NORWOOD FINANCIAL CORP
Form DEF 14A
March 21, 2014

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)

Filed by the Registrant x
Filed by a Party other than the Registrant ¨

Check the appropriate box:

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

NORWOOD FINANCIAL CORP.
(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of filing fee (Check the appropriate box):

x	No fee required
¨	Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1)Title of each class of securities to which transaction applies:

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(3)Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11. (set forth the amount on which the filing fee is calculated and state how it was determined):

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¨ Fee paid previously with preliminary materials.

¨Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1)Amount previously paid:

(2)Form, Schedule or Registration Statement No.:

(3)Filing Party:

(4)Date Filed:

March 21, 2014

Dear Stockholder:

On behalf of the Board of Directors and management of Norwood Financial Corp., I cordially invite you to attend our 2014 Annual Meeting of Stockholders. The Annual Meeting will be held at the administrative office of Wayne Bank, 717 Main Street, Honesdale, Pennsylvania on Tuesday, April 22, 2014, at 11:00 a.m., local time. The attached Notice of Annual Meeting and Proxy Statement describe the formal business we expect to act upon at the Annual Meeting. I will also report on our operations. Our directors and officers, as well as representatives of S.R. Snodgrass, P.C., our independent auditors, will be present to respond to stockholder questions.

You will be asked to (i) re-elect the Board's three nominees for director, (ii) approve a non-binding advisory vote on executive compensation, (iii) approve the Norwood Financial Corp. 2014 Equity Incentive Plan and (iv) ratify the appointment of S.R. Snodgrass, P.C. as our independent auditors for the fiscal year ending December 31, 2014. The Board of Directors has unanimously approved each of these proposals and recommends that you vote FOR them.

Your vote is important, regardless of the number of shares you own. We encourage you to vote by proxy so that your shares will be represented and voted at the meeting even if you cannot attend. All stockholders can vote by returning the enclosed Proxy Card. Stockholders may also vote by telephone or over the internet by following the instructions on the proxy card. Also, you may vote in person at the meeting if you so choose. If you do decide to attend the Annual Meeting and feel for whatever reason that you want to change your vote at that time, you will be able to do so.

Sincerely,

Lewis J. Critelli
President and Chief Executive Officer

NORWOOD FINANCIAL CORP.
717 MAIN STREET
HONESDALE, PENNSYLVANIA 18431

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON APRIL 22, 2014

The 2014 Annual Meeting of Stockholders of Norwood Financial Corp., will be held at the administrative office of Wayne Bank, 717 Main Street, Honesdale, Pennsylvania on Tuesday, April 22, 2014, at 11:00 a.m., local time, for the following purposes:

1. To elect three directors;
2. To approve a non-binding advisory resolution on executive compensation;
3. To approve the Norwood Financial Corp. 2014 Equity Incentive Plan; and
4. To ratify the appointment of S.R. Snodgrass, P.C. as our independent auditors for the fiscal year ending December 31, 2014;

all as set forth in the Proxy Statement accompanying this notice, and to transact any other business that may properly come before the Annual Meeting. The Board of Directors is not aware of any other business to come before the Annual Meeting. Stockholders of record at the close of business on March 7, 2014, are the stockholders entitled to notice of and to vote at the Annual Meeting and any adjournments thereof.

A copy of our Annual Report for the year ended December 31, 2013 is enclosed.

Your vote is important, regardless of the number of shares you own. We encourage you to vote by proxy so that your shares will be represented and voted at the Annual Meeting even if you cannot attend. All stockholders can vote by written proxy card. Also, you may vote in person at the Annual Meeting if you so choose. However, if you are a stockholder whose shares are not registered in your own name, you will need additional documentation from your record holder to vote personally at the Annual Meeting.

BY ORDER OF THE BOARD OF DIRECTORS

William S. Lance
Secretary

Honesdale, Pennsylvania
March 21, 2014

Important Notice Regarding Internet
Availability of Proxy Materials
For the Shareholder Meeting to be
Held on April 22, 2014

The Proxy Statement and Annual Report to
Stockholders are available on the Stockholder Services Page

at www.waynebank.com

PROXY STATEMENT
OF
NORWOOD FINANCIAL CORP.
717 MAIN STREET
HONESDALE, PENNSYLVANIA 18431

ANNUAL MEETING OF STOCKHOLDERS
APRIL 22, 2014

GENERAL

This proxy statement and the accompanying proxy card are first being distributed to stockholders of Norwood Financial Corp. on or about March 21, 2014, in connection with the solicitation by our Board of Directors of proxies for use at our 2014 Annual Meeting of Stockholders (the "Annual Meeting") which will be held at the administrative office of Wayne Bank, 717 Main Street, Honesdale, Pennsylvania on Tuesday, April 22, 2014, at 11:00 a.m., local time.

VOTING AND PROXY PROCEDURES

Who Can Vote at the Annual Meeting

You are only entitled to vote at the Annual Meeting if our records show that you held shares of our common stock, $.10 par value (the "Common Stock"), as of the close of business on March 7, 2014 (the "Record Date"). If your shares are held by a broker or other intermediary, you can only vote your shares at the Annual Meeting if you have a properly executed proxy from the record holder of your shares (or their designee). As of the Record Date, a total of 3,644,090 shares of Common Stock were outstanding. Each share of Common Stock has one vote in each matter presented.

Voting by Proxy

The Board of Directors is sending you this Proxy Statement for the purpose of requesting that you allow your shares of Common Stock to be represented at the Annual Meeting by the persons named in the Board of Directors' form of proxy. Stockholders of record may vote by proxy in any of three different ways:

Voting by Telephone. Call the toll-free number on the enclosed proxy card and follow the instructions. You will need to have your proxy card with you when you call.

Voting on the Internet. Go to www.proxy.ilstk.com and follow the instructions. You will need to have your proxy card with you when you link to the internet voting site.

Voting by Mail. Complete, sign, date and return the enclosed proxy card in the envelope provided.

All shares of Common Stock represented at the Annual Meeting by properly executed or authenticated and dated proxies will be voted according to the instructions indicated on the form of proxy. If you return a proxy without giving voting instructions, your shares will be voted as recommended by the Company's Board of Directors. The Board of Directors recommends a vote "FOR" each of its nominees for director, a vote "FOR" approval of the non-binding resolution on executive compensation, a vote "FOR" approval of the Norwood Financial Corp. 2014 Equity Incentive Plan and a vote "FOR" the ratification of the appointment of S.R. Snodgrass, P.C. as our independent auditors.

If any matters not described in this Proxy Statement are properly presented at the Annual Meeting, the persons named in the Board of Directors' form of proxy will vote your shares as determined by a majority of the Board of Directors. If the Annual Meeting is postponed or adjourned, your Common Stock may be voted by the persons named in the Board of Directors' form of proxy on the new Annual Meeting dates as well, unless you have revoked your proxy. The Company does not know of any other matters to be presented at the Annual Meeting.

You may revoke your proxy at any time before the vote is taken at the Annual Meeting. To revoke your proxy you must either advise the Company's Secretary in writing before your Common Stock has been voted at the Annual Meeting, deliver a later-dated proxy, or attend the Annual Meeting and vote your shares in person. Attendance at the Annual Meeting will not in itself revoke your proxy.

If you hold your Common Stock in "street name," you will receive instructions from your broker, bank or other nominee that you must follow in order to have your shares voted. Your broker, bank or other nominee may allow you to deliver your voting instructions via the telephone or the Internet. Please see the instruction form provided by your broker, bank or other nominee that accompanies this Proxy Statement.

Internet Access to Proxy Materials

Copies of this Proxy Statement and the 2013 Annual Report to Stockholders are available on the internet on the Stockholder Services page at www.waynebank.com. Stockholders can elect to receive future proxy statements and annual reports over the internet rather than in printed form. Stockholders of record can make this election by calling toll-free to 1 (800) 598-5002, sending an email to info@waynebank.com, or by following the instructions on the Stockholder Services page at www.waynebank.com. If you hold your shares in street name, please refer to the information provided by your broker, bank or other nominee for instructions on how to elect to access future proxy materials over the internet.

Participants in the Wayne Bank Employee Stock Ownership Plan

If you are a participant in the Wayne Bank Employee Stock Ownership Plan (the "ESOP"), you will receive a voting instruction form that reflects all shares you may vote under the ESOP. Under the terms of the ESOP, all shares held by the ESOP are voted by the ESOP trustees, but each participant in the ESOP may direct the trustees on how to vote the shares of Common Stock allocated to his or her account. Unallocated shares and allocated shares for which no timely voting instructions are received will be voted by the ESOP trustees in the same proportion as the shares for which the trustees have received timely voting instructions, provided that in the absence of any voting directions as to allocated stock, the Board of Directors of the Bank will direct the ESOP trustees as to the voting of all shares of stock in the ESOP. The deadline for returning your voting instruction form to the ESOP trustees is April 15, 2014.

Vote Required

The Annual Meeting can only transact business if a majority of the outstanding shares of Common Stock entitled to vote is represented at the Annual Meeting. If you return valid proxy instructions or attend the Annual Meeting in person, your shares will be counted for purposes of determining whether there is a quorum even if you abstain or withhold your vote or do not vote your shares at the Annual Meeting. Under Pennsylvania law, if a proxy casts a vote for a matter on the agenda, the stockholder represented by that proxy is considered present for purposes of a quorum. Broker non-votes will be counted for purposes of determining the existence of a quorum. A broker non-vote occurs when a broker, bank or other nominee holding shares for a beneficial owner does not have discretionary voting power with respect to the agenda item and has not received voting instructions from the beneficial owner.

In voting on the election of directors, you may vote in favor of all nominees, withhold votes as to all nominees, or vote in favor of all nominees except nominees you specify as to which you withhold your vote. There is no cumulative voting in the election of directors. Directors must be elected by a plurality of the votes cast at the Annual Meeting. This means that the nominees receiving the greatest number of votes will be elected. Votes that are withheld and broker non-votes will have no effect on the outcome of the election.

In voting to approve the non-binding advisory vote on executive compensation, you may vote in favor of the proposal, against the proposal or abstain from voting. To be approved, this proposal requires the affirmative vote of a majority of the votes cast at the Annual Meeting. Broker non-votes and abstentions will not be counted as votes cast and will have no effect on the voting on this proposal.

In voting to approve the Norwood Financial Corp. 2014 Equity Incentive Plan, you may vote in favor of the proposal, against the proposal or abstain from voting. To be approved, this proposal requires the affirmative vote of a majority of the votes cast at the Annual Meeting. Broker non-votes and abstentions will not be counted as votes cast and will have no effect on the voting on this proposal.

In voting to ratify the appointment of S.R. Snodgrass, P.C. as our independent auditors, you may vote in favor of the proposal, against the proposal or abstain from voting. To be approved, this proposal requires the affirmative vote of a majority of the votes cast at the Annual Meeting. Broker non-votes and abstentions will not be counted as votes cast and will have no effect on the voting on this proposal.

PRINCIPAL HOLDERS OF OUR COMMON STOCK

Persons and groups beneficially owning more than 5% of the Common Stock are required to report on their ownership to the Securities and Exchange Commission. A person is the beneficial owner of shares of Common Stock over which he or she has or shares voting or investment power or which he or she has the right to acquire at any time within 60 days from the Record Date. The following table sets forth information as of the Record Date with respect to the persons or groups known to the Company to beneficially own more than 5% of the Common Stock.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Shares of Common Stock Outstanding
Wayne Bank Trust Department 717 Main Street Honesdale, Pennsylvania 18431	219,305(1)	6.0%

(1) The Wayne Bank Trust Department has sole voting and dispositive power over 219,305 shares. In order to avoid any potential conflict of interest, proxies for voting shares of the Company’s Common Stock held and maintained in accounts by the Wealth Management and Trust Division are mailed by an independent proxy service to the settlors,

beneficiaries or account holders for voting and execution. The proxies are

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returned to the proxy service for voting by the settlors, beneficiaries or account holders. Excludes 245,418 shares held in two trusts for which the Bank acts as trustee but as to which it does not have voting power.

PROPOSAL I - ELECTION OF DIRECTORS

The Board of Directors currently consists of nine members, each of whom also serves as a director of our principal subsidiary, Wayne Bank. Our Articles of Incorporation provide that the Board of Directors must be divided into three classes as nearly equal in number as possible. At each annual meeting of stockholders, each of the successors of the directors whose terms expire at the meeting will be elected to serve for a term of three years expiring at the third annual meeting of stockholders following the annual meeting of stockholders at which the successor director was elected.

Kevin M. Lamont, Daniel J. O’Neill and Dr. Kenneth A. Phillips (collectively, the “Nominees”) have been nominated by the Board of Directors for terms of three years each. The Nominees currently serve as directors of the Company and have consented to serve, if elected.

The persons named as proxies in the Board of Directors’ form of proxy intend to vote for the election of the Nominees, unless the proxy is marked to indicate that such authorization is expressly withheld. Should any of the Nominees withdraw or be unable to serve (which the Board of Directors does not expect) or should any other vacancy occur in the Board of Directors, it is the intention of the persons named in the Board of Directors’ form of proxy to vote for the election of such person as may be recommended to the Board of Directors by the Nominating Committee of the Board. If there is no substitute nominee, the size of the Board of Directors may be reduced.

The following table sets forth the names, ages, positions with the Company, terms of, and length of board service, number and percentage ownership of the Common Stock for: each of the persons nominated for election as directors of the Company at the Annual Meeting; each other director of the Company who will continue to serve as director after the Annual Meeting; and each executive officer. Beneficial ownership of the executive officers and directors of the Company as a group, is also set forth below.

Name and Position	Age(1)	Year First Elected or Appointed(2)	Current Term Expires	Common Stock Beneficially Owned as of Record Date(3)	Percent of Class
BOARD NOMINEES FOR TERMS TO EXPIRE IN 2017					
Kevin M. Lamont Director	55	2011	2014	80,579	2.1%
Daniel J. O'Neill Director	76	1985	2014	17,696	*
Dr. Kenneth A. Phillips Director	63	1988	2014	9,666	*
DIRECTORS CONTINUING IN OFFICE					
Lewis J. Critelli President, Chief Executive Officer and Director	54	2009	2015	53,515	1.4%
William W. Davis, Jr. Director and Vice Chairman of the Board	69	1996	2015	51,656(4)	1.3%
Susan Gumble-Cottell Director	56	2006	2015	3,978	*
John E. Marshall Director and Chairman of the Board	76	1983	2015	23,036(4)	*
Dr. Andrew A. Forte Director	55	2007	2016	6,676	*
Ralph A. Matergia Director	64	2004	2016	6,360(4)	*
EXECUTIVE OFFICERS WHO ARE NOT DIRECTORS					
William S. Lance Executive Vice President, Chief Financial Officer and Secretary	54	Na	Na	6,910	*
Kenneth C. Doolittle Executive Vice President	56	Na	Na	8,587	*
James F. Burke Senior Vice President and Chief Lending Officer	45	Na	Na	513	*
John F. Carmody Senior Vice President and Chief Credit Officer	44	Na	Na	16,267	*
Robert J. Mancuso	56	Na	Na	3,171	*

Senior Vice President and Chief Information Officer					
John H. Sanders Senior Vice President	56	Na	Na	18,516	*
All directors, nominees and executive officers as a group (15 persons)				307,126	8.0%

* Less than 1% of the Common Stock outstanding.
(1) As of December 31, 2013.

(2) Refers to the year the individual first became a director of the Company or the Bank.
(3) Unless otherwise noted, the directors, executive officers and group named in the table have sole or shared voting power or investment power with respect to the shares listed in the table. The share amounts include shares of Common Stock that the following persons may acquire through the exercise of stock options within 60 days of the Record Date: Lewis J. Critelli – 30,030, William W. Davis, Jr. – 20,790, Susan Gumble-Cottell – 3,850, John E. Marshall – 2,200, Dr. Andrew A. Forte – 3,300, Ralph A. Matergia – 4,428, Kevin M. Lamont – 550, Daniel J. O'Neill – 4,428, Dr. Kenneth A. Phillips – 4,428, William S. Lance – 6,050, Kenneth C. Doolittle – 7,700, John F. Carmody – 11,138, Robert J. Mancuso – 1,100 and John H. Sanders – 11,166.
(4) Excludes 129,531 shares of Common Stock held under the Wayne Bank Employee Stock Ownership Plan ("ESOP") for which such individuals serve as the ESOP trustees. Such shares are voted by the ESOP trustees in a manner proportionate to the voting directions of the allocated shares received by the ESOP participants, subject to the fiduciary duty of the trustees. Beneficial ownership is disclaimed with respect to such ESOP shares held in a fiduciary capacity.

Biographical Information

The biographies of each of the nominees and continuing directors below contain information regarding the person's service as a director, business experience, director positions held currently or at any time during the last five years, information regarding involvement in certain legal or administrative proceedings, if applicable, and the experiences, qualifications, attributes or skills that caused the Nominating Committee and the Board to determine that the person should serve as a director for the Company beginning in 2013.

Nominees for Director:

Kevin M. Lamont was appointed to the Board of Directors upon the completion of the Company's acquisition of North Penn Bancorp, Inc. on May 31, 2011. Prior to the merger, he served as the Chairman of the Board of North Penn Bancorp, Inc. and North Penn Bank. He is also President of Lamont Development Company, Inc. Mr. Lamont developed, owned and operated two major assisted living communities in Northeast Pennsylvania. Mr. Lamont has been a licensed Nursing Home Administrator in Pennsylvania since 1980 and has extensive experience in all aspects of business management and finance. His participation in our local community for over 34 years brings knowledge of the local economy and business opportunities for the Bank.

Daniel J. O'Neill is the retired Superintendent of the Wayne Highlands School District, Honesdale, Pennsylvania, and Commander 28th Infantry Division (Retired). Mr. O'Neill serves as the Pennsylvania State Commissioner for the Military Interstate Compact for Military Children, and is currently the Chairman of the Wayne Memorial Hospital Authority Board. His participation in our local community for over 43 years brings knowledge of the local economy and business opportunities for the Bank.

Dr. Kenneth A. Phillips is an optometrist in Waymart, Pennsylvania. Dr. Phillips has in-depth knowledge of the Bank's market area and is active in various community activities. His participation in our local community for over 33 years brings knowledge of the local economy and business opportunities for the Bank.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A

VOTE “FOR” THE ELECTION OF THE ABOVE NOMINEES

Continuing Directors:

Lewis J. Critelli was named President and Chief Executive Officer of the Company and the Bank effective January 1, 2010. He had served as Executive Vice President, Secretary and Chief Financial

Officer of the Company and the Bank since 1998 after joining the Bank in 1995. His many years of service in many areas of operations at the Bank and current duties as President and Chief Executive Officer of the Company and the Bank bring a special knowledge of the financial, economic and regulatory challenges the Company faces and makes him well-suited to educating the Board on these matters.

William W. Davis, Jr. served as President and Chief Executive Officer of the Company and the Bank until his retirement on December 31, 2009. His many years of service in many areas of operations at the Bank and past duties as President and Chief Executive Officer of the Company and the Bank bring a special knowledge of the financial, economic and regulatory challenges the Company faces and makes him well-suited to educating the Board on these matters.

Susan Gumble-Cottell is the President and Chief Executive Officer of Gumble Brothers, Inc., a building materials supplier located in Paupack, Pennsylvania. She works with various contractors and builders and has an extensive knowledge of the local construction market. Her participation in our local community for over 24 years brings knowledge of the local economy and business opportunities for the Bank.

John E. Marshall is the Founder and President Emeritus of Marshall Machinery, Inc., Honesdale, Pennsylvania, a local compact tractor and light industrial dealer. Through his business, Mr. Marshall deals with a variety of contractors and developers. His participation in our local community for over 43 years brings knowledge of the local economy and business opportunities for the Bank.

Dr. Andrew A. Forte is the President of Forte, Inc., a family owned corporation which operates the Stroudsmoor Country Inn, a hospitality and banquet facility in Stroudsburg, Pennsylvania. He has a Doctoral Degree in management from the Lubin School of Business, Pace University. He is a Certified Public Accountant, who practiced public accountancy with KPMG Peat Marwick as an Audit Manager through June 1985. His financial and accounting background brings valuable expertise to the Board and his participation in our local community for over 30 years brings knowledge of the local economy and business opportunities for the Bank.

Ralph A. Matergia is a founding partner of the law firm of Matergia and Dunn in Stroudsburg, Pennsylvania with which he has practiced for over 40 years. He has served as the Solicitor for the Borough of Stroudsburg since 1979 and as Solicitor for the Monroe County Treasurer for over 26 years. His participation in our local community for over 40 years brings knowledge of the local economy and business opportunities for the Bank.

Business Background of Our Executive Officers Who Are Not Directors

The business experience for the past five years of each of the Company's executive officers who is not a director is set forth below. Unless otherwise indicated, the executive officer has held his position for the past five years.

William S. Lance was named Executive Vice President in December 2011. He joined the Bank as Senior Vice President and Chief Financial Officer in March 2010. Prior to joining the Company, he had served as Principal Financial Officer of First National Community Bank, Dunmore, Pennsylvania for over 19 years.

Kenneth C. Doolittle was named Executive Vice President in December 2009. He joined the Bank as Vice President in May 2009. Prior to joining the Bank, he had served as chief operating officer of Pennstar Bank, Scranton, Pennsylvania, a subsidiary of NBT Bancorp.

James F. Burke was named Senior Vice President of the Company and Senior Vice President-Chief Lending Officer of the Bank in October, 2013. Prior to joining the Company and the Bank, he had served as Senior Vice President, Regional Lending Executive of Luzerne Bank, Luzerne, Pennsylvania since 2011 and Vice President, Regional Commercial Lending Manager of Pennstar Bank, Scranton, Pennsylvania, a subsidiary of NBT Bancorp, since 2007.

John F. Carmody was named Chief Credit Officer in October 2013. Prior thereto, he served as Senior Vice President, Senior Loan Officer and head of Commercial Banking since January 1, 2012. Prior to that time, he had served as a Commercial Loan Officer at the Bank since April 2001.

Robert J. Mancuso was appointed Senior Vice President of the Company and Senior Vice President-Chief Information Officer of the Bank in January 2013. Prior to joining the Company and the Bank, he had served as a First Senior Vice President of First National Community Bank, Dunmore, Pennsylvania since 2008.

John H. Sanders is Senior Vice President of the Company and Senior Vice President and head of Retail Banking for the Bank.

CORPORATE GOVERNANCE

Director Independence

The Board of Directors has determined that Directors Davis, Phillips, Matergia, Marshall, O'Neill, Gumble-Cottell, Forte and Lamont are independent under the independence standards of The Nasdaq Global Market on which the Common Stock is currently listed. In determining the independence of directors, the Board of Directors considered the deposit and loan relationships which various directors have with Wayne Bank and certain business relationships between Wayne Bank and organizations in which certain directors have an interest. In determining whether Mr. Matergia is independent, the Board of Directors considered work occasionally done by his law firm for the Bank but determined that due to the small volume of work done, his independence was not affected. There are no members of the Audit Committee who do not meet the independence standards of The Nasdaq Global Market for Audit Committee members and no members of the Audit Committee are serving under any exceptions to these standards.

Code of Ethics

The Company has adopted a Code of Ethics, which applies to all directors, officers and employees of the Company and the Bank. It is expected that all directors, officers and employees act, in all matters, in accordance with the highest standards of personal and professional conduct in all aspects of their employment and association with the Company and the Bank, to comply with all applicable laws, rules and regulations and to adhere to all policies and procedures adopted by the Company and the Bank.

Board Leadership Structure and Role in Risk Oversight

Under the Board of Directors' current leadership structure, the offices of Chairman of the Board and Chief Executive Officer are held by separate individuals. John E. Marshall serves as Chairman of the Board of Directors. Mr. Marshall is an independent director and does not serve in any executive capacity with the Company. The Company's Chief Executive Officer is Mr. Lewis J. Critelli. Although the offices of Chairman of the Board and Chief Executive Officer are currently held by separate individuals,

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the Board of Directors has not made a determination that this is the appropriate leadership structure for the Board of Directors in all circumstances and reserves the right to combine these offices in the future if deemed appropriate under the circumstances.

The Board of Directors has general authority over the Company's risk oversight function with authority delegated to various board committees to review risk management policies and practices in specific areas of the Company's business. The Audit Committee is primarily responsible for overseeing the Company's risk management. The Audit Committee works closely with officers involved in the risk management function including the internal audit staff who report directly to the Audit Committee.

Meetings and Committees of the Board of Directors

The Board of Directors conducts its business through meetings of the Board and through activities of its committees. All committees act for both the Company and the Bank. During the fiscal year ended December 31, 2013, the Board of Directors of Norwood Financial Corp. held six regular meetings and the Board of Directors of Wayne Bank held 12 regular meetings. Independent directors meet twice annually in executive session. No director attended fewer than 75% of the total meetings of the Board of Directors of the Company and committees on which such director served during the fiscal year ended December 31, 2013.

Audit Committee. The Audit Committee is comprised of Directors Forte, Phillips, Matergia and Gumble-Cottell. The Board of Directors has determined that each of the members of the Audit Committee is independent in accordance with the listing requirements for The Nasdaq Global Market. The Board of Directors has adopted a written audit charter which was included as an appendix to the proxy statement for the 2013 Annual Meeting of Stockholders. A current copy of the Audit Committee charter is not available on our website. The Audit Committee is a standing committee and, among other matters, is responsible for developing and maintaining the Company's audit program. The Audit Committee also meets with the Company's independent auditors to discuss the results of the annual audit and any related matters.

In addition to regularly scheduled meetings, the Audit Committee is available either as a group or individually to discuss any matters that might affect the financial statements, internal controls or other financial aspects of the operations of the Company. The Audit Committee met four times during the fiscal year ended December 31, 2013.

Compensation Committee. The Compensation Committee consists of Directors Marshall, Matergia and Davis. This standing committee met two times during the fiscal year ended December 31, 2013 to review the compensation of the chief executive officer and other executive officers. The members of the Compensation Committee are independent in accordance with the listing requirements of The Nasdaq Global Market. For a discussion of the committee's processes and procedures for determining director and executive officer compensation, see the "Compensation Discussion and Analysis" below. The Board of Directors has adopted a written charter for the Compensation Committee which is included as Appendix A to this proxy statement.

Audit Committee Financial Expert

The Board of Directors has determined that Dr. Andrew A. Forte, a member of the Company's Audit Committee, is an "Audit Committee Financial Expert" as that term is defined in the Securities Exchange Act of 1934. The Board of Directors has also determined that Dr. Forte is independent as that term is used in the Securities Exchange Act of 1934.

Compensation Committee Interlocks and Insider Participation

The Compensation Committee consisted of Directors Marshall, Matergia and Davis at December 31, 2013. Director Marshall is Chairman of the Board of the Company and the Bank and serves as Chairman of the Compensation Committee. Members of the Compensation Committee are non-employee directors of the Company and the Bank. No member of the Committee or any other director is, or was during 2013, an executive officer of another company whose board of directors has a comparable committee on which one of the Company's executive officers serves. None of the executive officers of the Company is, or was during 2013, a member of the board of directors or a comparable compensation committee of a company of which any of the directors of the Company is an executive officer.

Director Nomination Process

The Nominating Committee consists of Directors Marshall, Matergia and Davis, each of whom is independent within the meaning of the rules of The Nasdaq Global Market. The Nominating Committee met once during the year ended December 31, 2013. The Board of Directors has adopted a charter for the nominating committee which was included as an appendix to the proxy statement for the 2013 Annual Meeting of Stockholders. The Nominating Committee Charter is not available on our website.

The Company does not currently pay fees to any third party to identify or evaluate or assist in identifying or evaluating potential nominees. The Committee's process for identifying and evaluating potential nominees includes soliciting recommendations from directors and officers of the Company and its wholly-owned subsidiary, Wayne Bank. Additionally, the Committee will consider persons recommended by stockholders of the Company in selecting the Committee's nominees for election. There is no difference in the manner in which the Committee evaluates persons recommended by directors or officers and persons recommended by stockholders in selecting Board nominees.

To be considered in the Committee's selection of Board nominees, recommendations from stockholders must be received by the Company in writing by at least 120 days prior to the date the proxy statement for the previous year's annual meeting was first distributed to stockholders. Recommendations should identify the submitting stockholder, the person recommended for consideration and the reasons the submitting stockholder believes such person should be considered. The Committee believes potential directors should be stockholders, should have the highest personal and professional integrity and should be knowledgeable about the business activities and market areas in which the Company and its subsidiaries engage. The Committee may consider diversity in market knowledge, background, experience, qualifications, and other factors as part of its evaluation of each candidate.

Stockholder Communications

The Board of Directors does not have a formal process for stockholders to send communications to the Board. In view of the infrequency of stockholder communications to the Board of Directors, the Board does not believe that a formal process is necessary. Written communications received by the Company from stockholders are shared with the full Board no later than the next regularly scheduled Board meeting. In addition, directors are accessible to stockholders on an informal basis throughout the year and formally at the Annual Meeting. The Board encourages, but does not require, directors to attend the Annual Meeting of Stockholders. All directors attended the 2013 Annual Meeting of Stockholders.

COMPENSATION DISCUSSION AND ANALYSIS

Executive Summary

The Company's operating results for 2013 indicate that our compensation programs continue to support our operating goals and our financial targets in our efforts to build long-term value for our shareholders. Company net income increased over 2012 in a very challenging economic environment. We increased our cash dividend per share by 5.5% in 2013 and rewarded our stockholders with a 10% stock dividend.

A summary of the actions taken by the Compensation Committee in 2013 related to our compensation programs applicable to our Named Executive Officers (NEOs) listed in the Summary Compensation Table include:

- Stock Options were awarded to the NEOs as of December 31, 2013;
- Cash bonuses were paid to our NEOs ranging from 14% of salary to 33% of salary; and
- Base salary increases for our NEOs were approved ranging from 1.6% of salary to 5.5% of salary.

Shareholder Advisory Votes on Executive Compensation.

At the 2011 Annual Meeting of Shareholders, the shareholders approved the advisory vote on the Company's executive compensation policies and practices as disclosed in the Compensation Discussion and Analysis ("CD&A") and the proxy by more than 93% of the shares voting on the matter. In addition, the shareholders approved an advisory vote recommending that such advisory vote be taken every three years by more than 69% of the shares voting on the matter. The Company intends to follow this advisory vote on the three-year frequency of such shareholder advisory votes, so that we are again taking an advisory vote at the 2014 Annual Meeting of Stockholders.

Philosophy and Objectives

The Company's compensation programs are designed to effectively attract, retain, motivate and reward Named Executive Officers and all employees for their performance. The Company believes in maintaining a competitive compensation package to insure continuity of the management team with the goal of increasing shareholder value over the long-term.

The objectives of the compensation package include the following:

- Create an overall compensation package that is competitive with those offered by other financial institutions in our market area while providing appropriate incentives for the achievement of short and long term performance goals;
- Encourage achievement of short-term performance goals through cash incentive programs;
- Use stock incentive plans to encourage long-term corporate performance and align interests of management with stockholders;
- Encourage long-term management continuity and loyalty through the accrual of post-employment benefits; and
- Monitoring the incentive compensation applicable to NEOs and other officers and employees within acceptable parameters of risk to the Company.

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Financial service is a competitive industry and the Company operates in a market area which is headquarters to many other community banks as well as much larger institutions. The NEO officer compensation packages are therefore structured to retain the current team. The Company believes this is important due to the following attributes of the NEOs:

- In depth knowledge of the local markets;
- Familiarity with Norwood's operations;
- Strong customer relationships;
- Management succession planning; and
- Proven success as demonstrated by over 16 consecutive years of earnings growth and dividend increases.

The Company has a balanced package of short-term cash based compensation and longer-term stock based plans and retirement plans. The Company's Executive Compensation package includes the following key elements:

- Base Salary;
- Cash Incentive Bonus Plan;
- Long Term Equity-Based Incentive Compensation;
- Employment and Change of Control Agreements;
- Post-Employment and Retirement Programs;
- Insurance and Other Benefits; and
- Perquisites and Other Personal Benefits.

Administration of Compensation Program

The Compensation Committee of the Company is responsible for the administration of the compensation program of the President, Chief Executive Officer and Chief Financial Officer and the other Named Executive Officers.

The Compensation Committee meets in November of each year to determine annual salary adjustments, cash bonus and stock option awards for NEOs. The Company does not have a formal policy addressing each specific type of compensation.

The Committee does consider a variety of factors as it evaluates compensation for each NEO, including:

- Overall company performance as compared to budget and prior year's performance;
- Bank regulatory compliance;
- Bank performance metrics compared to peers, including return on assets, return on equity, charge-offs, level of non-performing loans and efficiency ratio; and
- The individual achievements of each NEO in their respective areas of responsibility.

In establishing base salaries and increases, the committee has access to various compensation surveys to ensure a competitive salary level. These include:

- The Conference Board Salary increase survey; and
- SNL Executive Compensation Review.

The Company does not specifically benchmark compensation to any specific group of companies.

For 2013, the Company did analyze a peer group of financial institutions consisting of the following banks competing in the Pennsylvania market: Penseco Financial Services Corp. (PFNS), First National Community Bancorp, Inc. (FNCB), Fidelity D&D Bancorp, Inc. (FDBC), ESSA Bancorp, Inc. (ESSA), Dimeco, Inc. (DIMC), Embassy Bancorp, Inc. (EMYB), Sussex Bancorp (SBBX), Jeffersonville Bancorp (JFBC), Mid Penn Bancorp, Inc. (MPB), Penns Woods Bancorp, Inc. (PWOD), First Keystone Corporation (FKYS), QNB Corp (QNBC) and DNB Financial Corp (DNBF).

In reviewing the available information, we review the overall information available, including salary, bonus, incentive compensation and other compensation. We do not have a pre-defined target level of compensation to which we set our compensation levels.

Absent a material increase in duties or a significant change in the economic or competitive landscape, salaries are not increased materially from year to year.

At each meeting, the Chief Executive Officer discusses with the Committee the performance evaluations of each of the NEOs, excluding himself, and presents his recommendations. The Chief Executive Officer is not present for any discussion involving his compensation.

Depending on the Company's performance for the year, the Compensation Committee establishes a cash incentive bonus pool based on a percentage of pre-tax earnings. Specific bonus amounts are awarded to each NEO based on performance as determined within the discretion of the Compensation Committee. The Company realizes that all employees contribute to its success, and therefore, cash bonuses are also distributed to employees at all levels based on merit. The Company has never been required to materially adjust or restate the pre-tax earnings on which the bonus pool has been calculated and does not have a policy regarding the adjustment or recovery of bonuses in such an event.

The Committee also grants stock option awards under the Norwood Financial Corp. 2006 Stock Option Plan. The Stock Option Plan was designed to provide long-term incentives to NEOs, directors and other key employees that contribute to the success of the Company. The ten-year life of the options is structured to retain the NEOs and promote the long-term success of the Company.

The Board of Directors believes that equity-based compensation is important in aligning the interests of management with those of shareholders and has established the Wayne Bank Employee Stock Ownership Plan and 2006 Stock Option Plan to help it achieve this objective. Although each of the NEOs has a substantial personal investment in the Common Stock, the Board of Directors does not have formal equity ownership requirements or guidelines for executive officers.

Components of Compensation Program

The major components of compensation for 2013 are as follows:

Salary

As a result of the Company's ongoing success and the continuity of the management team, the average base salary increase of 3.4% was above the median of 3.0% as stated in the Conference Board Survey. The Compensation Committee approved an average 3.0% increase in staff salaries at the December meeting. This level was based on information from the Conference Board which indicated commercial banks would increase officer salaries by 3.0%. NEO salary increases ranged from 1.6% to 5.5% excluding increases related to any material changes in duties. The employment agreement in effect in 2013 with Mr. Critelli provides for a base salary of $220,000 and a minimum annual increase of $5,000.

Annually, the Compensation Committee reviews the salary levels of the CEOs in the peer group established (as detailed above). In 2013, the salary range paid to the CEOs in this peer group was $206,000 to $423,000 with a median of $287,000. The base salary for Mr. Critelli will increase from $210,900 to $220,000, a 4.3% increase, effective January 1, 2014.

Bonus

For 2013, the Board approved a bonus pool equal to $435,000, or 3.8%, of pre-tax earnings to be distributed to all NEOs, other officers and employees. Historically, this bonus pool percentage has varied from 3.8% to 4.4% of pre-tax earnings. In establishing this bonus pool, the Committee reviewed the Company's overall performance which exceeded expectations after considering the impact of any non-recurring events. Awards under the bonus pool are made within the discretion of the Compensation Committee and are not based upon pre-established performance criteria.

Stock Based Awards

The Compensation Committee approved stock option awards under the Norwood Financial Corp 2006 Stock Option Plan. The purpose of the plan is to provide incentives and rewards to officers, employees and directors that contribute to the success and growth of the Company. In 2013, a total of 28,600 options were granted to 24 key employees including the NEOs. Such options granted in 2013 represents .68% of total shares outstanding. The NEOs were awarded 34% of the total options granted. Such percentage of options awarded to NEOs has declined over time as more key employees have been included in the plan. At the 2014 Annual Meeting of Stockholders, the Stockholders will be asked to approve a new stock based incentive plan providing for a new program which may award up to an additional 250,000 shares of Common Stock (See Proposal III at page 24.)

Timing of Grants

Stock awards are typically granted annually as part of the individual performance review process. This takes place at the Compensation Committee Meeting in November. The full board ratifies the actions of the Committee in December and establishes the grant date. The exercise price is based upon the last sale price of the Company's stock at the closing on the effective date of grant or if there is no trading on such date then the last trading day prior to such date of grant. As described above, grants for 25,500 shares were awarded effective December 31, 2013. The remaining 3,100 grants were awarded to new Executive Officers at the time of their employment.

Retirement and Severance Arrangements

The Company has salary continuation plan agreements (SCP) with Messrs. Critelli and Sanders. The agreements provide that upon termination of employment on or after reaching age 62, or following a change-in-control, if earlier, such executive will be eligible to receive annual retirement benefits as detailed in the Pension Benefits Table below. The SCP was initially established in 1999. Benefit amounts were calculated based on the amount of supplemental retirement income needed to allow the executive to retire on approximately 40-75% of projected final salary when such supplemental benefit is added to the Company's qualified retirement plans and social security. The range of 40% to 75% of final salary is based on total years of service with the Company from inception date of the plan. The target supplemental salary levels payable at normal retirement age as follows: up to 15 years of service – 40%, 15-25 years – 65% and 25 or more – 75%.

The NEOs participate in the Bank's defined contribution profit-sharing and 401(k) Plan which is open to all employees over the age of 21 after one year of employment. The 401(k) Plan permits employees to make pre-tax contributions of between 2% and 10% of their compensation to their accounts in the 401(k) Plan and the Bank will match the first 3% of the contribution. In addition, in 2013, the Compensation Committee approved an additional corporate contribution equal to 6% of each eligible employee's compensation. The Committee considers the financial performance of the Company when it sets the Company's annual contribution under the plan. For each eligible NEO, the Company contributed a total of 9% of the NEO's base salary to the Plan, the same percentage as for all eligible employees who contributed at least 3% of their compensation to their account.

Each of the NEOs participate in the Employee Stock Ownership Plan (ESOP) which is open to all employees who have met the eligibility requirements.

As part of the long-term compensation package, the Company and the Bank have entered into a three-year employment agreement with Mr. Critelli. If the Company terminates Mr. Critelli, without just cause and absent a Change in Control, he would be entitled to a payment of salary for amounts due under the agreement with a minimum severance payment of one year's salary. The agreement has a two step change-in-control trigger under which, in case of a voluntary termination within 30 days of a change-in control or an involuntary termination or voluntary termination for good reason during the six months before or within one year after a change-in-control, Mr. Critelli would be paid a lump sum amount equal to three times the five-year average of his annual compensation less $1.00. We believe that the change-in-control provision is desirable in order to ensure that Mr. Critelli remains focused on the interests of the Company and its shareholders in the event of a pending change-in-control. In the event of a change in control, the Company will indemnify Mr. Critelli for any tax penalties that may be incurred by him for amounts received that exceed the limitations under Sections 280G and 4999 of the Code. A portion of such payments that could be made by the Company to Mr. Critelli as severance payments following a Change in Control transaction might be a non-deductible payment of the Company for federal income tax purposes. The Compensation Committee believes that it is in the best interests of the Company's shareholders that the Committee has the flexibility to make severance payments that might exceed deductibility limits under Section 280G of the Code.

The Company and the Bank have entered into a five-year change in control severance agreement with Mr. William S. Lance, Chief Financial Officer. The agreement has a two step change-in-control trigger under which, in case of a voluntary termination within 30 days of a change-in-control or an involuntary termination or voluntary termination for good reason during the six months before or within one year after a change-in-control, Mr. Lance would be paid a lump sum amount equal to two times his then current base salary, not to exceed three times the five-year average of his total taxable annual compensation less $1.00. We believe that the change-in-control provision is desirable in order to ensure that Mr. Lance remains focused on the interests of the Company and its shareholders in the event of a pending change-in-control.

The Compensation Committee balances short-term and long-term compensation for the NEOs. Long term compensation includes stock option grants, salary continuation plan and other benefits available to all employees which include contributions to 401(k) Plan, ESOP and life insurance. For 2013, the target range for short-term compensation as a percentage of total compensation was 70% to 80 with long-term compensation at 20% to 30 of total compensation. We believe this formula is competitive within our market place and peer group. The Company did not use the services of any compensation consultants or advisors during 2013.

Other Benefits and Perquisites

In accordance with the terms of Mr. Critelli's employment agreement, the Company provides him with use of an automobile, including insurance, maintenance, fuel, fees and other costs. The Company also pays the costs for use of a local country club to facilitate business activities by the NEOs.

COMPENSATION COMMITTEE REPORT

The Compensation Committee has reviewed and discussed the foregoing Compensation Discussion and Analysis with Management. Based on foregoing review and discussions, the Compensation Committee recommended to the Board of Directors that the foregoing Compensation Discussion and Analysis be included in this proxy statement.

COMPENSATION COMMITTEE

John E. Marshall, Chairman
Ralph A. Matergia
William W. Davis, Jr.

This report shall not be deemed to be incorporated by reference by any general statement incorporating by reference this proxy statement into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, and shall not otherwise be deemed filed under such acts.

COMPENSATION RISK ASSESSMENT

In 2013, senior management has conducted a Compensation Risk Assessment which was presented to and reviewed by the Compensation Committee. This Compensation Risk Assessment concluded the Company's compensation policies and practices do not create risks that are reasonably likely to have a material adverse effect on the Company.

EXECUTIVE COMPENSATION

Summary Compensation Table. The following table sets forth the cash and non-cash compensation awarded to or earned during the last three fiscal years by our principal executive officer, principal financial officer and the three other most highly compensated executive officers whose total compensation (excluding compensation attributable to changes in pension value and non-qualified deferred compensation earnings) during the fiscal year ended December 31, 2013 exceeded $100,000 for services rendered in all capacities to Norwood Financial Corp. and Wayne Bank. We do not have any plans providing for stock awards or non-equity incentive compensation to the Named Executive Officers.

Name and Principal Position	Year	Salary(1)	Bonus (2)	Option Awards (3)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (4)	All Other Compensation(5)	Total
Lewis J. Critelli	2013	$ 210,900	$70,000	$17,160	$ 28,311	$ 37,284	$ 363,655
President and Chief							
Executive	2012	202,800	72,500	19,635	26,271	35,160	356,366
Officer	2011	195,000	60,000	16,275	24,379	33,483	329,137
William S. Lance	2013	$ 157,500	$33,000	$ 8,580	$ -	$ 16,389	$$ 215,469
Executive Vice							
President,	2012	153,000	35,000	8,415	-	15,970	212,385
Chief Financial Officer	2011	148,500	42,000	6,975	-	12,725	210,200
and Secretary							
Kenneth C. Doolittle	2013	$ 123,500	$17,000	$ 7,150	$ -	$ 12,961	$ 160,611
Executive Vice							
President	2012	121,000	20,000	8,415	-	12,698	162,113
	2011	118,000	22,500	6,975	-	12,801	160,276
John H. Sanders	2013	$ 111,227	$19,000	$ 5,720	$ 13,511	$ 20,160	$ 169,618
Senior Vice President	2012	118,000	19,000	5,610	12,537	21,982	177,129
	2011	115,000	16,650	4,650	11,634	21,134	169,068
John F. Carmody	2013	$ 114,731	$ 23,000	$ 8,580	$ -	$ 17,854	$ 164,165
Senior Vice President							
and	2012	103,500	25,000	8,415	-	15,957	152,872
Chief Credit Officer	2011	93,500	20,000	4,650	-	14,727	132,877

(1) During 2013, Mr. Sanders salary was impacted by a period of disability during which he received less than 100% of his base salary.

(2)

Mr. Lance's bonus amount in 2011 includes a $10,000 sign-on bonus paid on the first anniversary of his hiring.

(3) Based on the aggregate grant date fair value of the award computed in accordance with FASB ASC Topic 718. For assumptions used in determining the grant date for value of the options, see Note 11 of Notes to the Consolidated Financial Statements in the 2013 Annual Report to Stockholders. Using the Black-Scholes Option Pricing Model and the assumptions described in Note 11 of Notes to the Consolidated Financial Statements, we determined that the fair value of each option granted in December 2013 was $5.72.

(4) Consists of increase in actuarial present value of benefits under Salary Continuation Plan.

(5) All other compensation for 2013 consists of the following:

	401(k) Matching Contributions	Life Insurance Paid	ESOP No. of Shares	ESOP Value at $26.90/Share	Total
Lewis J. Critelli	$18,981	$ 1,706	617	$ 16,597	$ 37,284
William S. Lance	14,175	2,214	-	-	16,389
Kenneth C. Doolittle	11,115	1,819	1	27	12,961
John H. Sanders	10,597	1,278	308	8,285	20,160
John F. Carmody	10,367	1,703	215	5,784	17,854

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Excludes the value of certain perquisites and personal benefits which did not exceed $10,000 in the aggregate for any Named Executive Officer.

Grants of Plan-Based Awards. The following tables set forth certain information with respect to plan-based awards granted to the Named Executive Officers. All grants were made under the Norwood Financial Corp. 2006 Stock Option Plan.

Name	Grant Date	Board Action Date *	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise of Base Price of Option Awards ($/Sh)	Grant Date Fair Value of Stock Option Awards
Lewis J. Critelli	12/31/13	12/10/13	3,000	$ 26.90	$ 17,160
William S. Lance	12/31/13	12/10/13	1,500	26.90	8,580
Kenneth C. Doolittle	12/31/13	12/10/13	1,250	26.90	7,150
John H. Sanders	12/31/13	12/10/13	1,000	26.90	5,720
John F. Carmody	12/31/13	12/10/13	1,500	26.90	8,580

* Option awards were approved by the Board of Directors on December 10, 2013 to be effective on the last business day of the year. The exercise price was equal to the fair market value of the Common Stock on the Grant Date in each case.

Lewis J. Critelli has entered into a three-year employment agreement with the Company and the Bank. The employment agreement provides for annual one-year renewals on each anniversary date of the agreement unless either party provides prior written notice to the contrary. The agreement provides that the Board of Directors will review his salary not less often than annually and shall increase his base salary by no less than $5,000 per year. The employment agreement provides that Mr. Critelli will participate equitably in discretionary bonuses that the Board of Directors may award to senior management from time to time. Mr. Critelli is also entitled to participate in specified benefit plans and in any fringe benefits made available to senior management.

In accordance with SEC regulations, the Summary Compensation Table treats the increase in the present value of the Named Executive Officer's retirement benefit under the Salary Continuation Plan as an item of compensation. The Salary Continuation Plan provides that the Named Executive Officers will receive a fixed annual payment beginning at retirement at age 62 for a period of 15 years. The increase in present value is a function of the annual accrual to fully vest the Named Executive Officer at retirement age.

The Summary Compensation Table includes various miscellaneous income items under "All Other Compensation." Under the Company's 401(k) Plan, eligible employees may annually contribute between 2% and 10% of their compensation to their accounts in the 401(k) Plan. The Company generally matches employee contributions up to 3% of salary. In 2013, the Company made an additional contribution of 6% of salary. Since all eligible Named Executive Officers each contributed at least 3% of salary, a contribution of 6% was made to each of their accounts. The Company pays premiums on life insurance coverage for all eligible employees including the Named Executive Officers with insurance coverage of three times base salary. Each Named Executive Officer also participates in the Wayne Bank Employee Stock Ownership Plan. Excludes the value of certain perquisites and personal benefits which did not exceed $10,000 in the aggregate for any Named Executive Officer.

Outstanding Equity Awards at Fiscal Year End. The following table sets forth information concerning outstanding equity awards of the Named Executive Officers at fiscal year end. There were no stock awards outstanding at fiscal year-end.

	Option Awards			
Name	Number of Securities Underlying Unexercised Options Exercisable	Number of Securities Underlying Unexercised Options Unexercisable	Option Exercise Price	Option Expiration Date
Lewis J. Critelli		3,000 (1)	$ 26.90	12/31/2023
	3,850		27.05	12/31/2022
	3,850		24.97	12/30/2021
	3,850		25.25	12/31/2020
	3,300		25.99	12/31/2019
	2,750		25.00	12/31/2018
	2,750		28.41	12/31/2017
	2,750		28.64	12/29/2016
	3,465		27.62	04/25/2016
	3,465			