



600 Lawrence Avenue
Ellwood City, Pennsylvania 16117
724/758-5584

March 18, 2011

Dear Stockholder:

You are cordially invited to attend the annual meeting of stockholders of ESB Financial Corporation. The meeting will be held at the Connoquenessing Country Club located at 1512 Mercer Road, Ellwood City, Pennsylvania, on Wednesday, April 20, 2011, at 4:00 p.m., local time. The matters to be considered by stockholders at the annual meeting are described in detail in the accompanying materials.

It is very important that you be represented at the annual meeting regardless of the number of shares you own or whether you are able to attend the meeting in person. Let me urge you to mark, sign and date your proxy card today and return it in the envelope provided, even if you plan to attend the annual meeting. This will not prevent you from voting in person, but will ensure that your vote is counted if you are unable to attend.

Your continued support of and interest in ESB Financial Corporation is appreciated.

Sincerely,

A handwritten signature in black ink that reads "Charlotte A. Zuschlag". The signature is written in a cursive, flowing style.

Charlotte A. Zuschlag
President and Chief Executive Officer

ESB FINANCIAL CORPORATION
600 Lawrence Avenue
Ellwood City, Pennsylvania 16117
(724) 758-5584

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON APRIL 20, 2011

NOTICE IS HEREBY GIVEN that an Annual Meeting of Stockholders of ESB Financial Corporation (the "Company") will be held at the Connoquenessing Country Club located at 1512 Mercer Road, Ellwood City, Pennsylvania, on Wednesday, April 20, 2011, at 4:00 p.m., local time, for the following purposes, all of which are more completely set forth in the accompanying proxy statement:

- (1) To elect one director for a three-year term, one director for a two-year term and until their successors are elected and qualified;
- (2) To adopt a non-binding resolution to approve the compensation of our named executive officers;
- (3) To consider an advisory vote on the frequency of the non-binding resolution to approve the compensation of our named executive officers;
- (4) To ratify the appointment of S.R. Snodgrass, A.C. as the Company's independent registered public accounting firm for the year ending December 31, 2011; and
- (5) To transact such other business as may properly come before the meeting or any adjournment thereof. Except with respect to procedural matters incident to the conduct of the annual meeting, management is not aware of any other matters which could come before the annual meeting.

The board of directors has fixed March 4, 2011 as the voting record date for the determination of stockholders entitled to notice of and to vote at the annual meeting. Only those stockholders of record as of the close of business on that date will be entitled to vote at the annual meeting or at any such adjournment.

BY ORDER OF THE BOARD OF DIRECTORS



Frank D. Martz
*Group Senior Vice President of
Operations and Secretary*

March 18, 2011
Ellwood City, Pennsylvania

YOU ARE CORDIALLY INVITED TO ATTEND THE ANNUAL MEETING. IT IS IMPORTANT THAT YOUR SHARES BE REPRESENTED REGARDLESS OF THE NUMBER YOU OWN. EVEN IF YOU PLAN TO BE PRESENT, YOU ARE URGED TO COMPLETE, SIGN, DATE AND RETURN THE ENCLOSED PROXY PROMPTLY IN THE ENVELOPE PROVIDED. IF YOU ATTEND THIS MEETING, YOU MAY VOTE EITHER IN PERSON OR BY YOUR PROXY. ANY PROXY GIVEN MAY BE REVOKED BY YOU IN WRITING OR IN PERSON AT ANY TIME PRIOR TO THE EXERCISE THEREOF.

ESB FINANCIAL CORPORATION

PROXY STATEMENT

ANNUAL MEETING OF STOCKHOLDERS

APRIL 20, 2011

General

This proxy statement is being furnished to the holders of common stock, \$0.01 par value per share, of ESB Financial Corporation (the “Company”), the savings and loan holding company of ESB Bank (including all predecessors thereto, the “Bank”), in connection with the solicitation of proxies by the board of directors of the Company for use at its annual meeting of stockholders to be held at the Connoquenessing Country Club located at 1512 Mercer Road, Ellwood City, Pennsylvania, on Wednesday, April 20, 2011, at 4:00 p.m., local time, and at any adjournment thereof, for the purposes set forth in the notice of annual meeting of stockholders. This proxy statement is first being mailed to stockholders on or about March 18, 2011.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to be Held on April 20, 2011. This proxy statement and the 2010 Annual Report to Stockholders as well as driving directions to the annual meeting are available on our website at www.esbbank.com under the tabs “About Us—ESB Financial Corp—Annual Meeting Information.”

Voting Rights

Only stockholders of record at the close of business on March 4, 2011 (the “record date”) will be entitled to notice of and to vote at the annual meeting. At such date, there were 12,364,721 shares of common stock issued and outstanding and the Company had no other class of equity securities outstanding.

Each share of common stock is entitled to one vote at the annual meeting on all matters properly presented at the meeting. The presence in person or by proxy of at least a majority of the issued and outstanding shares of common stock entitled to vote is necessary to constitute a quorum at the annual meeting. The person receiving the greatest number of votes in each class will be elected as directors. The affirmative vote of a majority of the total votes cast is required for approval of the non-binding resolution to approve the compensation of our named executive officers and the proposal to ratify the appointment of the Company’s independent registered public accounting firm. The frequency of the advisory vote on the non-binding resolution to approve the compensation of our named executive officers receiving the greatest number of votes (either every three years, every two years or every year) will be the frequency that stockholders approve.

Because the votes on the non-binding resolution to approve the compensation of our named executive officers and the frequency of the vote on such compensation are advisory, they will not be binding on the board of directors of the Company. However, the board will review the voting results and take them into consideration when making future decisions regarding executive compensation.

Under rules applicable to broker-dealers, the proposal to ratify the independent registered public accounting firm is considered a “discretionary” item upon which brokerage firms may vote in their discretion on behalf of their clients if such clients have not furnished voting instructions. The election of directors, the non-binding resolution to approve the compensation of our named executive officers and the advisory vote on the frequency of the non-binding resolution to approve the compensation of our named executive officers are considered “non-discretionary” for which brokerage firms may not vote in their discretion on behalf of clients who do not furnish voting instructions and, thus, there may be “broker non-votes” at the meeting. Abstentions and broker non-votes will be counted for purposes of determining the presence of a quorum at the annual meeting. However, because

of the required votes, abstentions and broker non-votes will have no effect on the voting on the proposals at the annual meeting.

Recommendation of the Board of Directors

The board of directors of the Company recommends that stockholders vote (i) FOR the nominees for director described herein; (ii) FOR the non-binding resolution to approve the compensation of our named executive officers; (iii) FOR EVERY THREE YEARS on the advisory vote on the frequency of the non-binding resolution to approve the compensation of our named executive officers; and (iv) FOR the ratification of S.R. Snodgrass A.C. as the Company's independent registered public accounting firm for the year ending December 31, 2011.

Proxies

Shares of common stock represented by properly executed proxies, if such proxies are received in time and not revoked, will be voted in accordance with the instructions indicated on the proxies. If no contrary instructions are given, each proxy received will be voted (i) FOR the nominees for director described herein; (ii) FOR the non-binding resolution to approve the compensation of our named executive officers; (iii) FOR EVERY THREE YEARS on the advisory vote on the frequency of the non-binding resolution to approve the compensation of our named executive officers; (iv) FOR the ratification of S.R. Snodgrass, A.C. as the Company's independent registered public accounting firm for the year ending December 31, 2011; and (v) upon the transaction of such other business as may properly come before the meeting, in accordance with the best judgment of the persons appointed as proxies. Any stockholder giving a proxy has the power to revoke it at any time before it is exercised by (i) filing with the Secretary of the Company written notice thereof (Frank D. Martz, Group Senior Vice President of Operations and Secretary, ESB Financial Corporation, 600 Lawrence Avenue, Ellwood City, Pennsylvania 16117); (ii) submitting a duly-executed proxy bearing a later date; or (iii) appearing at the annual meeting and giving the Secretary notice of his or her intention to vote in person. Proxies solicited hereby may be exercised only at the annual meeting and any adjournment thereof and will not be used for any other meeting.

**BENEFICIAL OWNERSHIP OF COMMON STOCK BY
CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth information as to the common stock beneficially owned, as of March 4, 2011, by (i) the only persons or entities, including any “group” as that term is used in Section 13(d)(3) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), who or which was known to the Company to be the beneficial owner of more than 5% of the issued and outstanding common stock, (ii) each director and director nominee of the Company, (iii) certain named executive officers of the Company, and (iv) all directors and executive officers of the Company as a group.

<u>Name and Address of Beneficial Owner</u>	<u>Amount and Nature of Beneficial Ownership as of March 4, 2011⁽¹⁾</u>	<u>Percent of Common Stock</u>
ESB Financial Corporation	2,004,370 ⁽²⁾	16.2%
Employee Stock Ownership Plan Trust 600 Lawrence Avenue Ellwood City, Pennsylvania 16117		
Directors and nominees:		
Mario J. Manna	83,015 ⁽³⁾	*
William B. Salsgiver	391,783 ⁽⁴⁾	3.2
Herbert S. Skuba	173,242 ⁽⁵⁾	1.4
James P. Wetzel, Jr.	101,209 ⁽⁶⁾	*
Charlotte A. Zuschlag	419,047 ⁽⁷⁾	3.4
Named executive officers:		
Charles P. Evanoski	125,630 ⁽⁸⁾	1.0
Frank D. Martz	215,713 ⁽⁹⁾	1.7
Todd F. Palkovich	114,088 ⁽¹⁰⁾	*
Richard E. Canonge	34,536 ⁽¹¹⁾	*
Directors and executive officers of the Company as a group (10 persons)	1,690,923 ⁽¹²⁾	13.4

* Amounts to less than 1.0% of the issued and outstanding common stock.

- (1) Pursuant to rules promulgated by the Securities and Exchange Commission (the “SEC”) under the Exchange Act, a person or entity is considered to beneficially own shares of common stock if the person or entity has or shares (i) voting power, which includes the power to vote or to direct the voting of the shares, or (ii) investment power, which includes the power to dispose or direct the disposition of the shares. Unless otherwise indicated, a person has sole voting power and sole investment power with respect to the indicated shares. Under applicable regulations, a person is deemed to have beneficial ownership of any shares of common stock which may be acquired within 60 days of the record date pursuant to the exercise of outstanding stock options. Shares of common stock which are subject to stock options are deemed to be outstanding for the purpose of computing the percentage of outstanding common stock owned by such person or group but not deemed outstanding for the purpose of computing the percentage of common stock owned by any other person or group.
- (2) The ESB Financial Corporation Employee Stock Ownership Plan Trust (“Trust”) was established pursuant to the ESB Financial Corporation Employee Stock Ownership Plan (“ESOP”) by an agreement between the Company and Messrs. Salsgiver, Skuba and Manna who act as trustees of the ESOP. As of the record date, 340,921, shares held in the Trust were unallocated, and 1,663,449 shares held in the Trust had been allocated to the accounts of participating employees. Under the terms of the ESOP, the trustees will generally vote all allocated shares held in the ESOP in accordance with the instructions of the participating employees, and allocated shares for which employees do not give instructions will generally be voted in the same ratio on any matter as to those shares for which instructions are given. Unallocated shares held in the ESOP will be voted by the ESOP trustees in accordance with their fiduciary duties as trustees.

- (3) Includes 17,225 shares held by Mr. Manna's wife, 7,006 shares held jointly with Mr. Manna's wife, with whom voting and dispositive power is shared, 8,689 shares held in Mr. Manna's IRA, 5,652 shares held in Mr. Manna's wife's IRA and 22,200 shares which may be acquired by Mr. Manna upon the exercise of stock options exercisable within 60 days of the record date.
- (4) Includes 240,538 shares owned jointly with Mr. Salsgiver's wife, with whom voting and dispositive power is shared, 18,000 shares which may be acquired by Mr. Salsgiver upon the exercise of stock options exercisable within 60 days of the record date and 40,800 shares held in trust for which he is trustee.
- (5) Includes 38,176 shares held by Mr. Skuba's wife, 58,088 shares owned jointly with Mr. Skuba's wife, with whom voting and dispositive power is shared, 8,839 shares held in Mr. Skuba's IRA and 15,600 shares which may be acquired by Mr. Skuba upon the exercise of stock options exercisable within 60 days of the record date.
- (6) Includes 10,899 shares held by Mr. Wetzel's wife, 44,089 shares held in Mr. Wetzel's IRA, 36,459 shares owned jointly with Mr. Wetzel's wife, with whom voting and dispositive power is shared, and 5,400 shares which may be acquired by Mr. Wetzel upon the exercise of stock options exercisable within 60 days of the record date.
- (7) Includes 7,745 shares held in Ms. Zuschlag's IRA, 21,254 shares held in a trust which Ms. Zuschlag is trustee, 100,734 shares which may be acquired by Ms. Zuschlag upon the exercise of stock options exercisable within 60 days of the record date, 87,962 shares held by the ESOP for the account of Ms. Zuschlag, 500 shares held in a management recognition plan ("MRP") which may be voted by Ms. Zuschlag pending vesting and distribution, and 8,711 shares held in the Company's Retirement Savings Plan ("401(k) plan") for the account of Ms. Zuschlag. Does not include 54,513 shares held by a trust established by the Company to fund certain benefits to be paid to Ms. Zuschlag pursuant to an excess benefit plan. Ms. Zuschlag does not possess voting or investment power with respect to such shares.
- (8) Includes 29,700 shares which may be acquired by Mr. Evanoski upon the exercise of stock options exercisable within 60 days of the record date, 45,533 shares held by the ESOP for the account of Mr. Evanoski, 250 shares held in an MRP which may be voted by Mr. Evanoski pending vesting and distribution, and 7,671 shares held in the 401(k) plan for the account of Mr. Evanoski.
- (9) Includes 100,835 shares owned jointly with Mr. Martz's wife, with whom voting and dispositive power is shared, 29,700 shares which may be acquired by Mr. Martz upon the exercise of stock options exercisable within 60 days of the record date, 5,550 shares which may be acquired by Mr. Martz's wife upon the exercise of stock options exercisable within 60 days of the record date, 52,401 shares held by the ESOP for the account of Mr. Martz, 17,197 shares held by the ESOP for the account of Mr. Martz's wife, 250 shares held in an MRP which may be voted by Mr. Martz pending vesting and distribution, 7,670 shares held in the 401(k) plan for the account of Mr. Martz and 2,110 shares held in the 401(k) plan for the account of Mr. Martz's wife.
- (10) Includes 4,933 shares held in Mr. Palkovich's IRA, 6,376 shares held jointly with Mr. Palkovich's wife, with whom voting and dispositive power is shared, 34,452 shares which may be acquired by Mr. Palkovich upon the exercise of stock options exercisable within 60 days of the record date, 50,193 shares held by the ESOP for the account of Mr. Palkovich, 250 shares held in an MRP which may be voted by Mr. Palkovich pending vesting and distribution, and 7,926 shares held in the 401(k) plan for the account of Mr. Palkovich.
- (11) Includes 19,668 shares held jointly with Mr. Canonge's wife, with whom voting and dispositive power is shared, 6,900 shares which may be acquired by Mr. Canonge upon the exercise of stock options exercisable within 60 days of the record date, 6,093 shares held by the ESOP for the account of Mr. Canonge and 1,875 shares held in the 401(k) plan for the account of Mr. Canonge.
- (12) Includes 280,236 shares which may be acquired by all directors and officers of the Company as a group upon the exercise of stock options exercisable within 60 days of the record date. Also includes 275,322, 38,699 and 1,375 shares which are held by the ESOP, the 401(k) plan and the MRP, respectively, which have been allocated to the accounts of participating officers and, consequently, will be voted at the annual meeting by direction of such participating officers. Does not include 54,513 shares held by a trust established by the Company to fund certain benefits to be paid to the President and Chief Executive Officer of the Company under an excess benefit plan.

ELECTION OF DIRECTORS

Our Articles of Incorporation and Bylaws provide that the board of directors shall be divided into three classes as nearly equal in number as possible, and that the members of each class shall be elected for terms of three years and until their successors are elected and qualified, with one of the three classes of directors to be elected each year. The number of directors currently authorized by our Bylaws is five.

At the annual meeting, stockholders of the Company will be asked to elect one director for a three-year term and one director for a two-year term and until their successors are elected and qualified. The two nominees for election as directors were selected by the nominating committee of the board of directors. There are no arrangements or understandings between the persons named and any other person pursuant to which such person was selected as a nominee for election as a director at the annual meeting, and no director or nominee for director is related to any other director or executive officer of the Company by blood, marriage or adoption.

If any person named as nominee should be unable or unwilling to stand for election at the time of the annual meeting, the proxies will nominate and vote for any replacement nominee or nominees recommended by the board of directors of the Company. At this time, the board of directors knows of no reason why any of the nominees may not be able to serve as a director if elected.

Article 7.F of our Articles of Incorporation governs nominations for election to the board of directors and requires all nominations for election to the board of directors, other than those made by or at the direction of the board, to be made pursuant to timely notice in writing to the Secretary of the Company, as set forth in the Articles of Incorporation. To be timely, with respect to an election to be held at an annual meeting of stockholders, a stockholders' notice must be delivered to, or mailed and received at, the principal executive offices of the Company, not later than 60 days prior to the anniversary date of the immediately preceding annual meeting of stockholders. Each written notice of a stockholder nomination must set forth certain information specified in the Articles of Incorporation. The presiding officer of the meeting may refuse to acknowledge the nomination of any person not made in compliance with the procedures set forth in the Articles of Incorporation.

Information with Respect to Nominees for Director and Continuing Directors

The following tables present information concerning each nominee for director and each director whose term continues and reflects his/her tenure as a director of the Company and his/her principal occupation during the past five years. All of the members of the board of directors, except Ms. Zuschlag, are independent as defined in the rules of the Nasdaq Stock Market.

Nominee for Director for a Three-Year Term Expiring in 2014

<u>Name</u>	<u>Age</u>	<u>Position with the Company and Principal Occupation During the Past Five Years</u>	<u>Director Since⁽¹⁾</u>
Herbert S. Skuba	72	Vice Chairman of the Board of the Company and ESB Bank; Retired director, President and Chief Executive Officer of Ellwood City Hospital, Ellwood City, Pennsylvania. Mr. Skuba's previous business experience running a hospital center located in our market area provides the Board with valuable entrepreneurial knowledge and experience.	1988

Nominee for Director for a Two-Year Term Expiring in 2013

<u>Name</u>	<u>Age</u>	<u>Position with the Company and Principal Occupation During the Past Five Years</u>	<u>Director Since⁽¹⁾</u>
William B. Salsgiver	77	Chairman of the Board of the Company and ESB Bank; a principal of the property development and residential construction firm, Perry Homes, Zelienople, Pennsylvania. Mr. Salsgiver’s extensive business experience in construction and real estate development as well as his long time service as Chairman of the Board position him well qualified to continue to serve a director of the Company.	1987

The Board of Directors Recommends a Vote For Election of the Above Nominees for Director.

Members of the Board of Directors Continuing in Office

Directors With Terms Expiring in 2012

<u>Name</u>	<u>Age</u>	<u>Position with the Company and Principal Occupation During the Past Five Years</u>	<u>Director Since⁽¹⁾</u>
Charlotte A. Zuschlag	59	Director; President and Chief Executive Officer of the Company since February 1991 and of ESB Bank since June 1989. Ms. Zuschlag’s service as President and Chief Executive Officer, her extensive experience in the local banking industry and involvement in business and civic organizations in the communities in which the Bank serves affords the Board valuable insight regarding the business and operations of the Company.	1988
James P. Wetzel, Jr.	66	Director; former President and Chief Executive Officer of PHSB Financial Corporation from December 2001, and President of Peoples Home Saving Bank from 1986, until their acquisition by the Company in February 2005. Mr. Wetzel brings valuable banking and institutional knowledge to the Board from his years of service as a chief executive officer of a local financial institution and his long standing ties to the local community.	2005

Director With Term Expiring in 2013

<u>Name</u>	<u>Age</u>	<u>Position with the Company and Principal Occupation During the Past Five Years</u>	<u>Director Since⁽¹⁾</u>
Mario J. Manna	75	Director; Retired tax collector, Borough of Coraopolis, Pennsylvania. As a retired publicly elected official, Mr. Manna brings a wealth of financial expertise and government experience to the Board.	2001

(1) Includes service with ESB Bank prior to the Bank’s organization to the holding company form.

Executive Officers Who Are Not Directors

The following table sets forth certain information with respect to the executive officers of the Company who are not also directors of the Company. All executive officers of the Company are elected annually by the board of directors and shall serve at the discretion of the board.

<u>Name</u>	<u>Age</u>	<u>Position with the Company and Principal Occupation During the Past Five Years</u>
Frank D. Martz	55	Group Senior Vice President of Operations of the Company since January 2000 and Secretary of the Company since February 1991; Group Senior Vice President of Operations of ESB Bank since January 2000 and Secretary of ESB Bank since November 1989; Senior Vice President of Operations of the Company and ESB Bank from April 1993 through December 1999.
Charles P. Evanoski	52	Group Senior Vice President of the Company and ESB Bank since January 2000 and Chief Financial Officer of the Company and ESB Bank since April 1993; Senior Vice President of the Company and ESB Bank from April 1993 through December 1999.
Todd F. Palkovich	56	Group Senior Vice President of Lending of the Company and ESB Bank since January 2000; Senior Vice President of Lending of the Company and ESB Bank from April 1993 through December 1999.
Bonita L. Wadding	41	Senior Vice President and Controller of the Company since November 2003; Vice President and Controller of ESB Bank since September 2000; Assistant Vice President and Financial Analyst of ESB Bank since April 1997.
Richard E. Canonge	48	Senior Vice President and Treasurer of the Company and ESB Bank since February 2005; formerly served as Vice President and Chief Financial Officer of PHSB Financial Corporation from December 2001, and of Peoples Home Savings Bank from 1990, until their acquisition by the Company in February 2005.

Code of Ethics for Directors, Executive Officers and Financial Professionals

The board of directors of the Company has adopted a code of ethics for the Company’s directors, executive officers, including the chief executive officer and the chief financial officer, and financial professionals. Our directors and officers are expected to adhere at all times to this code of ethics. We have posted this code of ethics on our website at www.esbbank.com.

The Company will disclose on its website at www.esbbank.com, to the extent and in the manner permitted by Item 5.05 of Form 8-K, the nature of any amendment to this code of ethics (other than technical, administrative, or other non-substantive amendments), our approval of any material departure from a provision of this code of ethics, and our failure to take action within a reasonable period of time regarding any material departure from a provision of this code of ethics that has been made known to any of our executive officers.

Directors Attendance at Annual Meetings

Although we do not have a formal policy regarding attendance by members of the board of directors at annual meetings of stockholders, we expect that our directors will attend, absent a valid reason for not doing so. In 2010, all of our directors attended our annual meeting of stockholders.

The Board of Directors and Its Committees

Regular meetings of the board of directors of the Company are held on a monthly basis and special meetings of the board of directors of the Company are held from time-to-time as needed.

There were 11 meetings of the board of directors of the Company held during 2010. No director attended fewer than 75% of both the aggregate total number of meetings of the board of directors held during 2010 and the total number of meetings held by all committees of the board on which the director served during such year.

The board of directors of the Company has established various standing committees of the board, including executive, compensation, audit and nominating and corporate governance committees. The Company and its subsidiaries have other committees comprised of officers and directors of the Company and such subsidiaries which meet for specific purposes.

The executive committee of the Company is authorized to exercise the powers of the board of directors between regular meetings of the board. Currently, Messrs. Skuba and Salsgiver and Ms. Zuschlag (Chairperson) serve as members of this committee. During 2010, the executive committee did not meet.

The compensation committee of the Company makes recommendations regarding officer salaries to the board of directors. Currently, Messrs. Salsgiver (Chairman), Skuba and Manna serve as members of this committee. The compensation committee operates pursuant to a written charter, which can be viewed on our website at www.esbank.com. During 2010, the compensation committee met two times.

The Company has established a nominating and corporate governance committee to evaluate and make recommendations to the board of directors for the election of directors. As of December 31, 2010 the members of this committee were Messrs. Salsgiver (Chairman) and Skuba. Each of these persons is independent within the meaning of the rules of the NASDAQ Stock Market. The nominating and corporate governance committee operates pursuant to a written charter, which can be viewed on our website at www.esbbank.com. During 2010, the nominating and corporate governance committee met two times. Effective January 1, 2011, Messrs. Wetzel (Chairman) and Manna were appointed to the nominating and corporate governance committee.

The nominating and corporate governance committee considers candidates for director suggested by its members and other directors, as well as management and stockholders. The nominating and corporate governance committee also may solicit prospective nominees identified by it. A stockholder who desires to recommend a prospective nominee for the board should notify the Company's Secretary or any member of the nominating and corporate governance committee in writing with whatever supporting material the shareholder considers appropriate. The nominating and corporate governance committee also considers whether to nominate any person nominated pursuant to the provision of our Articles of Incorporation relating to stockholder nominations, which is described under "Election of Directors." The nominating and corporate governance committee has the authority and ability to retain a search firm to identify or evaluate potential nominees if it so desires.

The charter of the nominating and corporate governance committee sets forth certain criteria the committee may consider when recommending individuals for nomination as director including: (a) ensuring that the board of directors, as a whole, is diverse and consists of individuals with various and relevant career experience, relevant technical skills, industry knowledge and experience, financial expertise (including expertise that could qualify a director as a "financial expert," as that term is defined by the rules of the SEC), local or community ties and (b) minimum individual qualifications, including strength of character, mature judgment, familiarity with our business and industry, independence of thought and an ability to work collegially. The committee also may consider the extent to which the candidate would fill a present need on the board of directors.

Once the nominating and corporate governance committee has identified a prospective nominee, the committee makes an initial determination as to whether to conduct a full evaluation of the candidate. This initial

determination is based on whatever information is provided to the committee with the recommendation of the prospective candidate, as well as the committee's own knowledge of the prospective candidate, which may be supplemented by inquiries to the person making the recommendation or others.

The audit committee reviews the Company's records and affairs to determine its financial condition, reviews the Company's systems of internal control with management and the independent registered public accounting firm, and monitors the Company's adherence in accounting and financial reporting to generally accepted accounting principles. During 2010, Messrs. Salsgiver (Chairman), Skuba and Manna served as members of this committee. The audit committee met five times during 2010. The members are independent as defined in the listing standards of the NASDAQ Stock Market.

With the retirement of Charles Delman in 2008, who previously served as the audit committee financial expert, the board of directors determined that none of the members of the audit committee met the definition of audit committee financial expert, as such term is defined in the rules of the SEC. However, the board of directors determined that Herbert S. Skuba is financially sophisticated as required by the rules of the Nasdaq Stock Market. To be financially sophisticated, a director must have past employment experience in finance or accounting, a professional certification in accounting, or any other comparable experience or background which results in the individual's financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities.

Effective January 1, 2011, James P. Wetzel was appointed as Chairman of the Audit Committee. The board of directors has determined that Mr. Wetzel meets the SEC requirements for qualification as an audit committee financial expert. An audit committee financial expert is defined as a person who has the following attributes: (i) an understanding of generally accepted accounting principles and financial statements; (ii) the ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves; (iii) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity or accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the registrant's financial statements, or experience actively supervising one or more persons engaged in such activities; (iv) an understanding of internal controls and procedures for financial reporting; and (v) an understanding of audit committee functions.

The identification of a person as an audit committee financial expert does not impose on such person any duties, obligations or liability that are greater than those that are imposed on such person as a member of the audit committee and the board of directors in the absence of such identification. Moreover, the identification of a person as an audit committee financial expert for purposes of the regulations of the SEC does not affect the duties, obligations or liability of any other member of the audit committee or the board of directors. Finally, a person who is determined to be an audit committee financial expert will not be deemed an "expert" for purposes of Section 11 of the Securities Act of 1933.

The board of directors has adopted an audit committee charter, a copy of which is available on the Company's website at www.esbbank.com.

Board Leadership Structure and the Board's Role in Risk Oversight

Ms. Charlotte Zuschlag serves as our president and chief executive officer and Mr. William B. Salsgiver serves as chairman of the board. The board of directors has determined that that separation of the offices of chairman of the board and president enhances board independence and oversight. Further, the separation of the chairman of the board permits the president and chief executive officer to better focus on her responsibilities on managing the daily operations of the Company, enhancing shareholder value and expanding and strengthening our franchise while allowing the chairman to lead the board of directors in its fundamental role of providing independent oversight and advice to management. Mr. Salsgiver is an independent director under the rules of the Nasdaq Stock Market.

Risk is inherent with every business, particularly financial institutions. We face a number of risks, including credit risk, interest rate risk, liquidity risk, operational risk, strategic risk and reputational risk. Management is responsible for the day-to-day management of the risks the Company faces, while the board, as a whole and through its committees, has responsibility for the oversight of risk management. In its risk oversight role, the board of directors has the responsibility to ensure that the risk management processes designed and implemented by management are adequate and functioning as designed. In this regard, the chairman of the board meets regularly with management to discuss strategy and risks facing the Company.

Members of senior management regularly attend the board meetings and are available to address any questions or concerns raised by the board on risk management or other matters. The chairman of the board and independent directors work together to provide strong, independent oversight of the Company's management and affairs through its committees and meetings of independent directors. In this regard, the board has established a risk committee, an asset liability committee and an investment committee, which are comprised of a combination of directors, members of senior management and employees.

Report of the Audit Committee

The audit committee has reviewed and discussed the audited financial statements with management. The audit committee has discussed with the independent registered public accounting firm the matters required to be discussed by Statement on Auditing Standards No. 61 "Communication with Audit Committees," as may be modified or supplemented. The audit committee has received the written disclosures and the letter from the independent registered public accounting firm required by Independence Standards Board Standard No. 1, as may be modified or supplemented, and has discussed with the independent registered public accounting firm, the independent registered public accounting firm's independence. Based on the review and discussions referred to above in this report, the audit committee recommended to the board of directors that the audited financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2010 for filing with the SEC.

Audit Committee

William B. Salsgiver (Chairman)

Herbert S. Skuba

Mario J. Manna

COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

Compensation Discussion and Analysis

Overview of Compensation Philosophy and Program. Our compensation philosophy is to provide compensation to our executive officers that is competitive in the marketplace in order to attract and retain qualified and experienced officers. The compensation of our executive officers, including the various components of such compensation, is determined by our Compensation Committee. The Committee consists solely of non-employee directors who meet all applicable requirements to be independent of management. In addition, the Committee uses an independent outside consulting firm that provides information regarding the compensation paid by our peer group, as described below.

When setting the compensation of our executive officers, the Committee generally targets compensation which is comparable with our peer group with respect to each of our components of compensation. The compensation we provide to our executive officers primarily consists of the following:

- annual base salary,
- annual cash bonuses,
- stock options,
- restricted stock awards to a lesser extent and
- other forms of compensation as approved by the Committee.

Since our mutual to stock conversion and initial public stock offering in 1990, we have implemented various stock option and restricted stock plans in order to more closely align the interests of our directors and executive officers with our stockholders. Each of these plans were approved by our stockholders. Grants of stock options are made to our executive officers and directors annually and, to a lesser extent, grants of restricted stock were made in 2004 to our executive officers both as a reward for past service as well as to provide an incentive for future performance. In addition, equity compensation has become a more significant part of our executive compensation structure due to our goal of linking our executive compensation to the achievement of the Company's business strategy and goals.

We also provide all of our employees, including our executive officers, with tax-qualified retirement benefits through an employee stock ownership plan (the "ESOP") and a 401(k) plan. In addition, our executive officers participate in a supplemental executive retirement plan (the "SERP") and our president and chief executive officer participates in an excess benefit plan.

We also offer various fringe benefits to all of our employees, including our executive officers, on a non-discriminatory basis, including group policies for medical, dental, life, disability and accidental death insurance. Our executive officers receive an automobile allowance as well as the payment of club dues. The Committee believes such benefits are appropriate and assist such officers in fulfilling their employment obligations.

Independent Compensation Committee. The Committee, composed entirely of independent directors, administers the Company's executive compensation program. The members of the Committee, Messrs. William B. Salsgiver (Chairman), Herbert S. Skuba and Mario J. Manna, meet all of the independence requirements under applicable laws and regulations, including the listing requirements of the Nasdaq Stock Market. None of the members is a current or former officer or employee of the Company or any of its subsidiaries or has any separate business relationship with the Company. The role of the Committee is to oversee the Company's compensation and benefit plans and policies, administer its stock benefit plans (including reviewing and approving equity grants to executive officers) and review and approve annually all compensation decisions relating to executive officers, including those for the President and Chief Executive Officer, the Chief Financial Officer and the other executive officers named in the Summary Compensation Table (the "named executive officers").

The Committee is committed to high standards of corporate governance, as embraced most notably in the Sarbanes-Oxley Act of 2002 and the various regulations implementing the letter and spirit of that statute. The Committee's Charter reflects the foregoing responsibilities and commitment, and the Committee and the Board periodically review and revise the Charter. The full text of the Compensation Committee Charter is available on our website at www.esbbank.com. The Committee's membership is determined by the Board. The Committee held two meetings in 2010, including an executive session with the Committee members only being present.

Even prior to the recent intensified interest in corporate governance, the Committee adhered to sound governance principles and practices. The Committee has typically exercised exclusive authority over the compensation paid to Company executives, including not only the amount and type of awards granted to executives under our stock option and restricted stock plans, but also on the issues of executive salaries, bonuses, retirement and severance arrangements, and other benefits. As a matter of philosophy, the Company and the Committee have been committed to creating a compensatory structure for executives that is simple and readily comprehensible to investors. The types of compensation we offer our executives remain within the traditional categories: salary, short and long-term incentive compensation (cash bonus and stock-based awards), standard executive benefits, and retirement and severance benefits. The Company does not provide executives with excessive or exotic perquisites. It also does not make loans to executives or their families or families' businesses, other than those made in the ordinary course of the Bank's business and on substantially the same terms as those prevailing at the time for comparable transactions with other persons in accordance with applicable federal banking regulations. We do not permit our executives to receive any income or gain from affiliated transactions or arrangements with the Company, a major concern addressed by the new corporate governance laws and regulations.

The Committee recognizes the importance of maintaining sound principles for the development and administration of compensation and benefit programs, and has taken steps to significantly enhance the Committee's ability to effectively carry out its responsibilities as well as enhance the link between executive pay and performance. Examples of actions that the Committee has taken include (i) holding executive sessions of the Committee without Company management present, (ii) aligning compensation structures based on targeting average competitive pay of peer groups, and (iii) aligning the relative mix of stock options and restricted stock awards to increase the importance of long-term incentives.

General Compensation Philosophy. The Committee believes that compensation paid to executive officers should be closely aligned with the performance of the Company on both a short-term and long-term basis, and that such compensation should assist the Company in attracting and retaining key executives critical to its long-term success. The compensation of executive officers is structured to ensure that a significant portion of an executive's compensation will be directly related to the Company's corporate performance and other factors that directly and indirectly influence shareholder value. To that end, it is the view of the Board that the total compensation program for executive officers should consist of the following:

- Salaries;
- Annual cash bonus awards;
- Long-term incentive compensation consisting of a mixture of stock options and restricted stock awards;
and
- Certain other benefits.

The overriding philosophy in setting corporate goals is to ensure that the interests of senior management are aligned with the interests of stockholders. The Committee believes that, over time, the financial performance of the Company is reflected in the value of its stock and that internal results, such as financial performance, and external results, such as stock price, ultimately move in a complementary fashion. In particular, the Committee believes that the most critical performance measures which provide an accurate gauge of management's success in implementing the Company's strategy are return on average equity and diluted earnings per share. The

executive officers' annual discretionary bonus is tied to financial performance (internal results), while other elements, specifically stock options and the ultimate value of restricted stock awards, are tied to stock performance (external results). Under both considerations, financial performance and stock performance, the emphasis is on steady but consistent progress over time, achieved through careful execution of a well-designed business strategy. The Committee believes this formula has worked well for the Company.

The financial performance of the Company on a period-to-period basis is principally reflected in salary adjustments and cash bonuses. The Committee uses these elements of compensation to incentivize executives to achieve continuous, near-term results. Executives' stock-based compensation, on the other hand, is focused on achievement of long-term success. As is true of most publicly traded entities, the Company's stock performance fluctuates over time, typically more so than does our financial performance. However, over time, the Committee believes that the return to stockholders investing in our stock, including dividend payout, is a good indicator of corporate performance. Stock-based awards are thus a way to link executive compensation to long-term performance.

In 2010, the Company granted stock options to employees and executive officers which vest over four years. This structure reinforces the executive's incentive to seek long-term growth in stock value through strong corporate performance. In addition, the Company has never re-priced stock options downward or exchanged new lower priced options for outstanding higher priced options.

In determining the overall amounts and types of executive compensation, the Committee weighs not only corporate performance measures but personal factors as well, including commitment, leadership, teamwork and community involvement. We also consider executive compensation practices of our competitors and peers. It is the intent of the Committee that generally salaries be set at or about the average of a peer group of publicly traded bank and thrift companies based on available survey data prepared by American Bankers Association. The peer group consists of several groups of companies: 23 bank and thrift companies located in Pennsylvania; and 317 bank and thrift companies throughout the country. In addition, for setting the salary of each executive officer, the Committee looks at additional specified peer groups including a group of banks and thrifts with assets between \$700 million to \$999 million (in order to compare the Company's retail bank operations to other similarly sized retail banks) and a group of banks and thrifts with assets of between \$1 billion and \$2.9 billion (the total size of the Bank). For compensation of the President and Chief Executive Officer, the Committee also reviewed an analysis of financial institutions salary surveys prepared by SNL Financial for financial institutions covering the geographical areas of Pennsylvania, New York, Ohio and New Jersey which examined compensation paid to presidents of other similar sized financial institutions as well as a survey of compensation for similar sized financial institutions based upon operating results, including return on average equity.

Role of Executive Officers and Management. The Chief Executive Officer provides recommendations to the Committee on matters of compensation philosophy, plan design and the general guidelines for executive officer compensation. These recommendations are then considered by the Committee. The Chief Executive Officer generally attends Committee meetings but is not present for the executive sessions or for any discussion of her own compensation.

Tax Deductibility of Pay. Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"), places a limit of \$1.0 million on the amount of compensation that the Company may deduct in any one year with respect to each of its five most highly paid executive officers. There is an exception to the \$1.0 million limitation for performance-based compensation meeting certain requirements. Stock options are performance-based compensation meeting those requirements and, as such, are fully deductible. Service-based only restricted stock awards are not considered performance-based compensation under Section 162(m) of the Code.

To date, Section 162(m) has not affected the ability of the Company to deduct the expense of the executive compensation paid. To maintain flexibility in compensating executive officers in a manner designed to promote varying corporate goals, the Committee has not adopted a policy requiring all compensation to be deductible.

Salaries. The salaries of the executive officers are reviewed on an annual basis, as well as at the time of a promotion or other change in responsibilities. Increases in salary are based on an evaluation of the individual's performance and level of pay compared to the peer group pay levels. Merit increases normally take effect in December of each year. In setting the 2011 compensation for the President and Chief Executive Officer, the Committee considered her performance during 2010, including her increased scope of responsibilities relating to the Company's continuing growth, profitability, capital levels, performance relative to industry standards such as problem asset levels, loan production, regulatory compliance and asset-liability management. Specifically, the Committee looked at the Company's growth in customer deposits from \$944.3 million at December 31, 2009 to \$1.0 billion at September 30, 2010, the increase in the Company's return on average equity from 7.66% for the year ended December 31, 2009 to 8.39% for the nine months ended September 30, 2010, the Company's net loan portfolio of \$660.5 million at September 30, 2010, the Company's strong ratio of non-performing loans to total loans of 0.67% at September 30, 2010, as well as the Company's net income of \$10.8 million for the nine months ended September 30, 2010. In addition, the Committee considered that the Company's asset/liability risk level, regulatory capital levels and regulatory compliance results were within the Board of Directors' approved policies.

In setting compensation increases for officers, the Committee also considered the Company's written compensation policies which set forth the following factors in setting compensation:

- qualifications and experience of the officer;
- compensation paid to other persons employed by the Company;
- compensation paid to persons having similar duties and responsibilities in other public companies;
- the size of the Company and the complexity of our operations;
- the financial condition, including income of the Company and the officer's contribution thereto; and
- the value of fringe benefits provided to the officer as well as prerequisites.

For 2011, salaries for the named executive officers were increased between 4.0% and 14.0%, with Ms. Zuschlag's salary increasing 10.06% to \$470,900, the group senior vice presidents' salaries increasing by 13.38% to \$200,000 and the senior vice president and treasurer's salary increasing by 4.02% to \$113,900. Base salary is considered in conjunction with the short-term annual bonus component of the Company's executive compensation program.

Bonuses. A discretionary cash bonus for the executive officers is determined on an annual basis. The amount of the bonus is based on the Company's overall performance as well as an evaluation of the individual's performance and level of pay and bonuses compared to the peer group pay and bonuses levels, with the amount determined at the discretion of the Committee. For 2010, a bonus of \$195,800 was awarded to Ms. Zuschlag, each of the group senior vice presidents was awarded a bonus of \$60,000 and the senior vice president and treasurer was awarded a bonus of \$16,500.

Long-Term Compensation. The Committee believes that, from a motivational standpoint, the use of stock-based compensation has contributed to the Company's financial performance, eliciting maximum effort and dedication from our executive officers. The long-term incentive compensation portion of the Company's compensation program primarily consists of grants of stock options and, to a lesser extent, restricted stock awards under the Company's stock incentive and option plans. These grants and awards are designed to provide incentives for long-term positive performance by the executive and other senior officers and to align their financial interests with those of the Company's stockholders by providing the opportunity to participate in any appreciation in the stock price of the Company's common stock which may occur after the date of grant of stock options or restricted stock awards.

Under the stock incentive plans, the Committee has discretion in determining grants of stock options and restricted stock awards to executive officers, including the timing, amounts and types of awards. In the case of

individual executives, our award decisions are based in part on corporate performance. In addition, for 2010, the amount of such grants was based, in part, on the officer's position within the organization and an assessment of the officer's performance during 2010.

The exercisability of options and the vesting of restricted stock awards depend upon the executive officer continuing to render services to the Company. In addition, although not granted to date, the Company's 2005 Stock Incentive Plan provides that awards may be made based upon specified performance goals. All options granted under the Company's stock option plans must have an exercise price at least equal to the market value of the common stock on the date of grant. Options may be exercised only for a limited period of time after the optionee's departure from the Company in most cases. Restricted shares awarded carry dividend and voting rights from the date of grant if the vesting is time-based only. If any restricted stock awards were to be granted subject to the achievement of performance criteria, then voting rights would not exist with respect to shares subject to the award until the performance criteria is satisfied and the shares vest.

In the past, our long-term incentive compensation has primarily consisted of stock options, with restricted stock awards being granted at a significantly lesser rate. We emphasized stock options primarily for two reasons. First, prior to the adoption of Financial Accounting Standards No. 123(R) (recodified as FASB Accounting Standards Codification ("ASC") Topic 718), the granting and vesting of stock options did not result in any financial statement expenses, whereas restricted stock awards had to be expensed over the vesting period. Second, because the exercise price of all of our stock options equaled the fair market value of our common stock on the date of grant, our executive officers only benefit from stock options if the market value of our common stock increases after the date of grant. By comparison, restricted stock awards have some value to the recipients of the awards even if the market value of our stock declines after the date of grant.

Under FASB ASC Topic 718, all stock options are now required to be expensed over the applicable vesting period. In addition, an increasing number of companies are using restricted stock awards, or a combination of restricted stock awards and stock options. The Committee may consider granting restricted stock awards to a greater extent in the future.

Stock Options

The Committee granted stock options to each named executive officer in November 2010. Executive officers were granted stock options with an exercise price equal to the fair market value of the Company's common stock on the date of grant. Accordingly, those stock options will have value only if the market price of the common stock increases after that date. In determining the size of stock option grants to executive officers, the Committee considers similar awards to individuals being granted comparable values in our peer group as well as the Company's financial performance against the strategic plan as attributed to executive officers.

The named executive officers were awarded the following number of stock options: Ms. Zuschlag, 20,000 shares, Messrs. Evanoski, Martz and Palkovich, 5,500 shares each, and Mr. Canonge 2,150 shares. The options vested 20% immediately and 20% per year beginning on the first anniversary of the grant. The Company has traditionally established the compensation for its executive officers in November of each year as part of its annual review of their performance.

Restricted Stock Awards

Under the Company's 2005 Stock Incentive Plan, the Committee is authorized to grant share awards, which are a right to receive a distribution of shares of common stock. Shares of common stock granted pursuant to a share award are in the form of restricted stock which vests upon such terms and conditions as established by the Committee. The Committee determines which officers and key employees will be granted share awards, the number of shares subject to each share award, whether the share award is contingent upon achievement of certain performance goals and the performance goals, if any, required to be met in connection with a share award.

Non-employee directors are not eligible to receive share awards. The number of shares available to be issued as share awards may not exceed 130,000 shares, or 20% of the total number of shares available for issuance under the 2005 Stock Incentive Plan. No restricted share awards have been made under the 2005 Stock Incentive Plan to date. The Company had previously granted restricted stock to executive officers in 2004.

Stock Ownership Guidelines. The Company has not established any formal policies or guidelines addressing expected levels of stock ownership by the named executive officers or for other executive officers. However, this matter remains under consideration.

Additional Components of Executive Compensation. The Company and the Bank have also entered into employment agreements with Ms. Zuschlag and have entered into a change in control agreement with the other executive officers, including the named executive officers. The purpose of the employment and change in control agreements is to retain for the benefit of the Company and Bank the talents of highly skilled officers who are integral to the development and implementation of the Company's business. Such agreements, as discussed below, provide for termination benefits in the event of such executives' termination or in the event of the occurrence of certain events. The severance payments of the agreements are intended to align the executive officers' and the stockholders' interests by enabling executive officers to consider corporate transactions that are in the best interests of the stockholders and other constituents of the Company without undue concern over whether the transactions may jeopardize the executive officers' own employment or impose financial hardship on him or her. The grounds under which severance payments are triggered in the employment and change in control agreements are similar to or the same as those included in many employment agreements for senior executive officers of comparable financial institutions.

Employment Agreements

ESB Bank maintains an employment agreement with Ms. Zuschlag pursuant to which the Bank agreed to employ her as President and Chief Executive Officer for a term of three years with a current base salary of \$470,900. Such salary may be increased at the discretion of the board of directors of ESB Bank but may not be decreased during the term of the agreement without the prior written consent of Ms. Zuschlag. On an annual basis, the board of directors of ESB Bank considers whether to renew the employment agreement for an additional year. The employment agreement is terminable with or without cause by ESB Bank. The employment agreement provides that in the event of an involuntary termination of employment without cause (including a termination by Ms. Zuschlag for "good reason", which includes a material change in her position, salary or duties without her consent), Ms. Zuschlag would be entitled to (1) an amount of cash severance which is equal to three times her average annual compensation over the last five years, (2) continued participation in certain insurance plans of the Company, including medical, dental, life and disability insurance plans, at no cost to her until the earlier of 36 months or the date she receives substantially similar benefits from full-time employment by another employer, (3) if Ms. Zuschlag is still receiving medical and dental coverage after the end of the 36 month period referred to in clause (2), then she would be entitled to continued medical and dental coverage until the earlier of Ms. Zuschlag's death or the date Ms. Zuschlag receives medical and dental coverage from a subsequent employer substantially similar to the coverage provided by the Company, provided however, Ms. Zuschlag shall pay the employee share of the costs of such coverage provided pursuant to this clause (3) to the same extent as if she were still an employee, and (4) a lump sum cash payment equal to the projected cost of providing Ms. Zuschlag with benefits for a period of three years pursuant to any other employee benefit plans, programs or arrangements in which she was entitled to participate, excluding retirement plans and stock compensation plans. The employment agreement with ESB Bank provides that in the event any of the payments to be made thereunder or otherwise upon termination of employment are deemed to constitute "parachute payments" within the meaning of Section 280G of the Code, then such payments and benefits received thereunder shall be reduced by the minimum amount necessary to result in no portion of the payments and benefits being non-deductible by ESB Bank for federal income tax purposes. Parachute payments generally are payments in excess of three times the base amount, which is defined to mean the recipient's average annual compensation from the employer includable in the recipient's gross income during the most recent five taxable years ending before the date on

which a change in control of the employer occurred. Recipients of parachute payments are subject to a 20% excise tax on the amount by which such payments exceed the base amount, in addition to regular income taxes, and payments in excess of the base amount are not deductible by the employer as compensation expense for federal income tax purposes.

The Company has also entered into an employment agreement with Ms. Zuschlag to serve on terms substantially similar to the agreement entered into with ESB Bank, except as provided below. Ms. Zuschlag's compensation, benefits and expenses are paid by the Company and ESB Bank in the same proportion as the time and services actually expended by her on behalf of each company. However, the agreement with the Company provides that severance payments payable to Ms. Zuschlag by the Company shall (1) include the amount by which the severance benefits payable by ESB Bank are reduced by Section 280G of the Code, and (2) not be subject to reduction in the event of a change in control as are the amounts payable by ESB Bank. As a result, the severance benefits payable by the Company may constitute "parachute payments" under Section 280G of the Code. In addition, the agreement with the Company provides that the Company shall reimburse Ms. Zuschlag for any resulting excise taxes payable by her, plus such additional amount as may be necessary to compensate her for the payment of state and federal income, excise and other employment-related taxes on the additional payments.

For a description of potential payments under the agreements in the event of a termination of Ms. Zuschlag's employment, see "—Potential Payments Upon Termination of Employment or a Change in Control."

Change in Control Agreements

The Company and ESB Bank entered into change of control agreements with Messrs. Evanoski, Martz, Palkovich and Canonge in order to assist the Company and the Bank in maintaining a stable and competent management base. The agreements provide for a three-year term, and subject to satisfactory performance reviews, among other things, shall extend on each anniversary date for an additional year so that the remaining term will be three years, unless either the boards of directors of the employers or the executive provides contrary written notice to the other not less than 30 days in advance of such anniversary date. The agreements are automatically extended for an additional one year upon a change in control, as defined. The agreements provide for payments in the event that certain adverse actions are taken with respect to the executive's employment subsequent to a change in control in an amount equal to 2.99 times (1.5 times in the case of Mr. Canonge) the respective executive's annual compensation, as defined.

For a description of potential payments under the agreements in the event of a termination of the named executive officer's employment, see "—Potential Payments Upon Termination of Employment or a Change in Control."

Excess Benefit Plan

The Company has adopted an excess benefit plan for the purpose of permitting Ms. Zuschlag, and any other employees of the Company who may be designated pursuant to the plan, to receive certain benefits that Ms. Zuschlag and any other employees of the Company otherwise would be eligible to receive under the Company's 401(k) plan and ESOP but for the limitations set forth in the Code. Pursuant to the excess benefit plan, during each plan year the Company makes matching contributions on behalf of the participant in an amount equal to the amount of matching contributions that would have been made by the Company on behalf of the participant but for limitations in the Code, less the actual amount of matching contributions actually made by the Company on behalf of the participant. Finally, the excess benefit plan generally provides that during each plan year a participant shall receive a supplemental ESOP allocation in an amount equal to the amount which would have been allocated to the participant but for the limitations in the Code, less the amount actually allocated to the participant pursuant to the ESOP. The supplemental benefits to be received by a participant pursuant to the excess benefit plan shall be credited to an account maintained pursuant to the plan within 180 days after the end

of each plan year. In connection with its adoption of the excess benefit plan, the Company adopted a trust which currently holds 54,513 shares of common stock to fund its obligation to Ms. Zuschlag under the excess benefit plan.

For information on the benefits payable to Ms. Zuschlag under the excess benefit plan, see the Nonqualified Deferred Compensation table under “—Excess Benefit Plan and Supplemental Executive Retirement Plan.”

Supplemental Executive Retirement Plan

The Company has adopted a Supplemental Executive Retirement Plan (“SERP”) in order to provide supplemental retirement and death benefits for certain key employees of the Company. Under the SERP, participants will receive an annual retirement benefit following retirement at age 65 equal to 25% of the participant’s final average pay multiplied by a target retirement benefit percentage. Final average pay is based upon the participant’s base salary and bonuses for the last three years, and the target benefit percentage is equal to the fraction resulting from the participant’s years of credited service (subject to a maximum of 20 years) divided by 20. Benefits under the plan are payable in either a lump sum or ten equal annual payments and a lesser benefit is payable upon early retirement at age 50 with at least twelve years of service. If a participant dies prior to retirement, the participant’s estate will receive a lump sum payment equal to the net present value of future benefit payments under the plan. At December 31, 2010, Ms. Zuschlag and Messrs. Evanoski, Martz and Palkovich had 23, 28, 32 and 20 years of credited service under the SERP, respectively. Mr. Canonge does not participate in the SERP.

For information on the benefits payable to the named executive officers under the SERP, see the Pension Benefits table under “—Excess Benefit Plan and Supplemental Executive Retirement Plan.”

Compensation Committee Interlocks and Insider Participation

No member of the Compensation Committee has served as an officer or employee of the Company at any time. None of the Company’s executive officers serve as a member of the compensation committee of any other for-profit company that has an executive officer serving as a member of the Company’s board of directors. None of the Company’s executive officers serve as a member of the board of directors of any other company that has an executive officer serving as a member the Company’s Compensation Committee.

Compensation Policies and Practices as They Relate to Risk Management

The Compensation Committee of the Board of Directors has reviewed the Company’s policies and practices applicable to employees, including the Company’s benefit plans, arrangements and agreements, and do not believe that they are reasonably likely to have a material adverse effect on the Company. The Committee does not believe that the Company’s policies and practices encourage officers or employees to take unnecessary or excessive risks or behavior focused on short-term results rather than the creation of long-term value.

Report of the Compensation Committee

We have reviewed and discussed with management certain Compensation Discussion and Analysis provisions to be included in the Company’s Proxy Statement for the 2010 Annual Meeting of Stockholders filed with the SEC pursuant to Section 14(a) of the Securities Exchange Act of 1934. Based on the reviews and discussions referred to above, we recommend to the board of directors that the Compensation Discussion and Analysis referred to above be included in the Company’s Proxy Statement.

Compensation Committee
William B. Salsgiver (Chairman)
Herbert S. Skuba
Mario J. Manna

Executive Compensation

The following table sets forth a summary of certain information concerning the compensation awarded to or paid by the Company or its subsidiaries for services rendered in all capacities during the last three fiscal years to our principal executive officer and our principal financial officer as well as our three other highest compensated executive officers. We refer to these individuals throughout this proxy statement as the “named executive officers.”

Summary Compensation Table

Name and Principal Position	Year	Salary⁽¹⁾	Bonus⁽²⁾	Stock Awards⁽³⁾	Option Awards⁽³⁾	Non-Equity Incentive Plan Compensation	Change in Pension Value and Nonqualified Deferred Compensation Earnings⁽⁴⁾	All Other Compensation⁽⁵⁾	Total
Charlotte A. Zuschlag <i>President and Chief Executive Officer</i>	2010	\$431,171	\$195,800	\$—	\$95,140	\$—	\$298,677	\$76,267	\$1,097,055
	2009	428,489	195,800	—	54,040	—	348,130	68,305	1,094,764
	2008	388,996	135,800	—	41,745	—	197,292	67,339	831,172
Charles P. Evanoski <i>Group Senior Vice President and Chief Financial Officer</i>	2010	178,216	60,000	—	26,164	—	22,405	50,117	336,902
	2009	175,108	60,000	—	14,861	—	44,299	46,253	340,521
	2008	157,423	37,000	—	11,132	—	31,278	39,718	276,551
Frank D. Martz <i>Group Senior Vice President of Operations and Secretary</i>	2010	178,216	60,000	—	26,164	—	25,503	47,739	337,622
	2009	175,108	60,000	—	14,861	—	54,089	43,983	348,041
	2008	157,423	37,000	—	11,132	—	36,354	38,062	279,971
Todd F. Palkovich <i>Group Senior Vice President of Lending</i>	2010	178,216	60,000	—	26,164	—	28,360	49,454	342,194
	2009	175,108	60,000	—	14,861	—	57,275	45,131	352,375
	2008	157,423	37,000	—	11,132	—	39,578	38,678	283,811
Richard E. Canonge <i>Senior Vice President and Treasurer</i>	2010	109,500	16,500	—	10,228	—	—	25,631	161,859
	2009	109,142	15,000	—	5,809	—	—	23,006	152,957
	2008	101,052	10,000	—	4,592	—	—	19,776	135,420

- (1) In addition to salary, includes amounts deferred and contributed to the 401(k) Plan by the named executive officer.
- (2) Represents a discretionary cash bonus paid for performance in the indicated year.
- (3) Reflects the aggregate grant date value computed in accordance with FASB ASC Topic 718 during the indicated fiscal year with respect to awards of restricted stock and/or stock options, as the case may be, with respect to each of the named executive officers. For a discussion of the assumptions used to establish the valuation of the restricted stock awards and stock options, reference is made to Note 9 of the Notes to the Consolidated Financial Statements of the Company included in the Company’s 2010 Annual Report to Stockholders. Additional information is also included in the table entitled “Grants of Plan-Based Awards.”
- (4) Reflects the increase in the actuarial present value of the named executive officer’s accumulated benefits under the Supplemental Executive Retirement Plan (“SERP”) determined using interest rate and mortality rate assumptions consistent with those used in the Company’s financial statements and includes amounts which the named executive officer may not currently be entitled to receive because such amounts are not vested. Also includes for Ms. Zuschlag the increase in the balance of the benefits payable under the Company’s excess benefit plan during the indicated fiscal year. There were no above-market or preferential earnings on nonqualified deferred compensation for any of the named executive officers.
- (5) In fiscal 2010, includes amounts paid by the Company to the accounts of Ms. Zuschlag and Messrs. Evanoski, Martz, Palkovich and Canonge, pursuant to the 401(k) Plan of \$8,575, \$8,340, \$8,339, \$8,338 and \$3,782, respectively, and estimated allocations under the ESOP of \$39,953, \$28,556, \$28,556, \$28,556 and \$17,798, respectively. Also includes perquisites and other benefits for fiscal 2010 in the amount of \$27,739, \$13,221, \$10,844, \$12,560 and \$4,051, respectively, consisting of the cost of personal use of Company-provided automobiles, club dues and the cost of cellular telephone service provided for the named executive officers.

Equity Compensation Plans

The following table sets forth information concerning grants of awards pursuant to plans made to the named executive officers during the year ended December 31, 2010. The Company does not maintain a non-equity or equity incentive plan that provides for payments based upon achievement of threshold, target and maximum goals.

Grants of Plan-Based Awards for the Year Ended December 31, 2010

<u>Name</u>	<u>Grant Date</u>	<u>All Other Stock Awards: Number of Shares of Stock or Units</u>	<u>All Other Option Awards: Number of Securities Underlying Options⁽¹⁾</u>	<u>Exercise or Base Price of Option Awards⁽²⁾</u>	<u>Grant Date Fair Value of Stock and Option Awards⁽³⁾</u>
Charlotte A. Zuschlag	11/16/2010	—	20,000	\$14.90	\$95,140
Charles P. Evanoski	11/16/2010	—	5,500	14.90	26,164
Frank D. Martz	11/16/2010	—	5,500	14.90	26,164
Todd F. Palkovich	11/16/2010	—	5,500	14.90	26,164
Richard E. Canonge	11/16/2010	—	2,150	14.90	10,228

- (1) The stock options granted on November 16, 2010 were 20% immediately vested and an additional 20% vest each year thereafter.
- (2) Based upon the fair market value of a share of Company common stock on the date of grant.
- (3) The fair value of the stock options granted is computed in accordance with FASB ASC Topic 718.

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, 2010. The Company does not maintain a non-equity or equity incentive plan that provides for payments based upon achievement of threshold, target and maximum goals.

Name	Option Awards				Stock Awards	
	Number of Securities Underlying Unexercised Options		Exercise Price ⁽²⁾	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested ⁽³⁾	Market Value of Shares or Units of Stock That Have Not Vested ⁽⁴⁾
	Exercisable ⁽¹⁾	Unexercisable				
Charlotte A. Zuschlag	9,233	—	\$10.83	11/19/2012	500	\$8,120
	15,000	—	15.35	11/18/2013		
	15,000	—	14.50	11/16/2014		
	15,000	—	12.20	04/19/2015		
	13,501	—	10.75	11/21/2016		
	12,000	3,000 ⁽⁵⁾	10.11	11/20/2017		
	9,000	6,000 ⁽⁶⁾	10.30	11/18/2018		
	8,000	12,000 ⁽⁷⁾	11.54	11/17/2019		
	4,000	16,000 ⁽⁸⁾	14.90	11/16/2020		
Charles P. Evanski	4,800	—	10.83	11/19/2012	250	4,060
	4,000	—	15.35	11/18/2013		
	4,000	—	14.50	11/16/2014		
	4,000	—	12.20	04/19/2015		
	4,000	—	10.75	11/21/2016		
	3,200	800 ⁽⁵⁾	10.11	11/20/2017		
	2,400	1,600 ⁽⁶⁾	10.30	11/18/2018		
	2,200	3,300 ⁽⁷⁾	11.54	11/17/2019		
	1,100	4,400 ⁽⁸⁾	14.90	11/16/2020		
Frank D. Martz	4,800	—	10.83	11/19/2012	250	4,060
	4,000	—	15.35	11/18/2013		
	4,000	—	14.50	11/16/2014		
	4,000	—	12.20	04/19/2015		
	4,000	—	10.75	11/21/2016		
	3,200	800 ⁽⁵⁾	10.11	11/20/2017		
	2,400	1,600 ⁽⁶⁾	10.30	11/18/2018		
	2,200	3,300 ⁽⁷⁾	11.54	11/17/2019		
	1,100	4,400 ⁽⁸⁾	14.90	11/16/2020		
Todd F. Palkovich	4,752	—	7.83	11/19/2011	250	4,060
	4,800	—	10.83	11/19/2012		
	4,000	—	15.35	11/18/2013		
	4,000	—	14.50	11/16/2014		
	4,000	—	12.20	04/19/2015		
	4,000	—	10.75	11/21/2016		
	3,200	800 ⁽⁵⁾	10.11	11/20/2017		
	2,400	1,600 ⁽⁶⁾	10.30	11/18/2018		
	2,200	3,300 ⁽⁷⁾	11.54	11/17/2019		
Richard E. Canonge	1,100	4,400 ⁽⁸⁾	14.90	11/16/2020	—	—
	1,650	—	12.20	04/19/2015		
	1,650	—	10.75	11/21/2016		
	1,320	330 ⁽⁵⁾	10.11	11/20/2017		
	990	660 ⁽⁶⁾	10.30	11/18/2018		
	860	1,290 ⁽⁷⁾	11.54	11/17/2019		
430	1,720 ⁽⁸⁾	14.90	11/16/2020			

(footnotes on following page)

- (1) Except as otherwise noted, the stock options were immediately exercisable on December 31, 2010.
- (2) Based upon the fair market value on the date of grant.
- (3) The restricted shares vested 12 1/2% immediately upon grant on May 18, 2004 and vest 12 1/2% each year thereafter over seven years.
- (4) Based upon a fair market value of \$16.24 per share for the Company common stock as of December 31, 2010.
- (5) The stock options vested 20% immediately upon grant on November 20, 2007 and vest 20% each year thereafter over four years.
- (6) The stock options vested 20% immediately upon grant on November 18, 2008 and vest 20% each year thereafter over four years.
- (7) The stock options vested 20% immediately upon grant on November 17, 2009 and vest 20% each year thereafter over four years.
- (8) The stock options vested 20% immediately upon grant on November 16, 2010 and vest 20% each year thereafter over four years.

Option Exercises and Stock Vested

The following table sets forth certain information with respect to stock options exercised and restricted stock awards vested for the named executive officers during the year ended December 31, 2010.

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 ⁽¹⁾
Charlotte A. Zuschlag	10,266	\$58,639	500	\$7,125
Charles P. Evanski	4,752	42,863	250	3,563
Frank D. Martz	4,752	42,863	250	3,563
Todd F. Palkovich	—	—	250	3,563
Richard E. Canonge	—	—	—	—

- (1) Based upon the fair market value of a share of Company common stock on May 18, 2010.

Excess Benefit Plan and Supplemental Executive Retirement Plan

The Company has adopted an excess benefit plan for the purpose of permitting Ms. Zuschlag, and any other employees of the Company who may be designated pursuant to the plan, to receive certain benefits that Ms. Zuschlag and any other employees of the Company otherwise would be eligible to receive under the Company's 401(k) plan and ESOP but for the limitations set forth in the Code. For additional information, see "—Compensation Discussion and Analysis—Excess Benefit Plan."

The Company has adopted a Supplemental Executive Retirement Plan ("SERP") in order to provide supplemental retirement and death benefits for certain key employees of the Company. For additional information, see "—Compensation Discussion and Analysis—Supplemental Executive Retirement Plan."

The following table sets forth information concerning the SERP.

Pension Benefits

<u>Name</u>	<u>Plan Name</u>	<u>Number of Years Credited Service</u>	<u>Present Value of Accumulated Benefit⁽¹⁾</u>	<u>Payments During Last Fiscal Year</u>
Charlotte A. Zuschlag	Supplemental Executive Retirement Plan	23	\$828,273	\$—
Charles P. Evanoski	Supplemental Executive Retirement Plan	28	201,326	—
Frank D. Martz	Supplemental Executive Retirement Plan	32	246,723	—
Todd F. Palkovich	Supplemental Executive Retirement Plan	20	249,962	—
Richard E. Canonge ⁽²⁾	Supplemental Executive Retirement Plan	—	—	—

(1) Reflects the actuarial present value of accumulated benefits as of December 31, 2010.

(2) Mr. Canonge does not participate in the SERP.

The following table sets forth information regarding the excess benefit plan. Only Ms. Zuschlag participates in the excess benefit plan.

Nonqualified Deferred Compensation

<u>Name</u>	<u>Executive Contributions in 2010</u>	<u>Registrant Contributions in 2010</u>	<u>Aggregate Earnings in 2010</u>	<u>Aggregate Withdrawals/Distributions</u>	<u>Aggregate Balance at December 31, 2010</u>
Charlotte A. Zuschlag	\$—	\$38,990	\$20,137	\$—	\$853,286 ⁽¹⁾
Charles P. Evanoski	—	—	—	—	—
Frank D. Martz	—	—	—	—	—
Todd F. Palkovich	—	—	—	—	—
Richard E. Canonge	—	—	—	—	—

(1) Based upon the fair market value of the Company common stock held in the excess benefit plan at December 31, 2010.

Employment and Change of Control Agreements

The Company and the Bank have entered into employment agreements with Ms. Zuschlag pursuant to which the Company and the Bank agreed to employ Ms. Zuschlag as President and Chief Executive Officer. For additional information, see “—Compensation Discussion and Analysis—Employment Agreements.”

The Company and the Bank have entered into change of control agreements with Messrs. Evanoski, Martz, Palkovich and Canonge in order to assist them in maintaining a stable and competent management base. For additional information, see “—Compensation Discussion and Analysis—Change in Control Agreements.”

Potential Payments upon Termination of Employment or a Change in Control

The following table describes the potential payments to Charlotte A. Zuschlag, President and Chief Executive Officer, upon an assumed termination of employment or a change in control as of December 31, 2010.

<u>Payments and Benefits</u>	<u>Voluntary Termination</u>	<u>Termination for Cause</u>	<u>Involuntary Termination Without Cause or Termination by the Executive for Good Reason Absent a Change in Control</u>	<u>Change in Control With Termination of Employment</u>	<u>Death or Disability (l)</u>	<u>Retirement (m)</u>
Severance payments and benefits: (a)						
Cash severance (b)	\$—	\$—	\$1,808,784	\$1,808,784	\$1,735,306(n)	\$ —
Medical and dental benefits (c)	—	—	227,347	227,347	222,477(o)	222,477(o)
Other welfare benefits (d)	—	—	4,423	4,423	4,289(o)	4,289(o)
Club dues (e)	—	—	43,875	43,875	—	—
Automobile expenses (f)	—	—	25,983	25,983	—	—
§280G tax gross-up (g)	—	—	—	768,688	—	—
Equity awards: (h)						
Unvested stock options (i)	—	—	—	130,743	130,743	—
Unvested restricted stock awards (j)	—	—	—	8,120	8,120	—
Total payments and benefits (k)	<u>\$—</u>	<u>\$—</u>	<u>\$2,110,412</u>	<u>\$3,017,963</u>	<u>\$2,100,935</u>	<u>\$226,766</u>

The following table describes the potential payments to Charles P. Evanoski, Group Senior Vice President and Chief Financial Officer, upon an assumed termination of employment or a change in control as of December 31, 2010.

<u>Payments and Benefits</u>	<u>Voluntary Termination</u>	<u>Termination for Cause</u>	<u>Involuntary Termination Without Cause or Termination by the Executive for Good Reason Absent a Change in Control</u>	<u>Change in Control With Termination of Employment</u>	<u>Death or Disability (l)</u>	<u>Retirement (m)</u>
Severance payments and benefits: (a)						
Cash severance (b)	\$—	\$—	\$—	\$ 706,836	\$ —	\$—
Medical and dental benefits (c)	—	—	—	42,718	—	—
Other welfare benefits (d)	—	—	—	3,550	—	—
Club dues (e)	—	—	—	10,200	—	—
Automobile expenses (f)	—	—	—	28,584	—	—
§280G tax cutback (g)	—	—	—	(229,119)	—	—
Equity awards: (h)						
Unvested stock options (i)	—	—	—	35,506	35,506	—
Unvested restricted stock awards (j)	—	—	—	4,060	4,060	—
Total payments and benefits (k)	<u>\$—</u>	<u>\$—</u>	<u>\$—</u>	<u>\$ 602,335</u>	<u>\$39,566</u>	<u>\$—</u>

(footnotes following the table on page 26)

The following table describes the potential payments to Frank D. Martz, Group Senior Vice President of Operations, upon an assumed termination of employment or a change in control as of December 31, 2010.

<u>Payments and Benefits</u>	<u>Voluntary Termination</u>	<u>Termination for Cause</u>	<u>Involuntary Termination Without Cause or Termination by the Executive for Good Reason Absent a Change in Control</u>	<u>Change in Control With Termination of Employment</u>	<u>Death or Disability (l)</u>	<u>Retirement (m)</u>
Severance payments and benefits: (a)						
Cash severance (b)	\$—	\$—	\$—	\$ 706,836	\$ —	\$—
Medical and dental benefits (c)	—	—	—	55,243	—	—
Other welfare benefits (d)	—	—	—	3,550	—	—
Club dues (e)	—	—	—	10,200	—	—
Automobile expenses (f)	—	—	—	21,906	—	—
§280G tax cutback (g)	—	—	—	(176,510)	—	—
Equity awards: (h)						
Unvested stock options (i)	—	—	—	35,506	35,506	—
Unvested restricted stock awards (j)	—	—	—	4,060	4,060	—
Total payments and benefits (k)	<u>\$—</u>	<u>\$—</u>	<u>\$—</u>	<u>\$ 660,791</u>	<u>\$39,566</u>	<u>\$—</u>

The following table describes the potential payments to Todd F. Palkovich, Group Senior Vice President of Lending, upon an assumed termination of employment or a change in control as of December 31, 2010.

<u>Payments and Benefits</u>	<u>Voluntary Termination</u>	<u>Termination for Cause</u>	<u>Involuntary Termination Without Cause or Termination by the Executive for Good Reason Absent a Change in Control</u>	<u>Change in Control With Termination of Employment</u>	<u>Death or Disability (l)</u>	<u>Retirement (m)</u>
Severance payments and benefits: (a)						
Cash severance (b)	\$—	\$—	\$—	\$ 706,836	\$ —	\$—
Medical and dental benefits (c)	—	—	—	55,383	—	—
Other welfare benefits (d)	—	—	—	3,550	—	—
Club dues (e)	—	—	—	10,200	—	—
Automobile expenses (f)	—	—	—	25,110	—	—
§280G tax cutback (g)	—	—	—	(236,671)	—	—
Equity awards: (h)						
Unvested stock options (i)	—	—	—	35,506	35,506	—
Unvested restricted stock awards (j)	—	—	—	4,060	4,060	—
Total payments and benefits (k)	<u>\$—</u>	<u>\$—</u>	<u>\$—</u>	<u>\$ 603,974</u>	<u>\$39,556</u>	<u>\$—</u>

(footnotes following the table on page 26)

The following table describes the potential payments to Richard E. Canonge, Senior Vice President and Treasurer, upon an assumed termination of employment or a change in control as of December 31, 2010.

Payments and Benefits	Voluntary Termination	Termination for Cause	Involuntary Termination Without Cause or Termination by the Executive for Good Reason Absent a Change in Control	Change in Control With Termination of Employment	Death or Disability (l)	Retirement (m)
Severance payments and benefits: (a)						
Cash severance (b)	\$—	\$—	\$—	\$186,750	\$ —	\$—
Medical and dental benefits (c)	—	—	—	26,860	—	—
Other welfare benefits (d)	—	—	—	1,038	—	—
Club dues (e)	—	—	—	5,100	—	—
Automobile expenses (f)	—	—	—	—	—	—
§280G tax cutback (g)	—	—	—	—	—	—
Equity awards: (h)						
Unvested stock options (i)	—	—	—	14,189	14,189	—
Unvested restricted stock awards (j)	—	—	—	—	—	—
Total payments and benefits (k)	\$—	\$—	\$—	\$233,937	\$14,189	\$—

- (a) These severance payments and benefits are payable if Ms. Zuschlag’s employment is terminated prior to a change in control either (i) by the Company or the Bank for any reason other than cause, disability, retirement or death or (ii) by Ms. Zuschlag if the Company or the Bank takes certain adverse actions (a “good reason” termination). The severance payments and benefits are also payable if an executive’s employment is terminated during the term of Ms. Zuschlag’s employment agreement following a change in control or within 18 months following a change in control for Messrs. Evanoski, Martz, Palkovich and Canonge.
- (b) For Ms. Zuschlag, represents a lump sum payment equal to three times her average taxable income from the Company and the Bank for the five years preceding the year in which the date of termination occurs and any income deferred by her during such period, except as set forth in Note (n) below with respect to death or disability. For each of Messrs. Evanoski, Martz and Palkovich, represents a lump sum cash payment equal to 2.99 (1.5 for Mr. Canonge) times the executive’s highest base salary and cash bonus paid by the Company and the Bank during any of the three years preceding the year in which the date of termination occurs.
- (c) Represents the estimated present value cost of providing continued medical and dental coverage to each of the executives for an assumed additional 36 months (18 months for Mr. Canonge) at no cost to the executives, except as otherwise noted with respect to Ms. Zuschlag. If Ms. Zuschlag’s employment is terminated by the Company or the Bank for other than cause, death, disability or retirement or by Ms. Zuschlag for good reason and she is still receiving medical and dental coverage upon the expiration of 36 months, her employment agreement provides for the continuation of medical and dental coverage for a period ending at the earlier of (i) her death or (ii) the date she is entitled to receive substantially similar benefits from a subsequent employer, provided that she pays the employee share of any such coverage after the initial 36 months. The amounts shown in the table assume her remaining life expectancy is 24.5 years and that benefits are provided until her death. If Ms. Zuschlag’s employment is terminated due to death, disability or retirement, continued insurance coverage will be provided as discussed in Note (o) below. The estimated costs assume the current insurance premiums or costs increase by 10% each year.
- (d) Represents the estimated present value cost of providing continued life, accidental death and long-term disability coverage to each of the executives for an assumed additional 36 months (18 months for Mr. Canonge) at no cost to the executives. If Ms. Zuschlag’s employment is terminated due to death, disability or retirement, continued insurance coverage will be provided as discussed in Note (o) below. The estimated costs assume the current insurance premiums or costs increase by 10% each year.

- (e) Represents a lump sum cash payment equal to the estimated costs of paying club dues for each of the executives for an assumed additional 36 months (18 months for Mr. Canonge), based on the amounts paid in 2009.
- (f) Represents a lump sum cash payment equal to the estimated costs of paying automobile leases and related expenses for each of the executives other than Mr. Canonge for an assumed additional 36 months, based on the amounts paid in 2009.
- (g) The payments and benefits to Ms. Zuschlag in the change in control column are subject to a 20% excise tax to the extent the parachute amounts associated therewith under Section 280G of the Code equal or exceed three times her average taxable income for the five years ended December 31, 2009. Her payments exceed this threshold. If a change in control was to occur, the Company believes that the Section 280G gross-up payments could be reduced or even eliminated if the timing of the change in control permitted tax planning to be done. However, if the excise tax cannot be avoided, then the Company has agreed in its employment agreement with Ms. Zuschlag to pay the 20% excise tax and the additional federal, state and local income taxes and excise taxes on such reimbursement in order to place her in the same after-tax position she would have been in if the excise tax had not been imposed. If the parachute amounts associated with the payments and benefits to Messrs. Evanoski, Martz, Palkovich and Canonge equal or exceed three times their average taxable income for the five years ended December 31, 2009, such payments and benefits in the event of a change of control will be reduced by the minimum amount necessary so that they do not trigger the 20% excise tax. The amount of the reductions for such officers are shown in the tables. If the timing of the change in control permitted tax planning to be done, the Company believes that the amount of the cut-backs could be reduced or even eliminated.
- (h) The vested stock options held by Ms. Zuschlag and Messrs. Evanoski, Martz, Palkovich and Canonge had a value of approximately \$394,101, \$120,294, \$120,294, \$160,258 and \$34,315, respectively, based on the December 31, 2010 closing price of \$16.24 per share. Such value can be obtained in the event of termination due to voluntary termination, death, disability, retirement or cause only if the executive actually exercises the vested options in the manner provided for by the relevant option plan and subsequently sells the shares received for \$16.24 per share. In the event of a termination of employment, each executive (or his or her estate in the event of death) will have the right to exercise vested stock options for the period specified in his or her option grant agreement. If the termination of employment occurs following a change in control, each executive can exercise the vested stock options for the remainder of the original ten-year term of the option.
- (i) Represents the value of the unvested stock options held by Ms. Zuschlag and Messrs. Evanoski, Martz, Palkovich and Canonge that had an exercise price below the December 31, 2010 closing price of \$16.24 per share, based on the difference between the December 31, 2010 closing price and the per share exercise price of the unvested stock options. All unvested stock options will become fully vested upon an executive's death, disability or retirement after age 65 or upon a change in control.
- (j) Represents the value of the unvested restricted stock awards held by Ms. Zuschlag and Messrs. Evanoski, Martz and Palkovich based on the December 31, 2010 closing price of \$16.24 per share. All unvested restricted stock awards will become fully vested upon an executive's death or disability or upon a change in control. Mr. Canonge held no unvested restricted stock awards as of December 31, 2010.
- (k) Does not include the value of the vested benefits to be paid under our tax-qualified 401(k) plan and ESOP or under our SERP and excess benefit plan. See the Pension Benefits table and the Nonqualified Deferred Compensation table under "—Excess Benefit Plan and Supplemental Executive Retirement Plan" above. Also does not include the value of vested stock options set forth in Note (h) above, earned but unpaid salary, accrued but unused vacation leave and reimbursable expenses.
- (l) If the employment of Ms. Zuschlag, Mr. Evanoski, Mr. Martz, Mr. Palkovich and Mr. Canonge had terminated at December 31, 2010 due to death, his or her beneficiaries or estate would have received life insurance proceeds of approximately \$500,000, \$400,000, \$400,000, \$400,000 and \$219,000, respectively. The life insurance coverage is based on two times base salary, subject to a cap of \$500,000. If the

employment of Ms. Zuschlag, Mr. Evanoski, Mr. Martz, Mr. Palkovich or Mr. Canonge had terminated due to disability, they would have received disability benefits of \$10,000, \$10,000, \$10,000, \$10,000 and \$6,083 respectively, per month. Disability benefits are provided at the rate of two-thirds of base salary not to exceed \$10,000 per month, until the executive reaches his or her normal retirement age of 65. In addition, each executive's unvested stock options and unvested restricted stock awards will become fully vested upon death or disability. The SERP benefits discussed in Note (m) below will also become payable following death or disability.

- (m) The Company has a SERP covering each executive other than Mr. Canonge, as well as an excess benefit plan for Ms. Zuschlag. Under the SERP, the normal retirement benefits are reduced in the event of early retirement before age 65, unless the executive has at least 20 years of service or the termination of employment occurs within 24 months following a change in control. If the executives had retired on December 31, 2010, their annual SERP benefits would have been approximately \$148,005 for Ms. Zuschlag, \$55,646 for Mr. Evanoski, \$55,646 for Mr. Martz and \$55,646 for Mr. Palkovich, in each case payable for 10 years. These amounts would also be payable in the event of disability, except that disability benefits do not commence until January 1st following the participant's 65th birthday. In the event of death, the SERP benefit is equal to the present value of the accrued benefits under the SERP, which generally approximate the participant's early retirement benefits after applying a present value discount of 5% per year. For the aggregate balance of Ms. Zuschlag's excess benefit plan account at December 31, 2010, see the Nonqualified Deferred Compensation table under "—Excess Benefit Plan and Supplemental Executive Retirement Plan" above.
- (n) Represents the estimated present value of the disability benefits that Ms. Zuschlag would be entitled to receive under her employment agreement if she remained disabled until age 65. In the event of disability or death, she (or her estate or beneficiaries in the event of death) is entitled to a continuation of her base salary for the remaining term of her employment agreement. In addition, if she remains disabled after her remaining term expires, she is entitled to benefits up until age 65 equal to two-thirds of her base salary minus certain other disability benefits, with such other benefits assumed to be \$10,000 per month. The estimated present value of her death benefits under her employment agreement is approximately \$1.4 million.
- (o) If Ms. Zuschlag's employment is terminated due to death, disability or retirement, the Company and the Bank will provide continued medical, dental, life and disability coverage substantially identical to the coverage provided immediately prior to her termination of employment. The medical and dental coverage will continue until the earlier of (i) her death, except that her beneficiaries will receive coverage for the remaining term of her employment agreement or (ii) the date she is entitled to receive similar benefits from a subsequent employer. The amounts shown in the table assume her remaining life expectancy is 24.5 years and that benefits are provided until her death. The life and disability coverage will cease upon the earlier of her death or the expiration of the remaining term of her employment agreement. The amounts shown represent the present value of the estimated costs.

Directors' Compensation

During 2010, all non-employee directors of the Company receive \$893 per month (except for Mr. Salsgiver who receives \$1,429 per month as Chairman of the Board and Mr. Skuba who receives \$1,161 per month as Vice Chairman of the Board) and are not compensated for attendance at committee meetings (except for members of the audit committee who receive \$604 per meeting and Mr. Salsgiver who receives \$785 per meeting as Chairman of the audit committee). Full-time employee directors of the Company do not receive any fees for board or committee meetings. Directors of the Bank and the Company's other subsidiaries also receive fees for service on such board.

The following table sets forth information concerning compensation paid or accrued by the Company and its subsidiaries to each member of the board of directors during the year ended December 31, 2010. Ms. Zuschlag has been omitted from the table as her compensation is fully reported in the Summary Compensation Table above.

<u>Name</u>	<u>Fees Earned or Paid in Cash⁽¹⁾</u>	<u>Stock Awards</u>	<u>Option Awards⁽²⁾</u>	<u>Non-Equity Incentive Plan Compensation</u>	<u>Change in Pension Value and Nonqualified Deferred Compensation Earnings⁽³⁾</u>	<u>All Other Compensation</u>	<u>Total</u>
Mario J. Manna	\$38,780	—	\$19,028	\$—	\$ 632	\$ —	\$58,440
William B. Salsgiver	56,191	—	19,028	—	1,011	10,277 ⁽⁴⁾	86,507
Herbert S. Skuba	46,012	—	19,028	—	10,450	—	75,490
James P. Wetzel, Jr.	34,552	—	19,028	—	5,672	—	59,252

- (1) Includes payment of directors' fees for service on the board of the Bank, THF, Inc. and Amsco, Inc. if the director serves on such board. Also includes the payment of fees for attendance at meeting of committees of the board that the director serves on as well as fees for service as chairman of a board committee.
- (2) Reflects the aggregate grant date value computed in accordance with FASB ASC Topic 18 with respect to the grant of stock options in 2010. In 2010, each non-employee director was granted an option to purchase 4,000 shares of common stock with an exercise price of \$14.90 per share, which options vested 20% immediately and vest 20% each year over four years. For a discussion of the assumptions used to establish the valuation of the stock options, reference is made to Note 9 of the Notes to the Consolidated Financial Statements of the Company included in the Company's 2010 Annual Report to Stockholders. At December 31, 2010, Messrs. Manna, Salsgiver, Skuba and Wetzel held vested stock options to purchase 22,200, 18,000, 15,600, and 5,400 shares of common stock respectively, and each held unvested stock options to purchase 7,400 shares of common stock.
- (3) Refers to benefits payable under the Directors' Retirement Plan.
- (4) Consists of \$10,277 for premiums for medical and dental insurance for Mr. Salsgiver.

Directors' Retirement Plan

The Company and the Bank have adopted the ESB Financial Corporation Directors' Retirement Plan and entered into director retirement agreements with each director of the Company and the Bank. The plan provides that any retiring director with a minimum of five or more years of service with the Company or the Bank and a minimum of 10 total years of service, including years of service with any bank acquired by the Company or the Bank, that remains in continuous service as a board member until age 75 will be entitled to receive an annual retirement benefit for a five year period equal to his or her director's fees earned during the last full calendar year prior to his or her retirement date, multiplied by a ratio, ranging from 25% to 80%, based on the director's total years of service. The maximum ratio of 80% of fees requires 20 or more years of service and the minimum ratio of 25% of fees requires 10 years of service. Retirement benefits may also be payable under the plan if a director

retires from service as a director prior to attaining age 75. During 2010, Messrs. Delman, Dille and Preskar received benefits of \$24,480, \$16,320 and \$16,320, respectively, under the plan.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires the Company's officers and directors, and persons who own more than 10% of the Company's common stock to file reports of ownership and changes in ownership with the SEC. Officers, directors and 10% stockholders are required by regulation to furnish the Company with copies of all Section 16(a) forms they file. The Company knows of no person, other than the Company's ESOP, who owns 10% or more of the Company's common stock.

Based solely on review of the copies of such forms furnished to the Company, the Company believes that all applicable Section 16(a) filing requirements were satisfied by its officers and directors during 2010, except that Mr. Manna filed one form late in August 2010 to report the sale of shares of common stock of the Company.

PROPOSAL TO ADOPT A NON-BINDING RESOLUTION TO APPROVE THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS

Pursuant to Section 951 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act"), the proxy rules of the SEC were amended to require that not less frequently than once every three years, a proxy statement for an annual meeting of stockholders for which the proxy solicitation rules of the SEC require compensation disclosure must also include a separate resolution subject to a stockholder vote to approve the compensation of the company's named executive officers disclosed in the proxy statement.

The executive officers named in the summary compensation table and deemed to be "named executive officers" are Charlotte A. Zuschlag, Charles P. Evanoski, Frank D. Martz, Todd F. Palkovich and Richard E. Canonge. Reference is made to the summary compensation table and disclosures set forth under "Compensation of Directors and Executive Officers" in this proxy statement.

The proposal gives stockholders the ability to vote on the compensation of our named executive officers through the following resolution:

"Resolved, that the stockholders approve the compensation of the named executive officers as disclosed in this proxy statement."

The stockholder vote on this proposal is not binding on the Company or the board of directors and cannot be construed as overruling any decision made by the board of directors. However, the board of directors of the Company will review the voting results on the non-binding resolution and take them into consideration when making future decisions regarding executive compensation.

The Board of Directors recommends that you vote "FOR" the non-binding resolution to approve the compensation of our named executive officers.

ADVISORY VOTE ON THE FREQUENCY OF THE NON-BINDING RESOLUTION TO APPROVE THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS

Section 951 of the Dodd-Frank Act also amended the proxy rules of the SEC to require that not less frequently than once every six years, a proxy statement for an annual meeting of stockholders for which the proxy solicitation rules of the SEC require compensation disclosure must also include a separate proposal subject to a stockholder vote to determine whether the stockholder vote to approve the compensation of the named executive officers will occur every one, two or three years.

Accordingly, we are seeking a stockholder vote regarding whether the non-binding resolution to approve the compensation of our named executive officers should occur every three years, every two years or every year.

The board of directors asks that you support a frequency of every three years for future non-binding resolutions on compensation of our named executive officers. Setting an advisory vote every three years will be the most effective timeframe for the Company to respond to stockholder feedback and provide us with sufficient time to engage with stockholders to understand and respond to the vote results.

The advisory vote on this proposal is not binding on the Company or the board of directors and cannot be construed as overruling any decision made by the board of directors. However, the board of directors of the Company will review the results on the advisory vote and take them into consideration when making future decisions regarding the frequency of submitting to stockholders the non-binding resolution to approve the compensation of our named executive officers.

The Board of Directors recommends an advisory vote for a frequency of “EVERY THREE YEARS” for future non-binding resolutions to approve the compensation of our named executive officers.

RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

General

The audit committee of the board of directors of the Company has appointed S.R. Snodgrass, A.C., as the independent registered public accounting firm for the Company for the year ending December 31, 2011. The board of directors has directed that the selection of the accounting firm be submitted for ratification by the stockholders at the annual meeting. The Company has been advised by S.R. Snodgrass, A.C. that neither the firm nor any of its associates has any relationship with the Company or its subsidiaries other than the usual relationship that exists between independent registered public accounting firm and clients. S.R. Snodgrass, A.C. will have representatives at the annual meeting who will have an opportunity to make a statement, if they so desire, and will be available to respond to appropriate questions.

Auditor Fees

The following table sets forth the aggregate fees paid by us to S.R. Snodgrass, A.C. for professional services rendered by S.R. Snodgrass, A.C. in connection with the audit of the Company’s consolidated financial statements for 2010 and 2009 and the fees paid by us to S.R. Snodgrass, A.C. for audit-related services, tax services and all other services rendered by S.R. Snodgrass, A.C to us during 2010 and 2009.

	Year Ended December 31,	
	2010	2009
Audit fees ⁽¹⁾	\$193,069	\$180,278
Audit-related fees ⁽²⁾	30,628	28,612
Tax fees ⁽³⁾	47,100	50,500
All other fees ⁽⁴⁾	22,349	—
Total	<u>\$293,146</u>	<u>\$259,390</u>

- (1) Audit fees consist of fees for professional services rendered for the audit of the Company’s financial statements, the audit of the Company’s internal control over financial reporting, and review of financial statements included in the Company’s quarterly reports, financial and compliance audits required by HUD, and for services normally provided by the independent auditor in connection with statutory and regulatory filings or engagements.

- (2) Audit-related fees are fees principally for professional services for the audit of the Company's employee benefit plan and agreed-upon procedures relating to the Uniform Single Attestation Program for mortgage bankers.
- (3) Tax fees consist of fees incurred in connection with tax planning, tax compliance and tax consulting services.
- (4) All other fees consist of fees for performing Bank Secrecy Act compliance and information security attack and penetration testing.

Pre-Approval Policy and Procedures

The audit committee selects the Company's independent registered public accounting firm and pre-approves all audit services to be provided by it to the Company. The audit committee also reviews and pre-approves all audit-related, tax and all other services rendered by our independent registered public accounting firm in accordance with the audit committee's charter and policy on pre-approval of audit-related, tax and other services. In its review of these services and related fees and terms, the audit committee considers, among other things, the possible effect of the performance of such services on the independence of our independent registered public accounting firm. Pursuant to its policy, the audit committee pre-approves certain audit-related services and certain tax services which are specifically described by the audit committee on an annual basis and separately approves other individual engagements as necessary. The pre-approval requirements do not apply to certain services if: (i) the aggregate amount of such services provided to the Company constitutes not more than five percent of the total amount of revenues paid by the Company to its independent auditor during the year in which the services are provided; (ii) such services were not recognized by the Company at the time of the engagement to be other services; and (iii) such services are promptly brought to the attention of the committee and approved by the committee or by one or more members of the committee to whom authority to grant such approvals has been delegated by the committee prior to the completion of the audit. The committee may delegate to one or more designated members of the committee the authority to grant required pre-approvals. The decisions of any member to whom authority is delegated to pre-approve an activity shall be presented to the full committee at its next scheduled meeting.

During the year end December 31, 2010, each new engagement of S.R. Snodgrass, A.C. was approved in advance by the audit committee, and none of those engagements made use of the *de minimis* exception to pre-approval contained in the SEC's rules.

The Board of Directors recommends that you vote FOR the ratification of the appointment of S.R. Snodgrass, A.C. as our independent registered public accounting firm for the year ending December 31, 2011.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

In accordance with applicable federal laws and regulations, ESB Bank offers mortgage loans to its directors, officers and full-time employees for the financing of their primary residences as well as various consumer loans. These loans are generally made on substantially the same terms as those prevailing at the time for comparable transactions with non-affiliated persons. It is the belief of management that these loans neither involve more than the normal risk of collectibility nor present other unfavorable features.

Section 22(h) of the Federal Reserve Act generally provides that any credit extended by a savings institution to its executive officers, directors and, to the extent otherwise permitted, principal stockholder(s), or any related interest of the foregoing, must (i) be on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions by the savings association with non-affiliated parties; (ii) be pursuant to underwriting standards that are no less stringent than those applicable to comparable

transactions with non-affiliated parties; (iii) not involve more than the normal risk of repayment or present other unfavorable features; and (iv) not exceed, in the aggregate, the institution's unimpaired capital and surplus, as defined.

As of December 31, 2010, two of our directors or executive officers (or their affiliates), had aggregate loan balances in excess of \$120,000, which amounted to \$1.7 million in the aggregate. All such loans were made by ESB Bank in the ordinary course of business, were made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons and do not involve more than the normal risk of collectibility or present other unfavorable features.

STOCKHOLDER PROPOSALS AND STOCKHOLDER COMMUNICATIONS WITH THE BOARD OF DIRECTORS

Any proposal which a stockholder wishes to have included in the proxy solicitation materials to be used in connection with the next annual meeting of stockholders of the Company, must be received at the principal executive offices of the Company, 600 Lawrence Avenue, Ellwood City, Pennsylvania 16117, Attention: Secretary, no later than November 18, 2011. If such proposal is in compliance with all of the requirements of Rule 14a-8 promulgated under the Exchange Act, it will be included in the Company's proxy statement and set forth on the form of proxy issued for the next annual meeting of stockholders. It is urged that any such proposals be sent by certified mail, return receipt requested.

Stockholder proposals which are not submitted for inclusion in the Company's proxy materials pursuant to Rule 14a-8 under the Exchange Act may be brought before an annual meeting pursuant to Article 10.F of the Company's Articles of Incorporation, which provides that to be properly brought before an annual meeting, business must be (a) properly brought before the meeting by or at the direction of the board of directors or (b) otherwise properly brought before the meeting by a stockholder. For business to be properly brought before an annual meeting by a stockholder, the stockholder must have given timely notice thereof in writing to the Secretary of the Company. To be timely, a stockholder's notice must be delivered to, or mailed and received at, the principal executive offices of the Company not less than 60 days prior to the anniversary date of the immediately preceding annual meeting of stockholders of the Company, or not later than February 19, 2012 in connection with the next annual meeting of stockholders of the Company. A stockholder's notice must set forth, as to each matter the stockholder proposes to bring before an annual meeting, (a) a brief description of the business desired to be brought before the annual meeting and (b) certain other information set forth in the Articles of Incorporation. No stockholder proposals have been received by the Company in connection with the annual meeting.

The board of directors has adopted a process by which stockholders may communicate directly with members of the board. Stockholders who wish to communicate with the board may do so by sending written communications addressed to the Board of Directors, c/o Frank Martz, Secretary, ESB Financial Corporation, 600 Lawrence Avenue, Ellwood City, Pennsylvania 16117.

ANNUAL REPORTS AND FINANCIAL STATEMENTS

A copy of the Company's annual report to stockholders for the year ended December 31, 2010 accompanies this proxy statement.

Upon receipt of a written request, the Company will furnish to any stockholder without charge a copy of its Annual Report on Form 10-K filed with the SEC under the Exchange Act for the year ended December 31, 2010. Upon written request, the Company will furnish to any such stockholder a copy of the

exhibits to the Annual Report on Form 10-K. Such written requests should be directed to ESB Financial Corporation, 600 Lawrence Avenue, Ellwood City, Pennsylvania 16117, Attention: Secretary. The Annual Report on Form 10-K is not a part of this proxy statement.

OTHER MATTERS

Management is not aware of any business to come before the annual meeting other than those matters described in this proxy statement. However, if any other matters should properly come before the annual meeting, it is intended that the proxies solicited hereby will be voted with respect to those other matters in accordance with the judgment of the persons voting the proxies.

The cost of solicitation of proxies will be borne by the Company. The Company has retained Morrow & Co., LLC, 470 West Avenue, Stamford, Connecticut 06902, a professional proxy solicitation firm, to assist in the solicitation of proxies. The fee arrangement with such firm is \$3,500 plus reimbursement for out-of-pocket expenses. The Company will reimburse brokerage firms and other custodians, nominees and fiduciaries for reasonable expenses incurred by them in sending proxy materials to the beneficial owners of the common stock. In addition to solicitations by mail, directors, officers and employees of the Company may solicit proxies personally or by telephone without additional compensation.