

ACNB CORP
Form DEF 14A
March 28, 2017

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

SCHEDULE 14A

(Rule 14a-101)

**INFORMATION REQUIRED IN
PROXY STATEMENT**

SCHEDULE 14A INFORMATION

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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the Appropriate Box:

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

ACNB CORPORATION

(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):

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

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- (1) Title of each class of securities to which transaction applies:
 - (2) Aggregate number of securities to which transaction applies:
 - (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):
 - (4) Proposed maximum aggregate value of transaction:
 - (5) Total fee paid:
- o Fee paid previously with preliminary materials.
- o 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:
-

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March 28, 2017

Dear Fellow Shareholders of ACNB Corporation:

On behalf of the Board of Directors, I am pleased to invite you to attend our Annual Meeting of Shareholders to be held on Tuesday, May 2, 2017, at 1:00 p.m., prevailing time, at the ACNB Corporation Operations Center, 100 V-Twin Drive, Gettysburg, Pennsylvania 17325. At the annual meeting, you will have the opportunity to ask questions and to make comments. Enclosed with the proxy statement is the notice of meeting, proxy card, ACNB Corporation's 2016 Annual Review, and ACNB Corporation's 2016 Annual Report on Form 10-K.

The principal business of the meeting is to fix the number of Directors of ACNB Corporation at sixteen (16); to fix the number of Class 1 Directors at six (6); to fix the number of Class 2 Directors at six (6); to fix the number of Class 3 Directors at four (4); to elect four (4) Class 3 Directors to serve for terms of three (3) years and until their successors are elected and qualified; to elect one (1) Class 2 Director to serve for a term of one (1) year and until his successor is elected and qualified; to conduct a non-binding vote on executive compensation; to conduct a non-binding vote on the frequency of non-binding shareholder votes on executive compensation; to ratify the selection of BDO USA, LLP as ACNB Corporation's independent registered public accounting firm; and, to transact any other business that is properly presented at the annual meeting. The notice of meeting and proxy statement accompanying this letter describe the specific business to be acted upon in more detail.

Whether or not you plan to attend the annual meeting, I urge you to vote as soon as possible by completing, signing and returning the enclosed proxy card in the envelope provided or to vote via the internet or telephone. Your prompt vote will save the Corporation expenses involved in further communications. Your vote is important. Voting by written proxy, internet or telephone will ensure your representation at the annual meeting if you do not attend in person.

I look forward to seeing you on May 2, 2017, at the Corporation's annual meeting.

Sincerely,

Thomas A. Ritter
President & Chief Executive Officer

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ACNB CORPORATION

NASDAQ TRADING SYMBOL: ACNB

acnb.com

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

AND

PROXY STATEMENT

2017

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Proxy Statement

Dated and to be mailed to shareholders on or about March 28, 2017.

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**ACNB CORPORATION
16 LINCOLN SQUARE
P.O. BOX 3129
GETTYSBURG, PENNSYLVANIA 17325
(717) 334-3161**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON MAY 2, 2017**

TO THE SHAREHOLDERS OF ACNB CORPORATION:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders of ACNB Corporation will be held at the ACNB Corporation Operations Center, 100 V-Twin Drive, Gettysburg, Pennsylvania 17325 on Tuesday, May 2, 2017, at 1:00 p.m., prevailing time, for the purpose of considering and voting upon the following matters:

1. To fix the number of Directors of ACNB Corporation at sixteen (16);
2. To fix the number of Class 1 Directors at six (6);
3. To fix the number of Class 2 Directors at six (6);
4. To fix the number of Class 3 Directors at four (4);
5. To elect four (4) Class 3 Directors to serve for terms of three (3) years and until their successors are elected and qualified;
6. To elect one (1) Class 2 Director to serve for a term of one (1) year and until his successor is elected and qualified;
7. To conduct a non-binding vote on executive compensation;
8. To conduct a non-binding vote on the frequency of non-binding shareholder votes on executive compensation;
9. To ratify the selection of BDO USA, LLP as ACNB Corporation's independent registered public accounting firm; and,
10. To transact such other business as may properly come before the 2017 Annual Meeting and any adjournment or postponement thereof.

Only those shareholders of record, at the close of business on March 13, 2017, are entitled to notice of and to vote at the meeting.

Please promptly sign the enclosed proxy card and return it in the enclosed postage-paid envelope or vote by internet or telephone. We cordially invite you to attend the meeting. Your proxy is revocable and you may withdraw it at any time prior to it being voted. You may deliver notice of revocation or deliver a later dated proxy to the Secretary of the Corporation before the vote at the meeting.

The Corporation's Board of Directors is distributing the proxy statement, proxy card, ACNB Corporation's 2016 Annual Review, and ACNB Corporation's 2016 Annual Report on Form 10-K on or about March 28, 2017.

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BY ORDER OF THE BOARD OF DIRECTORS,

Thomas A. Ritter
President & Chief Executive Officer

Gettysburg, Pennsylvania
March 28, 2017

**YOUR VOTE IS IMPORTANT.
PLEASE VOTE YOUR PROXY TODAY.**

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PROXY STATEMENT

GENERAL INFORMATION

Date, Time and Place of the Annual Meeting

ACNB Corporation, a Pennsylvania business corporation and registered financial holding company, furnishes this proxy statement in connection with the solicitation by the Board of Directors of proxies to be voted at the Corporation's Annual Meeting of Shareholders. The Annual Meeting of Shareholders will be held on Tuesday, May 2, 2017, at 1:00 p.m., prevailing time, at the ACNB Corporation Operations Center, 100 V-Twin Drive, Gettysburg, Pennsylvania 17325. Included with this proxy statement is a copy of ACNB Corporation's 2016 Annual Review and ACNB Corporation's 2016 Annual Report on Form 10-K for the fiscal year ended December 31, 2016.

The Corporation's principal executive office is located at 16 Lincoln Square, Gettysburg, Pennsylvania 17325. The Corporation's telephone number is (717) 334-3161. All inquiries regarding the annual meeting should be directed to Lynda L. Glass, Executive Vice President/Secretary & Chief Governance Officer of ACNB Corporation, at (717) 339-5085.

Description of ACNB Corporation

ACNB Corporation was formed in 1982 and became the holding company for the banking subsidiary in 1983. ACNB Corporation's wholly-owned banking subsidiary is ACNB Bank, a Pennsylvania state-chartered bank and trust company, formerly Adams County National Bank. The Corporation's primary activity consists of owning and supervising its banking subsidiary.

The Corporation also owns and supervises Russell Insurance Group, Inc. as its insurance subsidiary.

We have not authorized anyone to provide you with information about the Corporation; therefore, you should rely only on the information contained in this document or on documents to which we refer you. Although we believe we have provided you with all the information helpful to you in your decision to vote, events may occur at ACNB Corporation subsequent to printing this proxy statement that might affect your decision or the value of your stock.

Internet Availability of Proxy Materials

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to Be Held on May 2, 2017. The notice of meeting, proxy statement, proxy card, ACNB Corporation's 2016 Annual Review, and ACNB Corporation's 2016 Annual Report on Form 10-K are available at acnb.com under the Investor Relations/ACNB Corporation tab or directly at <https://www.acnb.com/acnb-corporation>.

VOTING PROCEDURES

Solicitation and Voting of Proxies

The Board of Directors solicits this proxy for use at the Corporation's 2017 Annual Meeting of Shareholders. The Corporation's directors and officers and ACNB Bank employees may solicit proxies in person or by telephone, facsimile, email or other similar electronic means without additional compensation. The Corporation will pay the cost of preparing, assembling, printing, mailing and soliciting proxies and any additional material that the Corporation sends to its shareholders. The Corporation will make arrangements with brokerage firms and other custodians, nominees and fiduciaries to forward proxy solicitation materials to the beneficial owners of stock held by these entities, as well as will reimburse these third parties for their reasonable forwarding expenses. This proxy statement and the related proxy card are being distributed on or about March 28, 2017.

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Shareholders of record at the close of business on March 13, 2017 (the annual meeting record date), are entitled to vote at the meeting. The Corporation's records show that, as of the annual meeting record date, 6,064,138 shares of the Corporation's common stock, par value \$2.50 per share, were outstanding. On all matters to come before the annual meeting, shareholders may cast one (1) vote for each share held. Cumulative voting rights do not exist with respect to the election of directors.

You may vote your shares by completing and returning a written proxy card or voting by internet or telephone. You may also vote in person at the meeting. Submitting your voting instructions by returning a proxy card, internet or telephone will not affect your right to attend the meeting and vote, if you later decide to attend in person. If your shares are registered directly in your name with ACNB Corporation's transfer agent, Computershare, you are considered, with respect to those shares, the shareholder of record, and these proxy materials are being sent directly to you by the Corporation. As the shareholder of record, you have the right to grant your voting proxy directly to the proxyholders or to vote in person at the meeting. The Corporation has enclosed a proxy card, as well as instructions to vote by internet or telephone, for your use.

If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the beneficial owner of shares held in street name, and these proxy materials are being forwarded to you by your broker or nominee which is considered, with respect to those shares, the shareholder of record. As the beneficial owner, you have the right to direct your broker or nominee how to vote and you are also invited to attend the meeting. However, because you are not the shareholder of record, you may not vote your street name shares in person at the meeting, unless you obtain a proxy executed in your favor from the holder of record. Your broker or nominee has enclosed a voting instruction card for you to use in directing the broker or nominee how to vote your shares.

By properly completing a proxy, you appoint James J. Lott and Marian B. Schultz as proxyholders to vote your shares, as indicated on the proxy card. Any signed proxy card or vote by internet or telephone not specifying to the contrary will be voted **FOR**:

1. Fixing the number of Directors of ACNB Corporation at sixteen (16);
2. Fixing the number of Class 1 Directors at six (6);
3. Fixing the number of Class 2 Directors at six (6);
4. Fixing the number of Class 3 Directors at four (4);
5. Electing four (4) Class 3 Directors to serve for terms of three (3) years and until their successors are elected and qualified;
6. Electing one (1) Class 2 Director to serve for a term of one (1) year and until his successor is elected and qualified;
7. Approving the non-binding vote on executive compensation;
8. Approving the non-binding vote on the frequency of non-binding shareholder votes on executive compensation for one (1) year; and,
9. Ratifying the selection of BDO USA, LLP as ACNB Corporation's independent registered public accounting firm.

You may revoke your written proxy by delivering written notice of revocation to Lynda L. Glass, Executive Vice President/Secretary & Chief Governance Officer of the Corporation, by executing a later dated proxy and giving written notice of the revocation to Ms. Glass or voting again by internet or telephone at any time before the proxy is voted at the meeting. Proxyholders will vote shares

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represented by proxies on the accompanying proxy card, if properly signed and returned, or by internet or telephone in accordance with instructions from shareholders.

Although the Board of Directors knows of no other business to be presented, in the event that any other matters are properly brought before the meeting, any proxy given pursuant to this solicitation will be voted in accordance with the recommendations of the Board of Directors.

Quorum and Vote Required for Approval

As of the close of business on March 13, 2017, the Corporation had 6,064,138 shares of common stock, par value \$2.50 per share, outstanding.

Under Pennsylvania law and ACNB Corporation's Bylaws, the presence of a quorum is required for each matter to be acted upon at the meeting. A majority of the outstanding shares of common stock, represented in person or by proxy, constitutes a quorum. Votes withheld and abstentions are counted in determining the presence of a quorum for a particular matter. Broker non-votes are not counted in determining the presence of a quorum for a particular matter as to which the broker withheld authority. Each share is entitled to one (1) vote on all matters submitted to a vote of the shareholders. All matters to be voted upon by the shareholders require the affirmative vote of a majority of shares voted, in person or by proxy, at the annual meeting, except in cases where the vote of a greater number of shares is required by law or under ACNB Corporation's Articles of Incorporation or Bylaws. In the case of the election of directors, the candidates receiving the highest number of votes are elected. Shareholders are not entitled to cumulate votes for the election of directors.

If a quorum is present, fixing the number of directors of the Board of Directors, fixing the number of directors in each class, approving the non-binding proposal on executive compensation, and ratifying the independent registered public accounting firm for the year ending December 31, 2017, requires the affirmative "**FOR**" vote of a majority of all votes cast, in person or by proxy. Abstentions and broker non-votes are not deemed to constitute "votes cast" and, therefore, do not count either for or against the proposals. Abstentions and broker non-votes, however, have the practical effect of reducing the number of affirmative votes required to achieve a majority for the matter by reducing the total number of shares voted from which the required majority is calculated.

If a quorum is present, the shareholders will elect the nominees for director receiving the highest number of "**FOR**" votes cast by those shareholders entitled to vote for the election of directors. Shareholders will approve the frequency of the non-binding vote on executive compensation by a plurality of votes cast on the matter. The proxyholders will not cast votes for or against any director nominees or for any specific year frequency when the broker withheld authority.

GOVERNANCE OF THE CORPORATION

Our Board of Directors believes that the purpose of corporate governance is to ensure that we maximize shareholder value in a manner consistent with legal requirements and the highest standards of integrity. The Board has adopted and adheres to corporate governance practices which the Board and executive management believe promote this purpose, are sound, and represent best practices. We continually review these governance practices, Pennsylvania law (the state in which we are incorporated), rules and listing standards of The Nasdaq Stock Market, SEC regulations, as well as best practices suggested by recognized governance authorities. Currently, our Board of Directors has thirteen (13) members. Under the SEC and Nasdaq standards for independence, all non-employee directors and nominees meet the standards for independence. This constitutes more than a majority of our Board of Directors. Only independent directors serve on our Audit Committee, Nominating Committee, and Compensation Committee.

Table of Contents**Leadership Structure**

The Corporation chooses to separate the roles of Chairman and President & Chief Executive Officer. The President & Chief Executive Officer is responsible for implementing the strategic direction of the Corporation, as determined by the Board of Directors, and for the day-to-day leadership and performance of the Corporation. The Chairman oversees the agenda for and presides over Board of Director meetings, as well as provides leadership to the Board and facilitates communication between the Board of Directors and executive management. The Corporation's Chairman of the Board is considered independent under the SEC and Nasdaq standards for independence.

Risk Oversight

The Board of Directors has a role in overseeing the Corporation's risks as a whole and at the committee level. The Audit Committee is primarily responsible for overseeing the risks the Corporation faces on behalf of the Board of Directors. The Audit Committee works closely with the Corporation's Chairman of the Board, President & Chief Executive Officer, and ACNB Bank's Chief Risk & Governance Officer, as well as with other members of management with respect to matters relating to risk management. The Audit Committee receives reports on risk management and the processes in place to monitor and control such exposures. The Audit Committee may also receive updates, from time to time, between meetings from management relating to risk oversight matters. The Audit Committee provides updates on its risk management activities to the full Board of Directors via the committee's meeting minutes. Further, members of management may make presentations on risk management to the full Board of Directors or another committee of the Board of Directors.

In addition to the Audit Committee, other committees of the Board of Directors consider the risks within their areas of responsibility. For example, the Compensation Committee considers the risks that may be implicated by the Corporation's compensation practices. Also, the Strategic Planning Committee assesses the risks associated with the Corporation's executive management succession plans.

Director Independence

In determining each director's and nominee's independence, the Board of Directors considered loan transactions between ACNB Bank and the individuals, their family members, and businesses with which they are associated. The table below includes a description of other categories or types of transactions, relationships or arrangements considered by the Board (in addition to those listed above and those transactions set forth under "Transactions with Directors and Executive Officers" below) in reaching its determination that the directors are independent.

Name	Independent	Other Transactions/ Relationships/Arrangements
Richard L. Alloway II	Yes	None
Frank Elsner, III	Yes	None
Scott L. Kelley	Yes	None
James J. Lott	Yes	None
Robert W. Miller	Yes	None
Donna M. Newell	Yes	None
J. Emmett Patterson	Yes	None
Daniel W. Potts	Yes	None
Marian B. Schultz	Yes	None
David L. Sites	Yes	Vendor Relationship
Alan J. Stock	Yes	Vendor Relationship
James E. Williams	Yes	None

In each case, the Board of Directors determined that none of the transactions impaired the independence of the director.

Table of Contents***Directors of ACNB Corporation***

The following table sets forth, as of March 13, 2017 (in alphabetical order), selected information about the Corporation's directors and director nominees.

Name	Class of Director	Director Since	Age as of March 13, 2017
Richard L. Alloway II	2	2015	49
Frank Elsner, III, Chairman	3	2002	56
James P. Helt	3	Nominee	50
Scott L. Kelley	3	2012	65
James J. Lott	1	2007	54
Robert W. Miller	1 ⁽¹⁾	2007	68
Donna M. Newell	2	2012	46
J. Emmett Patterson	1	2012	69
Daniel W. Potts	3	2004	64
Thomas A. Ritter	3 ⁽²⁾	2001	65
Marian B. Schultz	1	1992	67
David L. Sites	2	2010	61
Alan J. Stock, Vice Chairman	2	2005	59
James E. Williams	1	2007	63

(1) Mr. Miller has resigned from the board effective May 2, 2017.

(2) Currently, Mr. Ritter serves as a Class 3 Director, but is the nominee for Class 2 Director.

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The following table sets forth, as of March 13, 2017, selected information about the Corporation's Executive Officers, each of whom is appointed by the Board of Directors and each of whom holds office at the Board's discretion.

Name and Position	Position Held	Age as of March 13, 2017
Thomas A. Ritter		
Chief Executive Officer of ACNB Corporation	2003-Present	65
Chief Executive Officer of ACNB Bank	2001-Present	
President of ACNB Corporation	2001-Present	
President of ACNB Bank	2001-2015	
Executive Vice President	2000-2001	
Lynda L. Glass		
Chief Governance Officer	2011-Present	56
Secretary	2008-Present	
Secretary & Treasurer	2006-2008	
Executive Vice President	2003-Present	
Assistant Secretary	1993-2003	
David W. Cathell		
Executive Vice President, Treasurer & Chief Financial Officer	2008-Present	62
Senior Vice President & Chief Financial Officer	2007-2008	
Principal Financial Officer	2006-2007	
James P. Helt		
President of ACNB Bank	2015-Present	50
Executive Vice President of Banking Services of ACNB Bank	2008-2015	
Frank C. Russell, Jr.		
President & Chief Executive Officer of Russell Insurance Group, Inc.	2005-Present	68

Meetings and Committees of the Board of Directors

The Board of Directors of ACNB Corporation met fifteen (15) times during 2016. The Corporation maintains an Audit Committee (which is established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934), Executive Committee, Compensation Committee, Nominating Committee, and Strategic Planning Committee. A total of thirty-seven (37) Board and committee meetings of the Corporation's Board of Directors were held in 2016. During 2016, each of the directors attended at least 75% of the combined total number of meetings of the Corporation's Board of Directors and the committees of which he or she was a member. The Board of Directors has a written attendance policy statement which encourages and expects each director to attend the Annual Meeting of Shareholders. Twelve (12) directors attended the 2016 Annual Meeting of Shareholders, and we expect that they will all attend the 2017 Annual Meeting of Shareholders.

Audit Committee. Members of the Audit Committee during 2016 were Daniel W. Potts, who served as Chair, Richard L. Alloway II, Frank Elsner, III, Robert W. Miller, Donna M. Newell, J. Emmett Patterson, Marian B. Schultz and David L. Sites. Each of these directors is "independent" as defined in the SEC and Nasdaq standards for independence. In addition, Thomas A. Ritter, David W. Cathell, Lynda L. Glass and James P. Helt were invited to attend committee meetings. The principal duties of the Audit Committee, as set forth in its charter, include reviewing the Corporation's financial reporting process and systems of internal accounting and financial controls; reviewing significant audit

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and accounting principles, policies and practices; reviewing performance of internal auditing procedures; overseeing risk management; and, recommending annually to the Board of Directors the engagement of an independent auditor. The Audit Committee has a charter which is available under the Corporate Governance Documents section of the Investor Relations/ACNB Corporation page of ACNB Bank's website at www.acnb.com. The Audit Committee met five (5) times during 2016.

Executive Committee. Members of the Executive Committee during 2016 were Frank Elsner, III, who served as Chair, Daniel W. Potts, Marian B. Schultz, David L. Sites, Alan J. Stock and James E. Williams. Each of these directors is "independent" as defined in the SEC and Nasdaq standards for independence. In addition, Thomas A. Ritter and James P. Helt served as ex-officio members of this committee, and David W. Cathell and Lynda L. Glass were invited to attend committee meetings. The principal duties of the Executive Committee are to act on behalf of the Board between meetings and to evaluate governance issues. The Executive Committee has a charter which is available under the Corporate Governance Documents section of the Investor Relations/ACNB Corporation page of ACNB Bank's website at www.acnb.com. The Executive Committee met one (1) time during 2016.

Compensation Committee. Members of the Compensation Committee during 2016 were James E. Williams, who served as Chair, Frank Elsner, III, Scott L. Kelley, James J. Lott, J. Emmett Patterson, Marian B. Schultz and Alan J. Stock. Each of these directors is "independent" as defined in the SEC and Nasdaq standards for independence. The principal duties of the Compensation Committee include evaluating and recommending to the Board of Directors the executive officer compensation plans, policies and programs of the Corporation. The Compensation Committee has a charter which is available under the Corporate Governance Documents section of the Investor Relations/ACNB Corporation page of ACNB Bank's website at www.acnb.com. The Compensation Committee met ten (10) times during 2016.

Nominating Committee. Members of the Nominating Committee during 2016 were Marian B. Schultz, who served as Chair, Richard L. Alloway II, Frank Elsner, III, Donna M. Newell, Alan J. Stock and James E. Williams. Each of these directors is "independent" as defined in the SEC and Nasdaq standards for independence. The principal duties of the Nominating Committee include identifying qualified individuals to serve on the Board and recommending nominees to the Board. The Nominating Committee has a charter which is available under the Corporate Governance Documents section of the Investor Relations/ACNB Corporation page of ACNB Bank's website at www.acnb.com. The Nominating Committee met one (1) time during 2016.

Strategic Planning Committee. Members of the Strategic Planning Committee during 2016 were Frank Elsner, III, who served as Chair, Daniel W. Potts, Thomas A. Ritter, Marian B. Schultz, David L. Sites, Alan J. Stock and James E. Williams. The principal duties of the Strategic Planning Committee include overseeing the development of and monitoring the progress of the Corporation's strategic plan; keeping the Board of Directors informed of developments, trends and opportunities in the industry that might help improve the Corporation's profitability, growth and/or customer service; and, establishing Board and senior management succession plans. The Strategic Planning Committee has a charter which is available under the Corporate Governance Documents section of the Investor Relations/ACNB Corporation page of ACNB Bank's website at www.acnb.com. The Strategic Planning Committee met five (5) times during 2016.

Shareholder Communications

The Board of Directors has formal shareholder communications processes for the submission of shareholder proposals and nomination of directors, as described below. In addition, shareholders may contact any member of the Board personally, by telephone or by written correspondence including email. Written communications received by the Corporation from shareholders are shared with the full Board as deemed appropriate.

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Submission of Shareholder Proposals

In order for a shareholder proposal (other than director nominations) to be considered for inclusion in ACNB Corporation's proxy statement for next year's annual meeting, the written proposal must be received by the Corporation no later than November 28, 2017. Proposals may be sent to Lynda L. Glass, Executive Vice President/Secretary & Chief Governance Officer of ACNB Corporation, at 16 Lincoln Square, P.O. Box 3129, Gettysburg, Pennsylvania 17325.

All proposals must comply with SEC regulations regarding the inclusion of shareholder proposals in company-sponsored proxy materials. If a shareholder proposal is submitted to the Corporation after November 28, 2017, it is considered untimely; and, although the proposal may be considered at the annual meeting, the Corporation is not obligated to include it in the 2018 proxy statement.

Employee Code of Ethics

Since May 1994, ACNB Bank, formerly Adams County National Bank, has had a Conflict of Interest/Code of Ethics. In 2003, as required by law and regulation, the Corporation's Board of Directors adopted a Code of Ethics which is applicable to our directors, officers and employees, and which has been amended as necessary from time to time.

The Code of Ethics encourages individuals to report any conduct that they believe in good faith to be an actual or apparent violation of the Code of Ethics to ACNB Corporation's Chief Governance Officer. The Code of Ethics is available under the Corporate Governance Documents section of the Investor Relations/ACNB Corporation page of ACNB Bank's website at www.acnb.com.

ELECTION OF DIRECTORS

Nomination of Directors

The Corporation has a standing Nominating Committee with a charter. Recommendations to the Board of Directors as to the nominees for election as directors at the Annual Meeting of Shareholders are provided by the Nominating Committee. The Nominating Committee will consider shareholder-recommended nominees for director, and shareholders who desire to propose an individual for consideration by the Board of Directors as a nominee for director should submit a recommendation in writing to the Secretary of the Corporation in compliance with the requirements of Article II, Sections 202, 203 and 205(b), of the Corporation's Bylaws. Any shareholder who intends to nominate a candidate for election to the Board of Directors must notify the Secretary of the Corporation in writing not less than fourteen (14) days prior to the date of any shareholder meeting called for the election of directors.

Qualification and Nomination of Directors

The Corporation's Articles of Incorporation authorize the number of directors to be not less than five (5) and not more than twenty-five (25). Further, the Corporation's Articles of Incorporation and Bylaws provide for three (3) classes of directors with staggered terms of office of three (3) years that expire at successive annual meetings. Pursuant to Article II, Section 205, of the Corporation's Bylaws, no director or nominee shall stand for election, if as of the date of election, he or she shall have attained the age of seventy-two (72) years old. Currently, the number of directors is set at thirteen (13): Class 1 consists of five (5) directors, Class 2 consists of four (4) directors, and Class 3 consists of four (4) directors. However, pursuant to Article 11 of the Corporation's Articles of Incorporation and Article I, Section 105, of the Corporation's Bylaws, at each shareholder meeting for the election of directors, the shareholders determine how many directors will be elected to serve in each class. The Board of Directors believes that it is in the Corporation's best interest to fix the number of directors at the 2017 Annual Meeting at sixteen (16).

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The proposed sixteen (16) member Board of Directors will consist of six (6) Class 1 Directors, six (6) Class 2 Directors, and four (4) Class 3 Directors. Two (2) Class 1 Director seats shall be vacant and one (1) Class 2 Director seat shall be vacant. Due to Mr. Miller's resignation from the board, the Board of Directors believes it is in the best interests of the Corporation to leave his Class 1 Director seat vacant should a suitable candidate be identified to fill the seat. Currently, the Board of Directors has not identified any such candidate. In addition, in connection with the proposed acquisition of New Windsor Bancorp, Inc., the Corporation has agreed to increase the total number of directors that constitute the whole board to sixteen (16) and two (2) seats shall be reserved for New Windsor Bancorp, Inc.'s director nominees who meet the Corporation's requirements for board service. Should the proposed transaction be consummated, the Board of Directors currently expects to appoint Todd L. Herring as a Class 1 Director and D. Arthur Seibel, Jr. as a Class 2 Director. Each are currently directors of New Windsor Bancorp, Inc.

Shareholders will elect four (4) Class 3 Directors to serve for terms of three (3) years until their successors are elected and qualified and one (1) Class 2 Director to serve for a term of one (1) year until his successor is elected and qualified.

The Nominating Committee believes that a director nominee must have the following attributes/qualifications before being recommended as a nominee: stock ownership in the Corporation, the willingness to commit time, a commitment to independence, a commitment to the Corporation's community, financial competence, a good reputation, integrity, good communication skills, and the willingness and ability to speak up for the interests of the Corporation. A director nominee shall also have expertise that strengthens the Board of Directors. When evaluating potential director nominees, the Nominating Committee considers the skills and expertise of the current Board members and seeks director nominees with knowledge, skills and abilities that enhance and complement rather than duplicate the experiences and skills already represented on the Board of Directors. Further, the Nominating Committee ensures director nominees complement the Corporation's strategic vision and direction, a fundamental priority for the Board of Directors. The Nominating Committee follows the same process for evaluating shareholder-recommended nominees for director.

The Nominating Committee does not have a formal policy with respect to diversity; however, the Board and the Nominating Committee believe that it is essential that members of the Board of Directors represent diverse viewpoints and experience. In considering candidates for the Board, the Nominating Committee considers the entirety of each candidate's credentials in the context of these standards.

The Board of Directors nominated incumbent directors Frank Elsner, III, Scott L. Kelley and Daniel W. Potts to serve as Class 3 Directors until the expiration of the term of the class or until their earlier death, resignation or removal from office. Furthermore, after the Nominating Committee considered various internal and external factors, including the fact that he will become President & Chief Executive Officer of the Corporation and ACNB Bank on May 5, 2017, upon the recommendation and approval of the Nominating Committee, the Board of Directors nominated James P. Helt to serve as a Class 3 Director until the expiration of the term of the class or until his earlier death, resignation or removal from office. The Board of Directors nominated incumbent director, Thomas A. Ritter, to serve as a Class 2 Director until the expiration of the term of the class or until his earlier death, resignation or removal from office. Messrs. Elsner, Kelley, Potts and Ritter are presently members of the Board of Directors and have consented to serve another term as a director if reelected. Mr. Helt is a new nominee to the Board of Directors and has consented to serve if elected. If any of the nominees should be unavailable to serve for any reason, a majority of the Board of Directors then in office may fill the vacancy until the expiration of the term of the class of directors to which he or she was appointed.

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The proxyholders intend to vote all proxies for the election of each of the nominees named below, unless you indicate that your vote should be withheld from any or all of them.

The Board of Directors proposes the following nominees for election as Class 3 Directors at the annual meeting:

Class 3 Director Nominees

Frank Elsner, III Scott L. Kelley
James P. Helt Daniel W. Potts

The Board of Directors proposes the following nominee for election as a Class 2 Director at the annual meeting:

Class 2 Director Nominee

Thomas A. Ritter

*The Board of Directors recommends that shareholders vote **FOR** the proposals to elect the nominees listed above.*

Information as to Nominees and Directors

Set forth below, as of March 13, 2017, are the principal occupations and certain other information regarding nominees for director and continuing directors including the experience, qualifications, attributes or skills that contribute to the nominee's or director's ability to oversee the management of the Corporation. Unless otherwise specified, all business experience is for the past five (5) years in the same or similar position. You will find information about their share ownership on pages 14 through 16.

Class 1 Directors (to serve until 2019)

James J. Lott

Mr. Lott, age 54, has been a member of both the Corporation's and ACNB Bank's Boards of Directors since 2007. He is President of Bonnie Brae Fruit Farms, Inc. located in Gardners, Pennsylvania. Mr. Lott offers extensive experience in agribusiness, a leading economic driver in Adams County and Pennsylvania, and his business insight is leveraged to provide guidance in understanding this important segment of the local economy.

Robert W. Miller

Mr. Miller, age 68, has been a member of both the Corporation's and ACNB Bank's Boards of Directors since 2007 and serves as an audit committee financial expert. He is Vice President of Miller, Brown, Ohm & Associates, P.C., a certified public accounting firm located in McSherrystown, Pennsylvania. Mr. Miller has extensive experience with public and financial accounting matters and has expertise with respect to advising on financial objectives and planning. Mr. Miller has resigned from the Boards of Directors effective May 2, 2017.

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J. Emmett Patterson

Mr. Patterson, age 69, has been a member of both the Corporation's and ACNB Bank's Boards of Directors since 2012. He is