TOMPKINS FINANCIAL CORP
Form DEF 14A
March 29, 2019

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A
(Rule 14a-101)

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

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

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

Tompkins Financial Corporation
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)
Payment of Filing Fee (Check the appropriate box):
No fee required.
Fee computed on table below per Exchange Act Rules 14a-6(i)(4) 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:

March 29, 2019

NOTICE OF 2019 ANNUAL MEETING OF SHAREHOLDERS OF TOMPKINS FINANCIAL CORPORATION

The Annual Meeting of Shareholders (the "Annual Meeting") of Tompkins Financial Corporation (the "Company") will be held on Tuesday, May 7, 2019 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 the twelve (12) Directors named in the Proxy Statement for a term of one year expiring in 2020;
2. To approve the Tompkins Financial Corporation 2019 Equity Incentive Plan;
3. To conduct an advisory vote to approve the compensation paid to the Company's named executive officers;
4. To ratify the appointment of the independent registered public accounting firm, KPMG LLP, as the Company's independent auditor for the fiscal year ending December 31, 2019; and
5. To transact such other business as may properly come before the Annual Meeting or any adjournment thereof.

The Company's Board of Directors (the "Board") has fixed the close of business on March 12, 2019 as the record date for determining shareholders entitled to notice of and to vote at the Annual Meeting. Only shareholders of record at the close of business on that date are entitled to vote at the Annual Meeting. A shareholders' information meeting for our shareholders in Pennsylvania will be held at 4:30 p.m. on May 8, 2019, at the Berkshire Country Club, 1637 Bernville Rd., Reading, Pennsylvania, 19601. A shareholders' information meeting for our shareholders in the Hudson Valley will be held at 6:00 p.m. on May 9, 2019, at Mt. Kisco Country Club, 10 Taylor Rd., Mt. Kisco, New York, 10549. A shareholders' information meeting for our shareholders in Western New York will be held at 5:30 p.m. on May 14, 2019, at the Genesee Country Village & Museum, 1410 Flint Hill Rd., Mumford, New York, 14511.

Enclosed with this notice are a Proxy Statement, a Form of Proxy and return envelope, instructions for voting by telephone or the Internet, the Company's Annual Report on Form 10-K for fiscal year 2018, and the Company's 2018 Corporate Report to shareholders. Please refer to the enclosed Proxy Statement with respect to the business to be transacted at the Annual Meeting.

The Board of Directors unanimously recommends that you vote "*FOR*" each of the Director nominees named in the enclosed Proxy Statement, *"FOR"* approval of the Tompkins Financial Corporation 2019 Equity Incentive Plan, "*FOR*" advisory approval of the compensation paid to the Company's Named Executive Officers, and "*FOR*" ratification of the appointment of KPMG LLP as the Company's independent auditor for the fiscal year ending December 31, 2019. Your vote is important regardless of the number of shares you own. Whether or not you plan to attend the Annual 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 the Company prior to the Annual Meeting, or by attending the Annual Meeting and filing a written notice of revocation with the Corporate Secretary at the Annual Meeting prior to the vote and voting in person.

By Order of the Board of Directors,

-

Thomas R. Rochon	Kathleen A. Manley
Chairman	*Asst. Vice President & Corporate Secretary*

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

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE SHAREHOLDER MEETING TO BE HELD MAY 7, 2019

This Proxy Statement, the Company's Annual Report on Form 10-K, and the Company's Corporate Report to shareholders are available under the "SEC Filings" tab at www.tompkinsfinancial.com.

ANNUAL MEETING OF SHAREHOLDERS TO BE HELD MAY 7, 2019

This Proxy Statement together with the Form of Proxy are being mailed to shareholders on or about March 29, 2019 in connection with the solicitation by the Board of Directors of Tompkins Financial Corporation (the “Company”) of proxies to be used at the Annual Meeting of Shareholders (the “Annual Meeting”) to be held at the Country Club of Ithaca, 189 Pleasant Grove Road, Ithaca, New York on Tuesday, May 7, 2019 at 5:30 p.m.

Voting

Only shareholders of record at the close of business on March 12, 2019 will be entitled to vote. On March 12, 2019, there were 15,317,251 shares of the Company’s common stock, par value $0.10 per share (our “common stock”), outstanding and entitled to vote. Each share of common stock is entitled to one vote on each matter to be voted on at the Annual Meeting.

Shareholders 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 Annual 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 returned will be voted and, if the shareholder 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, the proposal to approve the Company’s 2019 Equity Incentive Plan; the advisory vote to approve the compensation paid to the Company’s Named Executive Officers; and the proposal to ratify the appointment of the independent registered public accounting firm, KPMG LLP, as our independent auditor for the fiscal year ending December 31, 2019, the Board is not aware of any other matters to be presented for shareholder action at the Annual Meeting. However, if other matters do properly come before the Annual Meeting, the Board 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 shareholder at the Annual Meeting will not automatically revoke a proxy previously delivered by that shareholder. A shareholder 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 Annual Meeting, (2) delivering to the Corporate Secretary a duly executed proxy bearing a later date, or (3) attending the Annual Meeting and filing a written notice of revocation with the Corporate Secretary at the Annual 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 shares of common stock entitled to vote at the Annual Meeting is necessary to constitute a quorum for the conduct of business at the Annual Meeting.

Vote Required and Board Recommendations

Proposal No. 1	**Vote Required**	**Board of Directors Recommendation**
Election of Directors	A plurality of votes cast by holders of common stock entitled to vote thereon	“FOR” all Director nominees named in the Proxy Statement

Proposal No. 2	**Vote Required**	**Board of Directors Recommendation**

Approval of the Company's 2019 Equity Incentive Plan	A majority of votes cast by the holders of common stock entitled to vote thereon	"FOR" approval of the Company's 2019 Equity Incentive Plan

Proposal No. 3	Vote Required	Board of Directors Recommendation
Advisory Approval of the Compensation Paid to the Company's Named Executive Officers	A majority of votes cast by the holders of common stock entitled to vote thereon	"FOR" advisory approval of the compensation paid to the Company's Named Executive Officers

Proposal No. 4	Vote Required	Board of Directors Recommendation
Ratification of the appointment of the independent registered public accounting firm, KPMG LLP, as the Company's independent auditor for the fiscal year ending December 31, 2019	A majority of votes cast by the holders of common stock entitled to vote thereon	"FOR" the ratification of the appointment of the independent registered public accounting firm, KPMG LLP, as the Company's independent auditor for the fiscal year ending December 31, 2019

Abstentions and Broker Non-votes

At the Annual Meeting, abstentions, votes cast 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. At the Annual Meeting, brokers, banks or other nominees will not have discretionary authority to vote on Proposal Nos. 1, 2 or 3, but will have discretionary authority to vote on Proposal No. 4. Broker non-votes will have no effect on the outcome of any of the Company's proposals. Abstentions will have no effect on Proposal Nos. 1, 3, or 4, but for Proposal No. 2 (approval of the Tompkins Financial Corporation 2019 Equity Incentive Plan), abstentions are considered "votes cast" under applicable rules of the New York Stock Exchange, and thus will have the same effect as a vote "against" the proposal.

Solicitation of Proxies

The enclosed proxy is being solicited by the Board of Directors of the Company. The total cost of solicitation of proxies in connection with the Annual Meeting will be borne by the Company. In addition to solicitation by mail, our Directors, officers and employees may solicit proxies for the Annual 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.

PROPOSAL NO. 1
ELECTION OF DIRECTORS

At the Annual Meeting twelve (12) Directors will be elected for a one-year term expiring at the 2020 Annual Meeting, and with respect to each Director, until his or her successor is elected and qualified. The following Director nominees—John E. Alexander, Paul J. Battaglia, Daniel J. Fessenden, James W. Fulmer, Patricia A. Johnson, Frank C. Milewski, Thomas R. Rochon, Stephen S. Romaine, Michael H. Spain, Alfred J. Weber and Craig Yunker—are currently serving as Directors. Their terms expire in 2019, and each is standing for re-election at the Annual Meeting. Each Director was identified and nominated by the Nominating and Corporate Governance Committee for election at the Annual Meeting. Jennifer R. Tegan, currently serving on the Board of Directors of Tompkins Trust Company, was also identified and nominated by the Nominating and Corporate Governance Committee for election at the Annual Meeting for a term of one year. The 12 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 shareholders at the Annual Meeting are Francis M. Fetsko and Kathleen A. Manley. The Proxies will vote as directed and, in the absence of instructions, will vote the shares represented by properly-executed 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 Annual Meeting, the proxies will be voted for the nominee, if any, who may be designated by the Board, upon recommendation of the Nominating and Corporate Governance Committee, to fill the vacancy. As of the date of this Proxy Statement, the Board is not aware that any nominee is unable or will decline to serve as a Director.

Vote Required and Recommendation

Shareholders may vote "for" all Director nominees as a group, may "withhold" authority to vote for all Director nominees as a group, or may withhold authority to vote only for specified Director nominees. A plurality of votes cast by holders of shares of common stock entitled to vote thereon is required to elect the nominees. Under a plurality vote standard, the nominees who receive the highest number of votes "for" their election will be elected. Votes to "withhold" in an uncontested election will have no effect on the outcome of the vote on Proposal No. 1. Broker non-votes will not constitute or be counted as votes cast for purposes of this Proposal, and therefore will have no impact on the outcome of this Proposal. **THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE "FOR" THE ELECTION OF EACH OF THE DIRECTOR NOMINEES. SHARES OF COMMON STOCK COVERED BY EXECUTED PROXIES RECEIVED BY THE BOARD OF DIRECTORS WILL BE VOTED "FOR" THE ELECTION OF EACH OF THE DIRECTOR NOMINEES NAMED BELOW UNLESS THE SHAREHOLDER SPECIFIES A DIFFERENT CHOICE.**

The following table sets forth each Director nominee and each continuing Director and includes such person's name, age, the year he or she first became a Director, the expiration of his or her current term as Director, and whether he or she has been determined to be an Independent Director, as that term is defined in the listing standards of the NYSE American. Biographies of the Director nominees follow the table. Unless otherwise indicated, all Directors have been employed in their current positions for at least five years. The nominees identified below as "Independent" are referred to in this Proxy Statement as the Independent Directors.

Name	Age	Year First Elected Director		Term to Expire	Independent[1]
Board Nominees:					
John E. Alexander	66	1993	(2)	2019	Yes

Paul J. Battaglia	67	2010	2019	Yes
Daniel J. Fessenden	53	2009	2019	Yes
James W. Fulmer	67	2000	2019	Yes
Patricia A. Johnson	63	2006	2019	Yes
Frank C. Milewski	68	2012	2019	Yes
Thomas R. Rochon	66	2009	2019	Yes
Stephen S. Romaine	54	2007	2019	No
Michael H. Spain	61	2000	2019	No
Jennifer R. Tegan	48	N/A	N/A	Yes
Alfred J. Weber	66	2012	2019	Yes
Craig Yunker	68	2000	2019	Yes

---

(1) Independence has been affirmatively determined by the Company's Board of Directors in accordance with Section 803A of NYSE American Company Guide.

(2) Served as a Director of Tompkins Trust Company, prior to the formation of Tompkins Financial Corporation in 1995.

Director Qualifications, including Director Nominees

The following paragraphs provide information as of the date of this Proxy Statement regarding each nominee's specific experience, qualifications, attributes and skills that led our Board to the conclusion that he or she should serve as a Director. The information presented includes information each Director has given us about positions he or she holds, his or her principal occupation and business experience for the past five years, certain non-profit boards on which he or she serves, and the names of other publicly-held companies of which he or she currently serves as a director or has served as a director during the past five years.

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 shareholder and served as President and Chief Executive Officer of The CBORD Group, Inc. ("CBORD,") a computer software company which Mr. Alexander founded in 1975, until July 2004. Mr. Alexander is a Director Emeritus of the Food Bank of the Southern Tier, a Director Emeritus of the United Way of Tompkins County, and Trustee Emeritus and Presidential Councilor of Cornell University. He also serves as a Director of Incodema 3D, LLC, a leader in Direct Metal 3D Printing; as well as Sound Reading Solutions, Inc., an EdTech startup. He is a founding General Partner and a Director of Red Bear Angels, an investment organization focused on advising and funding startups by Cornell students and alumni. He also serves on the Board of Directors of the Children's Reading Connection, and is a founding member of the Cayuga Venture Fund, a regional venture capital fund now in its fifth iteration. We believe Mr. Alexander's qualifications to sit on our Board of Directors include his executive leadership and management experience, as well as the financial expertise he has brought to bear during more than two decades of board service with our organization.

Paul J. Battaglia has served as a Director of the Company since 2010 and was a Director of TFA Management, Inc. f/k/a AM&M Financial Services, Inc. from April-December 2010. He has served as a Director for the Bank of Castile since January 2011. He became Chairman of the Audit Committee in May 2011. In 2015 he was appointed to the Board of Directors of TFA Management, Inc. and to the Corporate Credit Oversight Committee of the Company's Board of Directors. From 2009 until his retirement in 2018, Mr. Battaglia served as a Managing Director of Freed Maxick CPAs, P.C., a 300-person "Top 100" public accounting firm headquartered in Western New York in 2018. As a Managing Director, Mr. Battaglia managed the operations of the firm's Batavia office in addition to providing consulting services on various transactions, including mergers and acquisitions, design and implementation of financing plans, estate planning and business succession planning to his clients. He served on the firm's Executive and Compensation Committee and Finance Committee, and was a Trustee for the firm's retirement plan. He is a Certified Public Accountant, a member of the American Institute of Certified Public Accountants and the New York State Society of Certified Public Accountants. Mr. Battaglia currently provides consulting services in the areas of mergers and acquisitions, estate and succession planning, trust administration and financing to various clients. Mr. Battaglia serves as the Chairman of the Board of Directors of the Genesee County Economic Development Center and the Genesee County Funding Corporation; and is a Director of the Genesee Gateway Local Development Corporation. In 2018 he was appointed to the Batavia Downtown Revitalization Initiative Committee and he and his wife Mary are currently chairing the YMCA/United Memorial Medical Center capital campaign to build a healthy living campus in Batavia, NY. Mr. Battaglia has served as a director or volunteer for over 30 not-for-profit or educational organizations in his career. Mr. Battaglia was named the "Honorary Chairman of the Centennial Celebration for the City of Batavia, New York in 2015, and has received numerous other community recognitions. We believe Mr. Battaglia's qualifications to serve on our Board of Directors include his 45 years of experience in public accounting dealing with financial and accounting matters for complex organizations. He has acquired a deep understanding of the Western New York business environment during his years of working with commercial clients in the region. We note that Mr. Battaglia has demonstrated significant involvement with local civic organizations through his years of service on the above-referenced boards of directors.

Daniel J. Fessenden has served as a Director of the Company since 2009, as a Director of Tompkins Trust Company since January 2009, and as a Director of TFA Management, Inc. since 2011. Mr. Fessenden served as a member of the New York State Assembly from 1993 to 1999. He currently serves as the Executive Director of the Fred L. Emerson Foundation, a family foundation located in Auburn, New York. From 2004 to 2006 he served as the founding Executive Director of the Cornell Agriculture & Food Technology Park, Geneva, New York. Prior to 2004, Mr. Fessenden served as a key member of the government relations team for the Carrier Corporation, Syracuse, New York. Raised on his family's dairy farm, Mr. Fessenden is a graduate of Cornell University. Mr. Fessenden has been actively engaged with numerous business, civic and educational organizations throughout the Central New York region for more than 26 years. He currently serves as a director of Midstate Mutual Insurance Company, Finger Lakes Regional Prosperity Network, and is a member of the Cornell University Council. We believe Mr. Fessenden's qualifications to sit on our Board of Directors include his extensive experience in government and public service, his executive experience in the private sector, his active engagement with civic organizations, and his deep connections to the Central New York business community.

James W. Fulmer served as President of the Company from 2000 through 2006, has served as a Director of the Company since 2000, and Vice Chairman of the Company since January 1, 2007. He serves as the Chairman of Tompkins Bank of Castile, and has served in such capacity since 1991. Mr. Fulmer previously served as President and Chief Executive Officer of the Bank of Castile from 1988 until his retirement on December 31, 2014. Mr. Fulmer also serves as a Director of Tompkins Mahopac Bank and Tompkins VIST Bank; and Chairman and Director of Tompkins Insurance Agencies, Inc. He served as the President and Chief Executive Officer of Letchworth Independent Bancshares Corporation from 1991 until its merger with the Company in 1999. He served as a member of the Board of Directors of the Federal Home Loan Bank of New York from January 2007 to December 2017, and served as Vice Chairman from January 2015 to December 2017. Mr. Fulmer actively serves as a member of the Board of Directors of Erie and Niagara Insurance Association of Williamsville, the Cherry Valley Cooperative Insurance Company of Williamsville, and board member and past Chairman of the WXXI Public Broadcasting Council. He was recently elected to the Board of the Rochester Philharmonic Orchestra, and sits on the Board of the Eastman Institute of Oral Health. We believe Mr. Fulmer's qualifications to sit on our Board of Directors include his nearly 40 years of experience in the banking industry, including service as our Vice Chairman, and as the former President and Chief Executive Officer of Tompkins Bank of Castile. Mr. Fulmer is also actively involved with the prominent Western New York community organizations described above.

Patricia A. Johnson has served as a Director of the Company since 2006, and served as a Director of Tompkins Trust Company from 2002 to 2014. In January 2014, Ms. Johnson became the Vice President for Finance and Administration with Lehigh University in Bethlehem, PA. She has served as a Director of Tompkins VIST Bank since April 2014. She had previously been with Cornell University, starting as the Assistant Treasurer in 1995, and later serving as Associate Vice President & Treasurer. She is currently a Director and the Finance Chair for Market Matters, a not for profit located in Ithaca, New York which provides business training to residents of South Africa. She also serves as Director, Manufacturers' Resource Center; Director, Ben Franklin Technology Partners of Northeastern Pennsylvania; Director, Community Action Committee of Lehigh Valley; Director, Lehigh Valley Economic Development Corporation; and Director, Centennial School. She was also a member of the NACUBO Accounting Principles Council and the Association for Financial Professionals. We believe Ms. Johnson's qualifications to sit on our Board of Directors include her accounting expertise and her ability to understand and evaluate the Company's complex financial operations, based in part on her prior work in the banking industry. In addition, Ms. Johnson has demonstrated civic leadership through service on the boards of many local charitable organizations.

Frank C. Milewski has served as a Director of the Company since August 2012, when he was appointed by the Board to fill a vacancy following the Company's acquisition of VIST Financial Corporation ("VIST") in 2012. Mr. Milewski served as Vice Chairman of the Board of VIST from 2007 to 2012, where he served as a Director from 2002 until its acquisition by the Company. Mr. Milewski served as a Director of Merchants Bank from 1985 until VIST acquired Merchants in 1999. He has served as a Director on the Board of Directors of Tompkins VIST Bank since 1999. Mr. Milewski retired in early 2017 from his position as a Regional Vice President of Molina Health Care (NYSE: MOH) which provides and manages government-sponsored social services. Formerly, he was the Regional President of Providence Service Corporation, (NASDAQ: PRSC) prior to its acquisition by Molina, and was the founder, President and Chief Executive Officer of The ReDCo Group prior to its acquisition by Providence Service Corporation in 2004. Mr. Milewski was responsible for oversight and direction of Molina's separate operating companies in the northeast region. Mr. Milewski currently serves as a member of the Schuylkill Economic Development Corporation (SEDCO's) Board of Directors and as such is involved in fostering economic growth, development, and job creation in the greater Schuylkill County region. Previously he served on a number of community-oriented not-for-profit boards and currently serves as a member of the non-profit Board of Directors of Consolidated Training and Services Corporation. We believe Mr. Milewski's qualifications to sit on our Board of Directors include his executive experience in a leadership position with a publicly-traded company, his prior service on VIST's Audit/Examining Committee and the Tompkins VIST Bank Board of Directors, and his involvement with economic development and other civic engagement in the Schuylkill County region.

Thomas R. Rochon has served as a Director of the Company since 2009, and was elected Chairman of the Board in May 2014. He has served as a Director of Tompkins Mahopac Bank since July 2017, and served as a Director of Tompkins Trust Company from January 2009 to June 2017. In July 2017, Dr. Rochon joined the Educational Records Bureau (ERB), a not-for-profit educational testing and assessment company based in New York. He was named President of ERB in December 2017. From July 2008 through June 2017, Dr. Rochon served as President of Ithaca College. He has served on the boards of a number of organizations related to higher education and community service, and is actively involved with several local charitable and community service organizations. We believe Dr. Rochon's qualifications to sit on our Board of Directors include his many years of management experience, including as President of ERB and as former President of Ithaca College, as well as an understanding of the challenges faced by organizations that operate in a heavily regulated sector.

Stephen S. Romaine has served as a Director of the Company since January 1, 2007. 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 Tompkins Mahopac 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. In addition to the Company Board, Mr. Romaine serves on the boards of each of its affiliates and has served as the Chairman of the board of directors of Tompkins Trust Company since May 2014. Mr. Romaine currently serves on the Board of the Federal Home Loan Bank of New York, as well as the New York Bankers Association, where he served as Chairman from March 2016 through March 2017. His civic involvement includes service as a member of the Board of Directors of the Ithaca Aviation Heritage Foundation and the TC3 Foundation. We believe Mr. Romaine's qualifications to sit on our Board of Directors include his more than 30 years as an executive in the financial services industry, including his current position as President and Chief Executive Officer of the Company.

Michael H. Spain has served as a Director of the Company since 2000, and as a Director of Tompkins Mahopac Bank since 1992. He was appointed the Chairman of the Board of Directors of Tompkins Mahopac Bank in June 2017. Mr. Spain serves as Executive Vice President of Brown & Brown of New York, Inc., d/b/a the Spain Agency, an insurance agency located in Mahopac, New York. Mr. Spain served as President of the Spain Agency from 1989 until 2015 when it became wholly owned by Brown & Brown, Inc. Mr. Spain is also President of Sleeping Indian, LLC, and Trail Properties, Inc., real estate holding companies; and President of Wind River, LLC and Indian Paintbrush, LLC, companies engaged in real estate development. He has demonstrated civic leadership through service on the boards of several charitable organizations in the Hudson Valley, including past President of Mahopac Rotary, The Putnam Alliance, Putnam Independent Insurance Agencies, and has served on the Hudson Valley Hospital Board and Foundation and various United Way boards, along with over 20 years of service as a Tompkins Mahopac Bank Director. We believe Mr. Spain's qualifications to sit on our Board of Directors include his extensive executive experience in the financial services industry.

Jennifer R. Tegan has served as a Director of Tompkins Trust Company since 2016. She is a founding partner of Cayuga Venture Fund (CVF), located in Ithaca, NY. Since starting with CVF in 2002, Ms. Tegan has been working with, supporting and financing entrepreneurs in technology-based companies across a broad spectrum of industries. Since its inception in 1994, CVF and its member investors have invested more than $90 million in technology companies across New York State. Ms. Tegan serves on the boards of several of CVF's portfolio companies, including GiveGab, Venuebook, POM Partners Inc. and True Gault. In 2018, Ms. Tegan joined the board of directors of the National Venture Capital Association, a trade association advocating for public policy that supports the American entrepreneurial ecosystem. Ms. Tegan is past President and current Executive Committee Member of the Upstate Capital Association of New York Board (formerly, UVANY) a membership trade organization whose mission is to increase access to capital for entrepreneurs and companies in Upstate NY. Ms. Tegan also serves on the Board of Directors of Tompkins County Area Development, which supports local economic development, and the Board of the Elizabeth Ann Clune Montessori School of Ithaca. We believe Ms. Tegan's qualifications to sit on our Board of Directors include her extensive experience fostering the development of early stage businesses in our local market, the banking industry knowledge she has acquired through her service on the Tompkins Trust Company Board of Directors, and her demonstrated commitment to local economic development and other civic engagement in the Tompkins County region.

Alfred J. Weber has been a member of our Board of Directors since August 2012 and served as Chairman of the Board of VIST Financial Corporation from 2005 to 2012, where he served as a Director from 1995 until its acquisition by the Company in August, 2012. He currently serves on the Board of Directors of Tompkins VIST Bank, and has served as its Chairman since 2005. Mr. Weber is President of Tweed-Weber, Inc., a management consulting firm. He has been in the consulting industry since 1974 and has been president of his own business since 1984. The fundamental focus of his work is to help clients build and implement strategies to gain and sustain competitive advantage in their marketplace. He has worked with hundreds of businesses, not-for-profit organizations, health and home care agencies, and associations across the country. Mr. Weber currently serves on the Boards of Berks County Community Foundation, Our City Reading, New Standard Corporation, Misco Products Corporation, and Boscov's LLC. We believe Mr. Weber's qualifications to sit on our Board of Directors include his experience in leading change initiatives and his expertise in the area of strategic planning.

Craig Yunker has served as a Director of the Company since 2000 and as a Director of Tompkins Bank of Castile since 1991. He has been the Managing Partner of CY Farms, LLC since 1976; and of CY Properties, LLC; CY Heifer Farm, LLC; and Batavia Turf, LLC since 1998; companies engaged in farming. Since 2001, he has served as a Trustee of Cornell University. Mr. Yunker is closely involved with the Western and Central New York business community, and he currently serves in leadership roles on both state and national agricultural organizations, including the New York State Agriculture Society, the Association of Agricultural Production Executives, and as a Trustee of the Legg Lowden Farm Foundation. He is a Director of the Genesee County Economic Development Center. Mr. Yunker also sits on the Board of Directors of Liberty Pumps, a manufacturing company in Bergen, New York, currently serving as the Chair of its Compensation Committee. We believe Mr. Yunker's qualifications to sit on our Board of Directors include his extensive executive experience, particularly in the agribusiness sector, and his corporate strategy acumen, along with over 20 years of service as a Tompkins Bank of Castile Director.

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 are set forth in Part I of the Company's Annual Report on Form 10-K for the Company's 2018 fiscal year, a copy of which is enclosed with this Proxy Statement.

MATTERS RELATING TO THE BOARD OF DIRECTORS

During fiscal 2018, the Board of Directors held four regular meetings, two informational meetings and two strategic planning meetings. As a matter of practice the Independent Directors met in executive session at the end of each regular meeting, for a total of four such sessions during 2018. During this period, all of the Directors attended more than 75% of the aggregate of the total number of meetings of the Board held during the periods that he or she served and the total number of meetings held by all committees of the Board on which each such Director served during the period that he or she served.

The Board currently maintains and appoints the members of the following six standing committees: Executive, Compensation, Audit/Examining, Nominating and Corporate Governance, Qualified Plans Investment Review, and Corporate Credit Oversight.

Board of Directors: Committee Membership

Director	Executive	Compensation	Audit/ Examining	Nominating/ Corporate Governance	Qualified Plans Inv. Review	Corporate Credit Oversight
John E. Alexander	X	X	—	—	Chair	—
Paul J. Battaglia	X	—	Chair	—	—	X
Daniel J. Fessenden	X	—	—	Chair	—	—
James W. Fulmer	X	—	—	—	—	Chair
Susan A. Henry[(1)]	—	—	X	—	X	—
Patricia A. Johnson	—	—	X	—	—	—
Frank C. Milewski	—	—	X	—	—	X
Thomas R. Rochon	Chair	X	—	X	—	—
Stephen S. Romaine	X	—	—	—	X	X
Michael H. Spain	X	—	—	—	X	—
Alfred J. Weber	—	—	—	X	—	—
Craig Yunker	X	Chair	—	X	—	—

(1) Susan A. Henry has attained age 72 and, in accordance with Article (IV)(4) of the Company's Bylaws and Section 4 of the Company's Corporate Governance Guidelines, she may not stand for reelection as a Director at the Annual Meeting. Therefore, following the Annual Meeting, Ms. Henry will no longer serve as a Director or as a member of the Board committees indicated.

Executive Committee. The Board has adopted a written charter for the Executive Committee. A copy of the Executive Committee's charter is posted in the "Corporate Governance" section of the Company's website (www.tompkinsfinancial.com). The Executive Committee did not meet during fiscal 2018. The Executive Committee acts, as necessary, on behalf of the Board of Directors pursuant to the Company's Second Amended and Restated Bylaws (the "Bylaws").

Compensation Committee. The Board has adopted a written charter for the Compensation Committee (as used in this paragraph, the "Committee"). A copy of the Committee's charter is posted in the "Corporate Governance" section of the Company's website (www.tompkinsfinancial.com). The Committee met four times during fiscal 2018. The Committee reviews executive performance and approves, or recommends to the Independent Directors for approval, salaries and other matters relating to executive compensation, except that the compensation of the Chief Executive Officer is determined by the Independent Directors upon recommendation by the Committee. It also administers the Company's equity incentive plans, including reviewing and granting equity incentive awards to executive officers and other employees. The Committee also reviews and approves various other compensation policies and matters, and is responsible for ensuring that executive officers are compensated effectively, appropriately, and in a manner consistent with the Company's objectives. Please see the heading *"Role of the Compensation Committee, Management, and Consultants"* on page 16 for information about this Committee's responsibilities and activities. Each of the members of this Committee is an "Independent Director" as defined in Section 803A of the NYSE American Company Guide, and also meets the heightened independence standards for compensation committee members set forth in NYSE American Rule 805(c).

Audit/Examining Committee. The Board has adopted a written charter for the Audit/Examining Committee (as used in this paragraph, the "Committee"). A copy of the Committee's charter is posted in the "Corporate Governance" section of the Company's website (www.tompkinsfinancial.com). The Committee met 11 times during fiscal 2018. This Committee assists the Board in its general oversight of 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 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 has determined that Paul J. Battaglia, Susan A. Henry, Patricia A. Johnson, and Frank C. Milewski 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 is an "Independent Director" as defined in Section 803A of the NYSE American Company Guide, and also satisfies the heightened independence standards applicable to Audit Committee members of Rule 10A-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

Nominating and Corporate Governance Committee. The Board has adopted a written charter for the Nominating and Corporate Governance Committee (as used in this paragraph and in the next six paragraphs, the "Committee"). A copy of the Committee's charter is posted in the "Corporate Governance" section of the Company's website (www.tompkinsfinancial.com). The Committee met four times during the 2018 fiscal year. This Committee is responsible for assisting the Board in developing corporate governance policies and practices that comply with applicable laws and regulations, including NYSE American listing standards and corporate governance requirements, and the corporate governance requirements of the Sarbanes-Oxley Act of 2002 and the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. The Nominating & Corporate Governance Committee is responsible for identifying, evaluating and recommending qualified candidates for election to the Board.

Director Qualifications. To be considered for nomination to the Company's Board, each candidate must possess the following minimum qualifications and attributes: high personal values, judgment and integrity; an ability to understand the regulatory and policy environment in which the Company conducts its business; a demonstrated, significant engagement in one of the market areas served by the Company, based on one or more of the following within such market area—professional/business relationships, residence, and involvement with civic, cultural or charitable organizations; and experience which demonstrates an ability to deal with the key business, financial and management challenges that face financial service companies. The Committee believes that such connections with one of the Company's local communities foster ties between the Company and that community, and also allow the Director to better understand the banking and financial services needs of its local stakeholders.

While individual experiences and qualifications serve as a baseline for consideration, the Committee recognizes that the Board of Directors governs as a whole, and not as a collection of individuals. The effectiveness of the Board is not a function of the individual attributes of its members; rather, it depends on the overall chemistry of the Board. Therefore, the Committee assesses whether a particular candidate will be able to function within this broader context by evaluating his or her: ability to understand, and willingness to engage, the issues presented to the Board; ability to exercise prudence and judgment, but also decisiveness; and ability to effectively communicate his or her ideas to the other members of the Board. In the case of incumbent Directors, these assessments are made based on past experience with a particular Director and, in the case of first-time nominees, these issues are explored during the interview and vetting process described below.

Identification of Candidates & Nomination Process. At least annually, and typically on a more frequent basis, the Committee engages in a discussion to identify candidates who fulfill the criteria described above, under the heading "Director Qualifications." The Committee will evaluate candidates who are identified by shareholders, by other members of the Board, and occasionally by members of the Company's leadership team, which is comprised of the Company's executive officers. To be considered, shareholder recommendations of director candidates must be received by the Chairman of the Nominating and Corporate Governance Committee, Tompkins Financial Corporation, P.O. Box 460, Ithaca, NY 14851, no later than December 1st of the year preceding the annual meeting at which such candidate is proposed to be nominated. The recommendations should include the name, address, and supporting information as to why the candidate should be considered by the Committee. The same procedures are used to evaluate all candidates, regardless of the source of the recommendation. Ms. Tegan was identified by the Committee through her service on the Board of Directors of Tompkins Trust Company.

Tompkins values the benefits that diversity can bring to its Board of Directors. A diverse Board reflects a variety of important perspectives in the boardroom, ultimately resulting in more informed decision-making. Accordingly, in identifying potential nominees, the Committee also considers whether a particular candidate adds to the overall diversity of the Board. The Committee seeks nominees with a broad diversity of experience, professions and perspectives, including diversity with respect to race, gender, geography, and areas of expertise. The Committee ensures that women and minority candidates are included in the candidate pool from which director nominees are selected, and it employs a variety of strategies to help develop a diverse candidate pool. First, the Committee strongly encourages all of our directors to identify qualified women and minority candidates for service on our Board. The Committee also recognizes the importance of recruiting candidates beyond the traditional corporate/banking arena, and for example, recruits qualified candidates who work in academic institutions or non-profit organizations, in addition to candidates with traditional "corporate" backgrounds. At least annually, the Committee monitors the composition of the Board to ensure it reflects a broad diversity of experience, professions, and perspectives, including diversity with respect to race, gender, geography, and areas of expertise. While not encapsulated in a written policy, the Committee and the Board stand behind these commitments to diversity practices and monitoring. Currently, two of our twelve current directors are women, and one of our directors is a person of color; of the twelve director nominees for election at the 2019 Annual Meeting, two are women, and one is a person of color.

Once the Committee has determined its interest in a potential nominee, it begins discussions with him or her as to his or her willingness to serve on the Board and one of the Company's subsidiary boards and, for first-time nominees, an interview will be conducted. If the nominee is an incumbent Director, the Committee will consider prior Board performance and contributions as described above; in the case of a first-time nominee, the Committee will evaluate its discussions with the candidate, and the Committee may also seek to verify its preliminary assessment of the candidate by discussing his or her particular attributes with other appropriate parties who have had prior professional experiences with him or her. At the conclusion of this process, the Committee will recommend qualified candidates that best meet the Company's needs to the full Board, which then selects candidates to be nominated for election at the next annual meeting of shareholders. The Committee uses the same process for evaluating all candidates, whether recommended by shareholders, Directors or management. The Company expects all Board members to own at least

2,000 shares of the Company's common stock, which shares may be accumulated over a period of three years following a Director's initial election to the Board. Shares held in a rabbi trust as deferred stock compensation for a given Director, are included in this calculation.

Qualified Plans Investment Review Committee. The Board has adopted a written charter for the Qualified Plans Investment Review Committee (as used in this paragraph, the "Committee"). This Committee met two times during fiscal 2018, and it is responsible for reviewing and setting the investment goals and objectives of the Tompkins Financial Corporation Retirement Plan, monitoring the performance of the third-party investment manager engaged to invest plan assets, and overseeing changes to plan holdings. This Committee also serves in a fiduciary capacity for the Company's 401(k) retirement plan, which duties include, but are not limited to: investment fund selection; establishing investment policy objectives; benchmarking and evaluating the reasonableness of fund fees, overall plan expenses, revenue-sharing arrangements, and performance of the investment funds and the third-party administrator.

Corporate Credit Oversight Committee. The Board has adopted a written charter for the Corporate Credit Oversight Committee (as used in this paragraph, the "Committee"). This Committee met four times in 2018, and is charged with the general oversight of the commercial, consumer and residential lending mortgage portfolios across the affiliates of the Company. In addition, the Committee is asked to approve larger commercial relationships in excess of $20 million in borrowings.

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 beyond their regular employee compensation.

2018 Director Compensation

Name	**Fees Earned or Paid in Cash[1]**	**Stock Awards[2]**	All Other Compensation	Total
	($)	**($)**	**($)**	**($)**
Alexander	—	54,500	—	54,500
Battaglia	—	80,000	—	80,000
Fessenden	40,000	25,500	—	65,500
Fulmer	75,000	—	—	75,000
Henry	56,000[3]	—	—	56,000
Johnson	53,000	—	—	53,000
Milewski	65,000	—	—	65,000
Rochon	—	112,400	—	112,400
Spain	28,500	28,000	—	56,500
Weber	21,000	32,000	—	53,000
Yunker	65,000[3]	—	—	65,000

(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 Compensation" below.

(2) The stock awards disclosed here reflect grant date fair value in accordance with ASC Topic 718, and were earned by the Directors and deferred under Tompkins' Amended and Restated Plan for Eligible Directors of Tompkins Financial Corporation and Wholly-Owned 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 of Director Compensation." Dividends are reinvested pursuant to the Company's Dividend Reinvestment and Stock Purchase and Sale Plan.

(3) Directors Henry and Yunker had previously established a target age for payment of their deferred stock compensation under the Retainer Plan, and each has attained this age. The Retainer Plan provides for stock awards only in the form of deferred stock compensation. In accordance with the rules of the Retainer Plan and tax regulations applicable to deferred compensation, during 2018 Directors Henry and Yunker were no longer permitted to elect to receive their compensation in the form of deferred stock. Accordingly, their compensation was paid in cash.

In 2017, the Nominating and Corporate Governance Committee undertook an evaluation of the Company's Director compensation program. Taking into account the advice of an independent compensation consultant, Meridian Compensation Partners, LLC ("Meridian"), the Committee recommended, and the Board approved, certain changes to the Company's director compensation program for 2018, which were discussed in our definitive Proxy Statement mailed to shareholders in connection with our 2018 Annual Meeting and are reflected in the table above.

The Company paid non-employee Directors an annual $25,000 retainer paid in quarterly installments of $6,250. In addition, each member of the Audit Committee received an annual fee of $10,000 paid in quarterly installments of $2,500 and the Chair of that Committee received an annual fee of $20,000 paid in quarterly installments of $5,000 (in lieu of the committee fee). Each member of the Nominating and Corporate Governance Committee, Compensation Committee or Credit Oversight Committee received an annual fee of $7,000 paid in quarterly installments of $1,750; the Chair of each of those Committees received an annual fee of $10,000 paid in quarterly installments of $2,500 (in lieu of the committee fee). Each member of the Qualified Plans Investment Review Committee received an annual fee of $3,000 paid in quarterly installments of $750 and the Chair of that Committee received an annual fee of $4,500 paid in quarterly installments of $1,125 (in lieu of the committee fee). All non-employee Directors' fees paid for service on the Board were paid in cash or, if a valid election was made by the Director prior to January 1, 2018, such Directors' fees were deferred pursuant to (i) the Retainer Plan or (ii) pursuant to a Deferred Compensation Agreement. In addition to these fees, Directors were eligible to receive equity awards granted pursuant to the Company's 2009 Equity Plan, though none were issued to Directors during fiscal 2018.

In lieu of any retainer, and/or committee fees (including the subsidiary Board retainer fees described below), an annual retainer was paid in deferred stock to Thomas R. Rochon in 2018 for his service as Chairman of the Tompkins Financial Corporation Board of Directors, as well as his service on the Board of our Mahopac Bank subsidiary, in the amount of $112,400 paid in quarterly installments of $28,100. Effective January 1, 2018, in lieu of any committee fees (including the subsidiary Board retainer fees described below), James W. Fulmer received $75,000 paid in quarterly installments of $18,750 for his service as Vice Chairman of the Board and Chair of the Credit Oversight Committee, as well as his service on the Boards of our Mahopac Bank, VIST Bank, Bank of Castile, and Tompkins Insurance Agencies subsidiaries.

Subsidiary Board and Committee Service Compensation

With the exception of Thomas R. Rochon and James W. Fulmer, who are paid the annual retainers described above, non-employee members of the Company's Board of Directors who also sit on our subsidiary Boards receive the following annual fees in quarterly installments:

Tompkins Bank of Castile

Name	Board Retainer Fee	Board Loan Committee Retainer Fee
	($)	**($)**
Battaglia	18,000	5,000
Fulmer	—	—
Yunker	18,000	5,000

Tompkins Mahopac Bank

Name	Board Retainer Fee	Board Chair Retainer Fee	Board Loan Committee Chair Retainer Fee
	($)	**($)**	**($)**
Fulmer	—	—	—
Rochon	—	—	—
Spain	18,000	3,000	7,500

Tompkins Trust Company

Name	Board Retainer Fee	Bank Loan Committee Chair Retainer Fee
	($)	**($)**
Alexander	18,000	—
Fessenden	18,000	7,500
Henry	18,000	—

Tompkins VIST Bank

Name	Board Retainer Fee	Bank Chair Retainer Fee	Board Loan Committee Retainer Fee
	($)	**($)**	**($)**
Fulmer	—	—	—
Johnson	18,000	—	—
Milewski	18,000	—	5,000
Weber	18,000	3,000	—

Timing and Manner of Payment of Director Compensation

All retainer and other fees for service on the Company’s Board, as well as service on the Board of Directors of one or more of our subsidiaries, are payable quarterly, either in cash or, if a timely election is made by the Director, in stock pursuant to the Retainer Plan. Non-employee Directors may also elect to receive compensation in deferred cash pursuant to a Deferred Compensation Agreement. If a Director elects to receive deferred stock compensation under the Retainer Plan, his or her fees are transferred to a Rabbi Trust. The trustee acquires shares of common stock 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 until distribution is made in accordance with the Retainer Plan. An aggregate of 4,271 shares of common stock was acquired by the Rabbi Trust under the Retainer Plan in 2018, representing Board and committee fees and retainers paid and expensed in 2018.

CORPORATE GOVERNANCE MATTERS

Corporate Governance Guidelines

The Board has adopted Corporate Governance Guidelines (the “Guidelines”), which reflect many of the Company’s long-standing practices, in order to strengthen our commitment to corporate governance best practices. A copy of the Guidelines is posted in the “Corporate Governance” section of our website (www.tompkinsfinancial.com). The Guidelines summarize the Company’s corporate governance practices and procedures, and the following issues, in addition to others, are covered in the Guidelines: board size; director independence; chairman independence; director retirement; director resignation following a change in job responsibility; director candidate identification and nomination; director common stock ownership; responsibilities of directors; meeting attendance; executive sessions of independent directors; Board committees; succession planning and management evaluation; director education; failure to receive a majority of votes cast; board assessments and pledging/hedging policy. Under the Company’s pledging/hedging policy, as included in the Guidelines. Directors and executive officers (including their designees) are prohibited from, directly or indirectly, (1) pledging a significant number of the Company’s equity securities, or (2) hedging. “Hedging”, for purposes of the policy, includes engaging in any transaction, including the purchase of prepaid variable forward contracts, equity swaps, collars, exchange funds, put options and forward-sale contracts, which hedges or offsets, or which is designed to hedge or offset, any decrease in the market value of the Company’s equity securities. (a) granted to such person as part of his or her compensation by the Company; or (b) held, directly or indirectly, by such person. Our Nominating and Corporate Governance Committee periodically reviews the Guidelines and, as necessary or appropriate, recommends changes to the Guidelines.

Board and Director Assessments

The Board, under the leadership of the Nominating and Corporate Governance Committee, conducts annual self-evaluations to determine whether the Board and its committees are functioning effectively and in the best interests of the Company and its shareholders. Through this process, the Board also assesses Board composition by evaluating the qualifications, skills and experience of the Directors on the Board. As part of this annual self-assessment, Directors are able to provide feedback on the performance of other Directors. A summary of the results of the Board self-assessment and the individual self-assessments are reviewed by the Nominating and Corporate Governance Committee and the Board.

Shareholder Communications with Directors

Shareholders 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. All such communications from shareholders will be reviewed by the Chairman of the Board or the Chairman of the Nominating and Corporate Governance Committee, each of whom is an Independent Director, and, if s/he determines that a communication should be reviewed by the full Board, it will be presented to the Board for review and consideration.

Policy Regarding Director Attendance at Annual Meetings; Annual Meeting Attendance

The Board strongly encourages the attendance of all Directors at Annual Meetings of Shareholders. The Annual Meeting of Shareholders for fiscal 2017 was held on May 8, 2018 and all of the Company's Directors were in attendance except for Michael H. Spain who was excused for medical reasons.

Code of Ethics

The Board has adopted the Tompkins Financial Corporation Code of Ethics for the Chief Executive Officer and Senior Financial Officers which applies to the Company's Chief Executive Officer and Chief Financial Officer (who also serves as our principal accounting officer). A copy of the Code of Ethics is available in the "Corporate Governance" section of the Company's website (www.tompkinsfinancial.com). The Company will post material amendments to or waivers from the Code of Ethics for the Chief Executive Officer and Senior Financial Officer at this location on its website.

Board Leadership Structure, Risk Oversight and Director Education

Presently, the roles of Chief Executive Officer and Chairman of the Board are separate, as the Board feels this model offers advantages of including additional input and a range of prior experience within our leadership structure. However, no single leadership model is right for the Company at all times, and the Board does not have a policy that these roles will always be separate. The Board recognizes that other leadership models can be appropriate for the Company, given different circumstances.

The Board has an active role, both at the full Board and also at the committee level, in overseeing management of the Company's risks. The Board regularly reviews information regarding Cybersecurity, asset quality, capital, securities portfolio, liquidity, operations and other matters, as well as the risks associated with each. The Compensation Committee oversees risks associated with compensation arrangements and the Audit/Examining Committee oversees management of Cybersecurity and financial risks. The Board's role in the risk oversight process has not directly impacted its leadership structure.

The Board is committed to ongoing director education. Our Nominating and Corporate Governance Committee maintains a list of pertinent topics, including topics on which our Directors have specifically requested additional information, and a different topic is typically covered at each Board meeting. In addition, Directors connect professional experiences and development or training opportunities from their full-time occupations, where relevant, to their work on the Board. These experiences are shared with fellow Directors.

Risk and Influence on Compensation Programs

The Board's Compensation Committee also considers risk and its influence on the Company's compensation programs. This Committee reviews each compensation element individually and in the aggregate to ensure that the overall compensation program provides a balanced perspective that ultimately aligns pay with performance while also ensuring bonus / incentive programs do not motivate inappropriate risk-taking. Since the bonuses are discretionary, the Committee has the ability to reduce bonus amounts should it be determined that certain actions or practices by the executive officers are promoting unnecessary or excessive risk. Equity award levels and practices are set to foster shared interests between management and shareholders, but are not considered by the Committee to be at levels that would drive inappropriate behavior. In the Committee's judgment, the compensation policies and practices of the Company do not give rise to material risks.

The Board has also adopted a "clawback" policy which provides for the recoupment of certain compensation paid to our executive officers in the event of an accounting restatement resulting from material noncompliance with financial reporting requirements under the federal securities laws, as described in more detail under the heading "Compensation Forfeiture & Recovery" on Page 20. In addition, the Tompkins Financial Corporation 2019 Equity Incentive Plan, which we are asking shareholders to approve at the Annual Meeting, allows the Compensation Committee to specify in any award agreement that the participant's rights under an award are subject to alteration or reduction upon the occurrence of certain events, including, but not limited to, a breach of restrictive covenants or conduct that is detrimental to the business or reputation of the Company.

In addition, we are subject to guidance issued by our primary banking regulators designed to ensure that incentive compensation arrangements at banking organizations appropriately tie rewards to longer-term performance and do not undermine the safety and soundness of the firm or create undue risks to the financial system. This guidance embodies three core principles which are: (1) incentive compensation arrangements at a banking organization should provide employees incentives that appropriately balance risk and financial results in a manner that does not encourage employees to expose their organizations to imprudent risks; (2) these arrangements should be compatible with effective controls and risk management, and (3) these arrangements should be supported by strong corporate governance, including active and effective oversight by the organization's board of directors. We believe that our incentive compensation programs are in compliance with this guidance.

Affirmative Determination of Director Independence

A majority of the Board of Directors, and all members of the Audit/Examining Committee, Compensation Committee, and Nominating and Corporate Governance Committee are independent, as affirmatively determined by the Board, consistent with the criteria established by NYSE American and as required by our Bylaws.

The Board has conducted an annual review of director independence for all nominees for election as Directors. During this review, the Board considered transactions and relationships during the preceding three years between each Director or nominee or any member of his or her family and the Company, and its executive officers, subsidiaries, affiliates and principal shareholders, including those transactions and relationships described below under "Transactions with Related Persons." The purpose of this review was to determine whether any such relationships or transactions were inconsistent with a determination that the Director is independent.

As a result of this review, the Board affirmatively determined that the Directors identified as "Independent" in the table on Page 3 meet the standards of independence described above.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following tables set forth certain information, as of March 12, 2019, with respect to the beneficial ownership of our common stock by: (1) each shareholder 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, below; and (4) all executive officers and Directors as a group. Except as otherwise indicated, each of the shareholders named below has sole voting and investment power with respect to the outstanding shares of Common Stock beneficially owned.

	Common Stock Ownership				
Directors, Nominees and Executive Officers	**Phantom Stock Held in Deferred Trust**[1]	**Shares of Common Stock Beneficially Owned**[2]		**Percent of Class**[2] [3]	
John E. Alexander++	16,205	45,897	(4)	**	
Paul J. Battaglia++	9,073	4,407	(5)	**	
David Boyce*	—	27,612	(6)	**	
Daniel J. Fessenden++	3,579	1,295		**	
Francis M. Fetsko*	—	29,841	(7)	**	
James W. Fulmer++	—	80,549	(8)	**	
Scott Gruber*	—	16,772	(9)	**	
Gregory J. Hartz*	—	29,618	(10)	**	
Susan A. Henry+	4,657	3,153		**	
Patricia A. Johnson++	2,937	133		**	
Frank C. Milewski++	—	18,294		**	
Thomas R. Rochon++	12,276	236	(11)	**	
Stephen S. Romaine*++	—	101,866	(12)	**	
Michael H. Spain++	7,118	175,584	(13)	1.15	%
Jennifer R. Tegan+++	695				
Alfred J. Weber++	3,161	10,789		**	
Craig Yunker++	5,534	22,875		**	
All Directors and executive officers as a group (24 persons)	65,235	701,976		3.98	%

———————

*Named Executive Officer
+Currently a Director of the Company

++Currently a Director of the Company and a Director Nominee
+++A Director Nominee
**Less than 1 percent

(1) Each share of phantom stock is the economic equivalent of one share of common stock. Phantom stock represents deferred stock compensation under the Retainer Plan. These shares are held in a deferred trust account (the "Rabbi Trust") pending distribution upon the occurrence of certain events specified in the Retainer Plan. The Director has no voting or investment power over the shares prior to such distribution. The shares of common stock held in deferred trust accounts for non-employee Directors are voted by Tompkins Trust Company (the "Trust Company") as trustee of the Rabbi Trust.

(2) Does not include shares of phantom stock held in the Rabbi Trust.

(3) The number of shares beneficially owned by each person or group as of March 12, 2019, includes shares of common stock that such person or group had the right to acquire on or within 60 days after March 12, 2019, including, but not limited to, upon the exercise of options. 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 15,317,251 shares of common stock outstanding and entitled to vote on March 12, 2019 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 12, 2019. The percentages listed in this column do not include shares acquired pursuant to the Retainer Plan and held in the Rabbi Trust; 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 Director Compensation*", Page 10. For a description of the vesting provisions for the restricted stock referenced in the footnotes below, see the "2018 Outstanding Equity Awards at Fiscal Year-End" table, below.

(4) Includes 578 shares owned by Mr. Alexander's spouse.

(5) Shares owned by Mr. Battaglia's spouse.

(6) Includes 3,050 shares held in the Company's Employee Stock Ownership and Investment & Stock Ownership Plans, 6,669 shares of restricted stock, and 720 shares that Mr. Boyce may acquire by exercise of options exercisable at March 12, 2019 or within 60 days thereafter.

(7) Includes 8,641 shares held in the Company's Employee Stock Ownership and Investment & Stock Ownership Plans, 6,859 shares of restricted stock, and 6,116 shares that Mr. Fetsko may acquire by exercise of options exercisable at March 12, 2019 or within 60 days thereafter.

(8) Includes 36,155 shares held by Mr. Fulmer's spouse.

(9) Includes 4,217 shares held in the Company's Employee Stock Ownership and Investment & Stock Ownership Plans, 6,669 shares of restricted stock, and 1,479 shares that Mr. Gruber may acquire by exercise of options exercisable at March 12, 2019 or within 60 days thereafter.

(10) Includes 6,950 shares held in the Company's Employee Stock Ownership and Investment & Stock Ownership Plans, 6,669 shares of restricted stock, and 720 shares that Mr. Hartz may acquire by exercise of options exercisable at March 12, 2019 or within 60 days thereafter.

(11) Includes 13 shares owned by Dr. Rochon's spouse as Custodian for each of their two sons.

(12) Includes 13,234 shares held in the Company's Employee Stock Ownership and Investment & Stock Ownership Plans, 18,119 shares of restricted stock, and 43,746 shares that Mr. Romaine may acquire by exercise of options exercisable at March 12, 2019 or within 60 days thereafter.

(13) Includes Mr. Spain's indirect ownership of 42,071 shares as Trustee for Christina Bass Spain.

As of March 12, 2019, no person or group was known by the Company to be the beneficial owner of more than 5% of the outstanding shares of the Company's common stock, except as follows:

Name and Address of Beneficial Owner	Phantom Stock Held in Deferred Trust	Shares of Common Stock Beneficially Owned	Percent of Class
Tompkins Trust Company in the fiduciary capacity indicated:[1]			
Executor, Trustee or Co-Trustee	577,266 (2)		3.77 %
Agent or Custodian	826,663 (3)		5.40 %
Tompkins Trust Company in the fiduciary capacity indicated (Plan shares held in custody by Prudential Investment) Trustee for the Tompkins Financial Employee Stock Ownership Defined Contribution and Investment & Stock Ownership Plans	868,645 (4)		5.67 %
BlackRock, Inc.[5]			
55 East 52nd Street, New York, NY 10055		1,952,402	12.08 %
The Vanguard Group[6]			
100 Vanguard Blvd., Malvern, PA 19355		1,555,328	10.18 %

---

(1) The Trust Company's address is P.O. Box 460, Ithaca, New York, 14851.

(2) Represents shares 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.

(3) Represents shares held as agent or custodian with the voting power retained by the owner.

(4) Represents shares held and administered by Prudential Investment Management Services, LLC, of which 684,714 shares, or 4.47% of the outstanding shares (calculated as described above), are held by the Company's Employee Stock Ownership Plan; and 183,931 shares, or 1.20% of the outstanding shares (calculated as described above), are held by the Company's Investment & Stock Ownership Plan and Defined Contribution Plan. All such 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 Trust Company, which serves as Trustee for these plans.

(5) This information is based on a Schedule 13G/A filed by BlackRock, Inc. for itself and on behalf of its subsidiaries named therein on January 31, 2019 (reporting sole voting power with respect to 1,915,326 shares and sole dispositive power with respect to 1,952,402 shares).

(6) This information is based on a Schedule 13G/A filed by The Vanguard Group for itself and on behalf of its subsidiaries named therein on February 12, 2019 (reporting sole voting power with respect to 14,761 shares, shared voting power with respect to 2,278 shares, sole dispositive power with respect to 1,539,489 shares, and shared

dispositive power with respect to 15,839 shares).

EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

Overview

It is the position of the Compensation Committee and the Board of Directors that Tompkins Financial Corporation has long operated within the spirit of the guidance provided by the Dodd-Frank Wall Street Reform and Consumer Protection Act and related regulations. Management and the Board have been careful to avoid many of the risks of incentive programs, choosing to reward proven results on a discretionary basis as opposed to tying payments to any particular metric. The result is that no individual or group is incentivized to take unnecessary risk with respect to a customer, the organization or our shareholders. We believe that these efforts are supported by an effective risk management system and strong corporate governance.

The Board of Directors has delegated to the Compensation Committee (the "Committee") the responsibility for determining or recommending to the Independent Directors of the Board the compensation of the Company's executive officers, including the executive officers identified in the Summary Compensation Table (the "Named Executive Officers").

The Company has continued to exhibit strong recent financial performance relative to its peer group. In recognition of Company financial performance and the contributions made by the Named Executive Officers in 2017 and 2018 the following compensation actions were approved:

Merit Increases. Effective April 2018, most of the Company's executives received salary rate increases, including all of the Named Executive Officers.

Cash Bonuses. In February 2019, cash bonus awards were paid to many senior officers of the Company, including all of the Named Executive Officers.

Long-Term Equity-Based Awards. The Committee uses discretion in determining the frequency of awards and generally considers awards every 12 months. In November 2018, a number of executives received long-term equity based awards. Among this group were the Named Executive Officers who received shares of restricted stock.

These decisions as well as the Committee's process in making compensation recommendations are described below.

Compensation Philosophy and Objectives

The primary goal of the 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. Key objectives of the compensation package are to attract, develop, and retain high caliber executives who are capable of maximizing the Company's performance over the long-term for the benefit of its shareholders. The Committee rewards long-term value creation, and avoids an emphasis on short-term metrics, such as annual fluctuations in our stock price. The Board and the Committee maintain full discretion over the components and payment of compensation in order to preserve the flexibility necessary to ensure the Board's ability to act in the Company's best interests.

Tax and Accounting Considerations

The accounting and tax treatment of compensation generally has not been a significant factor in determining the amounts of compensation for our executive officers. However, the Compensation Committee and management have considered the accounting and tax impact of various program designs to balance the potential cost to the Company with the benefit/value to the executive.

Section 162(m) of the Internal Revenue Code generally denies publicly-held corporations a federal income tax deduction for compensation exceeding $1,000,000 paid to the chief executive officer, chief financial officer, or any of the three other highest paid executive officers. In 2018, the Company was unable to deduct $240,848 in executive compensation expenses, which amount exceeded the Section 162(m) limitation. This Section 162(m) limitation on deductibility had historically excluded performance-based compensation (which remained deductible) but, with the passage of the Tax Cuts and Jobs Act of 2017, generally, performance-based compensation is no longer excluded from the calculation of this Section 162(m) limitation applicable to compensation earned on and after January 1, 2018. The Committee will continue to monitor the potential impact of the changes to Section 162(m) and the Company's ability to deduct executive compensation.

While the tax impact of any compensation arrangement is one factor to be considered, that impact is evaluated in light of the Committee's overall compensation philosophy and objectives. One of the Committee's goals is to maximize the deductibility of executive compensation. However, the Committee retains the discretion to compensate officers in a manner commensurate with performance and the competitive environment for executive talent. Accordingly, the Committee may award compensation to the executive officers that is not fully deductible if it determines the compensation is consistent with its philosophy and is in the Company's and its shareholders' best interests. Section 409A of the Internal Revenue Code imposes an additional tax on certain forms of deferred compensation. The Committee takes Section 409A into account in determining the form and timing of compensation paid to the Company's executives.

The Company values equity incentive awards under FASB ASC Topic 718. More information regarding the application of ASC Topic 718 by the Company may be found in Note 12 (Stock Plans and Stock Based Compensation) to the Company's audited financial statements filed with the SEC in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2018.

Compensation Committee and Process

Role of the Compensation Committee, Management, and Consultants

The Committee is responsible for general oversight of personnel policies for the Company and its subsidiaries, including review and administration of: non-qualified deferred compensation; administrative and non-fiduciary aspects of retirement and supplemental executive retirement plans; long-term equity compensation; and executive compensation plans. Each of the members of this Committee is an "Independent Director" as defined in Section 803A of the NYSE American Company Guide, and also meets the heightened independence standards for compensation committee members set forth in NYSE American Rule 805(c). The Independent Directors, under the leadership of our independent Chairman, are responsible for establishing the annual performance goals and objectives of the Chief Executive Officer and evaluating his performance in light of such goals and objectives. The Committee makes recommendations concerning the compensation of our Chief Executive Officer, and those recommendations are reviewed and approved by our Independent Directors. The Committee reviews the competitiveness of the Company's compensation programs and also oversees the succession planning process for executive officers, other than the Chief Executive Officer, for whom succession planning is conducted at the full Board level. The Committee also discusses and considers the results of the shareholders' advisory vote on the compensation paid to our Named Executive Officers. As permitted by law and by the rules of the NYSE American, the Committee may delegate all or a portion of its duties and responsibilities to a subcommittee of the Committee.

Executive officers do not play a role in determining their own compensation decisions, but they are called on to make recommendations concerning those individuals that report to them.

The Compensation Committee 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 2018 the Committee retained the services of Pearl Meyer and Partners, LLC ("Pearl Meyer") to advise the Committee in the creation of the 2019 Equity Incentive Plan. Pearl Meyer provided guidance regarding key terms and provisions, calculation of burn rate and overhang, review of peer group practices and calculation of the share reserve recommendation. In 2017, the Committee had engaged Pearl Meyer to review the group of peer financial institutions used for benchmarking purposes and make recommendations to add or remove institutions as appropriate. Accordingly, the Compensation Committee made several changes to this peer group during 2017, and chose to use substantially the same peer group as a reference point for 2018 compensation decisions for our Named Executive Officers.

The Committee has assessed the independence of Pearl Meyer pursuant to SEC rules and exchange requirements, and has concluded that no conflict of interest exists that would impair Pearl Meyer's ability to independently represent the Compensation Committee. The Company made this determination based on its receipt of representations from Pearl Meyer addressing its independence, including the Pearl Meyer employees involved in the engagement, which addressed the following factors: (1) other services provided to us by Pearl Meyer; (2) fees paid by the Company as a percentage of Pearl Meyer's total revenue, which were less than 1% of Pearl Meyer's total revenue for 2018; (3) policies and procedures maintained by Pearl Meyer that are designed to prevent a conflict of interest; (4) the absence of any business or personal relationships between Pearl Meyer, including its employees involved in the engagement, and any member of the Compensation Committee; (5) the fact that no Company stock is owned by Pearl Meyer or any of its employees involved in the engagement; and (6) the absence of any business or personal relationships between our executive officers and Pearl Meyer. In addition, the Company confirmed the content of Pearl Meyer's responses to items (4) and (6) above directly with the Company's directors and executive officers.

Process of Determining Named Executive Officer Compensation

In furtherance of its objective to attract, develop and retain high caliber executives who are capable of maximizing the Company's performance for the benefit of its shareholders, the Committee periodically compares its compensation levels, practices, and financial performance to survey and publicly available data for a group of banking institutions of similar size, geographic market or structure. In years when a compensation consultant has been retained for this purpose, the committee utilizes the peer group identified by the consultant.

Toward that end, the Committee utilized information from the publicly filed proxy statements of the following companies for benchmarking purposes when considering the 2018 Base Salary component of compensation of its Chief Executive Officer and the other Named Executive Officers (the below group referred to as the "Peer Group"). This Peer Group was developed with the assistance of Pearl Meyer, as described in more detail on the previous page, under the heading "Role of the Compensation Committee, Management, and Consultants":

1st Source Corp	Lakeland Bancorp Inc
Brookline Bancorp Inc	Lakeland Financial Corp
Century Bancorp Inc	NBT Bancorp Inc
Community Bank System, Inc.	Park National Corp
ConnectOne Bancorp Inc	S&T Bancorp Inc
Eagle Bancorp Inc	Sandy Spring Bancorp Inc
First Commonwealth Financial Corp	Towne Bank
First Financial Bancorp	Union Bankshares Corp
First Merchants Corporation	Univest Corp of Pennsylvania
Flushing Financial Corp	Washington Trust Bancorp Inc
Independent Bank Corp	

The Committee believes that a certain level of discretion is appropriate in determining the Named Executive Officers' compensation. Information from comparative groups is only one factor in the Committee's assessment of appropriate compensation levels, policies, and practices. The Committee does not have a formal policy of targeting a certain percentile of the market data or using market data to establish the mix of compensation (including the allocation between cash and non-cash compensation and short and long-term equity compensation). The Committee also does not have a formal policy regarding the relationship between compensation levels provided to the Chief Executive Officer and other Named Executive Officers. Presently, there is not a generally accepted calculation methodology for realizable pay, nor has such disclosure been mandated. Because many different metrics currently exist, creating substantial differences in how these measures are calculated and reported by different companies, the Committee has determined not to provide realizable pay calculations at this time.

For fiscal 2018, the Committee considered a number of quantitative and qualitative performance factors to evaluate the performance of its executive officers, including its Chief Executive Officer. The 2017 annual performance factors were considered for the purpose of determining 2018 merit increases to base salary while the 2018 annual performance factors were used to determine executive bonuses earned for 2018 and paid in 2019.

		Actual (Adj.)(1)	**Target**	**% Variance**
The Company's net income as compared to the Company's internal targets (in thousands of dollars):	2018	81,996	82,481	-0.59%
	2017	67,438	63,067	6.93%

		Actual (Adj.)(1)	**% Change from prior year**
Earnings per share (diluted EPS):	2018	$5.33	20.59%
	2017	$4.42	13.04%

	Actual (Adj.)(1)	**Ranking(2)**
The Company's return on equity (ROE), as ranked in the Federal Reserve Bank Holding Company (Performance Report for its peer group):		

	2018	13.88	%	81st percentile
	2017	11.68	%	55th percentile

		Actual (Adj.)[1]		**Ranking[2]**
The Company's return on assets (ROA), as ranked in the Federal Reserve Bank Holding Company Performance Report for its peer group as of December 31st:	2018	1.23	%	54th percentile
	2017	1.06	%	32nd percentile

		1 Year	**5 Year**		**10 Year**
The Company's total return as compared to KBW Regional Banking Index over the following time periods (Annual Equivalent), as of December 31, 2018:	TMP	-5.51%	10.89	%	6.85%
	KBW Index	-17.40%	4.87	%	6.49%

---

(1) *The enactment of the Tax Cuts and Jobs Act (the "2017 Tax Act") required companies to revalue and reassess deferred tax assets and liabilities reflecting the new federal income tax rate, which resulted in a one-time, non-cash write-down of net deferred tax assets of $14.9 million in the fourth quarter of 2017. Because the Committee chooses to reward proven results on a discretionary basis, as opposed to tying payments to any particular metric, the Committee may consider adjustments to reported (GAAP) net income for purposes of determining executive compensation. The Committee considers such adjustments*

17

when, in the Committee's judgment, the reported (GAAP) net income included unusual or one-time items that do not fairly reflect the Company's financial performance in a given year. Due to the unanticipated impact of these quantitative performance factors which are outside of the control of the Named Executive Officers, and the fact that this write-down did not occur as a result of the Company's performance or operating activities, the Committee excluded the impact of the Tax Act from its consideration of merit increases for 2017. The Committee accordingly chose to adjust the Company's reported net income for 2017 of $52.5 million to $67.4 million for purposes of calculating the performance factors in the table above

(2) *The Company's ranking for 2017 is based on actual (non-adjusted) earnings, and thus reflects a non-recurring charge of $14.9 million, attributable to the write-down of the net deferred tax assets described above; it should also be noted that the peer group referred to in this table differs from the "Peer Group" described under "Process of Determining Named Executive Officer Compensation" above and is instead derived from the Federal Reserve Board data for bank holding companies with assets between $3.0 billion and $10.0 billion as of December 31, 2018.*

The Committee factored the Company's strong operating results into its 2018 compensation decisions. With respect to individual performance, the measure of individual performance is determined by comparing the individual's overall performance for the year with the individual's performance goals that are, in the case of Mr. Romaine, established by the Compensation Committee at the beginning of the year and, in the case of the other Named Executive Officers, established by Mr. Romaine (and discussed with the Compensation Committee), at the beginning of the year. The Compensation Committee also has the discretion to reward achievements that are not the subject of any pre-established goals. The Committee determined that each of the named executive officers performed well against their respective individual performance goals in 2018, and this is reflected in the compensation decisions described in this Compensation Discussion and Analysis. The Committee believes that the total compensation provided to the Company's executive officers is competitive, and that the Company's compensation practices for fiscal 2018 were appropriate.

Consideration of Say-on-Pay Results

An advisory vote on executive compensation was also held in 2018, and the shareholders adopted a resolution approving, on an advisory basis, the compensation paid to our Named Executive Officers by an affirmative vote in excess of the majority percentage required. Because the vote was advisory, it was not binding upon the Board or Committee; however, the Committee values the input of our shareholders and took into account the outcome of the vote when considering 2018 executive compensation arrangements. At the Annual Meeting, shareholders are again being asked to approve, on an advisory basis, the compensation paid to our Named Executive Officers. See "Proposal No. 3 – Advisory Vote on Executive Compensation", below.

Components of Compensation

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

Base Salary. The Company's base salary program is designed to recognize the roles and responsibilities of executive officers' positions and their performance in those roles. The Committee annually reviews the salaries of the Company's executives. When setting base salary levels for recommendation to the Independent Directors on the Board, the 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 shareholders' equity for the year. Although the Committee considers year-to-year changes in stock price in its evaluation of overall Company performance, the Committee does not use this criterion on an individual level 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.

The Company maintains a common anniversary date for the merit review process, and related increases in compensation rates occur in April. Following an analysis of the factors described in the preceding paragraph, most of the Company's executives received salary rate increases at this time, including all of the Named Executive Officers. Mr. Romaine's annual salary rate was increased to $645,000 representing an increase of 5.2%. Messrs. Fetsko, Gruber, Boyce and Hartz received annual salary rate increases to $412,000 (+3.0%), $360,000 (+3.5%), $328,000 (+3.1%), and $296,000 (+3.1%) respectively.

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 if objectives are met. The Board maintains full discretion in the payment of bonuses in order to preserve the flexibility necessary to ensure its ability to act in the Company's best interests. In determining annual bonus amounts, the Committee rewards long-term value creation, and avoids an emphasis on short-term metrics, such as annual fluctuations in our stock price. The Compensation Committee considers a number of quantitative and qualitative performance factors to evaluate the performance of the Named Executive Officers. These performance factors include, but are not limited to: (i) achievement of individual goals; (ii) contribution to business unit results; and (iii) contribution to corporate results measured by (a) the Company's net income as compared to the Company's internal targets, (b) increases in earnings per share of the Company's common stock for the latest 12 months, (c) the Company's return on assets, as ranked in the Federal Reserve Bank Holding Company Performance Report (Peer Group percentile), and (d) the Company's return on equity, as ranked in the Federal Reserve Bank Holding Company Performance Report (Peer Group percentile). In February 2019, bonus awards were paid to several executives of the Company, including all of the Named Executive Officers. In 2018, the Committee had engaged Pearl Meyer to provide an executive compensation study, and the Committee considered this study in making its determinations regarding bonus award amounts for 2018 results, among the other factors described in this Compensation Discussion and Analysis. These bonus awards were also reflective of individual performance and the Company's strong operating results in 2018. Mr. Romaine received a bonus of $304,000 and Messrs. Fetsko, Gruber, Boyce and Hartz received bonuses of $152,400, $110,900, $109,100, and $95,800 respectively. Mr. Romaine's bonus was based upon the effectiveness of his leadership, the number of important accomplishments of the Company during 2018, and the other performance factors described above.

Long-Term, Equity-Based Awards. The Company chooses to award equity-based compensation because such grants (1) align executive interests with shareholder interests by creating a direct link between compensation and shareholder 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 Committee recognizes that the executives of the Company can exert very little influence on short-term fluctuations in stock price, the Committee does believe that long-term stock price appreciation reflects achievement of strategic goals and objectives. Equity awards are granted 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. The Committee has traditionally authorized grants vesting over five or more years to encourage retention of executives. This practice means that at any time there are a significant number of awards granted that are not vested and therefore not exercisable and/or transferable.

We maintain the Tompkins Financial Corporation 2009 Equity Plan, a shareholder-approved plan that gives the Company flexibility in the types of equity grants awarded in order to align executive and shareholder interests. A total of 1,602,000 shares have been authorized for issuance under the 2009 Equity Plan. Of this amount, 671,073 remained available for granting as of December 31, 2018. This Plan will expire in 2019 and a successor plan – the Tompkins Financial Corporation 2019 Equity Incentive Plan – has been recommended by our Board for approval by our shareholders, as more fully described in Proposal No. 2. If this successor plan is adopted by our shareholders at the 2019 Annual Meeting, no further awards will be made under the 2009 Equity Plan. For a more detailed discussion of the profit sharing component pursuant to our ISOP, and other deferred compensation and retirement plans, please see the text accompanying the tables following this section.

The Committee uses discretion in determining the frequency and level of awards. Generally, the Committee will consider market data, including the total economic value and mix of award types utilized by the Peer Group, the Company's financial performance, and individuals' performance before deciding whether an award should be made and the number of shares to be granted. In November 2018, a number of executives received long-term equity-based awards. Among that group were the Named Executive Officers, who each received shares of restricted stock. Mr. Romaine received 5,130 shares of restricted stock, and Messrs. Fetsko, Gruber, Boyce and Hartz each received 1,435 shares of restricted stock. Mr. Fetsko received 190 shares of restricted stock in recognition of his work with the Company's core banking conversion. In determining how to structure the 2018 equity award, the Committee considered the Pearl Meyer Executive Compensation Study. This study included data from the Peer Group and found that members of the Peer Group generally granted equity awards consisting entirely of restricted shares. The Committee considered this market research, as well as the relative merits of other forms of equity awards, and determined that an equity award consisting entirely of restricted stock was most appropriate for 2018. The value of awards to our Named Executive Officers helps to ensure that their compensation levels remain competitive with the levels observed in the Pearl Meyer Executive Compensation Study.

More information about the terms and conditions of these grants is available in the "Grants of Plan-Based Awards" table and related narrative.

Retirement and Other Benefits.

Retirement Plans. The Company maintains several retirement programs that are designed to assist Company employees with their long-term retirement planning. Substantially all Company employees, including the Named Executive Officers, are eligible to participate in the Investment & Stock Ownership (401(k)) Plan (the "ISOP") and the Employee Stock Ownership Plan (the "ESOP"). The Committee believes that, in addition to providing retirement income, these plans have the added benefit of linking compensation to the Company's stock performance. The Company also maintains defined contribution and defined benefit pension plans.

Named Executive Officers may also participate in a non-qualified deferred compensation plan and all of our Named Executive Officers are parties to Supplemental Executive Retirement Plan (SERP) Agreements with the Company. These plans provide retirement income that may be limited in the qualified plans due to IRS limitations or are intended to provide additional retirement benefits. The Committee believes that the plans and the level of benefits that are provided are appropriate to promote retention and to recognize and reward long-term service to the Company.

For more information regarding these plans, please refer to the narrative accompanying the “Pension Benefit” and “2018 Non-Qualified Deferred Compensation” tables on pages 26 and 31, respectively, in this Proxy Statement. Information regarding SERP benefits is explained under “Potential Payments upon Termination or Change in Control.”

Post-Retirement Life Insurance. The Company offers post-retirement life insurance coverage to employees who have worked for the Company for 10 or more years and who retire at or after age 55. All of the Named Executive Officers (except Mr. Gruber) are entitled to receive life insurance coverage under this policy.

Life Insurance Benefits. As a part of its comprehensive and competitive approach to compensation, the Company provides life insurance benefits to certain officers of the Company, including all of the Named Executive Officers, 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. The value of premiums paid with respect to such life insurance on behalf of the Named Executive Officers is included as “All Other Compensation” in the Summary Compensation Table.

Perquisites. Perquisites for the Named Executive Officers are limited to personal use of a Company-owned vehicle. The Committee believes that this limited benefit assists the Named Executive Officers in the performance of their duties by providing convenience in light of the significant demands on our Named Executive Officers' time, including frequent car travel on business.

Termination of Employment and Change-in-Control Arrangements. The Company does not have employment contracts with the Named Executive Officers. However, the Company is obligated to provide certain payments to the Named Executive Officers upon termination as part of their Supplemental Executive Retirement Plan (SERP) Agreements. Some of these agreements contain severance provisions carried over from previous agreements with acquired companies. In addition, under the Company's equity incentive plans, outstanding unvested equity awards may fully vest if a Named Executive Officer is terminated in connection with a change of control of the Company. SERP payments, accelerated vesting of equity awards and other benefits due upon termination are explained under the "Potential Payments upon Termination or Change in Control" section of this Proxy Statement. These payments/benefits are subject to a "double trigger" as described in greater detail under that section as well.

Compensation Forfeiture & Recovery

The Board has adopted a clawback policy which provides the Company with the right to recover certain compensation paid to our executive officers. The rights provided by this policy are in addition to any other remedies available to the Company under applicable law, policy or agreement, including without limitation those rights described under Section 304 of the Sarbanes Oxley Act. If the Audit Committee determines that the Company is required to prepare an accounting restatement due to the material noncompliance of the Company, as a result of a covered executive's misconduct, with any financial reporting requirement under the securities laws, the Compensation Committee may, in its discretion, require such covered executive to reimburse the Company for all or any portion of (1) any bonus or other incentive-based or equity-based compensation received by such covered executive during the 12-month period following the first public issuance or filing with the Securities and Exchange Commission (whichever first occurs) of the financial document embodying such financial reporting requiring an accounting restatement, and (2) any profits realized from the sale of securities of the Company during that 12-month period. A covered executive shall be deemed to have committed "misconduct" if she or he: (A) engages in fraud or willful misconduct; (B) is or becomes actually aware of fraud or willful misconduct but fails to immediately report same to the Audit Committee; or (C) knowingly fails to prevent fraud or willful misconduct. All of our Named Executive Officers are covered executives under this clawback policy.

In addition, the Tompkins Financial 2019 Equity Incentive Plan, which we are asking shareholders to approve at the Annual Meeting, also allows the Compensation Committee to specify in any award agreement with our executives (including our Named Executive Officers) that the executive's rights under an award are subject to alteration or reduction upon the occurrence of certain events, including, but not limited to, a breach of restrictive covenants or conduct that is detrimental to the business or reputation of the Company. Because this plan has not yet been approved, the Company has not yet entered into any award agreements containing such terms and conditions.

Compensation Committee Report

The information contained in this report shall not be deemed to be "soliciting material" or "filed" or incorporated by reference in future filings with the SEC, or subject to the liabilities of Section 18 of the Exchange Act, except to the extent that the Company specifically requests that it be treated as soliciting material or specifically incorporates it by reference into a document filed under the Securities Act or the Exchange Act.

The Compensation Committee has reviewed and discussed the “Compensation Discussion and Analysis” 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 this Proxy Statement and incorporated by reference into the Company’s 2018 Annual Report on Form 10-K.

Members of the Compensation Committee:

Craig Yunker, Chair

Thomas R. Rochon

John E. Alexander

Compensation Committee Interlocks and Insider Participation

The members of the Company's Compensation Committee are identified above under "Compensation Committee Report." No member of the Compensation Committee was during fiscal 2018 or before an officer or employee of the Company or any of the Company's subsidiaries, or had any relationship requiring disclosure under "Transactions with Related Persons" in this Proxy Statement. During 2018, no executive officer of the Company served on the board of directors or compensation committee of any other entity, one of whose executive officers served as a member of the Company's Board of Directors or the Compensation Committee.

2018 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 next three most highly-compensated executive officers of the Company in the fiscal year ended December 31, 2018. These five officers are referred to as the "Named Executive Officers" in this Proxy Statement.

Name and Principal Position	Year	Salary	**Bonus**[(1)]	**Stock Awards**[(2)]	**Option Awards**[(3)]	Non-Equity Incentive Plan Compensation	**Change in Pension Value and Nonqualified Deferred Compensation Earnings**[(4)]	**All Other Compensation**[(5)]	Total
		($)	**($)**	**($)**	**($)**	**($)**	**($)**	**($)**	**($)**
Stephen S. Romaine	2018	636,385	304,000	386,956	—	—	—	62,100	1,389,441
President & CEO of	2017	605,461	307,000	367,688	—	—	766,637	69,423	2,116,209
Tompkins Financial Corporation	2016	577,885	225,000	200,709	22,299	—	395,381	59,951	1,481,225
Francis M. Fetsko	2018	408,769	152,400	123,246	—	—	—	45,029	729,624
Executive Vice	2017	357,885	158,000	104,940	—	—	389,676	44,177	1,054,678
President COO & CFO of the Company	2016	336,015	98,400	92,818	10,313	—	253,150	39,860	830,556
Scott L. Gruber	2018	356,769	110,900	108,242	—	—	103,457	51,677	731,045
President & CEO of	2017	345,173	121,000	104,940	—	—	183,280	55,550	809,943
Tompkins VIST Bank	2016	333,800	96,200	92,818	10,313	—	114,544	50,754	698,429
David S. Boyce	2018	325,308	109,100	108,242	—	—	—	38,603	581,253
President & CEO of	2017	315,577	109,000	104,940	—	—	388,049	41,972	959,538
Tompkins Insurance	2016	306,439	87,100	92,818	10,313	—	222,928	38,577	758,175

Agencies									
Gregory J Hartz	2018	293,577	95,800	108,242	—	—	—	62,124	559,743
President & CEO	2017	284,496	98,000	104,940	—	—	286,191	63,878	837,505
of Tompkins	2016	274,654	79,100	92,818	10,313				