HEALTHCARE SERVICES GROUP INC
Form DEF 14A
April 15, 2003

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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))
/X/ Definitive Proxy Statement
/ / Definitive Additional Materials
/ / Soliciting Material Under Rule 14a-12

Healthcare Services Group, Inc.

(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:

---
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:

/ / 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:

_____

HEALTHCARE SERVICES GROUP, INC.
3220 Tillman Drive
Suite 300
Bensalem, Pennsylvania 19020

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

May 27, 2003

To the Shareholders of
HEALTHCARE SERVICES GROUP, INC.

NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders of Healthcare Services Group, Inc. (the "Company") will be held at the Radisson Hotel of Bucks County, 2400 Old Lincoln Highway, Trevose, Pennsylvania 19047, on May 27, 2003, at 10:00 A.M., for the following purposes:

1. To elect seven directors;

2. To approve an amendment to the Company's 2002 Stock Option Plan increasing the total number of shares of the Company's Common Stock available for issuance thereunder from 500,000 shares to 1,050,000 shares;

3. To approve and ratify the selection of Grant Thornton LLP as the independent certified public accountants of the Company for its current fiscal year ending December 31, 2003; and

4. To consider and act upon such other business as may properly come before the meeting.

Only shareholders of record at the close of business on April 18, 2003 will be entitled to notice of and to vote at the Annual Meeting.

Please sign and promptly mail the enclosed proxy, whether or not you expect to attend the Meeting, in order that your shares may be voted for you. A return envelope is provided for your convenience.

By Order of the Board of Directors

DANIEL P. MCCARTNEY
Chairman of the Board and
Chief Executive Officer

Dated: Bensalem, Pennsylvania
April 21, 2003

HEALTHCARE SERVICES GROUP, INC.
3220 Tillman Drive
Suite 300
Bensalem, Pennsylvania 19020

PROXY STATEMENT
FOR
ANNUAL MEETING OF SHAREHOLDERS
May 27, 2003

This Proxy Statement is furnished to the Shareholders of Healthcare Services Group, Inc. (the "Company") in connection with the solicitation by the Board of Directors of the Company of proxies for the Annual Meeting of Shareholders (the "Annual Meeting") to be held at the Radisson Hotel of Bucks County, 2400 Old Lincoln Highway, Trevose, Pennsylvania 19047, on May 27, 2003 at 10:00 A.M. At the Annual Meeting, the shareholders will consider the following proposals: (1) to elect seven directors; (2) to approve an amendment to the Company's 2002 Stock Option Plan (the "2002 Plan") increasing the total number of shares of the Company's Common Stock, $.01 par value (the "Common Stock") available for issuance thereunder from 500,000 shares to 1,050,000 shares; (3) to approve and ratify the selection of Grant Thornton LLP as the independent certified public accountants of the Company for its current fiscal year ending December 31, 2003; and (4) to consider and act upon such other business as may properly come before the Annual Meeting.

This Proxy Statement is being mailed to shareholders on or about April 21, 2003.

PROXIES; VOTING SECURITIES

Only holders of Common Stock $.01 par value (the "Common Stock") of record at the close of business on April 18, 2003 (the "Record Date") are entitled to notice of and to vote at the Annual Meeting. On the Record Date, there were issued and outstanding approximately 11,210,521 shares of Common Stock. Each share of Common Stock entitles the holder thereof to one vote. The presence, in person or by proxy, of the holders of a majority of the outstanding shares of Common Stock is required to constitute a quorum at the meeting. Holders of Common Stock are not entitled to cumulative voting rights.

All shares that are represented by properly executed proxies received prior to or at the Annual Meeting, and not revoked, will be voted in accordance with the instructions indicated in such proxies. If no instructions are indicated with respect to any shares for which properly executed proxies are received, such proxies will be voted FOR each of the proposals. For purposes of determining the presence of a quorum for transacting business at the Annual

Meeting, abstentions and broker "non-votes" (i.e., proxies from brokers or nominees indicating that such persons have not received instructions from the beneficial owner or other persons entitled to vote shares on a particular matter with respect to which the brokers or nominees do not have discretionary power), if applicable, will be treated as shares that are present but which have not been voted.

A proxy may be revoked by delivery of a written statement to the Secretary of the Company stating that the proxy is revoked, by a subsequent proxy executed by the person executing the prior proxy and presented to the Annual Meeting, or by voting in person at the Annual Meeting.

All expenses in connection with this solicitation will be borne by the Company. It is expected that solicitation will be made primarily by mail, but regular employees or representatives of the Company may also solicit proxies by telephone, telegraph or in person, without additional compensation, except for reimbursement of out-of-pocket expenses.

PROPOSAL NO. 1
ELECTION OF DIRECTORS

At the Annual Meeting, seven directors of the Company are to be elected, each to hold office for a term of one year. Unless authority is specifically withheld, management proxies will be voted FOR the election of the nominees named below to serve as directors until the next annual meeting of shareholders and until their successors have been chosen and qualify. Should any nominee not be a candidate at the time of the Annual Meeting (a situation which is not now anticipated), proxies will be voted in favor of the remaining nominees and may also be voted for substitute nominees. If a quorum is present, the candidate or candidates receiving the highest number of votes will be elected directors. Brokers that do not receive instructions are entitled to vote for the election of directors.

The nominees are as follows:

Name, Age, Principal Occupations for the past five years and Current Public Directorships or Trusteeships	Director Since
Daniel P. McCartney, 51, Chief Executive Officer and Chairman of the Board for more than five years.....	1977
Barton D. Weisman, 75, Chairman of the Board of Millennium Health Systems, LLC since 2002, successor company to H.B.A. Corporation and H.B.A. Management, Inc.; President and Chief Executive Officer of H.B.A. Corporation and H.B.A. Management, Inc., Florida based companies which own and/or manage nursing homes, for more than five years.....	1983(2)
Joseph F. McCartney, 48, Divisional Vice President of the Company for more than five years; brother of Daniel P. McCartney.....	1983
Robert L. Frome, Esq., 65, Member of the law firm of Olshan Grundman Frome Rosenzweig & Wolosky LLP for more than five years; Director of NuCo2, Inc. and Paradigm Medical Industries, Inc.....	1983
Thomas A. Cook, 57, President and Chief Operating Officer of the Company for more than five years.....	1987
Robert J. Moss, Esq., 64, President, Moss Associates, a law firm,	

for more than five years.....	1992(1)(2)
John M. Briggs, CPA, 52, Partner of the certified public accounting firm of Briggs, Bunting & Dougherty, LLP for more than five years;.	1993(1)(2)

---

(1) Member of Stock Option and Compensation Committee.
(2) Member of Audit Committee.

The Directors recommend a vote FOR all nominees.

BOARD OF DIRECTORS AND COMMITTEES

The business of the Company is managed under the direction of the Board of Directors. The Board meets on a regularly scheduled basis during the Company's fiscal year to review significant developments affecting the Company and to act on matters requiring Board approval. It also holds special meetings when an important matter requires Board action between scheduled meetings. The Board of Directors met five times during the 2002 fiscal year. During 2002, each member of the Board participated in at least 75% of all Board and applicable committee meetings held during the period for which he was director.

The Board of Directors has established an Audit and a Stock Option and Compensation committee to devote attention to specific subjects and to assist it in the discharge of its responsibilities. The functions of those committees, their current members and the number of meetings held during 2002 with respect to the Audit and Stock Option and Compensation committee are described below:

AUDIT COMMITTEE. The Audit Committee recommends to the Board of Directors the appointment of the firm selected to be independent certified public accountants for the Company and monitors the performance of such firm; reviews and approves the scope of the annual audit and quarterly reviews and evaluates problem areas having a potential financial impact on the Company which may be brought to its attention by management, the independent public accountants or the Board of Directors; and evaluates all public financial reporting documents of the Company. Messrs. Robert J. Moss, Barton D. Weisman and John M. Briggs are currently members of the Audit Committee. Each of Messrs. Moss, Weisman and Briggs are independent Directors as such term is defined by Rule 4200(a)(15) of the Nasdaq Stock Market listing standards. Mr. Briggs has been designated the "audit committee financial expert" and he satisfies the attributes required of "audit committee financial experts" pursuant to Section 407 of the Sarbanes-Oxley Act of 2002 ("Sarbanes-Oxley"). The Audit Committee met five times during 2002. The report of Audit Committee for the fiscal year ended December 31, 2002 is included herein under "Audit Committee Report".

STOCK OPTION AND COMPENSATION COMMITTEE. The Stock Option and Compensation Committee (composed of non-employee directors) recommends to the Board of Directors compensation for the Company's key employees and administers the Company's 2002 Plan, as well as the 1996 Non-Employee Directors' Plan, as amended and restated as of October 28, 1997, and options which may be granted outside of such Plans. With respect to grants to employees under the 2002 Plan, the Stock Option and Compensation Committee (effective April 14, 2003 composed of Messrs. Briggs and Moss) has the power to determine from time to time the individuals to whom options shall be

granted, the number of shares to be covered by each option and the time or times at which options shall be granted. Each of Messrs. Briggs and Moss are Independent Directors as such term is defined by Rule 4200(a)(15) of the NASDAQ Stock Market listing standards. The Stock Option and Compensation Committee met twice during 2002.

The Company does not have a nominating or an executive committee. The functions customarily attributable to these committees are performed by the Board of Directors as a whole.

PRINCIPAL STOCKHOLDERS AND MANAGEMENT OWNERSHIP

The following table sets forth information as of April 18, 2003, regarding the beneficial ownership of Common Stock by each person known by the Company to own 5% or more of the outstanding shares of Common Stock, each director of the Company, the Company's executive officers as defined in Item 402(a)(3) of Regulation S-K and the directors and executive officers of the Company as a group. The persons named in the table have sole voting and investment power with respect to all shares of Common Stock owned by them, unless otherwise noted.

Name and Beneficial Owner or Group (1)	Amount and Nature of Beneficial Ownership	Percent of Class
Lord, Abbett & Co.	1,319,209(2)	11.8%
Daniel P. McCartney	1,173,918(3)	10.3%
Pequot Capital Management, Inc.	1,041,100(4)	9.3%
Dimensional Fund Advisors Inc.	742,308(5)	6.6%
Strong Capital Management, Inc	618,644(6)	5.5%
Thomas A. Cook	343,694(7)	3.0%
Barton D. Weisman	113,285(8)	1.0%
Brian M. Waters	91,397(9)	(16)
Joseph F. McCartney	81,297(10)	(16)
James L. DiStefano	42,112(11)	(16)
John M. Briggs	36,800(12)	(16)
Robert L. Frome	32,660(13)	(16)
Robert J. Moss	21,455(14)	(16)
Directors and Executive Officers as a group (11 persons)	1,987,213(15)	16.4%

---

(1) The address of Lord, Abbett & Co. is 90 Hudson Street, Jersey City, NJ 07302. The address of Daniel P. McCartney is 3220 Tillman Drive, Suite 300, Bensalem, PA 19020. The address of Pequot Capital Management, Inc. is 500 Nyala Farm Road, Westport, CT 06880. The address of Dimensional Fund Advisors Inc. ("Dimensional") is 1299 Ocean Avenue 11th Floor, Santa Monica, CA 90401. The address of Strong Capital Management, Inc. is 100 Heritage Reserve, Menomonee Falls, WI 53051.

(2) According to a Schedule 13G filed by Lord, Abbett & Co., dated January

31, 2003, it has sole voting power and dispositive power with respect to the 1,319,209 shares.

(3) Includes incentive stock options to purchase 71,866 shares and nonqualified stock options to purchase 145,634 shares all exercisable within sixty days of April 18, 2003 and 6,403 shares credited to Mr. McCartney's account (but unissued) in connection with the Company's Deferred Compensation Plan. Also includes an aggregate of 2,500 shares that Mr. McCartney holds as a co-trustee for the benefit of his child. Mr. McCartney disclaims beneficial ownership of these shares. Mr. McCartney may be deemed to be a "parent" of and deemed to control the Company, as such terms are defined for purposes of the Securities Act of 1933, as amended (the "Securities Act"), by virtue of his position as founder, director, Chief Executive Officer and a principal shareholder of the Company.

(4) According to a Schedule 13G filed by Pequot Capital Management, Inc. dated February 14, 2003, it has sole voting power and dispositive power with respect to the 1,041,100 shares.

(5) According to a Schedule 13G filed by Dimensional, dated February 3, 2003, Dimensional, a registered investment advisor, may be deemed to have beneficial ownership of 742,308 shares of the Company's Common Stock as of December 31, 2002 all of which shares are held in portfolios of DFA Investment Dimensions Group Inc., a registered investment company, or in series of the DFA Investment Trust Company, a Delaware business trust, or the DFA Group Trust and DFA Participation Group Trust, investment vehicles for qualified employee benefit plans, for all of which Dimensional serves as investment manager. Dimensional disclaims beneficial ownership of all such shares.

(6) According to a Schedule 13G filed jointly by Strong Capital Management, Inc., and Richard S. Strong dated February 6, 2003, Strong Capital Management, Inc. and Richard Strong have shared dispositive power with respect to 618,644 shares (of which it has shared voting power with respect to 616,894 shares). Richard S. Strong is the Chairman of the Board of Strong Capital Management, Inc.

(7) Includes incentive stock options to purchase 82,378 shares and nonqualified stock options to purchase 252,622 shares all exercisable within sixty days of April 18, 2003 and 3,633 shares credited to Mr. Cook's account (but unissued) in connection with the Company's Deferred Compensation Plan.

(8) Includes nonqualified stock options to purchase 32,435 shares, all exercisable within sixty days of April 18, 2003.

(9) Includes incentive stock options to purchase 65,873 shares and nonqualified stock options to purchase 20,127 shares, all exercisable within sixty days of April 18, 2003.

(10) Includes incentive stock options to purchase 64,837 shares and nonqualified stock options to purchase 15,163 shares, all exercisable within sixty days of April 18, 2003 and 1,297 shares credited to Mr. McCartney's account (but unissued) in connection with the Company's Deferred Compensation Plan.

(11) Includes incentive stock options to purchase 37,655 shares and

nonqualified stock options to purchase 2,095 shares, all exercisable within sixty days of April 18, 2003 and 1,579 shares credited to Mr. DiStefano's account (but unissued) in connection with the Company's Deferred Compensation Plan.

(12) Includes nonqualified stock options to purchase 24,950 shares, all exercisable within sixty days of April 18, 2003.

(13) Includes nonqualified stock options to purchase 32,435 shares, all exercisable within sixty days of April 18, 2003.

(14) Represents nonqualified stock options to purchase 21,455 shares, all exercisable within sixty days of April 18, 2003.

(15) Includes 920,025 shares underlying options granted to said group of persons which includes presently exercisable options to purchase 50,500 shares held by executive officers who are not specifically identified in the Principal Stockholders and Management Ownership table above. All options are exercisable within sixty days of April 18, 2003. Also includes 12,912 shares credited to the accounts of certain executive officers (but unissued) in connection with the Company's Deferred Compensation Plan.

(16) Less than 1% of the outstanding shares.

Directors' Fees

The Company paid each director who is not an employee of the Company $500 for each regular or committee meeting of the Board of Directors attended. Mr. Frome bills the Company at his customary rates for time spent on behalf of the Company (whether as a director or in the performance of legal services for the Company) and is reimbursed for expenses incurred in attending directors' meetings. The Company also granted options to non-employee directors to purchase an aggregate of 24,950 shares of Common Stock during the year ended December 31, 2002 pursuant to the 1996 Non-Employee Directors' Plan, as amended and restated as of October 28, 1997.

MANAGEMENT COMPENSATION

Summary Compensation Table

The following table sets forth certain information regarding compensation paid or accrued during each of the Company's last three fiscal years to the Company's Chief Executive Officer and the four highest paid executive officers whose total salary and bonus exceeded $100,000 in 2002 (the "Named Executive Officers").

				Long Term	
				Awards	
	Annual Compensation				
				Restricted	Se Un

Name and Principal Positions	Fiscal Year	Salary	Bonus	Other Annual Compensation	Stock Awards	O
Daniel P. McCartney	2002	$573,050	0	$35,443	0	
Chairman of the	2001	501,163	0	32,743	0	
Board and Chief	2000	489,201	0	32,641	0	
Executive Officer						
Thomas A. Cook,	2002	$573,050	0	$21,490	0	
President, Chief	2001	501,163	0	14,314	0	
Operating Officer	2000	489,201	0	6,675	0	
and Director						
Brian M. Waters	2002	$185,645	0	$15,663	0	
Vice President --	2001	179,706	0	15,117	0	
Operations	2000	164,000	0	8,700	0	
James L. DiStefano	2002	$158,173	0	$ 5,933	0	
Chief Financial Officer	2001	146,539	0	5,500	0	
and Treasurer	2000	136,690	0	3,761	0	
Joseph F. McCartney	2002	$155,966	0	$14,425	0	
Divisional Vice	2001	130,084	0	11,955	0	
President and Director	2000	139,737	0	12,155	0	

---

(1) Options to acquire shares of Common Stock. The Company has not awarded any SAR's (Stock Appreciation Rights).

EQUITY COMPENSATION PLAN INFORMATION

The following table provides certain information with respect to all of the Company's equity compensation plans and grants made outside of any plans in effect as of April 18, 2003:

Plan Category	Number of securities to be Issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	S
Equity compensation plans approved by security holders.....	1,585,563(1)	$8.73	
Equity compensation plans not approved by security holders.....	N/A	N/A	
	1,585,563	$8.73	

---

(1) Represents shares of Common Stock issuable upon exercise of outstanding options granted under the 2002 Plan, 1996 Non-employee Director Stock Option Plan, as amended and restated as of October 28, 1997 (the "1996 Plan") or 1995 Incentive and Non-qualified Stock Option Plan (the "1995 Plan").

(2) Includes options to purchase 344,777 shares available for future grant under the Company's 2002 Plan, 1996 Plan or 1995 Plan. Also includes 713,180 and 30,509 shares available for issuance under the Company's 1999 Employee Stock Purchase Plan and 1999 Deferred Compensation Plan , respectively (collectively, the "1999 Plans"). Treasury shares will be issued under the 1999 Plans. In addition, if the proposal to approve the amendment to the 2002 Plan is approved, an additional 550,000 shares will be available for issuance.

Option Grants During 2002 Fiscal Year

The following table provides information related to options to purchase Common Stock granted to the Named Executive Officers during fiscal 2002.

	Individual Grants			
Name	Options Granted (#) (2)	% of Total Options Granted to Employees in Fiscal Year	Exercise Price ($/Sh) (2)	Expi
Daniel P. McCartney	25,000	7.90%	$12.65 (3)	Dec
Thomas A. Cook	25,000	7.90%	12.65 (3)	Dec
Brian M. Waters	10,000	3.16%	12.65 (3)	Dec
James L. DiStefano	10,000	3.16%	12.65 (3)	Dec
Joseph F. McCartney	10,000	3.16%	12.65 (3)	Dec

---

(1) The potential realizable value portion of the foregoing table illustrates value that might be realized upon exercise of the options immediately prior to the expiration of their term, assuming the specified compounded rates of appreciation on the Common Stock over the term of the options. These numbers do not take into account provisions of certain options providing for termination of the option following termination of employment, nontransferability or differences in vesting periods. Regardless of the theoretical value of an option, its ultimate value will depend on the market value of the Common Stock at a future date, and that value will depend on a variety of factors, including the overall condition of the stock market and the

Company's results of operations and financial condition. There can be no assurance that the values reflected in this table will be achieved.

(2) The option exercise price may be paid in shares of Common Stock owned by the Named Executive Officer for more than six months (based on the Fair Market Value of the Stock on the trading day before the Option is exercised), in cash, or a combination of any of the foregoing, as determined by the Stock Option and Compensation Committee.

(3) The exercise price was the market value (i.e., closing market price) of the Common Stock on the date of grant.

Aggregated Option Exercises During 2002 Fiscal Year and Fiscal Year End Option Values

The following table provides information related to the exercise of options and the number and value of options held at fiscal year end by each of the Named Executive Officers. (The Company does not have any outstanding stock appreciation rights.)

Name	Shares Acquired on Exercise (#)	Value Realized ($)(1)	Number of Securities Underlying Unexercised Options at FY-End(#)	
			Exercisable	Unexercisa
Daniel P. McCartney	--	--	192,500	25,000
Thomas A. Cook	18,000	92,765	310,000	25,000
Brian M. Waters	--	--	76,000	10,000
James L. DiStefano	--	--	29,750	10,000
Joseph F. McCartney	--	--	70,000	10,000

---

(1) Value realized is calculated by multiplying the shares acquired upon exercise by the difference between the option exercise price and the fair market value of the common stock on the date of exercise. The options exercised by Mr. Cook had been held by him for 10 years.

(2) The closing price of the Common Stock as reported by the Nasdaq National Market System on December 31, 2002 was $13.04. Value is calculated by multiplying the number of shares underlying the option by the difference between the option exercise price and $13.04.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires the Company's Directors, executive officers and 10% stockholders to file with the Securities Exchange Commission ("SEC") and the Nasdaq Stock Market initial reports of ownership and reports of changes in ownership of the Company's Common Stock. Directors and executive officers are required to furnish the Company with copies of all Section 16(a) reports they file.

To the Company's knowledge, based solely on review of the copies of these reports furnished to the Company and written representations that no other reports were required, during 2002 all Section 16 (a) filing requirements applicable to its Directors and executive officers were complied with except for

the failure to file on Form 4 (a) the crediting of shares (although as yet unissued) to the accounts of Daniel McCartney, Thomas Cook, Joseph F. McCartney and James DiStefano of 6,403, 3,633, 1,297 and 1,579 shares on December 31, 2002, respectively, pursuant to the Company's 1999 Deferred Compensation Plan and (b) the sale of 2,000 shares in April 2002 by John Briggs, a Director of the Company. These failures were inadvertent and, as soon as the oversights were discovered, the transactions were promptly reported.

Sarbanes-Oxley Act Compliance

Sarbanes-Oxley sets forth various new requirements for public companies and directs the SEC to adopt additional rules and regulations.

Currently, the Company believes it is in compliance with all applicable laws, rules and regulations arising from Sarbanes-Oxley. A number of the SEC rules and regulations are not yet effective as regards the Company. The Company intends to comply with all rules and regulations adopted by the SEC pursuant to Sarbanes-Oxley no later than the time they become applicable to the Company.

AUDIT COMMITTEE REPORT

The members of the Audit Committee from January 1, 2002 to December 31, 2002 were Messrs. John M. Briggs, Robert J. Moss and Barton D. Weisman. The Audit Committee met five times during the fiscal year. The Audit Committee is responsible for considering management's recommendation of independent certified public accountants for each fiscal year, recommending the appointment or discharge of independent accountants to the board of directors and confirming the independence of the accountants. It is also responsible for: reviewing and approving the scope of the planned audit, the results of the audit and the accountants' compensation for performing such audit; reviewing the Company's audited financial statements; and reviewing and approving the Company's internal accounting controls and discussing such controls with the independent accountants.

The Audit Committee adopted a written charter during fiscal 2000, a copy of which was attached to the Company's 2001 proxy statement as Exhibit A.

The Company's independent auditors are responsible for auditing the financial statements. The activities of the Committee are in no way designed to supersede or alter those traditional responsibilities. The Committee's role does not provide any special assurances with regard to the Company's financial statements, nor does it involve a professional evaluation of the quality of the audits performed by the independent auditors.

In connection with the audit of Healthcare Services Group, Inc.'s financial statements for the year ended December 31, 2002, the Audit Committee met with representatives from Grant Thornton LLP, the Company's independent auditors. The Audit Committee reviewed and discussed with Grant Thornton LLP the Company's financial management and financial structure, as well as the matters relating to the audit required to be discussed by Statements on Auditing Standards 61 and 90.

The Audit Committee and Grant Thornton LLP also discussed Grant Thornton LLP's independence. On January 13, 2003, the Audit Committee received from Grant Thornton LLP the written disclosures and the letter regarding Grant Thornton LLP's independence required by Independence Standards Board Standard

No. 1.

In addition, the Audit Committee reviewed and discussed with management the Company's audited financial statements for the fiscal year ended December 31, 2002.

Based upon the review and discussions described above, the Audit Committee recommended to the Board of Directors that the Company's financial statements audited by Grant Thornton LLP be included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2002.

February 12, 2003

John M. Briggs
Robert J. Moss
Barton D. Weisman

STOCK PERFORMANCE GRAPH

The following graph compares the total cumulative return (assuming dividends are reinvested) on the Common Stock during the five fiscal years ended December 31, 2002 with the cumulative total return on the S&P 500 Index and the S&P Healthcare Industry -- Miscellaneous Services Group Index.
[graphic]

[GRAPH OMITTED]

	INDEXED RETURNS Years Ending				
Company	Base Period Dec 97	Dec 98	Dec 99	Dec 00	Dec 01
HEALTHCARE SERVICES GROUP	100	108.42	83.17	75.74	122.98
S&P 500 INDEX	100	128.58	155.63	141.46	124.65
HEALTHCARE DISTRIBUTORS & SERVICES	100	153.88	63.59	117.76	117.11

Report of the Stock Option and Compensation Committee on Executive Compensation

Effective April 1, 2003, the compensation of the Chief Executive Officer of

the Company is determined by the Stock Option and Compensation Committee. The Committee's determinations regarding such compensation are based on a number of factors including, in order of importance:

- Consideration of the operating and financial performance of the Company, primarily its income before income taxes during the preceding fiscal year, as compared with prior operating periods;

- Attainment of a level of compensation designed to retain a superior executive in a highly competitive environment; and

- Consideration of the individual's overall contribution to the Company.

Compensation for Company executive officers (referred to in the summary compensation table) other than the Chief Executive Officer is determined by the Stock Option and Compensation Committee based upon consultation with the Chief Executive Officer, taking into account the same factors considered by the Board in determining the Chief Executive Officer's compensation as described above. Except as set forth below, the Company has not established a policy with regard to Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"), since the Company has not and does not currently anticipate paying compensation in excess of $1 million per annum to any employee. Under the 1995 Employee Plan no recipient of options may be granted options to purchase more than 125,000 shares of Common Stock. Therefore, compensation received as a

result of options granted under the 1995 Employee Plan qualify as "performance-based" for purposes of Section 162(m) of the Code.

In addition, under the 2002 Stock Option Plan, no recipient of options may be granted options to purchase more than 50,000 shares of Common Stock in any calendar year. Therefore, compensation received as a result of options granted under the 2002 Stock Option Plan, qualify as "performance-based" for purposes of Section 162(m) of the Code.

The Company applies a consistent approach to compensation for all employees, including senior management. This approach is based on the belief that the achievements of the Company result from the coordinated efforts of all employees working toward common objectives.

Mr. Daniel P. McCartney and Mr. Thomas A. Cook each received annual base salaries of $227,000 for the year ending December 31, 2002 and an additional 3% of the income from operations before income taxes of the Company attributable to the fiscal year immediately preceding the year for which his annual salary is calculated. Their compensation will be similarly determined with respect to the calendar year ending December 31, 2003.

April 14, 2003
Stock Option and Compensation Committee
John M. Briggs
Robert J. Moss

Interlocks and Insider Participation and Other Matters

Mr. Barton D. Weisman, a director of the Company, has an ownership interest in ten nursing homes that have entered into service agreements with the Company. During the year ended December 31, 2002, these agreements resulted in gross revenues of approximately $3,540,000 to the Company (approximately 1% of the Company's total revenues). Additionally, at December 31, 2002, such

nursing homes, in the aggregate, had outstanding accounts receivable of the Company of approximately $464,000. Management believes that the terms of each of the transactions with the nursing homes described herein are comparable to those available to unaffiliated third parties.

Mr. Robert L. Frome, a director of the Company, is a member of the law firm of Olshan Grundman Frome Rosenzweig & Wolosky, LLP, which law firm has been retained by the Company during the last fiscal year. Fees received from the Company by such firm during the last fiscal year did not exceed 5% of such firm's revenues.

PROPOSAL NO. 2 - APPROVAL OF THE AMENDMENT TO THE 2002 STOCK OPTION PLAN

A majority of the Company's shareholders approved the Company's 2002 Plan at the 2002 Annual Meeting, which provided that options may be granted with respect to 500,000 shares of Common Stock. As of the Record Date, options to purchase 155,295 shares of Common Stock had been granted under the 2002 Plan. In April 2003, the Board of Directors voted to increase the authorized number of shares available for issuance under the 2002 Plan from 500,000 to 1,050,000 shares of Common Stock, an increase of less than 5% of the Company's outstanding shares of Common Stock. The 2002 Plan has been amended and restated to include this increased amount of reserved shares, as well as certain other immaterial administrative amendments. The 2002 Plan enables the Company to remain competitive and provide sufficient equity incentives to attract and retain highly-qualified and experienced employees, directors, consultants and advisors to the Company and encourages the sense of proprietorship and stimulates the active interest of such persons in the development and financial success of the Company and its subsidiaries. The Board of Directors believes that approval of the amendment to the 2002 Plan is in the Company's best interest because the availability of an adequate reserve of shares under the 2002 Plan is an important factor in attracting, motivating and retaining qualified officers, employees, directors and consultants essential to the Company's success and in aligning their long-term interests with those of the shareholders.

Summary of Amended 2002 Stock Option Plan

Each option granted pursuant to the 2002 Plan shall be designated at the time of grant as either an "incentive stock option" or as a "nonqualified stock option." A summary of the significant provisions of the 2002 Plan is set forth below. This discussion of the 2002 Plan is qualified in its entirety by reference to the 2002 Plan. If this

proposal is approved by the Company's shareholders, the first sentence of Section 4 of the 2002 Plan shall be amended to read in its entirety as follows: "Subject to adjustment as provided in Section 7 hereof, a total of 1,050,000 shares of the Company's Common Stock, $.01 par value per share (the "Stock), shall be subject to the Plan."

In addition, the 2002 Plan has been amended by the Company's Board of Directors to provide that the terms, provisions, conditions and limitations of the 2002 Plan shall be construed and interpreted consistent with the provisions or rules and regulations of (i) the principal national securities exchange or automated quotation system on which the shares of the Company's Common Stock are listed or traded and (ii) Sarbanes-Oxley.

Administration of the Plan

The 2002 Plan is administered by a Committee consisting of two or more

directors who are "Non-Employee Directors" (as such term is defined in Exchange Act Rule 16b-3) and "Outside Directors" (as such term is defined in Section 162(m) of the Code) (the "Committee"). The Committee determines to whom among those eligible, and the time or times at which, options will be granted, the number of shares to be subject to options, the duration of options, any conditions to the exercise of options, and the manner in and price at which options may be exercised. In making such determinations, the Committee may take into account the nature and period of service of eligible persons, their level of compensation, their past, present and potential contributions to the Company and such other factors as the Committee in its discretion deems relevant.

The Board of Directors is authorized to amend, suspend or terminate the 2002 Plan, except that it is not authorized without shareholder approval (except with regard to adjustments resulting from changes in capitalization) to (i) materially increase the number of shares that may be issued under the 2002 Plan; (ii) materially increase the benefits accruing to the option holders under the 2002 Plan; (iii) materially modify the requirements as to eligibility for participation in the 2002 Plan; (iv) decrease the exercise price of an option to less than 100% of the Fair Market Value per share of Common Stock on the date of grant thereof, or (v) extend the term of any option beyond that provided for in Section 5 of the 2002 Plan.

Unless the 2002 Plan is terminated earlier by the Board of Directors, it will terminate on May 21, 2012.

Common Stock Subject to the 2002 Plan

The 2002 Plan provides that options may be granted with respect to 1,050,000 shares of Common Stock, which includes the additional 550,000 shares of Common Stock referred to in the amendment to the 2002 Plan. The maximum number of shares of stock that can be subject to options granted under the 2002 Plan to any individual in any calendar year shall not exceed 50,000. In the event of any merger, reorganization, consolidation, recapitalization, stock dividend, or other change in corporate structure affecting the Common Stock of the Company, the Committee shall have the discretion to make an appropriate and equitable adjustment in the number and kind of shares reserved for issuance under the 2002 Plan and in the number and option price of shares subject to outstanding options granted under the 2002 Plan, to the end that (a) the aggregate intrinsic value of the award is not increased and (b) the ratio of the exercise price per share to market value is not reduced. If any option expires or terminates for any reason, without having been exercised in full, the unpurchased shares subject to such option will be available again for the purposes of the 2002 Plan.

Participation

Any employee, officer or director of, and any consultant or advisor to, the Company or any of its subsidiaries shall be eligible to receive stock options under the 2002 Plan. Only employees of the Company or its subsidiaries shall be eligible to receive incentive stock options.

Option Price

The exercise price of each option is determined by the Committee, but may not be less than 100% of the Fair Market Value (as defined in the 2002 Plan) of the shares of Common Stock covered by the option on the date the option is granted. If an incentive stock option is to be granted to an employee who owns over 10% of the total

combined voting power of all classes of the Company's capital stock, then the exercise price may not be less than 110% of the Fair Market Value of the Common Stock covered by the option on the date the option is granted.

Term of Options

The Committee shall, in its discretion, fix the term of each option, provided that the maximum term of each option shall be 10 years. Incentive stock options granted to an employee who owns over 10% of the total combined voting power of all classes of stock of the Company shall expire not more than five years after the date of grant. The 2002 Plan provides for the earlier expiration of options of a participant in the event of certain terminations of employment or engagement.

Restrictions on Transfer and Exercise

Generally, an option may not be transferred or assigned other than by will or the laws of descent and distribution and, during the lifetime of the option holder, may be exercised solely by him. The aggregate Fair Market Value (determined at the time the incentive stock option is granted) of the shares as to which an employee may first exercise incentive stock options in any one calendar year under all incentive stock option plans of the Company and its subsidiaries may not exceed $100,000. The Committee may impose any other conditions to exercise as it deems appropriate.

Registration of Shares

The Company has filed a registration statements under the Securities Act with respect to 500,000 shares of Common Stock issued or to be issued upon exercise of options granted or to be granted under the 2002 Plan. The Company intends to file a registration statement under the Securities Act with respect to the additional Common Stock issuable pursuant to the 2002 Plan subsequent to the approval of the amendment to the 2002 Plan by the Company's shareholders.

Regulatory Compliance

In all cases, the terms, provisions, conditions and limitations of the 2002 Plan shall be construed and interpreted consistent with the provisions or rules and regulations of (i) Rule 16b-3 of the Securities Exchange Act of 1934, as amended (ii) the principal national securities exchange or automated quotation system on which the shares of the Company's Common Stock are listed or traded and (iii) Sarbanes-Oxley.

Tax Treatment of Incentive Stock Options

In general, no taxable income for Federal income tax purposes will be recognized by an option holder upon receipt or exercise of an incentive stock option and the Company will not then be entitled to any tax deduction. Assuming that the option holder does not dispose of the option shares before the later of (i) two years after the date of grant or (ii) one year after the exercise of the option, upon any such disposition, the option holder will recognize capital gain equal to the difference between the sale price on disposition and the exercise price.

If, however, the option holder disposes of his option shares prior to the expiration of the required holding period, he will recognize ordinary income for Federal income tax purposes in the year of disposition equal to the lesser of (i) the difference between the fair market value of the shares at date of exercise and the exercise price, or (ii) the difference between the sale price upon disposition and the exercise price. Any additional gain on such

disqualifying disposition will be treated as capital gain. In addition, if such a disqualifying disposition is made by the option holder, the Company will be entitled to a deduction equal to the amount of ordinary income recognized by the option holder provided such amount constitutes an ordinary and reasonable expense of the Company.

Tax Treatment of Nonqualified Stock Options

No taxable income will be recognized by an option holder upon receipt of a nonqualified stock option, and the Company will not be entitled to a tax deduction for such grant.

Upon the exercise of a nonqualified stock option, the option holder will include in taxable income for Federal income tax purposes the excess in value on the date of exercise of the shares acquired upon exercise of

the nonqualified stock option over the exercise price. Upon a subsequent sale of the shares, the option holder will derive short-term or long-term gain or loss, depending upon the option holder's holding period for the shares, commencing upon the exercise of the option, and upon the subsequent appreciation or depreciation in the value of the shares.

The Company generally will be entitled to a corresponding deduction at the time that the participant is required to include the value of the shares in his income.

Withholding of Tax

The Company is permitted to deduct and withhold amounts required to satisfy its withholding tax liabilities with respect to its employees.

Option Grants

As of the Record Date, options to purchase 155,295 shares of Common Stock had been granted pursuant to the 2002 Plan. During the fiscal year ended December 31, 2002 and through the Record Date, options to purchase shares of Common Stock have been granted pursuant to the 2002 Plan to (i) the chief executive officer, (ii) all current executive officers as a group, (iii) all non-employee Directors as a group, and (iv) all employees, including all current officers who are not executive officers, as a group, as follows:

Name ----	Exercise Price	Number of Options
Daniel P. McCartney, Chief Executive Officer	$12.65	25,000
Executive Officer Group(1)	12.65	77,905
Non-Employee Directors	12.65	24,950
Non-Executive Officer Employee Group	12.21	47,450

(1) Includes Daniel P. McCartney, Thomas A. Cook, Joseph F. McCartney, Brian M. Waters, James L. DiStefano, Thomas B. Carpenter and Richard W. Hudson.

Required Vote

The affirmative vote of the holders of a majority of the Common Stock present (in person or by proxy) and voting is required for approval of the amendment to the 2002 Plan. An abstention, a specific withholding of authority to vote or a "broker non-vote" by a registered holder will not be counted in determining whether the proposal has received the requisite stockholder vote.

Recommendation of the Board of Directors

The Board recommends a vote "FOR" approval of the amendment to the 2002 Plan.

PROPOSAL NO. 3
INDEPENDENT PUBLIC ACCOUNTANTS

The accounting firm of Grant Thornton LLP was selected by the Audit Committee of the Board of Directors as the independent public accountants of the Company for the fiscal year ending December 31, 2003. Said firm has no other relationship to the Company. The Board of Directors recommends the ratification of the selection of the firm of Grant Thornton LLP to serve as the independent public accountants of the Company for the year ending December 31, 2003. A representative of Grant Thornton LLP, which has served as the Company's independent public accountants since December 1992, will be present at the forthcoming shareholders' meeting with the opportunity to make a statement if he so desires and such representative will be available to respond to appropriate questions. The approval of the proposal to ratify the appointment of Grant Thornton LLP requires the affirmative vote of a majority of the votes cast by all shareholders represented and entitled to vote thereon. An abstention or withholding of authority to vote, therefore, will not have the same legal effect as an "against" vote and will not be counted in determining whether the proposal has received the required shareholder vote. However, brokers that do not receive instructions on this proposal are entitled to vote for the selection of the independent public accountants.

Fees billed to Company by Grant Thornton LLP during Fiscal 2002-

Audit Fees:

Audit fees billed to the Company by Grant Thornton LLP during the Company's 2002 fiscal year for audit of the Company's annual financial statements and reviews of those financial statements included in the Company's quarterly reports on Form 10-Q totaled approximately $301,000.

Financial Information Systems Design and Implementation Fees: $0

The Company did not engage Grant Thornton LLP to provide advice to the Company regarding financial information systems design and implementation during the fiscal year ended December 31, 2002.

All Other Fees:

Fees billed to the Company by Grant Thornton LLP during the Company's 2002 fiscal year for all other services rendered to the Company, including tax related services totaled approximately $49,000.

The Audit Committee of the Board of Directors considered whether Grant

Thornton LLP's provision of the services covered above under "All Other Fees" is compatible with maintaining Grant Thornton LLP's independence.

OTHER MATTERS

So far as is now known, there is no business other than that described above to be presented for action by the shareholders at the meeting, but it is intended that the proxies will be exercised upon any other matters and proposals that may legally come before the meeting, or any adjournment thereof, in accordance with the discretion of the persons named therein.

DEADLINE FOR SHAREHOLDER PROPOSALS

To the extent permitted by law, any shareholder proposal intended for presentation at next year's annual shareholders' meeting must be received in proper form at the Company's principal office no later than December 22, 2003.

In accordance with and to the extent covered by Rule 14a-4(c)(1) of the Securities Exchange Act of 1934, as amended, if the Company is not notified of a shareholder proposal by March 7, 2004, such proposal will not be included in the proxy statement for the next year's annual shareholders' meeting and the Company will be permitted to use its discretionary authority in respect thereof.

ANNUAL REPORT

The 2002 Annual Report to Shareholders, including financial statements, is being mailed herewith. If you do not receive your copy please advise the Company and another will be sent to you.

By Order of the Board of Directors,

DANIEL P. MCCARTNEY
Chairman and
Chief Executive Officer

Dated: Bensalem, Pennsylvania
April 21, 2003

A copy of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2002, as filed with the Securities and Exchange Commission, may be obtained without charge by any shareholder of record on the record date upon written request addressed to: Secretary, Healthcare Services Group, Inc., 3220 Tillman Drive, Suite 300, Bensalem, PA 19020.

ANNUAL MEETING OF SHAREHOLDERS OF

HEALTHCARE SERVICES GROUP, INC.

May 27, 2003

Please date, sign and mail
your proxy card in the
envelope provided as soon
as possible.

Please detach and mail in the envelope provided.

| PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK YOUR VOTE IN BLUE

---

1. TO ELECT SEVEN DIRECTORS;

/ / FOR ALL NOMINEES

/ / WITHHOLD AUTHORITY FOR ALL NOMINEES

/ / FOR ALL EXCEPT (See instructions below)

NOMINEES:
o Daniel P. McCartney
o Barton D. Weisman
o Joseph F. McCartney
o Robert L. Frome
o Thomas A. Cook
o Robert J. Moss
o John M. Briggs

2. TO APPROVE AN AMENDMENT TO 2002 STOCK OPTION PLAN INC TOTAL NUMBER OF SHARES OF AVAILABLE FOR ISSUANCE THE TO 1,050,000 SHARES.

3. TO APPROVE AND RATIFY THE GRANT THORNTON LLP AS THE PUBLIC ACCOUNTANTS OF THE ITS CURRENT FISCAL YEAR EN

4. In their discretion, upon come before the Meeting.

INSTRUCTION: To withhold authority to vote for any individual nominee(s), mark "FOR ALL EXCEPT" and fill in the circle next to each nominee you wish to withhold, as shown here: o

---

To change the address on your account, please check the box at right and indicate your new address in the address space above. / /
Please note that changes to the registered name(s) on the account may not be submitted via this method.

Signature of Shareholder_____ Date:_____ Signature of Shareholder_____

Note: Please sign exactly as your name or names appear on this Proxy. When shares are held join signing as executor, administrator, attorney, trustee or guardian, please give full title corporation, please sign full corporate name by duly authorized officer, giving full titl partnership, please sign in partnership name by authorized person.

HEALTHCARE SERVICES GROUP, INC.
PROXY
THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

Annual Meeting of Shareholders to be held at The Radisson Hotel of Bucks County, 2400 Old Lincoln Highway, Trevose, PA 19047 on May 27, 2003 at 10:00 A.M.

The undersigned, revoking all previous proxies, hereby appoints Daniel P. McCartney and Thomas A. Cook or either of them, attorneys and proxies with full power of substitution and with all the powers the undersigned would possess if personally present, to vote all shares of HEALTHCARE SERVICES GROUP, INC. owned by the undersigned at the Annual Meeting of Shareholders of said corporation to be held at the place set forth above, and at any adjournment thereof, in the transaction of such business as may properly come before the meeting or any adjournment thereof, all as more fully described in the Proxy Statement, and particularly to vote as designated on the reverse side.

THE SHARES REPRESENTED HEREBY WILL BE VOTED AS DIRECTED BY THIS PROXY, IF NO DIRECTION IS MADE THEY WILL BE VOTED FOR THE ELECTION OF THE NOMINATED DIRECTORS, FOR APPROVAL OF THE AMENDMENT TO THE 2002 STOCK OPTION PLAN, AND FOR RATIFICATION OF THE INDEPENDENT PUBLIC ACCOUNTANTS, ALL AS RECOMMENDED IN THE PROXY STATEMENT, AND IN ACCORDANCE WITH THE DISCRETION OF THE PROXIES OR PROXY ON ANY OTHER BUSINESS TRANSACTED AT THE ANNUAL MEETING.

(Continued and to be signed on the reverse side)

the extent such Information (i) is or becomes generally available to the public other than through the failure of Seller or Purchaser to fulfill its obligations hereunder, (ii) was already known to the party receiving the Information on a nonconfidential basis prior to the disclosure or (iii) is subsequently disclosed to the party receiving the Information on a nonconfidential basis by a third party having no obligation of confidentiality to the party disclosing the Information. It is agreed and understood that the obligations of Seller and Purchaser contained in this Section 6.20 shall survive the Closing or termination of this Agreement.

Section 6.21 *Certain Policies*.

Prior to the Effective Date, to the extent permitted by law, Seller shall, consistent with generally accepted accounting principles and on a basis mutually satisfactory to it and Purchaser, modify and change its loan, investments, liquidity, litigation and real estate valuation policies and practices (including loan classifications and levels of reserves) so as to be applied on a basis that is consistent with that of Purchaser; provided, however, that Seller shall not be obligated to take any such action pursuant to this Section 6.21 unless and until (i) Purchaser irrevocably acknowledges to Seller in writing that all conditions to its obligation to consummate the Parent Merger have been satisfied; (ii) Purchaser irrevocably waives in writing any and all rights that it may have to terminate this Agreement; and (iii) Seller has obtained the approval of this Agreement from its shareholders.

Section 6.22 *Repayment of Subordinated Debt*. Prior to the Effective Date, Seller and Bank shall take all actions reasonably requested by Purchaser that may be necessary or appropriate, including, without limitation obtaining any necessary regulatory approvals, to enable the Seller Subordinated Debt and the Bank Subordinated Debt to be repaid

on the Effective Date. All resolutions, notices, or other documents issued, adopted or executed in connection with the implementation of this Section 6.22 shall be subject to Purchaser s prior review and approval, which approval shall not be unreasonably withheld.

ARTICLE VII

CONDITIONS TO CONSUMMATION OF THE PARENT MERGER

Section 7.01 *Conditions to Each Party s Obligation to Effect the Parent Merger.* The respective obligation of each of Purchaser and Seller to consummate the Parent Merger is subject to the fulfillment or written waiver by Purchaser and Seller prior to the Effective Time of each of the following conditions:

(a) *Shareholder Approval*. This Agreement shall have been duly adopted by the requisite vote of Seller s shareholders.

(b) *Regulatory Approvals*. All regulatory approvals required to consummate the transactions contemplated hereby shall have been obtained and shall remain in full force and effect and all statutory waiting periods in respect thereof shall have expired and no such approvals shall contain (i) any conditions, restrictions or requirements that the Purchaser Board reasonably determines would either before or after the Effective Time have a Material Adverse Effect on Purchaser after giving effect to the consummation of the Merger, or (ii) any conditions, restrictions or requirements that the Purchaser Board reasonably determines would either before or after the Effective Date be unduly burdensome.

(c) *No Injunction*. No Governmental Authority of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any statute, rule, regulation, judgment, decree, injunction or other order

Table of Contents

(whether temporary, preliminary or permanent) that is in effect and prohibits consummation of the transactions contemplated by this Agreement.

(d) *Registration Statement*. The Registration Statement shall have become effective under the Securities Act and no stop order suspending the effectiveness of the Registration Statement shall have been issued and no proceedings for that purpose shall have been initiated or threatened by the SEC and, if the offer and sale of Purchaser Common Stock in the Parent Merger is subject to the blue sky laws of any state, shall not be subject to a stop order of any state securities commissioner.

(e) *Nasdaq Listing*. The shares of Purchaser Common Stock to be issued in the Parent Merger shall have been approved for listing on Nasdaq, subject to official notice of issuance.

(f) *Tax Opinion.* Purchaser and Seller shall have received an opinion from counsel to Purchaser, dated the Closing Date, substantially to the effect that on the basis of the facts, representations and assumptions set forth or referred to in such opinion, (1) the Parent Merger will qualify as a reorganization within the meaning of Section 368(a) of the Code; (2) holders of Seller Common Stock who receive Purchaser Common Stock in the Parent Merger in exchange for all of their shares of Seller Common Stock will not recognize any gain or loss with respect to shares of Purchaser Common Stock received (except with respect to cash received instead of a fractional share interest in Purchaser Common Stock); (3) each holder of Seller Common Stock who receives Purchaser Common Stock and cash (other than cash in lieu of fractional shares in Purchaser Common Stock) in the Parent Merger in exchange for the holder s shares of Seller Common Stock will recognize the gain, if any, realized by the holder, in an amount not in excess of the amount of cash received (other than cash received instead of a fractional share interest in Purchaser Common Stock), but will not recognize any loss on the exchange; and (4) a holder of Seller Common stock who receives cash instead of a fractional share interest in Purchaser Common stock will recognize gain or loss equal to the difference between the cash received and the portion of the basis of the holder s shares of Seller Common Stock allocable to that fractional share interest.

Section 7.02 *Conditions to Obligation of Seller.* The obligation of Seller to consummate the Parent Merger is also subject to the fulfillment or written waiver by Seller prior to the Effective Time of each of the following conditions:

(a) *Representations and Warranties*. The representations and warranties of Purchaser set forth in this Agreement shall be true and correct in all material respects, as of the date of this Agreement and as of the Effective Date as though made on and as of the Effective Date (except that representations and warranties that by their terms speak as of the date of this Agreement or some other date shall be true and correct in all material respects as of such date), and Seller shall have received a certificate, dated the Effective Date, signed on behalf of Purchaser by the Chief Executive Officer and the Chief Financial Officer of Purchaser to such effect.

(b) *Performance of Obligations of Purchaser*. Purchaser shall have performed in all material respects all obligations required to be performed by Purchaser under this Agreement at or prior to the Effective Time, and Seller shall have received a certificate, dated the Effective Date, signed on behalf of Purchaser by the Chief Executive Officer and the Chief Financial Officer of Purchaser to such effect.

Section 7.03 *Conditions to Obligation of Purchaser.* The obligation of Purchaser to consummate the Parent Merger is also subject to the fulfillment or written waiver by Purchaser prior to the Effective Time of each of the following conditions:

(a) *Representations and Warranties*. The representations and warranties of Seller set forth in this Agreement shall be true and correct in all material respects as of the date of this Agreement and as of the Effective Date as though made

on and as of the Effective Date (except that representations and warranties that by their terms speak as of the date of this Agreement or some other date shall be true and correct in all material respects as of such date), and Purchaser shall have received a certificate, dated the Effective Date, signed on behalf of Seller by the Chief Executive Officer and the Chief Financial Officer of Seller to such effect.

Table of Contents

(b) *Performance of Obligations of Seller*. Seller shall have performed in all material respects all obligations required to be performed by it under this Agreement at or prior to the Effective Time, and Purchaser shall have received a certificate, dated the Effective Date, signed on behalf of Seller by the Chief Executive Officer and the Chief Financial Officer of Seller to such effect.

(c) *Absence of Appraisal Demands*. Rights to demand appraisal under the PBCL shall have expired or shall otherwise be unavailable with respect to at least 90% of the outstanding shares of Seller Common Stock (excluding shares of Seller Common Stock to be canceled as provided in Section 3.01(c)).

ARTICLE VIII

TERMINATION

Section 8.01 *Termination.* This Agreement may be terminated, and the Parent Merger may be abandoned:

(a) *Mutual Consent*. At any time prior to the Effective Time, by the mutual written consent of Purchaser and Seller.

(b) *Breach.* At any time prior to the Effective Time, by Purchaser or Seller in the event of either: (i) a material breach by the other party of any representation or warranty contained herein, which breach cannot be or has not been cured within 30 days after the giving of written notice to the breaching party of such breach; or (ii) a material breach by the other party of any of the covenants or agreements contained herein, which breach cannot be or has not been cured within 30 days after the giving of written notice to the breaching party of such breach, provided that (A) such breach (under either clause (i) or (ii)) would entitle the non-breaching party not to consummate the Parent Merger under ARTICLE VII, and (B) the terminating party is not itself in material breach of any provision of this Agreement.

(c) *Delay*. At any time prior to the Effective Time, by Purchaser or Seller, if its Board of Directors so determines by vote of a majority of the members of its entire Board, in the event that the Parent Merger is not consummated by May 31, 2015, except to the extent that the failure of the Parent Merger then to be consummated arises out of or results from the knowing action or inaction of the party seeking to terminate pursuant to this Section 8.01(c).

(d) *No Approval*. By Seller or Purchaser in the event (i) the approval of any Governmental Authority required for consummation of the Merger and the other transactions contemplated by this Agreement shall have been denied by final nonappealable action of such Governmental Authority or an application therefor shall have been permanently withdrawn at the invitation, request or suggestion of a Governmental Authority; (ii) the Seller shareholders fail to adopt this Agreement at the Seller Meeting and approve the Parent Merger; or (iii) any of the closing conditions have not been met as required by ARTICLE VII hereof.

(e) *Adverse Action*. By Purchaser, if (i) the Seller Board submits this Agreement (or the plan of merger contained herein) to its shareholders without a recommendation for approval or with any adverse conditions on, or qualifications of, such recommendation for approval; (ii) the Seller Board otherwise withdraws or materially and adversely modifies (or discloses its intention to withdraw or materially and adversely modify) its recommendation referred to in Section 6.02; (iii) the Seller Board recommends to its shareholders an Acquisition Proposal other than the Merger; (iv) Seller breaches its covenant set forth in Section 6.02 to convene the Seller Meeting; or (v) Seller materially breaches Section 6.06.

Table of Contents

(f) By Seller, if the Seller Board so determines by the vote of a majority of its members, at any time during the five business day period commencing with the Determination Date, if both of the following conditions are satisfied:

(i) The Purchaser Market Value on the Determination Date is less than the Initial Purchaser Market Value multiplied by 0.80; and

(ii) (A) the quotient obtained by dividing the Purchaser Market Value on the Determination Date by the Initial Purchaser Market Value (such quotient being referred to herein as the *Purchaser Ratio*) shall be less than (B) the quotient obtained by dividing the Final Index Price by the Initial Index Price (the *Index Ratio*) and subtracting 0.20 from the Index Ratio; subject, however, to the following three sentences. If Seller elects to exercise its termination right pursuant to the immediately preceding sentence, it shall give prompt written notice thereof to Purchaser (provided that such notice of election to terminate may be withdrawn at any time within the aforementioned five business day period). During the five business day period commencing with its receipt of such notice, Purchaser shall have the option of increasing the consideration to be received by Seller Shareholders by adjusting the Stock Consideration to an amount which, when multiplied by the Purchaser Market Value on the Determination Date, equals the lesser of (i) $52.50 or (ii) $52.50 multiplied by the Index Ratio. If Purchaser makes an election contemplated by the preceding sentence within such five business day period, it shall give prompt written notice to Seller of such election and the revised Stock Consideration, whereupon no termination shall have occurred pursuant to this Section 8.01(f) and this Agreement shall remain in full force and effect in accordance with its terms (except that the Stock Consideration shall have been so modified).

For purposes of this Section 8.01(f), the following terms shall have the meanings indicated below:

Determination Date shall mean the later of (i) the date on which the last required approval of a Governmental Authority is obtained with respect to the transactions contemplated by the Agreement without regard to any requisite waiting period or (ii) the date of the Seller Meeting to consider this Agreement and the transactions contemplated hereby.

Final Index Price means the closing price of the Nasdaq Bank Index as of the Determination Date.

Index Group means the Nasdaq Bank Index.

Initial Index Price means the closing price of the Nasdaq Bank Index as of the Starting Date.

Initial Purchaser Market Value equals $25.45, adjusted as indicated in the last sentence of this Section 8.01(f).

Purchaser Market Value on the Determination Date shall be the volume weighted average price of Purchaser Common Stock (as reported on Nasdaq or, if not reported thereon, in another authoritative source) during the 15 trading day period immediately preceding the Determination Date.

Starting Date means the last trading date before the date of this Agreement.

If any company belonging to the Index Group or the Purchaser declares or effects a stock dividend, reclassification, recapitalization, split-up, combination, exchange of shares, or similar transaction between the Starting Date and the Determination Date, the prices for the common stock of such company or the Purchaser Common Stock shall be appropriately adjusted for the purposes of applying this Section 8.01(f).

Section 8.02 *Effect of Termination and Abandonment; Enforcement of Agreement.* In the event of termination of this Agreement and the abandonment of the Parent Merger pursuant to this ARTICLE VIII, no party to this Agreement shall have any liability or further obligation to any other party hereunder except (i) as set

Table of Contents

forth in Sections 8.03 and 9.01; and (ii) that termination will not relieve a breaching party from liability or damages for any willful breach of this Agreement giving rise to such termination. Notwithstanding anything contained herein to the contrary, the parties hereto agree that irreparable damage will occur in the event that a party breaches any of its obligations, duties, covenants and agreements contained herein. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions to prevent breaches or threatened breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement in any court of the United States or any state having jurisdiction, this being in addition to any other remedy to which they are entitled by law or in equity.

Section 8.03 *Termination Fee.*

(a) (i) Seller shall pay to Purchaser by wire transfer in same day funds within two business days of a termination contemplated by this Section 8.03(a)(i), a termination fee in the amount of Six Million Two Hundred Fifty Thousand Dollars ($6,250,000) (the *Termination Fee*) if this Agreement is terminated: (A) by Parent pursuant to Section 8.01(e) or (B) by Parent or Seller pursuant to Section 8.01(d)(ii), if prior to the Seller Meeting, the Seller shall have taken one of the actions set forth in Section 8.01(e), or (ii) (A) if this Agreement is terminated (1) by Purchaser pursuant to Section 8.01(b), (2) by Purchaser or Seller pursuant to Section 8.01(c) or (3) by Purchaser or Seller pursuant to Section 8.01(d)(ii) and Seller shall not have taken one of the actions set forth in Section 8.01(e) prior to the Seller Meeting and (B) (1) before such termination, an Acquisition Proposal with respect to the Seller was commenced, received by the Seller, publicly proposed or publicly disclosed and (2) within 12 months after such termination, the Seller enters into a definitive written agreement relating to an Acquisition Proposal or consummates a transaction contemplated by an Acquisition Proposal, Seller shall pay to Purchaser the Termination Fee by wire transfer in same day funds within two business days of the earlier of entering into a definitive written agreement relating to an Acquisition Proposal or consummation of a transaction contemplated by an Acquisition Proposal.

(b) Seller acknowledges that the agreements contained in this Section 8.03 are an integral part of the transactions contemplated by this Agreement, and that, without these agreements, Purchaser would not enter into this Agreement. Accordingly, if Seller fails to pay timely any amount due pursuant to this Section 8.03 and, in order to obtain such payment, Purchaser commences a suit that results in a judgment against Seller for the amount payable to Purchaser pursuant to this Section 8.03, Seller shall pay to Purchaser its costs and expenses (including reasonable attorneys fees and expenses) in connection with such suit, together with interest on the amount so payable at the applicable Federal Funds rate.

(c) Subject to Section 9.05, the right to receive payment of the Termination Fee will constitute the sole and exclusive remedy of Purchaser against Seller and its Subsidiaries and their respective officers and directors with respect to the events under Section 8.03(a).

ARTICLE IX

MISCELLANEOUS

Section 9.01 *Survival.* No representations, warranties, agreements and covenants contained in this Agreement shall survive the Effective Time (other than Section 6.12, Section 6.14, Section 6.15 and Section 6.20 and this ARTICLE IX which shall survive the Effective Time) or the termination of this Agreement if this Agreement is terminated prior to the Effective Time (other than Section 6.03(b), Section 6.04, Section 6.05(b), Section 6.20, Section 8.02, and this ARTICLE IX which shall survive such termination).

Section 9.02 *Waiver; Amendment.* Prior to the Effective Time, any provision of this Agreement may be (i) waived by the party benefited by the provision, or (ii) amended or modified at any time, by an agreement in writing between the

parties hereto executed in the same manner as this Agreement, except to the extent that any such amendment would violate applicable law or require resubmission of this Agreement or the plan of merger contained herein to the shareholders of Seller.

Table of Contents

Section 9.03 *Counterparts.* This Agreement may be executed in one or more counterparts, each of which shall be deemed to constitute an original.

Section 9.04 *Governing Law.* This Agreement shall be governed by, and interpreted in accordance with, the laws of Commonwealth of Pennsylvania applicable to contracts made and to be performed entirely within such Commonwealth (except to the extent that mandatory provisions of federal law are applicable).

Section 9.05 *Expenses.* Except as set forth in Section 8.03(b) of this Agreement, each party hereto will bear all expenses incurred by it in connection with this Agreement and the transactions contemplated hereby, except that if this Agreement is terminated (1) by Purchaser pursuant to Section 8.01(b) or Section 8.01(e), or (2) by Purchaser or Seller pursuant to Section 8.01(d)(ii), Purchaser and Seller will each bear and pay one-half of the following expenses: (a) the costs (excluding the fees and disbursements of counsel, financial advisors and accountants) incurred in connection with the preparation (including copying and printing and distributing) of the Registration Statement, the Proxy Statement and applications to Governmental Authorities for the approval of the Merger and (b) all listing, filing or registration fees, including, without limitation, fees paid for filing the Registration Statement with the SEC and any other fees paid for filings with Governmental Authorities.

Section 9.06 *Notices.* All notices, requests and other communications hereunder to a party shall be in writing and shall be deemed given if personally delivered, faxed (with confirmation) or mailed by registered or certified mail (return receipt requested), or sent by electronic mail (*email*), to such party at its address set forth below or such other address as such party may specify by notice to the parties hereto; provided, however, that any notice sent by email shall not be deemed received by the addressee until such addressee affirmatively responds that it has received such notice, which response shall not be deemed acknowledgment of the substance of such notice.

If to Seller, to:

Integrity Bancshares, Inc.

3314 Market Street, Suite 301

Camp Hill, Pennsylvania 17011

Attention: James T. Gibson

Facsimile No: (717) 920-3611

Email: Jim@IntegrityBankonline.com

With a copy to:

Rhoads & Sinon LLP

One South Market Square

Harrisburg, Pennsylvania 17101

Attention: Dean H. Dusinberre, Esquire

Facsimile No: (717) 238-3651

Email: ddusinberre@rhoads-sinon.com

If to Purchaser, to:

S&T Bancorp, Inc.

800 Philadelphia Street

Indiana, Pennsylvania 15701-3921

Attention: Todd D. Brice

Facsimile No: (724) 465-1414

Email: Todd.Brice@stbank.net

Table of Contents

With a copy to:

Arnold & Porter LLP

555 Twelfth Street, NW

Washington, DC 20004

Attention: Paul D. Freshour

Facsimile No: (202) 942-5999

Email: Paul.Freshour@aporter.com

Section 9.07 *Entire Understanding; No Third Party Beneficiaries.* This Agreement and any separate agreement entered into by the parties of even date herewith represent the entire understanding of the parties hereto with reference to the transactions contemplated hereby and thereby and this Agreement supersedes any and all other oral or written agreements heretofore made (other than any such separate agreement). Nothing in this Agreement, whether express or implied, is intended to confer upon any Person, other than the parties hereto or their respective successors, any rights, remedies, obligations or liabilities under or by reason of this Agreement; provided that the Indemnified Parties shall be third party beneficiaries of and entitled to enforce Section 6.12.

Section 9.08 *Interpretation; Effect.* When a reference is made in this Agreement to Sections, Exhibits or Schedules, such reference shall be to a Section of, or Exhibit or Schedule to, this Agreement unless otherwise indicated. The table of contents and headings contained in this Agreement are for reference purposes only and are not part of this Agreement. Whenever the words include, includes or including are used in this Agreement, they shall be deemed to be followed by the words without limitation.

Section 9.09 *Waiver of Jury Trial.* Each of the parties hereto hereby irrevocably waives any and all right to trial by jury in any legal proceeding arising out of or related to this Agreement or the transactions contemplated hereby.

Section 9.10 *Severability.* If any provision of this Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions, or the application of such provision to Persons or circumstances other than those as to which it has been held invalid or unenforceable, will remain in full force and effect and will in no way be affected, impaired or invalidated thereby, so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination, the parties will negotiate in good faith in an effort to agree upon a suitable and equitable substitute provision to effect the original intent of the parties.

Section 9.11 *Assignment.* Except to the extent provided in this Agreement, Purchaser and Seller may not assign any of their rights or obligations under this Agreement to any other Person, except upon the prior written consent of the other party. Any purported agreement in violation hereof shall be void.

Section 9.12 *Time of Essence.* With regard to all dates and time periods set forth or referred to in this Agreement, time is of the essence.

[signature page follows]

49

Table of Contents

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in counterparts by their duly authorized officers, all as of the day and year first above written.

INTEGRITY BANCSHARES, INC.

By: /s/ James T. Gibson
James T. Gibson
Chief Executive Officer

S&T BANCORP, INC.

By: /s/ Todd D. Brice
Todd D. Brice
Chief Executive Officer

Agreement and Plan of Merger Signature Page

Table of Contents

ANNEX B

October 29, 2014

Board of Directors

Integrity Bancshares, Inc.

3314 Market Street, Suite 301

Camp Hill, PA 17011

Ladies and Gentlemen:

Integrity Bancshares, Inc. (Integrity) and S&T Bancorp, Inc. (S&T) have entered into an agreement and plan of merger dated as of October 29, 2014 (the Agreement) pursuant to which Integrity will merge into with and into S&T (the Merger). Subject to the provisions of the Agreement, at the Effective Time, automatically by virtue of the Merger, each share of Integrity Common Stock, excluding certain shares as specified in the Agreement issued and outstanding immediately prior to the Effective Time shall be converted at the election of the holder thereof (in accordance with the election and allocation procedures set forth in Agreement) into either (i) the right to receive $52.50 in cash without interest (the Cash Consideration) or (ii) 2.0627 shares (the Stock Exchange Ratio) of S&T Common Stock (the Stock Consideration). The Cash Consideration and the Stock Consideration are referred to herein collectively as the Merger Consideration. The other terms and conditions of the Merger are more fully set forth in the Agreement, and capitalized terms used herein without definition shall have the meanings assigned to them in the Agreement. You have requested our opinion as to the fairness of the Merger Consideration to the holders of Integrity Common Stock from a financial point of view.

Sandler O Neill & Partners, L.P., as part of its investment banking business, is regularly engaged in the valuation of financial institutions and their securities in connection with mergers and acquisitions and other corporate transactions. In connection with this opinion, we have reviewed, among other things: (i) the Agreement; (ii) certain publicly available financial statements and other historical financial information of Integrity that we deemed relevant; (iii) certain publicly available financial statements and other historical financial information of S&T that we deemed relevant; (iv) internal financial estimates for Integrity for the years ending December 31, 2014 through December 31, 2018 as provided by senior management of Integrity; (v) publicly available median analyst earnings estimates for S&T for the years ending December 31, 2014 through December 31, 2016 and an estimated long-term growth rate for the years thereafter; (vi) the pro forma financial impact of the Merger on S&T based on assumptions relating to transaction expenses, purchase accounting adjustments, cost savings and other synergies as determined by the senior management of S&T; (vii) a comparison of certain financial and other information, including stock trading information for Integrity and S&T with similar publicly available information for certain other commercial banks, the securities of which are publicly traded; (viii) the terms and structures of other recent mergers and acquisition transactions in the commercial banking sector; (ix) the current market environment generally and in the commercial banking sector in particular; and (x) such other information, financial studies, analyses and investigations and financial, economic and market criteria as we considered relevant. We also discussed with certain members of senior management of Integrity the business, financial condition, results of operations and prospects of Integrity and held similar discussions with the senior management of S&T regarding the business, financial condition, results of operations and prospects of S&T.

In performing our review, we have relied upon the accuracy and completeness of all of the financial and other information that was available to us from public sources, that was provided to us by Integrity and S&T or that was otherwise reviewed by us and have assumed such accuracy and completeness for purposes of preparing this letter. We have further relied on the assurances of the senior management of Integrity and S&T that they are not aware of any facts or circumstances that would make any of such information inaccurate or misleading in any material respect. We did not make an independent evaluation or appraisal of the specific assets, the collateral securing assets or the liabilities (contingent or otherwise) of Integrity and S&T any of their respective subsidiaries. We did not make an independent evaluation of the adequacy of the allowance for loan losses of Integrity, S&T or the combined entity after the Merger and we have not reviewed any individual credit files relating to Integrity or S&T. We have assumed, with your consent, that the respective allowances for loan losses

Table of Contents

for both Integrity and S&T are adequate to cover such losses and will be adequate on a pro forma basis for the combined entity.

In preparing its analyses, Sandler O Neill used internal financial estimates as provided by the senior management of Integrity and publicly available analyst estimates for S&T, respectively. Sandler O Neill also received and used in its analyses certain projections of transaction costs, purchase accounting adjustments, expected cost savings and other synergies which were prepared by and/or reviewed with the senior managements of S&T. With respect to these estimates, the respective senior managements of Integrity and S&T confirmed to us that those estimates reflected the judgments of those respective managements of the future financial performance of Integrity and S&T, respectively, and we assumed that such performance would be achieved and we have assumed that they have been reasonably prepared on a basis reflecting the best currently available estimates and judgments of such management. We express no opinion as to such estimates or the assumptions on which they are based. We have assumed that there has been no material change in the respective assets, financial condition, results of operations, business or prospects of Integrity and S&T since the date of the most recent financial data made available to us, as of the date hereof. We express no opinion as to any of the legal, accounting and tax matters relating to the Merger and any other transactions contemplated in connection therewith.

We have assumed in all respects material to our analysis that Integrity will remain as a going concern for all periods relevant to our analyses. We have also assumed, with your consent, that (i) each of the parties to the Agreement will comply in all material respects with all material terms of the Agreement and all related agreements, that all of the representations and warranties contained in such agreements are true and correct in all material respects, that each of the parties to such agreements will perform in all material respects all of the covenants required to be performed by such party under the agreements and that the conditions precedent in such agreements are not waived, (ii) in the course of obtaining the necessary regulatory or third party approvals, consents and releases with respect to the Merger, no delay, limitation, restriction or condition will be imposed that would have an adverse effect on Integrity, S&T or the Merger and (iii) the Merger and any related transaction will be consummated in accordance with the terms of the Agreement without any waiver, modification or amendment of any material term, condition or agreement thereof and in compliance with all applicable laws and other requirements.

Our opinion is necessarily based on financial, economic, regulatory, market and other conditions as in effect on, and the information made available to us as of, the date hereof. Events occurring after the date hereof could materially affect our views. We have not undertaken to update, revise, reaffirm or withdraw this letter or otherwise comment upon events occurring after the date hereof.

We have acted as financial advisor to the Board of Directors of Integrity in connection with the Merger and a portion of our fees are contingent upon the closing of the Merger. We also will receive a fee for providing this opinion. Integrity has also agreed to indemnify us against certain liabilities arising out of our engagement. In the ordinary course of our business as a broker-dealer, we may purchase securities from and sell securities to Integrity and S&T and their affiliates. We express no opinion as to the value of S&T common stock when it is actually received by holders of Integrity Common Stock.

This letter is directed to the Board of Directors of Integrity in connection with its consideration of the Merger. Our opinion is directed only to the fairness, from a financial point of view, of the Merger Consideration to the holders of Integrity Common Stock and does not address the underlying business decision of Integrity to engage in the Merger, the form or structure of the Merger, the relative merits of the Merger as compared to any other alternative business strategies that might exist for Integrity or the effect of any other transaction in which Integrity might engage. This opinion shall not be reproduced or used for any other purposes, without Sandler O Neill s prior written consent, which consent will not be unreasonably withheld. This Opinion has been approved by Sandler O Neill s fairness opinion

committee. We do not express any opinion as to the fairness of the amount or nature of the compensation to be received in the Merger by Integrity s officers, directors, or employees, or class of such persons, relative to the compensation to be received in the Merger by any other shareholders of Integrity.

Table of Contents

Based upon and subject to the foregoing, it is our opinion that, as of the date hereof, the Merger Consideration is fair to the holders of Integrity Common Stock from a financial point of view.

Very truly yours,

/s/ Sandler O Neill & Partners, L.P.

Table of Contents

ANNEX C

DISSENTERS RIGHTS PROVISIONS

Pennsylvania Business Corporation Law of 1988, as Amended, Provisions For Dissenting Shareholders

Subchapter D. Dissenters Rights.

§ 1571. Application and effect of subchapter.

(a) General rule. Except as otherwise provided in subsection (b), any shareholder (as defined in Section 1572 (relating to definitions)) of a business corporation shall have the right to dissent from, and to obtain payment of the fair value of his shares in the event of, any corporate action, or to otherwise obtain fair value for his shares, only where this part expressly provides that a shareholder shall have the rights and remedies provided in this subchapter. See:

Section 1906(c) (relating to dissenters rights upon special treatment).

Section 1930 (relating to dissenters rights).

Section 1931(d) (relating to dissenters rights in share exchanges).

Section 1932(c) (relating to dissenters rights in asset transfers).

Section 1952(d) (relating to dissenters rights in division).

Section 1962(c) (relating to dissenters rights in conversion).

Section 2104(b) (relating to procedure).

Section 2324 (relating to corporation option where a restriction on transfer of a security is held invalid).

Section 2325(b) (relating to minimum vote requirement).

Section 2704(c) (relating to dissenters rights upon election).

Section 2705(d) (relating to dissenters rights upon renewal of election).

Section 2904(b) (relating to procedure).

Section 2907(a) (relating to proceedings to terminate breach of qualifying conditions).

Section 7104(b)(3) (relating to procedure).

(b) Exceptions. (1) Except as otherwise provided in paragraph (2), the holders of the shares of any class or series of shares shall not have the right to dissent and obtain payment of the fair value of the shares under this subchapter if, on the record date fixed to determine the shareholders entitled to notice of and to vote at the meeting at which a plan specified in any of section 1930, 1931(d), 1932(c) or 1952(d) is to be voted on, or on the first public announcement that such a plan has been approved by the shareholders by consent without a meeting, the shares are either:

(i) listed on a national securities exchange or designated as a national market system security on an interdealer quotation system by the National Association of Securities Dealers, Inc.; or

(ii) held beneficially or of record by more than 2,000 persons.

(2) Paragraph (1) shall not apply to and dissenters rights shall be available without regard to the exception provided in that paragraph in the case of:

(i) (Repealed).

(ii) Shares of any preferred or special class or series unless the articles, the plan or the terms of the transaction entitle all shareholders of the class or series to vote thereon and require for the adoption of the plan or the effectuation of the transaction the affirmative vote of a majority of the votes cast by all shareholders of the class or series.

Table of Contents

(iii) Shares entitled to dissenters rights under section 1906(c) (relating to dissenters rights upon special treatment).

(3) The shareholders of a corporation that acquires by purchase, lease, exchange or other disposition all or substantially all of the shares, property or assets of another corporation by the issuance of shares, obligations or otherwise, with or without assuming the liabilities of the other corporation and with or without the intervention of another corporation or other person, shall not be entitled to the rights and remedies of dissenting shareholders provided in this subchapter regardless of the fact, if it be the case, that the acquisition was accomplished by the issuance of voting shares of the corporation to be outstanding immediately after the acquisition sufficient to elect a majority or more of the directors of the corporation.

(c) Grant of optional dissenters rights. The bylaws or a resolution of the board of directors may direct that all or a part of the shareholders shall have dissenters rights in connection with any corporate action or other transaction that would otherwise not entitle such shareholder to dissenters rights.

(d) Notice of dissenters rights. Unless otherwise provided by statute, if a proposed corporate action that would give rise to dissenters rights under this subpart is submitted to a vote at a meeting of shareholders, there shall be included in or enclosed with the notice of meeting:

(1) a statement of the proposed action and a statement that the shareholders have a right to dissent and obtain payment of the fair value of their shares by complying with the terms of this subchapter; and

(2) a copy of this subchapter.

(e) Other statutes. The procedures of this subchapter shall also be applicable to any transaction described in any statute other than this part that makes reference to this subchapter for the purpose of granting dissenters rights.

(f) Certain provisions of articles ineffective. This subchapter may not be relaxed by any provision of the articles.

(g) Computation of beneficial ownership. For purposes of subsection (b)(1)(ii), shares that are held beneficially as joint tenants, tenants by the entireties, tenants in common or in trust by two or more persons, as fiduciaries or otherwise, shall be deemed to be held beneficially by one person.

(h) Cross references. See sections 1105 (relating to restriction on equitable relief), 1904 (relating to de facto transaction doctrine abolished), 1763(c) (relating to determination of shareholders of record) and 2512 (relating to dissenters rights procedure).

§ 1572. Definitions.

The following words and phrases when used in this subchapter shall have the meanings given to them in this section unless the context clearly indicates otherwise:

Corporation. The issuer of the shares held or owned by the dissenter before the corporate action or the successor by merger, consolidation, division, conversion or otherwise of that issuer. A plan of division may designate which one or more of the resulting corporations is the successor corporation for the purposes of this subchapter. The designated successor corporation or corporations in a division shall have sole responsibility for payments to dissenters and other liabilities under this subchapter except as otherwise provided in the plan of division.

Dissenter. A shareholder who is entitled to and does assert dissenters rights under this subchapter and who has performed every act required up to the time involved for the assertion of those rights.

Fair value. The fair value of shares immediately before the effectuation of the corporate action to which the dissenter objects, taking into account all relevant factors, but excluding any appreciation or depreciation in anticipation of the corporate action.

Table of Contents

Interest. Interest from the effective time of the corporate action until the date of payment at such rate as is fair and equitable under all the circumstances, taking into account all relevant factors, including the average rate currently paid by the corporation on its principal bank loans.

Shareholder. A shareholder as defined in section 1103 (relating to definitions), or an ultimate beneficial owner of shares, including without limitation, a holder of depository receipts, where the beneficial interest owned includes an interest in the assets of the corporation upon dissolution.

§ 1573. Record and beneficial holders and owners.

(a) Record holders of shares. A record holder of shares of a business corporation may assert dissenters rights as to fewer than all of the shares registered in his name only if he dissents with respect to all the shares of the same class or series beneficially owned by any one person and discloses the name and address of the person or persons on whose behalf he dissents. In that event, his rights shall be determined as if the shares as to which he has dissented and his other shares were registered in the names of different shareholders.

(b) Beneficial owners of shares. A beneficial owner of shares of a business corporation who is not the record holder may assert dissenters rights with respect to shares held on his behalf and shall be treated as a dissenting shareholder under the terms of this subchapter if he submits to the corporation not later than the time of the assertion of dissenters rights a written consent of the record holder. A beneficial owner may not dissent with respect to some but less than all shares of the same class or series owned by the owner, whether or not the shares so owned by him are registered in his name.

§ 1574. Notice of intention to dissent.

If the proposed corporate action is submitted to a vote at a meeting of shareholders of a business corporation, any person who wishes to dissent and obtain payment of the fair value of his shares must file with the corporation, prior to the vote, a written notice of intention to demand that he be paid the fair value for his shares if the proposed action is effectuated, must effect no change in the beneficial ownership of his shares from the date of such filing continuously through the effective time of the proposed action and must refrain from voting his shares in approval of such action. A dissenter who fails in any respect shall not acquire any right to payment of the fair value of his shares under this ssubchapter. Neither a proxy nor a vote against the proposed corporate action shall constitute the written notice required by this section.

§ 1575. Notice to demand payment.

(a) General rule. If the proposed corporate action is approved by the required vote at a meeting of shareholders of a business corporation, the corporation shall mail a further notice to all dissenters who gave due notice of intention to demand payment of the fair value of their shares and who refrained from voting in favor of the proposed action. If the proposed corporate action is approved by the shareholders by less than unanimous consent without a meeting or is taken without the need for approval by shareholders, the corporation shall send to all shareholders who are entitled to dissent and demand payment of the fair value of their shares a notice of the adoption of the plan or other corporate action. In either case, the notice shall:

(1) State where and when a demand for payment must be sent and certificates for certificated shares must be deposited in order to obtain payment.

(2) Inform holders of uncertificated shares to what extent transfer of shares will be restricted from the time that demand for payment is received.

(3) Supply a form for demanding payment that includes a request for certification of the date on which the shareholder, or the person on whose behalf the shareholder dissents, acquired beneficial ownership of the shares.

(4) Be accompanied by a copy of this subchapter.

(b) Time for receipt of demand for payment. The time set for receipt of the demand and deposit of certificated shares shall be not less than 30 days from the mailing of the notice.

Table of Contents

§ 1576. Failure to comply with notice to demand payment, etc.

(a) Effect of failure of shareholder to act. A shareholder who fails to timely demand payment, or fails (in the case of certificated shares) to timely deposit certificates, as required by a notice pursuant to section 1575 (relating to notice to demand payment) shall not have any right under this subchapter to receive payment of the fair value of his shares.

(b) Restriction on uncertificated shares. If the shares are not represented by certificates, the business corporation may restrict their transfer from the time of receipt of demand for payment until effectuation of the proposed corporate action or the release of restrictions under the terms of section 1577(a) (relating to failure to effectuate corporate action).

(c) Rights retained by shareholder. The dissenter shall retain all other rights of a shareholder until those rights are modified by effectuation of the proposed corporate action.

§ 1577. Release of restrictions or payment for shares.

(a) Failure to effectuate corporate action. Within 60 days after the date set for demanding payment and depositing certificates, if the business corporation has not effectuated the proposed corporate action, it shall return any certificates that have been deposited and release uncertificated shares from any transfer restrictions imposed by reason of the demand for payment.

(b) Renewal of notice to demand payment. When uncertificated shares have been released from transfer restrictions and deposited certificates have been returned, the corporation may at any later time send a new notice conforming to the requirements of section 1575 (relating to notice to demand payment), with like effect.

(c) Payment of fair value of shares. Promptly after effectuation of the proposed corporation action, or upon timely receipt of demand for payment if the corporate action has already been effectuated, the corporation shall either remit to dissenters who have made demand and (if their shares are certificated) have deposited their certificates the amount that the corporation estimates to be the fair value of the shares, or give written notice that no remittance under this section will be made. The remittance or notice shall be accompanied by:

(1) The closing balance sheet and statement of income of the issuer of the shares held or owned by the dissenter for a fiscal year ending not more than 16 months before the date of remittance or notice together with the latest available interim financial statements.

(2) A statement of the corporation s estimate of the fair value of the shares.

(3) A notice of the right of the dissenter to demand payment or supplemental payment, as the case may be, accompanied by a copy of this subchapter.

(d) Failure to make payment. If the corporation does not remit the amount of its estimate of the fair value of the shares as provided by subsection (c), it shall return any certificates that have been deposited and release uncertificated shares from any transfer restrictions imposed by reason of the demand for payment. The corporation may make a notation on any such certificate or on the records of the corporation relating to any such uncertificated shares that such demand has been made. If shares with respect to which notation has been so made shall be transferred, each new certificate issued therefor or the records relating to any transferred uncertificated shares shall bear a similar notation, together with the name of the original dissenting holder or owner of such shares. A transferee of such shares shall not acquire by such transfer any rights in the corporation other than those that the original dissenters had after making demand for

payment of their fair value.

§ 1578. Estimate by dissenter of fair value of shares.

(a) General rule. If the business corporation gives notice of its estimate of the fair value of the shares, without remitting such amount, or remits payment of its estimate of the fair value of a dissenter s shares as permitted by section 1577(c) (relating to payment of fair value of shares) and the dissenter believes that the amount stated or remitted is less than the fair value of his shares, he may send to the corporation his own

Table of Contents

estimate of the fair value of the shares, which shall be deemed a demand for payment of the amount or the deficiency.

(b) Effect of failure to file estimate. Where the dissenter does not file his own estimate under subsection (a) within 30 days after the mailing by the corporation of its remittance or notice, the dissenter shall be entitled to no more than the amount stated in the notice or remitted to him by the corporation.

§ 1579. Valuation proceedings generally.

(a) General rule. Within 60 days after the latest of:

(1) effectuation of the proposed corporate action;

(2) timely receipt of any demands for payment under section 1575 (relating to notice to demand payment); or

(3) timely receipt of any estimates pursuant to section 1578 (relating to estimate by dissenter of fair value of shares);

if any demands for payment remain unsettled, the business corporation may file in court an application for relief requesting that the fair value of the shares be determined by the court.

(b) Mandatory joinder of dissenters. All dissenters, wherever residing, whose demands have not been settled shall be made parties to the proceeding as in an action against their shares. A copy of the application shall be served on each such dissenter. If a dissenter is a nonresident, the copy may be served on him in the manner provided or prescribed by or pursuant to 42 Pa.C.S. Ch. 53 (relating to bases of jurisdiction and interstate and international procedure).

(c) Jurisdiction of the court. The jurisdiction of the court shall be plenary and exclusive. The court may appoint an appraiser to receive evidence and recommend a decision on the issue of fair value. The appraiser shall have such power and authority as may be specified in the order of appointment or in any amendment thereof.

(d) Measure of recovery. Each dissenter who is made a party shall be entitled to recover the amount by which the fair value of his shares is found to exceed the amount, if any, previously remitted, plus interest.

(e) Effect of corporation s failure to file application. If the corporation fails to file an application as provided in subsection (a), any dissenter who made a demand and who has not already settled his claim against the corporation may do so in the name of the corporation at any time within 30 days after the expiration of the 60-day period. If a dissenter does not file an application within the 30-day period, each dissenter entitled to file an application shall be paid the corporation s estimate of the fair value of the shares and no more, and may bring an action to recover any amount not previously remitted.

§ 1580. Costs and expenses of valuation proceedings.

(a) General rule. The costs and expenses of any proceeding under section 1579 (relating to valuation proceedings generally), including the reasonable compensation and expenses of the appraiser appointed by the court, shall be determined by the court and assessed against the business corporation except that any part of the costs and expenses may be apportioned and assessed as the court deems appropriate against all or some of the dissenters who are parties and whose action in demanding supplemental payment under section 1578 (relating to estimate by dissenter of fair value of shares) the court finds to be dilatory, obdurate, arbitrary, vexatious or in bad faith.

(b) Assessment of counsel fees and expert fees where lack of good faith appears. Fees and expenses of counsel and of experts for the respective parties may be assessed as the court deems appropriate against the corporation and in favor of any or all dissenters if the corporation failed to comply substantially with the requirements of this subchapter and may be assessed against either the corporation or a dissenter, in favor of any other party, if the court finds that the party against whom the fees and expenses are assessed acted in bad faith or in a dilatory, obdurate, arbitrary or vexatious manner in respect to the rights provided by this subchapter.

Table of Contents

(c) Award of fees for benefits to other dissenters. If the court finds that the services of counsel for any dissenter were of substantial benefit to other dissenters similarly situated and should not be assessed against the corporation, it may award to those counsel reasonable fees to be paid out of the amounts awarded to the dissenters who were benefited.

§ 1930. Dissenters rights.

(a) General rule. If any shareholder of a domestic business corporation that is to be a party to a merger or consolidation pursuant to a plan of merger or consolidation objects to the plan of merger or consolidation and complies with the provisions of Subchapter D of Chapter 15 (relating to dissenters rights), the shareholder shall be entitled to the rights and remedies of dissenting shareholders therein provided, if any. See also section 1906(c) (relating to dissenters rights upon special treatment).

(b) Plans adopted by directors only. Except as otherwise provided pursuant to section 1571(c) (relating to grant of optional dissenters rights), Subchapter D of Chapter 15 shall not apply to any of the shares of a corporation that is a party to a merger or consolidation pursuant to section 1924(b)(1)(i) or (4) (relating to adoption by board of directors).

(c) Cross references. See sections 1571(b) (relating to exceptions) and 1904 (relating to de facto transaction doctrine abolished).

Table of Contents

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 20. ***Indemnification of Directors and Officers.***

Section 1741 of the Pennsylvania Business Corporation Law, or the PBCL, provides, in general, that a corporation will have the power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation), by reason of the fact that the person is or was a representative of the corporation, or is or was serving at the request of the corporation as a representative of another enterprise. Such indemnity may be against expenses (including attorneys fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with the action or proceeding, if the person acted in good faith and in a manner the person reasonably believed to be in, or not opposed to, the best interests of the corporation and if, with respect to any criminal proceeding, the person did not have reasonable cause to believe his conduct was unlawful.

Section 1742 of the PBCL provides, in general, that a corporation will have the power to indemnify any person who was or is a party, or is threatened to be made a party, to any threatened, pending or completed action by or in the right of the corporation to procure a judgment in its favor by reason of the fact that the person is or was a representative of the corporation or is or was serving at the request of the corporation as a representative of another entity. Such indemnity may be against expenses (including attorneys fees) actually and reasonably incurred by the person in connection with the defense or settlement of the action if the person acted in good faith and in a manner the person reasonably believed to be in, or not opposed to, the best interests of the corporation, except no indemnification will be made in respect of any claim, issue, or matter as to which the person has been adjudged to be liable to the corporation unless and only to the extent that the court of common pleas of the judicial district embracing the county in which the registered office of the corporation is located or the court in which the action was brought will determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, the person is fairly and reasonably entitled to indemnity for the expenses that the court of common pleas or other court deems proper.

Under Section 1743 of the PBCL, the corporation is required to indemnify directors and officers against expenses they may incur in defending actions against them in such capacities if they are successful on the merits or otherwise in the defense of such actions. Under Section 1745 of the PBCL, a corporation may pay the expenses of a director or officer incurred in defending an action or proceeding in advance of the final disposition thereof upon receipt of an undertaking from such person to repay the amounts advanced unless it is ultimately determined that such person is entitled to indemnification from the corporation. Article V of S&T s by-laws provides indemnification of directors, officers and other agents of S&T and advancement of expenses to the extent otherwise permitted by Sections 1741, 1742 and 1745 of the PBCL.

Section 501 of S&T s by-laws provide that the rights to indemnification and advancement of expenses in the by-laws are not exclusive, and may be in addition to, any rights granted to an indemnitee under S&T s Articles of Incorporation, as amended from time to time, an agreement or vote of shareholders or disinterested directors or otherwise. As authorized by Section 1747 of the PBCL and Section 501(4) of S&T s by-laws, S&T maintains, on behalf of its directors and officers, insurance protection against certain liabilities arising out of the discharge of their duties, as well as insurance covering S&T for indemnification payments made to its directors and officers for certain liabilities. The premiums for such insurance are paid by S&T.

The foregoing is only a general summary of certain aspects of Pennsylvania law and S&T s by-laws dealing with indemnification of directors and officers, and does not purport to be complete. The description of the by-laws is qualified in its entirety by reference to the detailed provisions of Article V, Section 501 of the by-laws of S&T.

Table of Contents

Item 21. ***Exhibits and Financial Statement Schedules.***

(a) Exhibits.

The exhibits to the registration statement are listed in the Exhibit Index attached hereto and incorporated by reference herein.

(b) Financial statement schedules.

No financial statement schedules are provided because the information called for is not required or is shown either in the consolidated financial statements or related notes.

(c) Reports, opinion or appraisals.

The opinion of Sandler O Neill + Partners, L.P. is included as *Annex B* to the proxy statement/prospectus.

Item 22. ***Undertakings.***

The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement: (i) to include any prospectus required by Section 10(a)(3) of the Securities Act of 1933, as amended (the Securities Act); (ii) to reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement (notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the Calculation of Registration Fee table in the effective registration statement); and (iii) to include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That, for purposes of determining any liability under the Securities Act, each filing of the Registrant s annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (and, where applicable, each filing of an employee benefit plan s annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934, as amended) that is included in this registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

(5) That prior to any public reoffering of the securities registered hereunder through use of a prospectus which is a part of this registration statement, by any person or party who is deemed to be an underwriter within the meaning of Rule 145(c), the Registrant undertakes that such reoffering prospectus will contain the information called for by the applicable registration form with respect to reofferings by persons who may be deemed underwriters, in addition to the information called for by the other items of the applicable form.

(6) That every prospectus (i) that is filed pursuant to paragraph (5) above, or (ii) that purports to meet the requirements of Section 10(a)(3) of the Securities Act and is used in connection with an offering of securities

Table of Contents

subject to Rule 415, will be filed as a part of an amendment to this registration statement and will not be used until such amendment has become effective, and that for the purpose of determining liabilities under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

(7) To respond to requests for information that is included in the prospectus pursuant to Items 4, 10(b), 11 or 13 of this form, within one business day of receipt of such request, and to send the incorporated documents by first class mail or other equally prompt means. This includes information contained in documents filed subsequent to the effective date of the registration statement through the date of responding to the request.

(8) To supply by means of a post-effective amendment all information concerning a transaction, and the company being acquired involved therein, that was not the subject of and included in this registration statement when it became effective.

(9) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer, or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

Table of Contents

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, S&T Bancorp, Inc. has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of Indiana, Commonwealth of Pennsylvania, on December 15, 2014.

S&T BANCORP, INC.

By: /s/ Todd D. Brice
Name: Todd D. Brice

Title: President and Chief Executive Officer (Principal Executive Officer)

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, the undersigned hereby constitute and appoint Todd D. Brice, Mark Kochvar and Melanie A. Lazzari and each of them, his/her true and lawful attorney-in-fact and agent, each with full power of substitution and resubstitution, for him/her and in his/her name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this registration statement, or any related registration statement filed pursuant to the Securities Act, and to file the same, with exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite or necessary to be done in connection therewith, as fully to all intents and purposes as he/she might or could do in person, hereby ratifying and confirming all that each of said attorneys-in-fact and agents, or his/her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, each of the undersigned has executed this power of attorney as of the date indicated.

Pursuant to the requirements of the Securities Act, this registration statement has been signed by the following persons in the capacities indicated on December 15, 2014.

SIGNATURE	TITLE
/s/ Todd D. Brice Todd D. Brice	President and Chief Executive Officer; Director (Principal Executive Officer)
/s/ Mark Kochvar Mark Kochvar	Senior Executive Vice President and Chief Financial Officer (Principal Financial Officer)
/s/ Melanie Lazzari Melanie Lazzari	Senior Vice President and Controller
/s/ John J. Delaney John J. Delaney	Director
/s/ Michael J. Donnelly Michael J. Donnelly	Director

Table of Contents

SIGNATURE	TITLE
/s/ William J. Gatti	Director
William J. Gatti	
/s/ Jeffrey D. Grube	Director
Jeffrey D. Grube	
/s/ Frank W. Jones	Director
Frank W. Jones	
/s/ Joseph A. Kirk	Director
Joseph A. Kirk	
/s/ David L. Krieger	Director
David L. Krieger	
/s/ James C. Miller	Director
James C. Miller	
/s/ Fred J. Morelli, Jr.	Director
Fred J. Morelli, Jr.	
/s/ Frank J. Palermo, Jr.	Director
Frank J. Palermo, Jr.	
/s/ Christine J. Toretti	Director
Christine J. Toretti	
/s/ Charles G. Urtin	Chairman of the Board and Director
Charles G. Urtin	

Table of Contents

EXHIBIT INDEX

Exhibit No.	Description
2.1	Agreement and Plan of Merger, dated as of October 29, 2014, between S&T Bancorp, Inc. and Integrity Bancshares, Inc. (included in Part I as Annex A included in this Registration Statement).
3.1	Articles of Incorporation of S&T Bancorp, Inc. Filed as Exhibit B to Registration Statement (No. 2-83565) on Form S-4 of S&T Bancorp, Inc., dated May 5, 1983, and incorporated herein by reference.
3.2	Amendment to Articles of Incorporation of S&T Bancorp, Inc. Filed as Exhibit 3.2 to Form S-4 Registration Statement (No. 33-02600) dated January 15, 1986, and incorporated herein by reference.
3.3	Amendment to Articles of Incorporation of S&T Bancorp, Inc. effective May 8, 1989. Filed as Exhibit 3.3 to S&T Bancorp, Inc. Annual Report on Form 10-K for year ending December 31, 1998 and incorporated herein by reference.
3.4	Amendment to Articles of Incorporation of S&T Bancorp, Inc. effective July 21, 1995. Filed as Exhibit 3.4 to S&T Bancorp, Inc. Annual Report on Form 10-K for year ending December 31, 1998 and incorporated here by reference.
3.5	Amendment to Articles of Incorporation of S&T Bancorp, Inc. effective June 18, 1998. Filed as Exhibit 3.5 to S&T Bancorp, Inc. Annual Report on Form 10-K for year ending December 31, 1998 and incorporated herein by reference.
3.6	Amendment to Articles of Incorporation of S&T Bancorp, Inc. effective April 21, 2008. Filed as Exhibit 3.1 to S&T Bancorp, Inc. Quarterly Report on Form 10-Q filed on August 7, 2008 and incorporated herein by reference.
3.7	Certificate of Designations for the Series A Preferred Stock. Filed as Exhibit 3.1 to S&T Bancorp, Inc. Current Report on Form 8-K filed on January 15, 2009 and incorporated herein by reference.
3.8	Amended and Restated By-laws of S&T Bancorp, Inc., dated March 17, 2014. Filed as Exhibit 3.1 to S&T Bancorp, Inc. Current Report on Form 8-K filed on March 27, 2014 and incorporated herein by reference.
5.1	Form of Opinion of Arnold & Porter LLP as to the legality of the securities to be registered.*
8.1	Form of Opinion of Arnold & Porter LLP as to the tax consequences of the merger.*
10.1	S&T Bancorp, Inc. 2003 Incentive Stock Plan. Filed as Exhibit 4.2 to Form S-8 Registration Statement (No. 333-111557) dated December 24, 2003 and incorporated herein by reference.^
10.2	S&T Bancorp, Inc. Thrift Plan for Employees of S&T Bank, as amended and restated. Filed as Exhibit 4.2 to Form S-8 Registration Statement (No. 333-156541) dated December 31, 2008 and incorporated herein by reference.^
10.3	Dividend Reinvestment and Stock Purchase Plan of S&T Bancorp, Inc. Filed as Exhibit 4.2 to Form S-3 Registration Statement (No. 333-156555) dated January 2, 2009 and incorporated herein by reference. Filed as Exhibit 4.2 to S&T Bancorp, Inc. on Form S-8 filed on January 2, 2009 and incorporated herein by reference.^
10.4	Severance Agreement, by and between Todd D. Brice and S&T Bancorp, Inc., dated December 31, 2008. Filed as Exhibit 10.1 to S&T Bancorp, Inc. Current Report on Form 8-K filed on January 2, 2009 and incorporated herein by reference.^
10.5	Severance Agreement, by and between David G. Antolik and S&T Bancorp, Inc. dated December 31, 2008. Filed as Exhibit 10.4 to S&T Bancorp, Inc. Current Report on Form 8-K filed on January 2, 2009 and incorporated herein by reference.^

Table of Contents

Exhibit No.	Description
10.6	Severance Agreement, by and between Mark Kochvar and S&T Bancorp, Inc. dated as of January 1, 2009. Filed as Exhibit 10.1 to S&T Bancorp, Inc. Current Report on Form 8-K filed on February 26, 2010 and incorporated herein by reference.^
10.7	Severance Agreement, by and between David Ruddock and S&T Bancorp, Inc. dated as of January 1, 2009.
10.8	S&T Bancorp, Inc. 2014 Incentive Plan. Filed as Exhibit 10.9 to S&T Bancorp, Inc. Annual Report on Form 10-K filed on February 21, 2014 and incorporated herein by reference.^
10.9	Agreement, by and between James T. Gibson and Integrity Bank, dated as of October 29, 2014.^+
10.10	Employment Agreement, by and between William K. Poole and Integrity Bank, dated as of October 29, 2014.^+
10.11	Employment Agreement, by and between Thomas John Sposito II and Integrity Bank, dated as of October 29, 2014.^+
21.1	Subsidiaries of S&T. Filed as Exhibit 21 to S&T Bancorp, Inc. Annual Report on Form 10-K for the year ending December 31, 2013 and incorporated herein by reference.
23.1	Consent of Arnold & Porter LLP (included in Exhibit 5.1 and Exhibit 8.1 to this Registration Statement)
23.2	Consent of KPMG LLP+
23.3	Consent of Smith Elliott Kearns & Company, LLC+
23.4	Consent of Sandler O Neill + Partners, L.P.+
24.1	Power of Attorney (included on signature pages hereto)
99.1	Form of Proxy Card for Special Meeting of Shareholders of Integrity Bancshares, Inc.+
99.2	Form of Election Form+
99.3	Consent of James T. Gibson+
101	The following financial information for S&T contained in this registration statement for the year ended December 31, 2013 is formatted in eXtensible Business Reporting Language (XBRL): (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Net Income, (iii) Consolidated Statements of Comprehensive Income, (iv) Consolidated Statements of Changes in Shareholders Equity, (v) Consolidated Statements of Cash Flows and (vi) Notes to Consolidated Financial Statements.

* To be filed by amendment.
\+ Filed herewith.
^ Management Contract or Compensatory Plan or Arrangement.