

TOMPKINS FINANCIAL CORP  
Form DEF 14A  
April 01, 2008

OMB APPROVAL

OMB Number: 3235-0059  
Expires: May 31, 2009  
Estimated average burden  
hours per response...87.50

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

**SCHEDULE 14A  
(Rule 14a-101)  
Information Required in Proxy Statement  
Schedule 14A Information**

Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934

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

Check the appropriate box:

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

## **Tompkins Financial Corporation**

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(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- x No fee required.
- o 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:
- 2) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
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  - o Fee paid previously with preliminary materials.
  - o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- 1) Amount Previously Paid:
  - 2) Form, Schedule or Registration Statement No.:
  - 3) Filing Party:
  - 4) Date Filed:
-

April 4, 2008

**NOTICE OF 2008 ANNUAL MEETING OF STOCKHOLDERS**

**TO THE STOCKHOLDERS OF TOMPKINS FINANCIAL CORPORATION**

The annual meeting of stockholders (the Meeting ) of Tompkins Financial Corporation ( Tompkins Financial or the Company ) will be held on Monday, May 5, 2008 at 5:30 p.m., at the Country Club of Ithaca, 189 Pleasant Grove Road, Ithaca, New York, for the following purposes:

1. To elect (5) directors for a term of one (1) year expiring in the year 2009;
2. To approve the proposed amendment to the Company s Certificate of Incorporation and Bylaws to permit the Annual Election of Directors (declassify the Board of Directors);
3. To approve the proposed amendment to the Company s Certificate of Incorporation to increase the authorized number of shares of Common Stock from 15,000,000 shares to 25,000,000 shares;
4. To approve the proposed amendment to the Company s Certificate of Incorporation and Bylaws to authorize the issuance of up to 3,000,000 shares of Preferred Stock;
5. To transact such other business as may properly come before the Meeting or any adjournment thereof.

The Board of Directors has fixed the close of business on March 7, 2008 as the record date for determining stockholders entitled to notice of and to vote at the Meeting. Only stockholders of record at the close of business on that date are entitled to vote at the Meeting.

A stockholder s information meeting for our stockholders in western New York will be held at 5:30 p.m. on Monday, May 12, 2008, at Terry Hills Restaurant, 5122 Clinton Street Road (Rt. 33), Batavia, New York.

A stockholder s information meeting for our stockholders in the Hudson Valley will be held at 6:30 p.m. on Wednesday, May 14, 2008, at Sinapi s Ceola Manor, Hill Blvd., Jefferson Valley, New York.

Enclosed with this notice are a proxy statement, a form of proxy and return envelope, instructions for voting by telephone or via the Internet, the Company s Annual Report on Form 10-K for the Company s 2007 fiscal year, and the Company s 2007 Corporate Report to stockholders.

Your vote is important regardless of the number of shares you own. Whether or not you plan to attend the Meeting, you are urged to read and carefully consider the enclosed proxy statement. You may vote by telephone, via the Internet, or mark, sign, date, and return the enclosed form of proxy in the accompanying pre-addressed postage-paid envelope. Your proxy may be revoked prior to its exercise by filing a written notice of revocation or a duly executed proxy bearing a later date with the Corporate Secretary of Tompkins Financial prior to the Meeting, or by attending the Meeting and filing a written notice of revocation with the Corporate Secretary at the Meeting prior to the vote and voting in person.

By Order of the Board of Directors,

/s/ James J. Byrnes  
James J. Byrnes  
Chairman

/s/ Linda M. Carlton  
Linda M. Carlton  
Asst. Vice President & Corporate  
Secretary

**P.O. BOX 460, ITHACA, NEW YORK 14851 (607) 273-3210**

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**PROXY STATEMENT**

**ANNUAL MEETING OF STOCKHOLDERS TO BE HELD MAY 5, 2008**

This proxy statement together with the form of proxy is being mailed to stockholders commencing on or about April 4, 2008 in connection with the solicitation by the Board of Directors of Tompkins Financial Corporation ( "Tompkins Financial" or the "Company" ) of proxies to be used at the annual meeting of stockholders (the "Meeting" ) of the Company to be held at the Country Club of Ithaca, 189 Pleasant Grove Road, Ithaca, New York on Monday, May 5, 2008 at 5:30 p.m., and any adjournment thereof.

**Voting**

Only stockholders of record at the close of business on March 7, 2008 will be entitled to vote. On March 7, 2008, there were 9,611,504 shares of common stock of the Company, par value \$0.10 per share (the "Common Stock" ), outstanding. Each share of Common Stock is entitled to one vote on each matter to be voted on at the Meeting.

Stockholders whose shares are registered in their own names may vote by mailing a completed proxy, via the Internet or by telephone or by voting in person at the Meeting. Instructions for voting via the Internet or by telephone are set forth on the enclosed form of proxy. To vote by mailing a proxy, sign and return the enclosed form of proxy in the enclosed pre-addressed postage-paid envelope. Shares of Common Stock covered by a proxy that is properly executed and received prior to the close of business on the day of the Meeting will be voted and, if the stockholder who executes such proxy specifies therein how such shares shall be voted on such proposals, the shares will be voted as so specified. Executed proxies with no instructions will be voted FOR each proposal for which no instruction is given. Other than the election of directors and the proposals to amend the Company's Certificate of Incorporation and Bylaws, the Board is not aware of any other matters to be presented for stockholder action at the Meeting. However, if other matters do properly come before the Meeting or any adjournments thereof, the Board of Directors intends that the persons named in the accompanying proxy will vote the shares represented by all properly executed proxies on any such matters in accordance with the judgment of the person or persons acting under the proxy.

The presence of a stockholder at the Meeting will not automatically revoke a proxy previously delivered by that stockholder. A stockholder may, however, revoke his or her proxy at any time prior to its exercise by: (1) delivering to the Corporate Secretary a written notice of revocation prior to the Meeting, (2) delivering to the Corporate Secretary a duly executed proxy bearing a later date, or (3) attending the Meeting and filing a written notice of revocation with the Corporate Secretary at the Meeting prior to the vote and voting in person.

The presence, in person or by proxy, of the holders of at least a majority of the votes of shares of Common Stock entitled to vote at the Meeting is necessary to constitute a quorum for the conduct of business at the Meeting and, in the event there are not sufficient votes on any matter, the Meeting may be adjourned.

**Vote Required And Board Recommendations**

<u>Proposal No. 1</u>	<u>Vote Required</u>	<u>Board of Directors Recommendation</u>
Election of Directors	A plurality of votes cast by holders of shares of Common Stock entitled to vote thereon.	FOR all director nominees.
<u>Proposal No. 2</u>	<u>Vote Required</u>	<u>Board of Directors Recommendation</u>
Amend Company's Certificate of Incorporation and Bylaws to permit the Annual Election of Directors	An affirmative vote of a majority of all outstanding shares of Common Stock entitled to vote thereon.	FOR the proposed amendment to the Company's Certificate of Incorporation and Bylaws to permit the Annual Election of Directors.
<u>Proposal No. 3</u>	<u>Vote Required</u>	<u>Board of Directors Recommendation</u>
Amend Company's Certificate of Incorporation to increase the authorized number of shares of Common Stock from 15,000,000 shares to 25,000,000 shares	An affirmative vote of a majority of all outstanding shares of Common Stock entitled to vote thereon.	FOR the proposed amendment to the Company's Certificate of Incorporation to increase the authorized number of shares of Common Stock from 15,000,000 to 25,000,000.



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### Proposal No. 4

To approve the proposed amendment to the Company's Certificate of Incorporation and Bylaws to authorize the issuance of up to 3,000,000 shares of Preferred Stock

#### **Abstentions and Broker Non-votes**

### Vote Required

An affirmative vote of a majority of all outstanding shares of Common Stock entitled to vote thereon.

### Board of Directors Recommendation

FOR the proposed amendment to the Company's Certificate of Incorporation and Bylaws to authorize the issuance of up to 3,000,000 shares of Preferred Stock.

Abstentions, in person or by proxy, and broker non-votes will each be counted for purposes of determining the presence of a quorum. A broker non-vote occurs when a broker, bank, or other nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power on that matter and has not received instructions from the beneficial owner. Broker non-votes will have no effect on Proposal No. 1 Election of Directors. As to Proposal No. 2 Amendment to the Company's Certificate of Incorporation and Bylaws to permit Annual Election of Directors, Proposal No. 3 Amendment to the Company's Certificate of Incorporation to increase the authorized number of shares of Common Stock and Proposal No. 4 Amendment to the Company's Certificate of Incorporation and Bylaws to authorize the issuance of up to 3,000,000 shares of Preferred Stock, broker non-votes will have the same effect as votes Against the proposal.

#### **Solicitation of Proxies**

The total cost of solicitation of proxies in connection with the Meeting will be borne by the Company. In addition to solicitation by mail, directors, officers and employees of the Company may solicit proxies for the Meeting personally or by telephone or electronic communication without additional remuneration. The Company will also provide brokers and other record owners holding shares in their names or in the names of nominees, in either case which are beneficially owned by others, proxy material for transmittal to such beneficial owners and will reimburse such record owners for their expenses in doing so.

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## SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information, as of March 7, 2008, with respect to the beneficial ownership of the Company's Common Stock by: (1) each stockholder known by the Company to be the beneficial owner of more than 5% of the Company's Common Stock; (2) each director and nominee; (3) each executive officer named in the Summary Compensation Table; and (4) all executive officers and directors as a group. Except as otherwise indicated, each of the stockholders named below has sole voting and investment power with respect to the outstanding shares of Common Stock beneficially owned.

Names	Common Stock Ownership	
	Number of Shares Beneficially Owned or Held in Deferred Trust	Percent of Outstanding Shares <sup>(1)</sup>
<b>Directors, Nominees and Executive Officers</b>		
Russell K. Achzet+	55,426 <sup>(2)</sup>	**
John E. Alexander+,++	23,666 <sup>(3)</sup>	**
James J. Byrnes+	65,734	**
Francis M. Fetsko*	29,909 <sup>(4)</sup>	**
James W. Fulmer*,+	108,875 <sup>(5)</sup>	1.13
Reeder D. Gates+	116,950 <sup>(6)</sup>	1.18
James R. Hardie+	71,887 <sup>(7)</sup>	**
Elizabeth W. Harrison+,++	1,535 <sup>(8)</sup>	**
Carl E. Haynes+	3,035 <sup>(9)</sup>	**
Gregory J. Hartz*	7,362 <sup>(10)</sup>	**
Bonnie H. Howell	2,578 <sup>(11)</sup>	**
Patricia A. Johnson+	1,521 <sup>(12)</sup>	**
Gerald J. Klein, Jr.*	32,309 <sup>(13)</sup>	**
Hunter R. Rawlings, III+,++	4,273 <sup>(14)</sup>	**
Stephen S. Romaine*,+,++	24,264 <sup>(15)</sup>	**
Thomas R. Salm+	8,609 <sup>(16)</sup>	**
Michael D. Shay+	10,967 <sup>(17)</sup>	**
Michael H. Spain+	428,870 <sup>(18)</sup>	4.45
William D. Spain, Jr.+	425,196 <sup>(19)</sup>	4.41
Craig Yunker+,++	12,619 <sup>(20)</sup>	**
All directors and executive officers as a group (24 persons)		11.15
<b>Investment Services Division of Tompkins Trust Company in the fiduciary capacity indicated:</b>		
Executor, Trustee or Co-Trustee	1,044,949 <sup>(21)</sup>	10.87
Trustee for the Tompkins Financial Employee Stock Ownership and Investment & Stock Ownership Plans	645,158 <sup>(21)</sup>	6.71
Agent or Custodian	356,432 <sup>(21)</sup>	3.71

\* Named Executive Officer



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+ Currently a Director of the Company

++ Director Nominee

\*\* Less than 1 percent

(1) The number of shares beneficially owned by each person or group as of March 7, 2008 includes shares of Common Stock that such person or group had the right to acquire on or within 60 days after March 7, 2008, including, but not limited to, upon the exercise of options. References to options in these footnotes include only options to purchase shares that were exercisable on or within 60 days after March 7, 2008. For each individual and group included in the table, percentage ownership is calculated by dividing the number of shares beneficially owned by such person or group by the sum of the 9,611,504 shares of Common Stock outstanding on March 7, 2008 plus the number of shares of Common Stock that such person or group had the right to acquire on or within 60 days after March 7, 2008. The percentages listed in this column do not include shares acquired pursuant to the Company's Stock Retainer Plan for Eligible Directors of Tompkins Financial and Participating Subsidiaries (the "Retainer Plan") and held in a deferred

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trust account; directors have no voting or investment power with respect to such shares. For a more detailed discussion of the Retainer Plan, refer to *“Timing and Manner of Payment of Company Board Compensation,”* page 11.

- (2) Shares are owned by the Russell K. Achzet Revocable Trust. Includes 621 shares acquired pursuant to the Retainer Plan and held in a deferred trust account; however, directors have no voting or investment power with respect to such shares.
- (3) Includes 372 shares owned by Mr. Alexander’s spouse. Includes include 4,161 shares acquired pursuant to the Retainer Plan the Retainer Plan and held in a deferred trust account; however, directors have no voting or investment power with respect to such shares.
- (4) Includes 2,205 shares held in the Company’s Employee Stock Ownership and Investment & Stock Ownership Plans and 26,373 shares that Mr. Fetsko may acquire by exercise of options exercisable at March 7, 2008 or 60 days thereafter.
- (5) Includes 9,913 shares held in the Company’s Employee Stock Ownership Plan, 25,611 shares owned by Mr. Fulmer’s spouse, 370 shares held by Mr. Fulmer as Custodian for his son under the Uniform Transfers to Minors Act, and 32,920 shares that Mr. Fulmer may acquire by exercise of options exercisable at March 7,2008 or 60 days thereafter.
- (6) Includes 2,910 shares owned by Mr. Gates’ spouse. Includes 3,907 shares acquired pursuant to the Retainer Plan and held in a deferred trust account; however, directors have no voting or investment power with respect to such shares.
- (7) Includes 455 shares held in the Company’s Employee Stock Ownership Plan. Includes 935 shares acquired pursuant to the Retainer Plan and held in a deferred trust account; however, directors have no voting or investment power with respect to such shares.
- (8) Includes 1,241 shares acquired pursuant to the Retainer Plan and held in a deferred trust account; however, directors have no voting or investment power with respect to such shares.
- (9) Includes 2,247 shares acquired pursuant to the Retainer Plan and held in a deferred trust account; however, directors have no voting or investment power with respect to such shares.
- (10) Includes 1,126 shares held in the Company’s Employee Stock Ownership and Investment & Stock Ownership Plans and 5,473 shares that Mr. Hartz may acquire by exercise of options exercisable at March 7, 2008 or 60 days thereafter.
- (11) Includes 2,072 shares acquired pursuant to the Retainer Plan and held in a deferred trust account; however, directors have no voting or investment power with respect to such shares.
- (12) Includes 1,521 shares acquired pursuant to the Retainer Plan and held in a deferred trust account; however, directors have no voting or investment power with respect to such shares.
- (13) Includes 1,547 shares held in the Company’s Employee Stock Ownership and Investment & Stock Ownership Plans and 21,654 shares that Mr. Klein may acquire by exercise of options exercisable at March 7, 2008 or 60 days thereafter.
- (14) Includes 3,317 shares acquired pursuant to the Retainer Plan and held in a deferred trust account; however, directors have no voting or investment power with respect to such shares.
- (15) Includes 2,179 shares held in the Company’s Employee Stock Ownership and Investment & Stock Ownership Plans and 21,985 shares that Mr. Romaine may acquire by exercise of options exercisable at March 7, 2008 or 60 days thereafter.
- (16) Includes 879 shares owned by Mr. Salm’s spouse. Includes 4,620 shares acquired pursuant to the Retainer Plan and held in a deferred trust account; however, directors have no voting or investment power with respect to such shares.
- (17) Includes 2,205 shares acquired pursuant to the Retainer Plan and held in a deferred trust account; however, directors have no voting or investment power with respect to such shares.
- (18)

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Includes 382,461 shares of Common Stock held by W. D. Spain & Sons Limited Partnership, of which Mr. Michael Spain is a General Partner and shares voting and investment control. Mr. Spain disclaims beneficial ownership of all shares of Common Stock owned by W. D. Spain & Sons Limited Partnership, except to the extent of 76,492 shares which represent his indirect pecuniary interest, through his ownership of 20% of W. D. Spain & Sons Limited Partnership. Mr. Spain's ownership figure includes 1,525 shares acquired pursuant to the Retainer Plan and held in a deferred trust account; however, directors have no voting or investment power with respect to such shares.

<sup>(19)</sup> Includes 382,461 shares of Common Stock held by W. D. Spain & Sons Limited Partnership, of which Mr. William Spain, Jr. is a General Partner and shares voting and investment control. Mr. Spain disclaims beneficial ownership of all shares of Common Stock owned by W. D. Spain & Sons Limited Partnership, except to the extent of 76,492 shares which represent his indirect pecuniary interest, through his ownership of 20% of W. D. Spain & Sons Limited Partnership. Mr. Spain's ownership figure includes 1,656 shares acquired pursuant to the Retainer Plan and held in a deferred trust account; however, directors have no voting or investment power with respect to such shares.

- (20) Includes 2,041 shares acquired pursuant to the Retainer Plan and held in a deferred trust account; however, directors have no voting or investment power with respect to such shares.
- (21) As of March 7, 2008, Tompkins Investment Services, a division of the Tompkins Trust Company, which is a wholly-owned subsidiary of the Company (the "Trust Company"), held 2,046,539 shares of Common Stock of the Company, representing 21.29% of the outstanding shares of Common Stock. Of such shares, 1,044,949 shares are held in a fiduciary capacity as executor, trustee or co-trustee. Where the Trust Company is sole executor or trustee, such shares, generally, will be voted only if the legal instrument provides for voting the stock at the direction of the donor or a beneficiary and such direction is in fact received. When acting in a co-fiduciary capacity, such shares will be voted by the co-fiduciary or fiduciaries in the same manner as if the co-fiduciary or fiduciaries were the sole fiduciary. Of the 645,158 shares identified in the above table, 499,479 shares, or 5.20% of the outstanding shares, are held by the Company's Employee Stock Ownership Plan and 145,679 shares, or 1.52% of the outstanding shares, are held by the Company's Investment & Stock Ownership Plan for which all shares have been allocated to participant accounts. Individual plan participants are entitled to vote these shares, and as a result these shares are not voted by the Trustee. The shares of Common Stock held in deferred trust accounts for non-employee directors are voted by the Trust Company, as trustee of the Rabbi Trust. In addition, 356,432 shares are held as agent or custodian with the voting power retained by the owner. Such shares represent 3.71% of the Common Stock outstanding. Tompkins Trust Company's address is P.O. Box 460, Ithaca, New York 14851.

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## PROPOSAL NO. 1

## ELECTION OF DIRECTORS

The Board is currently divided into three classes, with staggered terms of three years each. At the Annual Meeting, the shareholders will elect five individuals to serve as directors. If Proposal No. 2 to amend the Company's Certificate of Incorporation and By-Laws to declassify the Board of Directors as described on page 23 is approved by the Company's shareholders, the individuals elected will serve for a one-year term expiring at the 2009 Annual Meeting and, with respect to each director, until his or her successor is elected and qualified. If the proposed amendment is not approved, the individuals elected will serve for a three-year term expiring at the 2011 Annual Meeting and, with respect to each director, until his or her successor is elected and qualified.

The five director nominees John E. Alexander, Elizabeth W. Harrison, Hunter R. Rawlings, III, Stephen S. Romaine, and Craig Yunker - are all currently serving as directors. Their terms expire in 2008, and each is standing for re-election at the Annual Meeting. The nominees receiving the highest number of affirmative votes of the shares entitled to vote at the Annual Meeting will be elected to the Board. The persons named in the proxy to represent stockholders at the Meeting are Francis M. Fetsko and Linda M. Carlton. The proxies will vote as directed and, in the absence of instructions, will vote the shares represented by the proxies in favor of the election of nominees named below. In the event any nominee is unable or declines to serve as a director at the time of the Meeting, the proxies will be voted for any nominee, if any, who may be designated by the Board of Directors, upon recommendation of the Company's Nominating and Corporate Governance Committee, to fill the vacancy. As of the date of this proxy statement, the Board of Directors is not aware that any nominee is unable or will decline to serve as a director.

**The Board recommends a vote FOR the election of each of the director nominees.**

The following table sets forth each director nominee and each person who served as a director in 2007 and includes such person's name, age, the year he or she first became a director, the year in which his or her term will expire, and whether he or she has been determined to be an independent director. Biographies of the director nominees and the directors continuing in office follow the table. Unless otherwise indicated, all directors have been employed in their current positions for at least five years.

Name	Age	Year First Elected Director	Term to Expire	Independent <sup>(2)</sup>
<b>Board Nominees for Terms to Expire in 2009<sup>(1)</sup>:</b>				
John E. Alexander	55	1993 <sup>(3)</sup>	2009	Yes
Elizabeth W. Harrison	57	2004	2009	Yes
Hunter R. Rawlings, III	63	1996	2009	Yes
Stephen S. Romaine	43	2007	2009	No
Craig Yunker	57	2000	2009	Yes
<b>Directors Continuing in Office:</b>				
James J. Byrnes	65	1989 <sup>(3)</sup>	2010	No
Reeder D. Gates	61	1985 <sup>(3)</sup>	2010	Yes
Carl E. Haynes	61	1996 <sup>(3)</sup>	2010	Yes
Michael D. Shay	65	1989 <sup>(3)</sup>	2010	Yes
Michael H. Spain	49	2000	2010	No
William D. Spain, Jr.	55	2000	2010	No
Russell K. Achzet	66	2006	2009	No
James W. Fulmer	55	2000	2009	No
James R. Hardie	64	2001	2009	No
Patricia A. Johnson	51	2006	2009	Yes
Thomas R. Salm	66	1981 <sup>(3)</sup>	2009	Yes

<sup>(1)</sup> If Proposal No. 2 to amend the Company's Certificate of Incorporation and Bylaws to eliminate the classified Board structure (see page 23) is not approved by the requisite vote of stockholders, then the terms of these five directors will end at the 2011 Annual Meeting of Stockholders.

<sup>(2)</sup> Independence has been determined in accordance with Section 121A of the listing standards of the American Stock Exchange ( AMEX ).

<sup>(3)</sup>

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Served as director of Tompkins Trust Company, which, as a result of a reorganization in 1995, became a wholly-owned subsidiary of the Company.

### **Business Experience of Directors, including Director Nominees**

**John E. Alexander** has served as a director of the Company since 1995 and as a director of Tompkins Trust Company since 1993. Mr. Alexander was a principal stockholder and served as President and Chief Executive Officer of The CBORD Group, Inc., a computer software company which Mr. Alexander founded in 1975, until July 1, 2004. Mr. Alexander served as Chairman of the Board through February 2008 and currently serves as a consultant to The CBORD Group. Prior to CBORD, Alexander was a Vice President in the Money Market Division of Bankers Trust Company. He

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currently serves on the board of the United Way of Tompkins County and the Food Bank of the Southern Tier, as well as serving as a Trustee of Cornell University.

**Elizabeth W. Harrison** has served as a director of the Company since 2004. She also serves as a director of The Bank of Castile and she has served in such capacity since February 2002. In 2006, Ms. Harrison retired as President and Chief Executive Officer of the Genesee Country Village & Museum. She had served in such capacity since November 1999. She also served on the Museum's Board of Trustees from 1996 through 2006. Prior to 1999, Ms. Harrison served for 18 years as President and Chief Executive Officer of Career Development Services, a not-for-profit educational corporation. Ms. Harrison currently serves on the boards of the Arts and Cultural Council of Rochester, the Landmark Society of Western New York, and the Hochstein School of Music.

**Hunter R. Rawlings, III** has served as a director of the Company and as a director of Tompkins Trust Company since 1996. From July 1, 1995, until his resignation, effective June 30, 2003, Dr. Rawlings was President of Cornell University. Dr. Rawlings is a Professor in the Classics Department and served as Interim President of Cornell University for the 2005-2006 academic year.

**Stephen S. Romaine** was appointed to serve as a director of the Company on January 1, 2007. Pursuant to the management succession plan adopted by the Company's Board of Directors (the Succession Plan), Mr. Romaine was appointed President and Chief Executive Officer of the Company effective January 1, 2007. He had served as President and Chief Executive Officer of Mahopac National Bank from January 1, 2003 through December 31, 2006. Prior to this appointment, Mr. Romaine was Executive Vice President, Chief Financial Officer of Mahopac National Bank. Mr. Romaine currently serves on the boards of the New York Bankers Association and the Independent Bankers Association.

**Craig Yunker** has served as a director of the Company since 2000 and as a director of The Bank of Castile since 1991. He is the Managing Member of CY Farms, LLC, CY Properties, LLC, CY Heifer Farm, LLC, Batavia Turf, LLC, Provitello, LLC, companies engaged in farming. Since 2001, he has served as a Trustee of Cornell University.

**James J. Byrnes** served as the Company's Chief Executive Officer from its formation in 1995 until his retirement on December 31, 2006, and has served as the Chairman of the Board of Directors of the Company since its formation in 1995. He served as President of Tompkins Trust Company beginning in 1989 through 2002 and again in 2006. Mr. Byrnes currently serves as Chairman of the Board of Directors of Tompkins Financial Corporation. He also serves as Chairman of Tompkins Trust Company, and as a director of Mahopac National Bank and AM&M Financial Services, Inc. (AM&M), each a wholly-owned subsidiary of the Company. He also serves as Chairman of the board of New York Business Development Corporation. Prior to 1989, Mr. Byrnes was an officer with other banking companies.

**Reeder D. Gates** has served as a director of the Company since 1995 and as a director of Tompkins Trust Company since 1985. Prior to his retirement in 2005, Mr. Gates was the President of R. D. Gates, Ltd., a company engaged in owning and operating community pharmacies, since January 1972.

**Carl E. Haynes** served as a director of the Company from 1996 until 2000 and was re-appointed on February 20, 2007. He has served as a director of Tompkins Trust Company since 1996. Dr. Haynes has been President of Tompkins Cortland Community College since 1995. Served as Chairman of the board of directors at the Cayuga Medical Center until May 2007. He also serves on the board of directors of the TC-3 Foundation, Therm, Inc., CNY Regional Alliance, Cortland Business Network, Cortland County Business Development Corporation, Cayuga-Cortland Workforce Investment Board, Tompkins County Area Development Corporation, Tompkins County Zone Advisory Board, Tompkins County Workforce Development, Association of Presidents of Public Community Colleges, Community Colleges for International Development, and International Advisory Board for The Chair Academy.

**Michael D. Shay** served as a director of the Company from its formation in 1995 until 2000, and has served as a director of Tompkins Trust Company since 1989. In 1997, he retired as President of Evaporated Metal Films Corporation of Ithaca. He is the sole proprietor of MDS Enterprises, a consulting, marketing and sales firm, and a partner in the Cayuga Venture Fund. He has served as Chair of the board of directors of Kendal at Ithaca, been a member of the Finance Committee of the Paleontological Research Institution, and served on the Entrepreneurship and Personal Enterprise Advisory Council at Cornell University.

**Michael H. Spain** has served as a director of the Company since 2000. Mr. Spain also serves as a director of Mahopac National Bank and has served in such capacity since 1992. Mr. Spain also owns and serves as the President of the Spain Agency, an insurance agency located in Mahopac, New York. Mr. Spain is also a General Partner in W. D. Spain & Sons, LLP, a family limited partnership that owns Common Stock of the Company; President of Sleeping Indian, LLC, and Trail Property, Inc, real estate holding companies; and President of Wind River, LLC and Indian Paintbrush, LLC, companies engaged in real estate development.

**William D. Spain, Jr.** has served as a director of the Company since 2000. He also serves as a director of Mahopac National Bank and has served in such capacity since 1991, and as Chairman of the Board of Directors of Mahopac National Bank since 2000. He has been the Managing Partner of Spain & Spain, PC, a law firm in Mahopac, New York, since 1983. Mr. Spain is also a General Partner in W. D. Spain & Sons, LLP, a family limited partnership that owns Common Stock of the Company.





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**Russell K. Achzet** was appointed to serve as a director of the Company on January 24, 2006. He also serves as Vice Chairman of AM&M. He founded AM&M in 1977, and its affiliated entities thereafter. He served as Chief Executive Officer of AM&M until it was acquired by the Company on January 6, 2006. Mr. Achzet is certified by the Certified Financial Planner Board of Standards, Inc., and is a founder of National Advisors Trust Company, FSB and served on its Board of Directors until December 2005. Mr. Achzet is President & CEO of Achzet-Monaghan, Inc., a company engaged in offering public employee deferred compensation plans, President & CEO of Achzet Family Enterprises, Inc., a business consulting company, President of Trillseed and co-owner of 120 Linden Partners, private investment companies, a director of the University Technology Seed Fund, an investment seed fund, a board member and director of FBC Technologies, Inc. a engineered waste water treatment company and a member and minority owner of M-6, an insurance holding company.

**James W. Fulmer** served as President and a director of the Company since 2000. Pursuant to the Succession Plan, Mr. Fulmer was appointed Vice Chairman of the Company effective January 1, 2007. He also serves as a director of The Bank of Castile, a wholly-owned subsidiary of the Company, and has served in such capacity since 1988 and as its Chairman since 1992. Effective December 18, 2002, he assumed the additional responsibilities of President and Chief Executive Officer of The Bank of Castile. Mr. Fulmer serves as a director of Mahopac National Bank, and has served in such capacity since 1999, as Chairman of Tompkins Insurance Agencies since January 1, 2001, and as Chairman of AM&M Financial Services, Inc. since February 2006. He served as the President and Chief Executive Officer of Letchworth Independent Bancshares Corporation from 1991 until its merger with the Company in 1999. Mr. Fulmer also served as the Chief Executive Officer of The Bank of Castile from 1996 through April 2000. In 2006, he was appointed to serve as a member of the board of directors of the Federal Home Loan Bank of New York, effective January 2007. He also actively serves as a member of the board of directors of Erie and Niagara Insurance Association, the United Memorial Medical Center, the Cherry Valley Cooperative Insurance Company, and the Genesee County Economic Development Center.

**James R. Hardie** has served as a director of the Company since 2001. Mr. Hardie has been Vice Chairman of the board of directors of Tompkins Insurance Agencies, a wholly-owned subsidiary of the Company, since August 1, 2002. He was President of Austin, Hardie, Wise Agency, Inc. from 1974 until January 1, 2001, when he became President, Chief Executive Officer and a director of Tompkins Insurance Agencies. Effective January 1, 2003, Mr. Hardie's role as President and Chief Executive Officer was assumed by David S. Boyce; although Mr. Hardie no longer serves as the President and Chief Executive Officer of Tompkins Insurance Agencies, he continues to be employed by Tompkins Insurance Agencies as a producer. Mr. Hardie is the managing member of Bennington Farms, LLC, a property leasing company.

**Patricia A. Johnson** has served as a director of the Company since 2006, and she currently serves as a director of Tompkins Trust Company and has served in such capacity since 2002. Ms. Johnson began with Cornell University as the Assistant Treasurer in 1995 and has been Treasurer since March, 1999. In 2007, Ms. Johnson was appointed Associate Vice President & Treasurer. Ms. Johnson also serves as Treasurer of the Cornell Research Foundation and the Cornell Club of New York. Ms. Johnson serves, or has served, on numerous professional and community associations and boards of director, including the McGraw Housing Company, where she served as a director and served as President in 2003, the Ladies Union Benevolent Society, where she served as Treasurer, the Paleontological Research Institution, where she serves as Treasurer, Planned Parenthood of the Southern Finger Lakes, currently the Vice Chair, Tompkins County Foundation, where she serves as President, and the Tompkins County Area Development where she serves as a director and as a member of the executive committee. She was also a member of the NACUBO Accounting Principles Council, and is currently a member of the Association for Financial Professionals.

**Thomas R. Salm** has served as a director of the Company since 1995 and as a director of Tompkins Trust Company since 1981. Mr. Salm has served as Vice Chairman of the Company and Tompkins Trust Company since May 2006. Prior to his retirement on August 31, 2002, Mr. Salm served as Vice President for Business Affairs at Ithaca College, Ithaca, New York for 26 years.

The names and ages of the Company's executive officers, including the Named Executive Officers identified in the Summary Compensation Table in this proxy statement, their positions and offices held with the Company, their term of office and experience is set forth in Part I of the Company's Annual Report on Form 10-K for the Company's 2006 fiscal year, a copy of which is enclosed with this proxy statement.

**Matters Relating To The Board Of Directors***Board of Directors Meetings and Committees; Annual Meeting Attendance*

During fiscal 2007, the Board of Directors held four regular meetings and two special meetings, and as a matter of Company practice John E. Alexander, Reeder D. Gates, Elizabeth W. Harrison, Carl E. Haynes, Patricia A. Johnson, Hunter R. Rawlings III, Thomas R. Salm, Michael D. Shay and Craig Yunker, (the Independent Directors ) met in Executive Session at the end of each regular meeting. Thus during 2007, the Independent Directors held four meetings. During this period, all of the directors attended or participated in at least 75% of the aggregate of the total number of meetings of the Board of Directors and the total number of meetings held by all committees of the Board of Directors on which each such director served, other than William Spain, Jr. who attended or participated in 67% and Hunter R. Rawlings, III who attended or participated in 63%. Messrs. Rawlings and Spain were briefed, both before and after meetings, on matters covered at the Board of Director and committee meetings they were not able to attend.

The Annual Meeting of Stockholders for fiscal 2006 was held on May 14, 2007, and with the exception of Hunter R. Rawlings, III, all of the Company's directors were in attendance.

The Board currently maintains and appoints the members of the following four standing committees: Executive/Compensation/Personnel Committee, Audit/Examining Committee, Nominating and Corporate Governance Committee and the Pension Investment Review Committee.

**Committee Membership**

<b>Director</b>	<b>Executive/Compensation/ Personnel</b>	<b>Audit/Examining</b>	<b>Nominating/Corporate Governance</b>	<b>Pension Investment Review</b>
John E. Alexander		Chair, as of 2/20/07	Alternate	
James J. Byrnes				Chair
Reeder D. Gates	X		X	
Elizabeth W. Harrison	X		X	
Carl E. Haynes	X			X
Bonnie H. Howell <sup>(1)</sup>	X	Chair, through 2/20/07		
Patricia A. Johnson		X		
Hunter R. Rawlings, III				X
Thomas R. Salm	Chair	Alternate	Chair	
Michael D. Shay		X		
Craig Yunker	X			

<sup>(1)</sup> Ms. Howell resigned from the Board of Directors effective February 20, 2007. Accordingly, Ms. Howell's committee membership also terminated effective February 20, 2007.

The Board of Directors has adopted a written charter for the Executive/Compensation/Personnel Committee. A copy of the Executive/Compensation/Personnel Committee's charter is posted in the Corporate Governance section of the Company's Investor Relations website ([www.tompkinsfinancial.com](http://www.tompkinsfinancial.com)). The committee met four times during fiscal 2007. Among its duties and responsibilities, the Committee assesses executive performance and reviews, determines and recommends salaries and other matters relating to executive compensation, including the compensation of the Company's Chief Executive Officer. It also administers the Company's stock option plans, including reviewing and granting stock options to executive officers and other employees. The committee also reviews and approves various other Company compensation policies and matters, senior management planning, and is responsible for ensuring that the Company's executive officers are compensated effectively and in a manner consistent with the Company's objectives. Each of the members of this committee is an independent director as defined in Section 121A of the AMEX listing standards.

The Board of Directors has adopted a written charter for the Audit/Examining Committee. A copy of the Audit/Examining Committee's charter is posted in the Corporate Governance section of the Company's Investor Relations website ([www.tompkinsfinancial.com](http://www.tompkinsfinancial.com)). The Audit/Examining Committee met six times during fiscal 2007. This committee assists the Board in its general oversight of the Company's accounting and financial reporting, internal controls and audit functions, and is directly responsible for the appointment, compensation and oversight of the work of the Company's independent auditors. The responsibilities and activities of the Audit/Examining Committee are described in greater detail in the

Report of the Audit/Examining Committee of the Board of Directors included in this proxy statement. The Board of Directors has determined that John E. Alexander, Patricia A. Johnson and Michael D. Shay each qualify as an audit committee financial expert as defined in Item 407(d) of Regulation S-K and that each of the members of the Audit/Examining Committee satisfies the independence standards of Section 121A of the AMEX listing standards and Rule 10A-3 under the Securities Exchange Act of 1934, as amended (the Exchange Act ).

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The Board of Directors has adopted a written charter for the Nominating and Corporate Governance Committee. A copy of the Nominating and Corporate Governance Committee's charter is posted in the Corporate Governance section of the Company's Investor Relations website ([www.tompkinsfinancial.com](http://www.tompkinsfinancial.com)). The Nominating and Corporate Governance Committee met three times during the 2007 fiscal year. This committee is responsible for assisting the Board in developing

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corporate governance policies and practices that comply with applicable laws and regulations, including AMEX listing and corporate governance requirements and the corporate governance requirements of the Sarbanes-Oxley Act of 2002. In addition, this committee is responsible for making recommendations to the Board regarding Board membership and composition. This committee establishes procedures for the nomination process and nominates or recommends to the Board qualified candidates for election to the Board.

The process for selecting director nominees entails making a preliminary assessment of each candidate based upon his or her qualifications, willingness to serve on the Board, and other background information. This information is then evaluated against the criteria set forth below, as well as the specific needs of the Company at that time. Based upon this preliminary assessment, candidates who appear to be qualified may be interviewed. If the director nominee is a current Board member, the committee will also consider prior Board performance and contributions. At the conclusion of this process, the committee will recommend to the Board qualified candidates that best meet the Company's needs to the Board for election at the next annual meeting of stockholders. The committee uses the same process for evaluating all candidates, whether recommended by stockholders, directors or management.

The minimum qualifications and attributes that the committee believes must be possessed by a director nominee include: highest personal values, judgment and integrity; an understanding of the regulatory and policy environment in which the Company conducts its business; an understanding of, and interest in, the communities served by the Company; and experience in the key business, financial and management challenges that face financial service companies.

The committee considers nominees proposed by stockholders. To recommend a prospective nominee for the committee's consideration, stockholders should submit the candidate's name and qualifications to: Chairman, Nominating and Corporate Governance Committee, Tompkins Financial Corporation Board of Directors, P.O. Box 460, Ithaca, New York 14851. Each member of this committee is an independent director as defined in Section 121A of the AMEX listing standards.

The Pension Investment Review Committee met two times during fiscal 2007. This committee is responsible for reviewing the assets held in the Tompkins Financial Corporation Retirement Plan.

### Director Compensation

It is the general policy of the Board that employee directors are not paid for their service on the Company's Board of Directors in addition to their regular employee compensation.

#### 2007 Director Compensation<sup>(1)</sup>

Name	Fees Earned or Paid in Cash (\$) <sup>(2)</sup>	Stock Awards (\$) <sup>(3)</sup>	Option Awards	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings <sup>(4)</sup>	All Other Compensation	Total (\$)
Achzet	14,000	11,000				76,320 <sup>(5)</sup>	101,320
Alexander	2,400	23,500					25,900
Byrnes	50,000					12,401 <sup>(6)</sup>	62,401
Gates		20,925			8,225		29,150
Hardie		11,000				16,000 <sup>(7)</sup>	27,000
Harrison	13,200	13,100					26,300
Haynes	5,850	17,833					23,683
Howell		1,842					1,842
Johnson	4,475	22,600					27,075
Rawlings	2,400	16,550					18,950
Salm		24,000			11,000		35,000
Shay	14,275	16,223					30,498
Spain, M.	17,000	11,000					28,000
Spain, Wm.	17,000	11,000					28,000
Yunker	13,200	13,100					26,300

- (1) Amounts disclosed for certain directors include cash compensation for service on subsidiary boards. For a more detailed discussion of such fees, see *Subsidiary Board Service*, below.
- (2) Represents payment in cash for service on subsidiary boards.
- (3) The stock award disclosed here is the result of a mandatory deferral provision under the Company's Stock Retainer Plan for Eligible Directors of Tompkins Financial Corporation and Participating Subsidiaries (the *Retainer Plan*). The stock awards under the Retainer Plan are discussed in more detail below under the heading *Timing and Manner of Payment*. The aggregate number of stock awards outstanding at fiscal year end was 38,071 shares. Dividends paid on the stock are reinvested pursuant to the Company's Dividend Reinvestment and Stock Purchase and Sale Plan.
- (4) All amounts disclosed in this column reflect nonqualified deferred compensation earnings.
- (5) Represents consulting fees paid in connection with the sale of AM&M as discussed in further detail in *Transactions with Related Persons*, page 26.
- (6) Includes personal use of company-owned vehicle, spousal travel expenses, and a portion of dues paid on his behalf for certain club memberships.
- (7) Represents compensation for service as a producer for Tompkins Insurance Agencies.

*Fees Paid to Directors*

During fiscal 2007, the following fees were paid to non-employee directors of the Company for their service in such capacity:

- A meeting fee of \$1,000 for each Board meeting attended;
- A meeting fee of \$275 for each committee meeting attended (except Audit/Examining Committee). Members of the Audit/Examining Committee received a meeting fee of \$600 for each Audit/Examining Committee meeting attended;
- A \$1,750 quarterly retainer fee for service as a director; and
- An annual Chair fee of \$2,500 was paid for service as Chair of the Audit/Examining Committee for fiscal 2007.

In lieu of the board and committee fees described above, the Vice Chair was paid an annual retainer fee of \$24,000 for his service during fiscal 2007 on the Company's Board of Directors.

In lieu of the board and committee fees described above, the Chairman is paid an annual retainer of \$50,000. In addition, the Company provided a company-owned vehicle for his business and personal use, and 75% of the cost of certain club dues was paid on his behalf.

*Timing and Manner of Payment of Company Board Compensation*

All retainer and meeting fees were paid quarterly by the Company. Except for the Chairman's fees, which were paid in cash, all board/committee fees and retainers earned by directors were paid in accordance with the Retainer Plan, which provides that: (i) all such board/committee fees and retainers shall be paid in shares of Common Stock of the Company and (ii) the receipt of payment by directors of board/committee fees and retainers shall be deferred automatically pursuant to the terms of the Retainer Plan. Under the Retainer Plan, board/committee fees and retainers are transferred to a rabbi trust, and the trustee of the rabbi trust acquires shares of the Company's Common Stock for each director's deferred compensation account on the open market pursuant to the Company's Dividend Reinvestment and Stock Purchase and Sale Plan. A director has no rights in or to the shares of Common Stock held in the rabbi trust. A director does have the right, however, to the payment of his or her deferred compensation upon the earlier of the director's termination of service as a director of the Company, the director's attainment of the age of 72 years, or the director's death. An aggregate of 4,314 shares of Common Stock was acquired by the rabbi trust under the Retainer Plan in 2007 representing board/committee fees and retainers paid and expensed in fiscal 2007.

*Changes to Company Director Compensation for Fiscal 2008*

Effective January 1, 2008, the Company's non-employee Directors are compensated for service on the Company's Board of Directors as follows. An annual \$9,000 retainer, payable in quarterly installments of \$2,250, is paid at the beginning of each quarter to the Company's non-employee directors. In addition, non-employee directors receive \$1,000 for each of the four regularly-scheduled Board meetings the director attends, as well as \$400 for each Executive/Compensation/Personnel, Nominating/Corporate Governance and Pension Investment Review committee

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meeting attended; provided, however, that members of the Audit/Examining Committee are paid \$700 per meeting attended. The Chair of the Audit/Examining Committee receives an additional \$4,000 annual fee. All fees paid for service on the Company's Board of Directors are paid pursuant to the Stock Retainer Plan for Eligible Directors of Tompkins Financial Corporation and Participating Subsidiaries (the Retainer Plan), as described above under Timing and Manner of Payment. Notwithstanding any of the foregoing, the annual retainer paid in lieu of any meeting and/or committee fees or stipends to the individual serving in the office of Vice Chair of the Tompkins Financial Corporation and Tompkins Trust Company Board of Directors is \$35,000. The Vice Chair's fee is payable in cash or, if a valid election was made by the Vice Chair prior to January 1, 2008, the Vice Chair's fees are payable in accordance with such election (i) pursuant to the Stock Retainer Plan, (ii) pursuant to a Deferred Compensation Agreement or (iii) in cash. In addition to these fees, directors are eligible to receive options granted pursuant to the Company's 2001 Stock Option Plan.

*Subsidiary Board Service Compensation*

Any non-employee member or members of the Company's Board of Directors who also sat on the board of Mahopac National Bank received an additional annual fee of \$17,000 for service on the Mahopac National Bank's Board of Directors. Any non-employee member or members of the Company's Board of Directors who also sat on the board of AM&M Financial Services, Inc. received an additional annual fee of \$14,000 for service on AM&M Financial Services, Inc.'s Board of Directors.

Any non-employee member or members of the Company's Board of Directors who also sat on the board of Tompkins Trust Company received an additional annual \$6,000 Board Retainer Fee, plus a \$600 meeting fee for each board meeting attended in 2007. Committee Fees (Trust and Credit) of \$275 per meeting attended (plus \$1,000 annual fee paid at end of last quarter to Committee Chair) were paid to non-employee Directors in 2007. The aforementioned fees were pro-rated as necessary for directors completing less than a full year of service. The \$6,000 retainer fee paid to these individuals was paid pursuant to the Retainer Plan, and an aggregate of 921 shares of Common Stock was acquired by the Rabbi Trust under the Retainer Plan. Meeting and committee fees paid to Tompkins Trust Company Directors were paid in cash or deferred through the Tompkins Trust Company Deferred Compensation Plan. Notwithstanding the foregoing, the non-employee Vice Chair of the Tompkins Trust Company Board of Directors received \$11,000 in cash deferred through the Tompkins Trust Company Deferred Compensation Plan, which fee was received in lieu of any retainer, meeting or committee fees.

Any non-employee member or members of the Company's Board of Directors who also sat on the board of The Bank of Castile received an additional annual \$6,000 Board Retainer Fee, plus a \$600 meeting fee for each board meeting attended in 2007. The aforementioned fees were paid in cash.

*Changes to Subsidiary Board Service Compensation for Fiscal 2008*

Effective January 1, 2008, any non-employee member or members of the Company's Board of Directors who also sits on the board of Tompkins Trust Company receives an additional annual \$6,000 Board Retainer Fee and \$7,200 Comprehensive Meeting/Activity Fee. In addition, non-employee directors receive \$275 per meeting attended of the Trust Committee and Loan Committee, and Committee Chairs receive a \$1,000 annual fee. Each non-employee director's Board Retainer Fee is paid pursuant to the Retainer Plan, and each non-employee director's other fees are payable in cash or, if a valid election was made by such director prior to January 1, 2008, his or her fees are payable in accordance with his or her election (i) pursuant to the Retainer Plan, (ii) pursuant to a Deferred Compensation Agreement or (iii) in cash.

Effective January 1, 2008, any non-employee member or members of the Company's Board of Directors who also sits on the board of The Bank of Castile receives an additional annual \$13,200 Board Retainer Fee in cash.

The member of the Company's Board of Directors who also sits on the board of Tompkins Insurance is not compensated for such service.

*Changes to Company and Subsidiary Board Service Compensation for Fiscal 2009*

Effective January 1, 2009, the Company's non-employee Directors will be compensated for service on the Company's Board of Directors, and for service on the Company's subsidiary boards, in the same aggregate amounts as they were in 2008; provided, however, to the extent allowable under Section 409A of the Internal Revenue Code, as the same may be amended prior to such time, all non-employee directors' fees shall be payable in cash or, if a valid election was made by a director prior to January 1, 2009, such director's fees shall be payable in accordance with such election (i) pursuant to the Stock Retainer Plan, (ii) pursuant to a Deferred Compensation Agreement or (iii) in cash.

**Corporate Governance Matters**

*Stockholder Communications with Directors*

Stockholders may communicate with the Company's Board of Directors by writing to the following address: Board of Directors, Tompkins Financial Corporation, P.O. Box 460, Ithaca, New York 14851. Both the Chairman and Vice Chairman, who is an independent director of the Company, will review all correspondence and, if either of them determines that a communication should be reviewed by the full Board of Directors, it will be presented to the Board for its review and consideration.

*Policy Regarding Directors Attendance at Annual Meetings*

The Company does not have a formal policy in place requiring the attendance of all directors at annual meetings of stockholders, although the Board strongly encourages such attendance.

*Code of Ethics*

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The Board of Directors has adopted the Tompkins Financial Corporation Code of Ethics for Chief Executive Officer and Senior Financial Officers which applies to the Company's Chief Executive Officer and Chief Financial Officer. A copy of the Code of Ethics is available in the Corporate Governance section of the Company's Investor Relations website ([www.tompkinsfinancial.com](http://www.tompkinsfinancial.com)). The Company intends to post amendments to or waivers from the Code of Ethics for Chief Executive Officer and Senior Financial Officers at this location on its website.



## COMPENSATION DISCUSSION AND ANALYSIS

### *Compensation Philosophy, Policy, and Process*

The Company has delegated to the Executive/Compensation/Personnel Committee (the Compensation Committee) the responsibility for determining and recommending to the full Board the compensation of the Company's executive officers, including the named executive officers identified in the Summary Compensation Table. A goal of the Compensation Committee is to offer executive compensation that is fair and reasonable, consistent with the Company's size and the compensation practices of the financial services industry generally. A key objective of the Compensation Committee is to attract, develop and retain high caliber executives who are capable of maximizing the Company's performance for the benefit of its stockholders. In furtherance of this objective, the Compensation Committee periodically compares its compensation levels, practices and financial performance to those of a select group of banking institutions of similar size, geographic market and business makeup. Toward that end, the Compensation Committee considered the compensation practices of a comparative group of banking companies which it believed were reasonably comparable to the Company's asset size and performance. The information pertaining to the companies forming the comparative group considered by the Compensation Committee was gathered from information available to the public, from surveys developed by the Independent Bankers Association of New York (IBANYS), and the New York Bankers Association (NYBA) which provided information about the compensation practices of community banking institutions in New York State or from other independently published surveys. The Committee also has the authority to retain such outside counsel, experts, and other advisors as it determines appropriate to assist it in the full performance of its functions. In 2005, the Committee retained the services of Buck Consultants. They were charged with evaluating each subsidiary's then current compensation/benefit structure. Based on that evaluation, a single base salary structure with market pricing has been developed and is in use at the Company's wholly-owned banking subsidiaries and Tompkins Insurance.

In determining the compensation for the Company's executive officers for fiscal 2007, including the compensation of the Company's Chief Executive Officer, the Compensation Committee considered a number of quantitative and qualitative performance factors to evaluate the performance of its executive officers, including its Chief Executive Officer.

The performance factors considered included (1) the Company's net income as compared to the Company's internal targets; (2) increases in earnings per share of the Company's Common Stock for the latest 12 months; (3) the Company's return on assets, as ranked in the Federal Reserve Bank Holding Company Performance Report (Peer Group Percentile); (4) increases in the Company's stock price over 12 months; and (5) the Company's return on equity, as ranked in the Federal Reserve Bank Holding Company Performance Report (Peer Group percentile). Executive officers do not play a role in setting their own or director compensation, but they may be called on to make recommendations concerning those individuals that report to them. The Compensation Committee believes that the total compensation provided to the Company's executive officers is competitive, reflects the Company's performance, and that the Company's compensation practices for fiscal 2007 were appropriate. As permitted by law, the Committee may delegate all or a portion of its duties and responsibilities to a subcommittee of the Committee.

### *Components of Compensation*

The three major components of the Company's executive officer compensation are: (i) base salary, (ii) annual bonus, and (iii) long-term, equity-based incentive awards.

*Base salary.* The Compensation Committee annually reviews the salaries of the Company's executives. When setting base salary levels for recommendation, the Compensation Committee considers (a) competitive market conditions for executive compensation, (b) the Company's performance and (c) the individual's performance. The Company's performance is measured by the Company's strategic and financial performance in the fiscal year, with particular emphasis on earnings per share growth and return on stockholders' equity for the year. Although the Compensation Committee considers year-to-year changes in stock price in its evaluation of Company performance, the Committee does not emphasize this criterion because the Committee does not believe that short-term fluctuations in stock price necessarily reflect the underlying strength or future prospects of the Company. Individual performance is measured by the strategic and financial performance of the particular executive officer's operational responsibility in comparison to targeted performance criteria.

*Annual bonus.* The Company chooses to pay annual cash bonuses in order to motivate executives to work effectively to achieve the Company's financial performance objectives and to reward them when objectives are met. The Board maintains full discretion on the payment of bonuses in order to maintain the flexibility necessary to ensure its ability to act in the Company's best interests. Individual cash bonuses are paid based on three factors: (1) contribution to Company results, (2) contribution to department or business unit goals, and (3) achievement of individual goals. The higher an executive is in the management hierarchy, the greater the weight that is placed on Company results. Company results are reviewed in three areas: (1) achievement of annual goals, (2) relative performance compared to peers over a two-year period and related trends, and (3) strategic development.

*Long-term, equity-based awards.* The Company chooses to award stock options because such grants (1) align executive's interests with stockholder interests by creating a direct link between compensation and stockholder return, (2) give executives a significant, long-term interest in the Company's success and (3) help retain key executives in a competitive market for executive talent. While the Compensation Committee

recognizes that the executives of the Company can exert very little influence on short-term fluctuations in stock price, the Compensation Committee does believe that long-term

stock price appreciation reflects achievement of strategic goals and objectives. Stock option awards are based on the performance of the individual executive and his or her anticipated contribution to the achievement of the Company's strategic goals and objectives. In addition to stock options, executives may receive Common Stock through the profit sharing component of the Tompkins Financial Corporation Employee Stock Ownership Plan. For a more detailed discussion of this, and other, deferred compensation and retirement plans, please see the text accompanying the tables following this section.

### **Compensation Committee Report**

The Compensation Discussion and Analysis has been reviewed and discussed with the management of the Company. Based on the Compensation Committee's review and discussion, the Committee recommended to the Board that the Compensation Discussion and Analysis be included in the Company's Annual Report on Form 10-K and, in this proxy statement.

Members of the Compensation Committee:

Thomas R. Salm, Chair

Reeder D. Gates

Elizabeth W. Harrison

Carl E. Haynes

Craig Yunker

### **Compensation Committee Interlocks and Insider Participation**

The members of the Compensation Committee during the 2007 fiscal year were Bonnie H. Howell (Ms. Howell resigned from the Board on February 20, 2007), Reeder D. Gates, Thomas R. Salm (Chair) and Craig Yunker. Carl E. Haynes and Elizabeth W. Harrison were elected to the Committee on April 24, 2007. No member of the Compensation Committee was at any time during fiscal 2007, or has been at any other time, an officer or employee of the Company or any of the Company's subsidiaries. No executive officer of the Company has served on the board of directors or compensation committee of any other entity that has or has had one or more executive officers who served as a member of the Company's Board of Directors or the Compensation Committee during fiscal 2007.

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2007 Summary Compensation Table

The following table sets forth information concerning the total compensation earned by the Company's Chief Executive Officer and Chief Financial Officer and the three other most highly compensated executive officers of the Company in the fiscal year ended December 31, 2007. These five officers are referred to as the "Named Executive Officers" in this proxy statement.

Name and Principal Position	Year	Salary (\$)	Bonus <sup>(1)</sup> (\$)	Stock Awards (\$)	Option Awards <sup>(2)</sup> (\$)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and	All Other Compensation <sup>(4)</sup> (\$)	Total (\$)
							Nonqualified Deferred Compensation Earnings <sup>(3)</sup> (\$)		
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
<b>Stephen S. Romaine</b>	2007	\$ 325,000	\$ 112,800		\$ 102,715		\$ 75,850	\$ 159,442	\$ 616,365
President & CEO of Tompkins Financial Corporation	2006	208,000	40,000		82,723		35,992	31,222	397,937
<b>James W. Fulmer</b>	2007	\$ 253,000	\$ 70,000		\$ 57,752		\$ 92,698	\$ 27,692	\$ 473,450
Vice Chair of the Company, Chairman, President & CEO of Bank of Castile	2006	241,000	63,200		54,555		74,555	36,908	470,218
<b>Francis M. Fetsko</b>	2007	200,000	40,000		69,309		34,627	20,271	\$ 343,936
Executive Vice President & CFO of the Company & Tompkins Trust Company	2006	190,000	35,500		77,323		30,404	23,566	358,429
<b>Gerald J. Klein, Jr.</b>	2007	\$ 195,000	\$ 38,000		\$ 24,679		\$ 53,032	\$ 21,084	\$ 310,711
President & CEO of Mahopac National Bank									
<b>Gregory J. Hartz</b>	2007	\$ 195,000	\$ 40,000		\$ 22,692		\$ 10,230	\$ 17,023	\$ 267,922
President & CEO of Tompkins Trust Company									

<sup>(1)</sup> These amounts represent cash awards for performance bonuses, including amounts of such bonuses deferred under the Tompkins Financial Corporation Deferred Compensation Plan for Selected Officers.

<sup>(2)</sup> Mr. Romaine was granted 30,000 options relating to shares in 2007. Mr. Fulmer and Mr. Fetsko were granted 10,000 options relating to shares in 2007. Mr. Klein and Mr. Hartz were granted 17,500 options relating to shares in 2007. This column shows the value of all of the option awards over the requisite service period, using the FAS123R principles (which is the grant date fair value amortized over the requisite service period.) Assumptions made in valuation of such options are described in Note 13 "Stock Plans and Stock-Based Compensation" to the Notes to the Consolidated Financial Statements included in our Annual Report to Shareholders on Form 10-K which accompanies this proxy statement.

<sup>(3)</sup> These values are based on the Tompkins Financial Corporation Retirement Plan and the Supplemental Executive Retirement Plan, and are composed entirely of the changes in pension value. The following assumptions were used by the Plan actuaries to calculate the Change in Pension Value from year end 2006 to year end 2007:

Discount Rate: 6.00% at 12/31/2006, 6.25% at 12/31/2007

Retirement Plan Mortality: RP 2000

<sup>(4)</sup> Includes perquisites and other personal benefits or property, with an aggregate value equal to or greater than \$10,000. Includes amounts matched on salary deferral pursuant to Company's Investment & Stock Ownership Plan, amounts paid pursuant to the profit sharing portion of the Company's Investment & Stock Ownership Plan and the Company's Employee Stock Ownership Plan and taxable amounts of the applicable life insurance premiums paid on the Named Executive Officers behalf by the Company.

For Mr. Romaine the amounts were as follows: Profit Sharing paid from the Tompkins Financial Corporation Investment and Stock Ownership Plan - \$12,480; Company match on salary deferral to the 401k - \$9,000; taxable amounts applicable to life insurance - \$1,232; personal use of company vehicle - \$1,005; and \$135,725 for moving expense reimbursement.

For Mr. Fulmer the amounts were as follows: Profit Sharing paid from the Tompkins Financial Corporation Investment and Stock Ownership Plan - \$14,460; Company match on salary deferral to the 401k - \$9,000; taxable amounts applicable to life insurance - \$1,496; and personal use of company vehicle - \$2,736.

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For Mr. Fetsko the amounts were as follows: Profit Sharing paid from the Tompkins Financial Corporation Investment and Stock Ownership Plan - \$11,400; Company match on salary deferral to the 401k - \$8,004; taxable amounts applicable to life insurance - \$319; and personal use of company vehicle - \$548.

For Mr. Klein the amounts were as follows: Profit Sharing paid from the Tompkins Financial Corporation Investment and Stock Ownership Plan - \$10,080; Company match on salary deferral to the 401k - \$7,800; taxable amounts applicable to life insurance - \$766; and personal use of company vehicle - \$2,438.

For Mr. Hartz the amounts were as follows: Profit Sharing paid from the Tompkins Financial Corporation Investment and Stock Ownership Plan - \$6,300; Company match on salary deferral to the 401k - \$7,814; taxable amounts applicable to life insurance - \$352; and personal use of company vehicle - \$2,557.

### Employment Contracts, Termination of Employment and Change-in-Control Arrangements

Messrs. Fulmer, Romaine, Klein and Fetsko are parties to Supplemental Executive Retirement Agreements with the Company. These agreements contain change-in-control provisions and are discussed below under "Supplemental Employee Retirement Plans."

### Life Insurance

Life insurance benefits are provided to certain officers of the Company, with respect to which the Company has entered into life insurance contracts. These insurance contracts are carried at cash surrender value on the Company's consolidated statements of financial condition. Increases in the cash surrender value of the insurance are reflected as noninterest income, and the related mortality expense is recognized as other employee benefits expense, in the Company's consolidated statements of income. Taxable amounts paid with respect to such life insurance on behalf of the Named Executive Officers are included as "All Other Compensation" in the Summary Compensation Table, above.

### Stock Option Plan

The Company maintains the 2001 Stock Option Plan as a vehicle to encourage the continued employment of key employees of the Company and its subsidiaries, and to align their interests with those of the Company's stockholders by facilitating their purchase of a stock interest in Tompkins Financial Corporation. The Compensation Committee believes that a stock option plan is in the best interests of the Company and its stockholders since it will enhance the Company's ability to continue to attract and retain qualified directors, officers and other key employees.

#### Option Grants in Fiscal 2007

#### 2007 Grants of Plan Based-Awards

Name	Grant Date	Number of securities underlying options (#)	Exercise or base price of option awards (\$/Sh)	Grant Date Fair Value of Stock and Option Awards (\$)
Stephen S. Romaine	01/18/2007	4,368	43.51	52,687
	01/18/2007	10,632	43.51	128,243
	11/29/2007	51	41.00	571
	11/29/2007	14,949	41.00	167,294
James W. Fulmer	11/29/2007	3,748	41.00	41,944
	11/29/2007	6,252	41.00	69,966
Francis M. Fetsko	11/29/2007	3,748	41.00	41,944
	11/29/2007	6,252	41.00	69,966
Gerald J. Klein, Jr.	01/18/2007	7,220	43.51	87,088
	01/18/2007	280	43.51	3,377

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	11/29/2007	1,307	41.00	14,627
	11/29/2007	8,693	41.00	97,283
Gregory J. Hartz	01/18/2007	7,500	43.51	90,465
	11/29/2007	1,954	41.00	21,867
	11/29/2007	8,046	41.00	90,043

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The 2001 Stock Option Plan does not have threshold, target, or maximum amounts payable for performance, therefore, it is not an equity incentive plan as defined under FAS123R.

The options are valued using the FAS123R principles (which is the grant date fair value amortized over the requisite service period) and those values are included in the Summary Compensation Table. The grant date fair value included in the table above represents the value of the options granted on the date of grant.

*Outstanding Options of Named Executive Officers*

The following table shows the aggregate number of options outstanding as of December 31, 2007 for each of the Named Executive Officers.

**2007 Outstanding Equity Awards At Fiscal Year-End**

**OPTION AWARDS**

Name	Number of Securities Underlying Unexercised Options-Exercisable <sup>(1)</sup>	Number of Securities Underlying Unexercised Options-Unexercisable <sup>(2)</sup>	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options	Option Exercised Price	Option Expiration Date
Stephen S. Romaine	0	51		\$ 41.00	11/29/17
	0	14,949		\$ 41.00	11/29/17
	0	4,368		\$ 43.51	01/18/17
	0	10,632		\$ 43.51	01/18/17
	0	7,260		\$ 42.39	01/23/16
	0	3,740		\$ 42.39	01/23/16
	5,562	1,454		\$ 39.34	05/03/14
	970	5,082		\$ 39.34	05/03/14
	7,986	0		\$ 32.23	09/30/12
	2,330	0		\$ 28.36	07/24/11
<b>Total</b>	<b>16,848</b>	<b>47,536</b>			
James W. Fulmer	0	6,252		\$ 41.00	11/29/17
	0	3,748		\$ 41.00	11/29/17
	0	7,260		\$ 42.39	01/23/16
	0	3,740		\$ 42.39	01/23/16
	968	968		\$ 39.34	05/03/14
	5,082	5,082		\$ 39.34	05/03/14
	3,328	0		\$ 20.00	09/14/10
	12,005	0		\$ 20.00	09/14/10
	6,642	0		\$ 20.00	09/14/10
<b>Total</b>	<b>28,025</b>	<b>27,050</b>			