



Alliance Financial Corporation


ALNC NASDAQ

Banks

Market Capitalization USD:

\$133.22 mm

CONCERN LEVEL: LOW

- 1 The CEO's total remuneration is within the typical market range for the relevant industry and market cap.
- 2 The ratio between the CEO's pay and the median pay of the other named executive officers is 3X or less.
- 3 The CEO's annual cash incentives rose or fell in line with annual performance.
- 4 The CEO received no more than one annual cash bonus this fiscal year.
- 5 The CEO's equity remuneration reflected the company's share price movement over the last five years.
- 6 The company only pays long-term incentives to the CEO for above median performance against a peer group.
- 7 The company's dilution from equity incentives is 10 percent or less.
- 8 Unvested equity lapses when the CEO's employment is terminated. 
- 9 The CEO's potential cash severance payment is capped at two times annual cash remuneration.
- 10 The accrued benefits of the CEO's post-retirement income are within the typical market range for the relevant market cap bracket.

CEO: Jack H. Webb

Age: 59

CEO Since: 2002

	2009	2010	2011
Base Salary	\$360,200	\$380,000	\$391,500
Discretionary Bonus	\$0	\$0	\$0
Annual Cash Incentive	\$150,000	\$175,000	\$200,000
Benefits and Perquisites	\$50,515	\$33,983	\$37,625
TOTAL ANNUAL COMPENSATION	\$560,715	\$588,983	\$629,125
Increase in Post-Retirement Benefits	\$89,856	\$193,620	\$347,295
Stock Option Awards	\$0	\$0	\$0
Stock Awards	\$0	\$193,296	\$113,989
TOTAL COMPENSATION	\$650,571	\$975,899	\$1,090,409
Median of Other Named Executive Officers Total Compensation	\$263,726	\$354,357	\$350,020
Value Realized on Exercise of Stock Option	\$0	\$663,590	\$112,924
Value Realized on Vesting of Stock	\$252,106	\$13,430	\$62,451
TOTAL REALIZED EQUITY COMPENSATION	\$252,106	\$677,020	\$175,375

Proxy Date: 6 Apr 2012

Annual Meeting Date: 15 May 2012

Equity Reserves: 3.09%

Stock Option Run Rate: 0.00%

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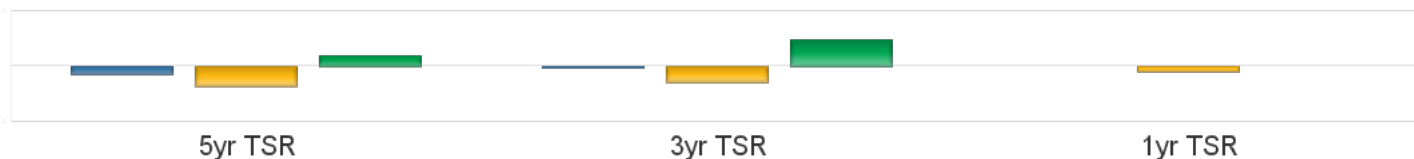
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Performance Comparison

■ S&P500 ■ Industry ■ ALNC



Peer Comparisons (TRBC) =Banks

Total Summary CEO Compensation

Ticker	Company Name	2009	2010	2011	Market Cap
ALNC	Alliance Financial Corporation	\$650,571	\$975,899	\$1,090,409	\$133,217,612
STBZ	State Bank Financial Corporation		\$615,018		\$398,938,152
VPCG	ViewPoint Financial Group	\$737,554			\$398,912,171
BHLB	Berkshire Hills Bancorp, Inc.	\$916,683	\$1,285,740	\$1,346,605	\$390,250,191
FCF	First Commonwealth Financial Corporation	\$555,946	\$476,758	\$1,431,239	\$388,155,877
TMP	Tompkins Financial Corporation	\$1,043,548	\$895,276		\$387,548,028
BUSE	First Busey Corporation	\$465,328	\$718,571	\$812,416	\$376,694,892

To insure consistency, peer comparisons are based on a combination of TRBC Industry and Sector classifications and company market caps.

Missing peer pay figures for 2011 are due to differences in company filing schedules.

Pay Peer Group

ACNB Corp. (ACNB), ESB Financial Corporation (ESBF), Arrow Financial Corporation (AROW), ESSA Bancorp, Inc. (ESSA), Bar Harbor Bankshares (BHB), Financial Institutions, Inc. (FISI), Beacon Federal Bancorp, Inc. (BFED, Hingham Institution for Savings (HIFS), Berkshire Hills Bancorp, Inc. (BHLB), Merchant Bancshares, Inc. (MBVT), Bryn Mawr Bank Corp. (BMT), Metro Bancorp, Inc. (METR), Camden National Corp. (CAC), Orrstown Financial Services, Inc. (ORRF), Century Bancorp, Inc. (CNBKA), Tompkins Financial Corporation (TMP), Citizens & Northern Corp. (CZNC), United Financial Bancorp, Inc. (UBNK), CNB Financial Corporation (CCNE), Univest Corporation of Pennsylvania (UVSP), Enterprise Bancorp, Inc. (EBTC), Westfield Financial, Inc. (WFD).

Performance Peer Group

NA

COMPENSATION COMMITTEE MEMBERS

Director	Membership	Age	Gender	Tenure	Independence
Lowell A. Seifter	Chairman	59	Male	6	Outside
Deborah F. Stanlev	Member	62	Female	6	Outside
Donald H. Dew	Member	60	Male	24	Outside Related
Donald S. Ames	Member	69	Male	26	Outside Related
Samuel J. Lanzafame	Member	61	Male	24	Outside Related

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