December 31, 2004. The Funds own all securities reported in this statement, 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 ASRV's 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 resolution of the shareholders at a meeting. The number of directors for 2005 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 National Market (NAS-

DAQ) except Craig G. Ford, the non-executive Chairman of the Board and former President and CEO, and Allan R. Dennison, the current President and CEO of the Company.

ASRV's Board of Directors, as provided in its Articles of Incorporation, is divided into three classes, each being as nearly equal in number as possible. The directors in each class serve terms of three years each and until their successors are elected and qualified. Under ASRV's Bylaws, a person elected to fill a vacancy on the Board of Directors serves 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 fixed the number of directors in Class I at six and has nominated Allan R. Dennison, James M. Edwards, Sr., Very Rev. Christian R. Oravec, Howard M. Picking, III, Sara A. Sargent, and Robert L. Wise for election as Class I directors for three-year terms to expire at the 2008 Annual Meeting of Shareholders, and until their successors are duly elected and qualified. Directors Edwards, Oravec, Picking, Sargent, and Wise were elected by the shareholders at the 2002 Annual Meeting. Director Dennison was appointed to the Board effective January 28, 2005. 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 2006 and 2007, respectively.

The Bylaws of ASRV 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 the following information: (a) the name and address of each proposed nominee; (b) the principal occupation of each proposed nominee; (c) the total number of shares of capital stock of ASRV that will be voted; (d) the total number of shares of capital stock of ASRV that will be voted for each proposed nominee; (e) the name and residence address of the notifying shareholder; and (f) the number of shares of capital stock of ASRV owned by the notifying shareholder. No notice of nomination for election as a director has been received from any shareholder as of the date of this proxy statement. If a nomination is attempted at the Annual Meeting that does not comply with the procedures required by the Bylaws or if any votes are cast at the Annual Meeting for any candidate not duly nominated, then such nomination or such votes may be disregarded.

With respect to the election of directors, each shareholder has the right to vote, for each share of ASRV Common Stock held by the shareholder, as many votes as shall equal the number of directors to be elected, and the shareholder, or the shareholder's proxy, 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 a shareholder withholds such authority on the form of proxy. The six persons receiving the highest number of votes cast at the Annual Meeting will be elected as Class I directors. Abstentions and broker non-votes 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.

Except as noted above, it is intended that 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 or her willingness to serve, or for any substitute nominee or nominees designated by the ASRV Board of Directors in the event any nominee or nominees become unavailable for election. The ASRV Board of Directors has 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 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 other business relationships. There are no family relationships between any of the listed persons.

**Nominees for Election As
Class I Directors - Term Expires in 2008**

Name and Principal Occupation(1)	Age	Director Since(2)(3)	Directorship in other Reporting Companies
Allan R. Dennison President and Chief Executive Officer, ASRV	58	2005	None
James M. Edwards, Sr. Retired President and Chief Executive Officer, WJAC, Incorporated	65	1984	None
Very Rev. Christian R. Oravec Minister Provincial of the Franciscan Friars	67	1990	None
Howard M. Picking, III Chairman, The Picking Company; Retired Chairman and CEO, Miller-Picking Corporation	67	1970	None
Sara A. Sargent Owner/ President, The Sargent's Group	57	1996	None
Robert L. Wise Retired President, Pennsylvania Electric Company, GPU Genco, Inc., GPU International, Inc. and GPU Energy, Inc.	61	1986	None

Continuing Class II Directors - Term Expires in 2006

Name and Principal Occupation(1)	Age	Director Since(2)(3)	Directorship in other Reporting Companies
J. Michael Adams, Jr. Attorney-at-Law Adams & Foley, LLC	43	2000	None
Edward J. Cernic, Sr. President and CEO, Cernic Enterprises, Inc.	72	1998	None
Margaret A. O Malley Attorney-at-Law Yost & O Malley	45	1997	None
Mark E. Pasquerilla Chairman and CEO, Crown Holding Company and Crown Hotel Holding Company	45	1997	Pennsylvania Real Estate Investment Trust
Thomas C. Slater	62	1980	None

Owner, President and Director,
Slater Laboratories, Inc.

Continuing Class III Directors - Term Expires in 2007

Name and Principal Occupation(1)	Age	Director Since(2)(3)	Directorship in other Reporting Companies
Daniel R. DeVos President and CEO, Concurrent Technologies Corporation	62	1991	None
James C. Dewar President and CEO, Geo. C. Dewar, Inc.; Retired President and CEO, Dewar's Car World	67	1974	None
Bruce E. Duke, III, M.D. Surgeon, Valley Surgeons, Inc.	61	1987	None
Craig G. Ford Non-executive Chairman; Former President and CEO, AmeriServ Financial, Inc.	75	2003	None
Kim W. Kunkle President and CEO, Laurel Holdings, Inc.	50	1984	None

- (1) All directors and nominees have held the positions indicated or another senior executive position with the same entity or one of its affiliates or predecessors for the past five years except for Mr. Pasquerilla, who was formerly Chairman, President and CEO of Crown American Realty Trust, which was purchased by Pennsylvania Real Estate Investment Trust. Mr. Adams was formerly a partner at another law firm. Prior to assuming the position of Chairman, President and CEO of ASRV, Mr. Ford acted as an independent financial consultant to various banking institutions. Prior to becoming President and CEO of ASRV in February 2004, Mr. Dennison served as President and CEO of Swineford National Bank from 2001 to 2004, and prior to that, he was Senior Vice President of Huntington National Bank.
- (2) Reflects the earlier of the first year as a director of ASRV, the Bank, or Johnstown Savings Bank.
- (3) All incumbent directors were elected by the shareholders except Mr. Dennison, who was appointed by the Board of Directors of ASRV.

Security Ownership of Management

The following table sets forth information concerning the number of shares of ASRV Common Stock beneficially owned, as of March 4, 2004, by each present director, nominee for director, and each executive officer named in the compensation table set forth elsewhere herein.

Name of Beneficial Owner(1)	Amount and Nature of Beneficial Ownership(2)	Percent of Class
J. Michael Adams, Jr.(3)	54,800	*
Edward J. Cernic, Sr.	76,959	*
Allan R. Dennison	29,809	*
Daniel R. DeVos	8,174	*
James C. Dewar	82,105	*
Bruce E. Duke, III, M.D.	27,618	*
James M. Edwards, Sr.	37,156	*
Craig G. Ford	8,713	*
Dan L. Hummel	34,423	*
Kim W. Kunkle(4)	45,756	*
Gary M. McKeown	9,499	*
Margaret A. O Malley(5)	217,500	1.1
Very Rev. Christian R. Oravec	6,549	*
Mark E. Pasquerilla(6)	302,083	1.5
Howard M. Picking, III(7)	41,517	*
Sara A. Sargent	117,983	*
Thomas C. Slater	37,219	*
Jeffrey A. Stopko	32,029	*
Ronald W. Virag	36,100	*
Robert L. Wise	41,096	*
Officers, Directors and Nominees for Director as a Group (20 persons)	1,247,088	6.3

* 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 ASRV 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: 20,000, 21,767, 7,499, 23,556, 19,100, and 91,922 held by Dennison, Hummel, McKeown, Stopko, Virag and the group, respectively. In addition, Dennison, Hummel, McKeown and Stopko hold options to acquire ASRV Common Stock that first become exercisable, in part, during or after May 2005 and therefore are excluded.

(3)

Total number of shares includes J. Michael Adams, Jr. as voting trustee of 23,897 shares of ASRV Common Stock held by Jerome M. Adams and Elizabeth Adams under a Voting Trust Agreement dated January 31, 2002.

- (4) Includes 19,203 and 3,000 shares held by Laurel Management Retirement Plan of which Mr. Kunkle is a trustee and Laurel Holdings, Inc. of which Mr. Kunkle is an officer and with respect to each has voting and investment power.

- (5) Margaret A. O Malley is voting trustee of 105,248 shares of ASRV Common Stock held by James F. O Malley and Jean O Malley under a Voting Trust Agreement dated March 3, 1997.
- (6) Includes 247,150 shares of ASRV Common Stock held by Crown American Enterprises, Inc. of which Mark E. Pasquerilla is an officer and 45,500 shares held by 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.

Section 16(a) Beneficial Ownership Reporting Compliance

All reports required by Section 16(a) were filed on time except Kim W. Kunkle, Gary M. McKeown, Mark E. Pasquerilla, and Sara A. Sargent, who reported late with respect to the sale of trust preferred securities resulting from the involuntary pro rata redemption of trust preferred securities effected by the Company on December 17, 2004.

Board and Committees

The Board of Directors has various standing committees, including an Audit Committee, an Executive Committee, an Investment/ALCO Committee, a Management 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 2004, the Board of Directors held 15 meetings, the Audit Committee held 14 meetings, the Executive Committee held no meetings, the Investment/ALCO Committee held four meetings, the Management Compensation Committee held two meetings, and the Nominating Committee held one meeting. Each director attended at least 75% of the combined total of meetings of the Board of Directors and of each committee of which he/she was a member. Each director attended ASRV's 2004 Annual Meeting. There were three 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, Cernic, Dewar, Kunkle, 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 is independent in the judgment of the Board of Directors except Mr. Ford, who will become independent three years after his resignation as an employee, which occurred on March 31, 2004. The Committee is responsible for the appointment, compensation, oversight, and termination of ASRV's 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 ASRV's financial statements, ASRV's compliance with applicable legal and regulatory requirements and the performance of ASRV's internal audit function. The Committee also is responsible for, among other things, reporting to ASRV's Board on the results of the annual audit and reviewing the financial statements and related financial and non-financial disclosures included in ASRV's 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 ASRV's management, including approving consulting and other legally permitted, non-audit services provided by ASRV's auditors and the potential impact of the services on the auditors' independence. The Committee meets periodically with ASRV's independent auditors and ASRV's internal auditors outside of the presence of ASRV's 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 and financial information provided to analysts and rating agencies. The Committee also discusses with management and the independent auditors the effect of accounting initiatives. The Committee also is responsible for receiving and retaining complaints and concerns relating to accounting and auditing matters.

The Nominating Committee is comprised of Directors O Malley (Chair), Cernic (Vice Chair), Adams, DeVos, Kunkle, Pasquerilla, Picking, Sargent and Slater, each of whom is independent in the judgment of the Board of Directors. The Nominating Committee 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 this criteria in connection with the identification of individuals to be Board members, as well as to apply the standards for independence imposed by ASRV's listing agreement with NASDAQ and all applicable federal laws in connection with such identification process. The Nominating Committee will consider nominees recommended by shareholders and, in considering such candidates, the Committee will apply the same criteria it applies in connection with nominating committee-recommended candidates. Shareholders may nominate persons for election as directors in accordance with the procedures set forth in Section 1.3 of ASRV's Bylaws. Notification of such nomination, containing the required information, must be mailed or delivered to the President of ASRV not less than 90 days or more than 120 days prior to the Annual Meeting.

The Investment/ALCO Committee is comprised of Directors Slater (Chair), Kunkle (Vice Chair), Dennison, Dewar, Edwards, Ford, Oravec, Pasquerilla, and Picking, Officer Stopko, and Ray Fisher, ASRV's Chief Investment Officer. This Committee is responsible for overseeing the investment policy of the Company and monitoring interest rate, liquidity and market risk.

The Management Compensation Committee is comprised of Directors O Malley (Chair), Pasquerilla (Vice Chair), Adams, Cernic, DeVos, Dewar, Picking and Slater, each of whom is independent in the judgment of the Board of Directors. The Management Compensation Committee is responsible for reviewing and making recommendations regarding the compensation of corporate officers. No director who is eligible to receive any benefit under plans administered by the Management Compensation Committee, except for benefits payable to directors under the Independent Directors Annual Retainer Plan (the Committee's administration of which is limited to coordinating the payment of a predetermined retainer) and the 2001 Stock Incentive Plan which was previously approved by the shareholders on April 24, 2001, may serve on the Management Compensation Committee. See Executive Compensation herein.

Compensation of Directors

Executive officers of ASRV who are directors or members of committees of the ASRV Board of Directors or its subsidiaries receive no compensation for such positions. In 2004, independent directors of ASRV received a retainer of \$6,000 payable in ASRV Common Stock. In 2004, all ASRV and Bank Board meetings were held jointly but with separate agendas and minutes. Directors were paid a total of \$450.00 per meeting for their attendance at joint ASRV and Bank Board meetings. Directors were paid \$400.00 for their attendance at certain committee meetings of the ASRV Board of Directors. 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 the quarterly earnings release. Mr. Craig Ford received no directors fees in the first quarter of 2004 because of his employee status. Beginning April 2004, Mr. Ford assumed the position of non-executive Chairman of ASRV, and in his capacity as such Chairman, he received (i) a monthly retainer of \$4,000 and (ii) \$15,000 payable in ASRV Common Stock for the year 2004. Certain independent directors of ASRV also are directors of the Bank and 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 a payment of \$450.00 for each Board of Directors meeting attended. A fee of \$400.00 was paid for certain Bank and Trust Company committee meetings attended, but directors frequently were not compensated for specially-called committee meetings, telephonic meetings or committee meetings convened for a limited purpose. Directors who serve on the boards of

AmeriServ Associates, Inc., AmeriServ Life Insurance Company, and Standard Mortgage Corporation of Georgia receive no remuneration.

Executive Compensation

Board Compensation Committee Report on Executive Compensation

The following is a report by the Management Compensation Committee of the Board of Directors of the Company. The objectives of the report are to provide shareholders with a clear explanation of the overall executive compensation philosophy, strategies, and specific executive compensation plans, and to meet all proxy disclosure rules relating to executive compensation established by regulatory bodies.

Management Compensation Committee

The Management Compensation Committee (the Committee) is comprised of eight (8) non-employee, independent directors appointed from the Board of Directors of ASRV. The Committee met two (2) times in 2004. In light of the hiring of a new President & CEO and other related executive management matters, the subject of executive compensation also was addressed at selected executive sessions of the Board of Directors.

The Committee seeks to achieve and maintain equity with respect to balancing the interests of shareholders and executive officers, while supporting the Company's need to attract and retain competent executive management. The Committee develops an executive compensation policy, along with supporting executive compensation plans and programs, and ensures that they:

- 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 ASRV Common Stock
- Comply with applicable regulations

The role of the Committee is to collect and analyze comparative executive compensation information from relevant peer groups, to approve executive salary adjustments, to recommend executive discretionary incentive/bonus plans, and to administer the ASRV 2001 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.

Executive Compensation Policy

The executive compensation policy expresses the philosophy of the Board of Directors toward program participation, relevant peer comparisons, and plan design, and, as such, represents an important part of the overall executive compensation program. The policy provides guidance to the Committee and, within the overall objectives of equity and regulatory compliance, acts as a standard against which program performance can be measured.

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

As part of the overall program, the executive compensation policy defines pay practices and addresses each of the major components of the executive pay program, as summarized below.

1. A market-competitive executive base salary program, combined with a formal performance appraisal system that focuses awards that are integrated with strategic corporate objectives.

2. Base benefits that are generally available to all employees, supplemented by non-qualified supplemental arrangements, where appropriate.
3. At-risk (incentive) compensation that aligns management's financial interests with those of ASRV shareholders, encourages management ownership of ASRV Common Stock, supports the achievement of corporate short and long-term financial objectives, and provides competitive cash and equity reward opportunities.
4. 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 ASRV and its subsidiaries, for positions comparable to those held by the executive officers identified in the Summary Compensation Table included herein (the "Named Officers"). Some national information is used for comparative compensation survey data, but most of the data is taken from a peer group of bank holding companies in the Northeast.

Relationship of Performance Under Compensation Plans

ASRV utilizes 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 potential annual salary adjustments. Quantitative and qualitative performance factors are established for each executive position and, at least on an annual basis, the performance of the incumbent executive is evaluated against these standards. This appraisal is then integrated 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 ASRV 2001 Stock Incentive Plan and recommending executive discretionary cash incentive/bonus awards. Cash and equity at-risk compensation awards are recommended by the Committee to the Board of Directors when, in the judgment of Committee members, such awards are justified by the performance of executive officers in relation to the performance of the Company.

2004 Chief Executive Officer Compensation

Mr. Craig Ford was the Chairman and President and CEO of ASRV until February 10, 2004 and remained an employee of ASRV through March 31, 2004. Mr. Ford was paid a base salary of \$45,000 for 2004 in connection with his employment. In accordance with his agreement with the ASRV Board of Directors, he was paid \$69,726 in 2004 for travel and miscellaneous expenses. He also received ASRV Common Stock valued at \$14,742 in lieu of vacation pay for which he was eligible in 2004. See "Compensation of Directors" for a discussion of Mr. Ford's compensation as non-executive Chairman of the Board.

Mr. Allan R. Dennison was hired as the new President and CEO of ASRV and assumed his duties on February 10, 2004. His employment contract with the Company calls for an annual base salary of \$300,000, and he was paid \$267,116 for his work in 2004. Pursuant to his employment agreement on February 10, 2004, Mr. Dennison was granted options to acquire 60,000 shares of ASRV Common Stock under the 2001 Stock Incentive Plan, which was approved by the shareholders at the 2001 Annual Meeting. In its sole but reasonable discretion, and based upon the successful capital offering in 2004, the Board of Directors also granted Mr. Dennison an incentive/bonus compensation award of \$25,000 in 2004 payable in ASRV Common Stock.

Impact of Omnibus Budget Reconciliation Act of 1993

The Omnibus Budget Reconciliation Act of 1993 (OBRA) Section 162(m) prohibits a publicly owned company from taking a compensation tax deduction for annual compensation in excess of \$1,000,000 for any

of the Named Officers. However, to the extent that it is performance-based and certain guidelines are met, compensation in excess of \$1,000,000 is exempt from this limitation.

The Committee does not believe that the deduction limit imposed by OBRA will affect compensation deductibility given the compensation opportunities of the Named Officers under the ASRV existing executive compensation programs. The Committee notes that none of the Named Officers received annual compensation in excess of \$1,000,000. The Committee will continue to evaluate the potential impact of Section 162(m) and take such actions as it deems appropriate.

Compensation Committee Interlocks and Insider Participation

Directors Adams, Cernic, DeVos, Dewar, O Malley (Chair), Pasquerilla (Vice Chair), Picking, and Slater have served as members of the Management Compensation Committee since July 2000. Each member of the Committee is excluded from participation in any plan administered by the Committee while serving as a member, except for participation in the Independent Directors Annual Retainer Plan (the Management Compensation Committee's administration of which is limited to coordinating the payment of a predetermined retainer) and the 2001 Stock Incentive Plan which was previously approved by the shareholders on April 24, 2001.

This Board Compensation Committee Report on Executive Compensation is furnished by Directors O Malley (Chair), Pasquerilla (Vice Chair), Adams, Cernic, DeVos, Dewar, Picking, and Slater.

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

Compensation Paid to Executive Officers

The following table sets forth information for the three years ended December 31, 2004, concerning the annual and long-term compensation of the Named Officers for services in all capacities to ASRV and its subsidiaries.

Summary Compensation Table

Name, Age and Principal Position	Year	Annual Compensation		Long-Term Compensation		
		Salary (\$)	Bonus (\$)(1)	Other Annual Compensation (\$)(2)	Restricted Securities Stock Awards (\$)(2)	Underlying Options (#)(2)
Craig G. Ford, 75(4) Former President and CEO of ASRV and AmeriServ Financial Bank and Chairman of all subsidiaries	2004	45,000		14,742(5)		120,726
	2003	180,000				63,428
	2002			19,505		
Allan R. Dennison, 58(6) President and CEO of ASRV and AmeriServ Financial Bank	2004	267,116	25,000		60,000	5,791
Ronald W. Virag, 59	2004	138,667	14,569(7)			9,149
	2003	138,667	9,315			8,230

President and CEO of AmeriServ Trust and Financial Services Company	2002	138,667	3,000	7,462
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