

S&T BANCORP INC
Form DEF 14A
March 20, 2009
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a)

of the Securities Exchange Act of 1934

(Amendment No.)

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

Check the appropriate box:

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

S&T Bancorp, Inc.

(Name of Registrant as Specified In Its Charter)

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(1) Title of each class of securities to which transaction applies:

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(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:

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(4) Date Filed:

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S&T Bancorp, Inc.

800 Philadelphia Street

Indiana, Pennsylvania 15701

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

April 20, 2009

To the Shareholders of

S&T Bancorp, Inc.:

Notice is hereby given that the Annual Meeting of Shareholders of S&T Bancorp, Inc. (S&T) will be held on April 20, 2009, at 10:00 a.m., Eastern Time, at the S&T Training and Support Center, located at 355 North Fifth Street, Indiana, Pennsylvania 15701, for the purpose of considering and voting on the following matters:

1. The election of eight directors to serve a one-year term until the next annual meeting of shareholders and until their respective successors are elected and qualified;
2. To ratify the selection of KPMG LLP as an independent registered public accounting firm for the fiscal year 2009;
3. To approve a non-binding, advisory proposal on the compensation of S&T's executive officers; and

4. The transaction of such other business as may properly come before the meeting or any adjournment thereof.
Only shareholders of record at the close of business on March 6, 2009 are entitled to notice of and to vote at such meeting or any adjournment thereof.

By Order of the Board of Directors,

/s/ Robert E. Rout

Robert E. Rout

Secretary

Indiana, Pennsylvania

March 20, 2009

IMPORTANT

YOUR VOTE IS IMPORTANT. IN ORDER TO ASSURE YOUR REPRESENTATION AT THE ANNUAL MEETING, PLEASE MARK, SIGN, DATE AND RETURN THE ENCLOSED PROXY AS SOON AS POSSIBLE IN THE ENCLOSED ENVELOPE. NO POSTAGE IS REQUIRED FOR MAILING IN THE UNITED STATES.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT THE SHAREHOLDERS VOTE FOR THE ELECTION AS DIRECTORS OF THE NOMINEES NAMED IN THIS PROXY STATEMENT, FOR THE RATIFICATION OF THE SELECTION OF KPMG LLP AS AN INDEPENDENT REGISTERED ACCOUNTING FIRM FOR FISCAL YEAR 2009, AND FOR THE NON-BINDING ADVISORY PROPOSAL ON THE COMPENSATION OF S&T S EXECUTIVE OFFICERS.

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**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF
PROXY MATERIALS FOR THE 2009 ANNUAL MEETING OF SHAREHOLDERS**

TO BE HELD ON APRIL 20, 2009.

S&T's Proxy Statement for the 2009 Annual Meeting of Shareholders, and S&T's Annual Report on Form 10-K for the fiscal year ended December 31, 2008 are available at <http://materials.proxyvote.com/783859>.

IMPORTANT NOTICE REGARDING DELIVERY OF SECURITY HOLDER DOCUMENTS

The Securities and Exchange Commission (the "SEC") has adopted rules that permit companies and intermediaries (e.g., brokers) to satisfy the delivery requirements for proxy statements and annual reports with respect to two or more shareholders sharing the same address by delivering a single proxy statement addressed to those shareholders. This process is commonly referred to as "householding."

S&T has implemented "householding" in an effort to reduce the number of duplicate mailings to the same address. This process benefits both shareholders and S&T, because it eliminates unnecessary mailings delivered to your home and helps to reduce S&T's expenses. "Householding" is not being used, however, if S&T has received contrary instructions from one or more of the shareholders sharing an address. If your household has received only one annual report and one proxy statement, S&T will deliver promptly a separate copy of the annual report and the proxy statement to any shareholder who contacts S&T's transfer agent, American Stock Transfer & Trust Company ("AST"), by calling their toll-free number, 1-800-937-5449, or by mail to the attention of the Shareholder Relations Department at 59 Maiden Lane, Plaza Level, New York, New York 10038. You can also notify S&T that you would like to receive separate copies of S&T's annual report and proxy statement in the future by calling AST. Even if your household has received only one annual report and one proxy statement, S&T will continue to send a separate proxy card for each shareholder residing at your address. Please note, however, that if you also hold shares of S&T in "street name" (e.g., in a brokerage account or retirement plan account) you may continue to receive duplicate mailings.

Each proxy card should be signed, dated and returned in the enclosed self-addressed envelope. If your household has received multiple copies of S&T's annual report and proxy statement, you can request the delivery of single copies in the future by calling AST, as instructed above, or your broker, if you hold the shares in "street name."

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S&T BANCORP, INC.

2009 PROXY STATEMENT

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S&T BANCORP, INC.
PROXY STATEMENT FOR
ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD APRIL 20, 2009

INTRODUCTION

This Proxy Statement is being furnished to shareholders of S&T Bancorp, Inc. (S&T) in connection with the solicitation of proxies by the Board of Directors of S&T (the S&T Board) for use at the Annual Meeting of Shareholders, and any adjournments thereof, to be held at the time and place set forth in the accompanying notice (Annual Meeting). This Proxy Statement is being mailed to shareholders on or about March 20, 2009. At the Annual Meeting, shareholders of S&T will be asked to elect eight directors of S&T to serve a one-year term, to approve the ratification of the selection of KPMG LLP as an independent registered public accounting firm for the fiscal year 2009, and to approve a non-binding, advisory proposal on the compensation of S&T s executive officers.

All shareholders are urged to read this Proxy Statement carefully and in its entirety.

MEETING INFORMATION

Date, Place and Time

The Annual Meeting will be held on April 20, 2009, at 10:00 a.m., Eastern Time, at the S&T Training and Support Center, located at 355 North Fifth Street, Indiana, Pennsylvania.

Record Date, Voting Rights

The securities that can be voted at the Annual Meeting consist of shares of common stock of S&T, par value \$2.50 per share (Common Stock), with each share entitling its owner to one vote on all matters. Only holders of the Common Stock at the close of business on March 6, 2009 (the Record Date) will be entitled to notice of and to vote at the Annual Meeting. There were 3,227 record holders of the Common Stock and 27,637,317 shares of Common Stock outstanding as of the Record Date.

A quorum is required for the transaction of business at the Annual Meeting. A quorum is the presence at the meeting, in person or represented by proxy, of the holders of the majority of the outstanding shares. Abstentions are counted for purposes of determining presence or absence of a quorum, but are not considered a vote cast under Pennsylvania law. Abstentions will not affect the outcome of a vote on a particular matter. Shares held by brokers in street name and for which the beneficial owners do not vote on a particular proposal because the brokers do not have discretionary voting power and have not received instructions from the beneficial owners to vote on that item are called broker non-votes. Broker non-votes are counted to determine if a quorum is present, but are not considered a vote cast under Pennsylvania law. Broker non-votes will not affect the outcome of a vote on a particular matter.

The director nominees will be elected by a plurality of the votes cast at the Annual Meeting, which means that the eight nominees receiving the most votes will be elected. A withheld vote on any nominee will not affect the voting results. All other matters to be considered at the Annual Meeting, if any, require the affirmative vote of a majority of the votes cast at the meeting on the item to be approved.

Voting and Revocation of Proxies

If the appropriate enclosed form of proxy is properly executed and returned to S&T in time to be voted at the Annual Meeting, the shares represented thereby will be voted in accordance with the instructions marked

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thereon. Executed but unmarked proxies will be voted FOR the director nominees proposed by the S&T Board, which are presented in this Proxy Statement, FOR the ratification of the selection of KPMG LLP as an independent registered accounting firm for fiscal year 2009, and FOR the non-binding advisory proposal on the compensation of S&T's executive officers. Except for procedural matters incident to the conduct of the Annual Meeting, S&T does not know of any matters other than those described in the Notice of Annual Meeting that are to come before the Annual Meeting. If any other matters are properly brought before the Annual Meeting, the persons named in the accompanying proxy will vote the shares represented by the proxies in their discretion on such matters as recommended by a majority of the S&T Board.

The presence of a shareholder at the Annual Meeting will not automatically revoke such shareholder's proxy. However, shareholders may revoke a proxy at any time prior to its exercise by filing with the Secretary of S&T a written notice of revocation, by delivering to S&T a duly executed proxy bearing a later date or by attending the Annual Meeting and voting in person.

Solicitation of Proxies

The cost of soliciting proxies in the form enclosed herewith will be borne by S&T. In addition to the solicitation of proxies by mail, S&T, through its directors, officers and regular employees, may also solicit proxies personally or by telephone. S&T also will request persons, firms and corporations holding shares of Common Stock in their names or in the name of their nominees, which are beneficially owned by others, to send proxy material to and obtain proxies from the beneficial owners and will reimburse the holders for their reasonable expenses in so doing.

PRINCIPAL BENEFICIAL OWNERS OF S&T COMMON STOCK

Under Section 13(d) of the Securities Exchange Act of 1934, as amended (the Exchange Act), a beneficial owner of a security is any person who directly or indirectly has or shares voting power or investment power over such security. Such beneficial owner under this definition need not enjoy the economic benefit of such securities. The following are the only shareholders known to S&T to be deemed to be a beneficial owner of 5% or more of Common Stock as of December 31, 2008:

Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Common Stock	S&T Bank, Wealth Management Group 800 Philadelphia Street, Indiana, PA 15701	2,742,752 ⁽¹⁾	9.93%
Common Stock	Barclays Global Investors, NA 400 Howard Street San Francisco, CA 94105	1,786,757 ⁽²⁾	6.48%

- (1) Wealth Management Group (WMG) has sole voting power for 1,725,031 of these shares and no voting power for 193,973 of these shares held in customer accounts. It is the intention of management to vote the shares for which it has sole voting power FOR the director nominees named in this Proxy Statement and any other matters to be acted upon at the Annual Meeting. The remaining 823,748 shares of Common Stock are held by WMG as trustee of the Thrift Plan for Employees of S&T Bank (the Thrift Plan). The Thrift Plan participants will vote such shares directly through AST, S&T's transfer agent. AST will vote any allocated shares for which it has not received any instruction in the same proportion as shares for which voting instructions have been received.
- (2) According to its Schedule 13G filed with the SEC on February 5, 2009, Barclays Global Investors, NA has sole dispositive power for 738,961 shares, with sole voting power for 666,959 of these shares. Barclays Global Fund Advisors has sole dispositive power for 1,032,062 shares, with sole voting power for 765,063 of these shares. Barclays Global Investors, LTD has sole dispositive power for 15,734 shares, with sole voting power for 700 of these shares.

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S&T is not aware of any other person who beneficially owns more than 5% of any class of securities of S&T other than those listed above.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires S&T's directors and executive officers, and persons who own more than 10% of S&T's stock, to report to the SEC certain of their transactions with respect to S&T's Common Stock. The SEC reporting rules require that changes in beneficial ownership generally be reported on Form 4 within two business days after the date on which the change occurs. A Form 3 to report stock holdings in S&T must be filed within ten days of when a director, executive officer or person who owns more than 10% of S&T's stock becomes subject to Section 16(a) of the Exchange Act.

During 2008, all directors and executive officers timely filed all required reports of beneficial ownership and changes in beneficial ownership, with the exception of the following:

Director Thomas A. Brice did not file Form 4 within two business days for shares for which he became beneficial owner as the executor of an estate. Director Joseph A. Kirk did not file Form 4 within two business days for two sales of shares indirectly owned. Director Alan Papernick did not file Form 4 within two business days for shares purchased indirectly for his grandchildren or for the sale of 535 shares directly owned. Director Charles A. Spadafora did not file Form 4 within two business days for shares sold from an irrevocable trust. Director Christine J. Toretti did not file Form 4 within two business days for the purchase of 463 shares directly owned. These late filings were inadvertent, and the required filings have since been made.

Executive Officers David G. Antolik, Todd D. Brice, Edward C. Hauck, Tony E. Kallsen, Thomas E. Kiral, Mark Kochvar, Michelle Petrovsky, Malcolm E. Polley, Robert E. Rout, David P. Ruddock and Gregor T. Young, who were the recipients of the December 15, 2008 grant of restricted shares of Common Stock as long-term incentive awards did not file a Form 4 within two business days of the grant date. The exact number of restricted shares could not be calculated until S&T's 2008 earnings per share was finalized in January 2009. These filings were included on each officer's Form 5 for year-end 2008 filed with the SEC on February 17, 2009.

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The following table sets forth, as of March 6, 2009, the amount and percentage of Common Stock beneficially owned by each director, each nominee for director and the Named Executive Officers (as defined below) of S&T, as well as the directors and executive officers of S&T as a group. Unless otherwise indicated, all persons listed below have sole voting and investment power of all shares of Common Stock. The business address of each of S&T's directors and officers is 800 Philadelphia Street, Indiana, Pennsylvania 15701.

Name	Shares of Common Stock Beneficially Owned ⁽¹⁾	Percent Owned
David G. Antolik	28,304	*
John N. Brenzia ⁽²⁾	4,894	*
Thomas A. Brice	145,263	*
Todd D. Brice	100,209	*
John J. Delaney ⁽²⁾	81,334	*
Michael J. Donnelly ⁽²⁾	33,636	*
William J. Gatti	41,294	*
Jeffrey D. Grube	33,658	*
Edward C. Hauck	39,062	*
Frank W. Jones ⁽²⁾	43,185	*
Joseph A. Kirk	69,239	*
David L. Krieger	33,148	*
James V. Milano	6,696	*
James C. Miller	152,896	*
Alan Papernick ⁽²⁾	18,905	*
Robert Rebich, Jr. ⁽²⁾	125,210	*
Robert E. Rout	52,293	*
Charles A. Spadafora	60,938	*
Christine J. Toretta ⁽²⁾	169,022	*
Charles G. Urtin ⁽²⁾	17,024	*
Gregor T. Young, IV	65,431	*
All current directors and executive officers as a group (27 persons)	1,495,698	5.30%

- (1) May include shares held by spouse, other family members, as trustee or through a corporation. Includes shares issuable upon the exercise of nonstatutory stock options exercisable within 60 days of March 6, 2009: Mr. Antolik, 20,750 shares; Mr. Thomas Brice, 24,875 shares; Mr. Todd Brice, 41,875 shares; Mr. Delaney, 24,875 shares; Mr. Donnelly, 14,875 shares; Mr. Gatti, 24,875 shares; Mr. Grube, 24,875 shares; Mr. Hauck, 24,250 shares; Mr. Jones, 24,875 shares; Mr. Kirk, 19,875 shares; Mr. Krieger, 24,250 shares; Mr. Miller, 91,250 shares; Mr. Papernick, 6,875 shares; Mr. Rout, 29,250 shares; Mr. Spadafora, 19,875 shares; Ms. Toretta, 24,875 shares; Mr. Young, 42,500 shares; and all other executive officers as a group, 120,750 shares. Mr. Thomas Brice disclaims beneficial ownership of 49,796 shares that are directly owned by his spouse. Mr. Todd Brice disclaims beneficial ownership of 2,599 shares that are held for his daughter. Mr. Miller disclaims beneficial ownership of 17,760 shares that are directly owned by his spouse. Mr. Papernick disclaims beneficial ownership of 9,585 shares held in trust for his grandchildren with his spouse as trustee.
- (2) Nominee for election to the S&T Board.
- * Less than 1% of the outstanding Common Stock.

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The By-laws of S&T provide that the number of directors constituting the S&T Board will consist of not less than 12 nor more than 25, with the exact number to be fixed and determined from time to time by resolution of a majority of the S&T Board. Currently, the S&T Board has fixed the number of directors to 17. The S&T Board has determined that the following directors are independent under the NASDAQ listing standards: Mr. Brenzia, Mr. Delaney, Mr. Donnelly, Mr. Grube, Mr. Jones, Mr. Kirk, Mr. Milano, Mr. Papernick, Mr. Rebich and Mr. Spadafora.

At the 2008 annual meeting, amendments were approved and adopted by S&T's shareholders to Article Nine of S&T's Articles of Incorporation and Sections 206 and 207 of S&T's By-laws to declassify the S&T Board, remove the class designations for each of the director's terms and institute annual voting for each director to serve a one-year term. Annual elections will be phased in as current terms of directors expire. Current directors will serve the remainder of their three-year terms until 2009, 2010 and 2011, and annual elections will begin for those directors upon expiration of their terms. All directors will be elected annually beginning in 2011. Directors elected by the S&T Board to fill vacancies will serve only until the next annual meeting of the shareholders.

Certain information about the Nominees whose current terms will expire at the 2009 Annual Meeting and who are presently members of the S&T Board and the S&T Bank Board, is set forth below:

Director Nominees to be Elected at the 2009 Annual Meeting:

Name	Age	Principal Occupation During Past 5 Years	Director Since
John N. Brenzia ^(1,3)	67	Vice President & CFO of Irwin Car and Equipment	2008
John J. Delaney ^(2,3)	67	President, Delaney Chevrolet, Buick, Honda, Hyundai, Subaru; President, Riehle Chevrolet, Inc.	1987
Michael J. Donnelly ^(2,3)	51	President, Indiana Printing and Publishing Company, Inc.	2001
Frank W. Jones ^(1,3)	64	Attorney-at-Law, Independent Practice	1997
Alan Papernick ⁽²⁾	71	Attorney-at-Law, Papernick and Gefsky, LLC	1997
Robert Rebich, Jr. ^(1,2)	67	President, Amax Corporation - Property Management Firm	2008
Christine J. Toretta	52	Chairman and Chief Executive Officer, S. W. Jack Drilling Company, Partner, C&N Company - Gas Drillers and Producers and President, The Jack Company	1984
Charles G. Urtin	62	Formerly, Vice Chairman of S&T and S&T Bank and former President and Chief Executive Officer of IBT Bancorp, Inc. and Irwin Bank	2008

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Certain information about the directors whose terms continue, who are directors of S&T and S&T Bank, is set forth below:

Directors Whose Terms Expire at the 2010 Annual Meeting:

Name	Age	Principal Occupation During Past 5 Years	Director Since
Thomas A. Brice ⁽⁴⁾	68	Vice President, Douds, Inc. Retail Interior Furnishings	1980
Jeffrey D. Grube ^(1,3)	55	President, B.F.G. Manufacturing Service, Inc.	1997
Joseph A. Kirk ^(1,2)	69	President, Beaver Meadow Creamery, Inc.	1993
David L. Krieger	65	Formerly, Senior Executive Vice President and Commercial Lending Group Manager of S&T and S&T Bank	2007
James C. Miller	63	Chairman of S&T and S&T Bank; formerly, Chairman and Chief Executive Officer of S&T and S&T Bank; formerly, President of S&T and S&T Bank	1993

Directors Whose Terms Will Expire at the 2011 Annual Meeting:

Name	Age	Principal Occupation During Past 5 Years	Director Since
Todd D. Brice ⁽⁴⁾	46	President and Chief Executive Officer of S&T and S&T Bank; formerly, President and Chief Operating Officer of S&T and S&T Bank; formerly, Executive Vice President of Commercial Lending at S&T and S&T Bank	2005
William J. Gatti	67	Formerly, Chairman, Millennium Pharmacy Systems, Inc.	1993
James V. Milano ^(1,3)	49	Certified Public Accountant, Independent Consultant;	2006
Charles A. Spadafora ⁽²⁾	67	formerly, Chief Financial Officer, NEP Supershooters L.P. President, Colonial Motor Mart, Colonial Toyota & Indiana Colonial Nissan d/b/a Mark Arbuckle Nissan	1987

- (1) Member of the Audit Committee of S&T and S&T Bank.
- (2) Member of the Compensation and Benefits Committee of S&T and S&T Bank.
- (3) Member of the Nominating and Corporate Governance Committee of S&T and S&T Bank.
- (4) Chief Executive Officer and Director Todd D. Brice is the son of Director Thomas A. Brice.

THE S&T BOARD RECOMMENDS A VOTE FOR EACH OF THE NOMINEES.

CORPORATE GOVERNANCE**Board and Committee Meetings**

The S&T Board has implemented a formal policy that strongly encourages director attendance at the annual meeting of shareholders. In 2008, all of S&T's directors attended the annual meeting of shareholders, except for Director Toretta who was unable to attend due to personal reasons that were unavoidable and for good cause.

During 2008, the S&T Board held thirteen board meetings, with the following number of meetings held by the S&T Board committees: Audit, five; Compensation and Benefits, six; Nominating and Corporate Governance, six; and Wealth Management Group Oversight, four. All directors attended at least 75% of the total number of meetings of the S&T Board and committees, except for director Toretta who attended 69% of meetings, due to personal reasons that were unavoidable and for good cause. Directors Brenzia, Rebich, and Urtin were appointed in June 2008 and attended at least 75% of the meetings subsequent to their appointment.

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Audit Committee

The members of the Audit Committee are John Brenzia, Jeffrey Grube, Frank Jones, Joseph Kirk, James Milano and Robert Rebich, Jr. All members meet the independence standards for audit committees established by the SEC and NASDAQ. A written charter approved by the S&T Board governs the committee and includes the provisions required by the NASDAQ listing standards. A copy of the charter is included on S&T's website www.stbancorp.com, under Corporate Governance. The committee has provided information regarding the functions performed by the committee and its membership in the Report of the Audit Committee, included in this Proxy Statement on page 40. James V. Milano has been designated by the S&T Board as S&T's audit committee financial expert. The S&T Board has determined that Mr. Milano meets the qualifications of an audit committee financial expert under SEC regulations adopted under the Sarbanes-Oxley Act of 2002. Mr. Milano is a CPA with 20 years of public accounting experience, including managing partner of Datemasch Milano & Associates and four years of experience serving as CFO of NEP Supershooters L.P. He has a BS in business administration and an MS in taxation. This experience and education gives Mr. Milano an understanding of U.S. generally accepted accounting principles and financial statements; the ability to assess general applications of such principles in connection with accounting for estimates, accruals and reserves; experience preparing, auditing, analyzing or evaluating financial statements presenting a breadth and level of complexity of accounting issues that are comparable to S&T's financial statements; an understanding of internal control over financial reporting; and an understanding of audit committee functions.

Compensation and Benefits Committee

The members of the Compensation and Benefits Committee (Compensation Committee) are John Delaney, Michael Donnelly, Joseph Kirk, Alan Papernick, Robert Rebich, Jr., and Charles Spadafora. The Compensation Committee's function is to recommend to the S&T Board action on executive compensation and compensation and benefit changes brought to it by management. A written charter approved by the S&T Board governs the committee. A copy of the charter is included on S&T's website www.stbancorp.com, under Corporate Governance. The Compensation Committee is comprised entirely of independent board members, as defined by NASDAQ listing standards.

Additionally, because S&T is participating in the Troubled Asset Relief Program (TARP) Capital Purchase Program (CCP) established by the U.S. Department of Treasury (U.S. Treasury) under the Emergency Economic Stabilization Act of 2008 (EESA), the Compensation Committee has additional responsibilities under the EESA, as amended by the American Recovery and Reinvestment Act of 2009 (the ARRA). Those additional responsibilities include the following:

reviewing the incentive compensation arrangements for S&T's Named Executive Officers with S&T's senior risk officers to ensure that the compensation arrangements do not encourage the Named Executive Officers to take unnecessary and excessive risks that threaten the value of S&T;

meeting at least annually with S&T's senior risk officers to discuss and review the relationship between S&T's risk management policies and practices and the Named Executive Officers' incentive compensation arrangements;

meeting at least semi-annually to discuss and evaluate the risk posed to S&T by its employee compensation plans; and

certifying that it has completed its risk assessment of S&T's Named Executive Officer compensation arrangements.

The report of the Compensation Committee is on page 25.

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Nominating and Corporate Governance Committee

The members of the Nominating and Corporate Governance Committee (the Nominating Committee) are John Brenzia, John Delaney, Michael Donnelly, Jeffrey Grube, Frank Jones and James Milano. The Nominating Committee was formed in 2003, and the functions of this committee are to assist the S&T Board in reviewing the qualifications and independence of the members of the S&T Board and its various committees on a periodic basis as well as the composition of the S&T Board as a whole; to oversee the evaluation of the performance of the S&T Board and its committees as a whole; to select director nominees for election by shareholders; and to provide guidance to the S&T Board on corporate governance issues. In addition, the Nominating Committee reviews all transactions with related parties, see page 38. A written charter approved by the S&T Board governs the committee. A copy of the charter is included on S&T's website www.stbancorp.com, under Corporate Governance. The committee is comprised entirely of independent board members, as defined by NASDAQ listing standards.

The Nominating Committee has adopted, and the S&T Board has ratified, a corporate policy for identifying and evaluating candidates for membership on the S&T Board. The Nominating Committee identifies potential candidates based on suggestions from directors, officers of S&T and S&T shareholders. The Nominating Committee will consider shareholder nominations for directors in accordance with the procedure set forth in Section 202 of S&T's By-laws and applicable law. The procedure provides that a notice relating to the nomination must be timely given in writing to the Secretary of S&T prior to the meeting. To be timely, the notice must be delivered not earlier than the close of business on the 120th day, nor later than the close of business on the 60th day, immediately preceding the meeting. Such notice must be accompanied by the nominee's written consent to be named in the applicable proxy statement and contain information relating to the business experience and background and the nominee's holdings of Common Stock and information with respect to the nominating shareholder. There are no differences in the manner in which the Nominating Committee evaluates candidates for membership on the S&T Board based on whether such candidate is recommended by a shareholder, the Nominating Committee, or by any other source.

The Nominating Committee takes into account all factors and criteria it considers appropriate, which includes but is not limited to: high personal and professional integrity; sound judgment and exceptional ability; business experience; area of residence in relationship to S&T's geographic market; other directorship experience that would be beneficial to the S&T Board and management of S&T; diversity of experience relative to that of other S&T directors, age, gender, minority status, level and type of education; whether the candidate will be effective in serving the long-term interests of S&T's shareholders; whether the candidate has sufficient time and energy to devote to the affairs of S&T; whether the candidate possesses a willingness to challenge and stimulate management and the ability to work as part of a team; whether the candidate meets the independence requirements of the NASDAQ listing standards; whether the candidate is free from conflicts of interest with S&T; and any other factors related to the ability and willingness of a new director to serve, or an existing director to continue his or her service.

The Nominating Committee may engage a third party search firm to assist it in identifying director candidates, but the Nominating Committee did not do so in 2008. S&T has not received any shareholder nominations for consideration for this Annual Meeting. Accordingly, S&T has not rejected or refused such candidates.

Shareholder Communications with Directors

Shareholders who desire to communicate with the S&T Board or a specific director should send any communication, in writing, to S&T Bancorp, Inc., 800 Philadelphia Street, Indiana, Pennsylvania 15701, ATTN: Corporate Secretary. Any such communication should state the number of shares beneficially owned by the shareholder. S&T's Corporate Secretary will initially review all communications received in accordance with the Shareholders Communication Policy adopted by the S&T Board. The Corporate Secretary will relay all such

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communications to the appropriate director or directors on a periodic basis unless the Corporate Secretary determines that the communication does not relate to the business or affairs of S&T or the functioning or constitution of the S&T Board or any of its committees; relates to routine or insignificant matters that do not warrant the attention of the S&T Board; is an advertisement or other commercial solicitation or communication; is frivolous or offensive; or is otherwise not appropriate for delivery to directors. The director or directors who receive any such communication will have discretion to determine whether the subject matter of the communication should be brought to the attention of the full S&T Board or one or more of its committees and whether any response to the person sending the communication is appropriate. Any such response will be made through S&T's management and only in accordance with S&T's policies and procedures, applicable laws and regulations relating to the disclosure of information.

Code of Conduct and Ethics

S&T has earned its reputation as a respected leader in the communities it serves and in the financial services industry by conducting business in an ethical, responsible and professional manner. S&T is proud of the high standards of quality and service that have been its hallmark through the years. These qualities represent fundamental business practices and apply to all directors, officers and employees.

The S&T Board has adopted a Code of Conduct for directors, officers and employees, which is posted on S&T's website www.stbancorp.com, under Corporate Governance. The Code of Conduct addresses the professional, honest and candid conduct of each director, officer and employee; conflicts of interest, disclosure process, compliance with laws, rules and regulations (including insider trading laws); corporate opportunities, confidentiality, fair dealing, protection and proper use of company assets; and encourages the reporting of any illegal or unethical behavior. A waiver for an executive officer or director of S&T may be made only by the Audit Committee and must be promptly disclosed as required by SEC or NASDAQ rules. S&T will disclose any such waivers, as well as any amendments to the Code of Conduct, on S&T's website. Shareholders may obtain a printed copy of the Code of Conduct by contacting the Secretary at the address previously provided.

Director Independence

The S&T Board determines annually that a majority of directors serving on the S&T Board are independent as defined in Rule 4200(a) (15) of listing standards of NASDAQ. In 2008, the S&T Board also considered all direct and indirect transactions described in "Transactions with Related Parties" and "Compensation Committee Interlocks and Insider Participation" in determining whether the director is independent. There were no other related party transactions other than those described in the aforementioned sections of this Proxy Statement. The Nominating Committee has the delegated responsibility to evaluate each director's qualifications for independence for the S&T Board and for the committees of the S&T Board. Following review of the objective measures, the Nominating Committee and S&T Board also consider on a subjective basis each director's personal and/or business relationships, regardless of dollar amount.

On February 16, 2009, the S&T Board determined the following directors are independent under NASDAQ Rule 4200(a)(15): Mr. Brenzia, Mr. Delaney, Mr. Donnelly, Mr. Grube, Mr. Jones, Mr. Kirk, Mr. Milano, Mr. Papernick, Mr. Rebich and Mr. Spadafora. As discussed above, all members on the Compensation Committee and the Nominating Committee are independent under this NASDAQ rule. In addition, the S&T Board determined the independence of directors for service on the Audit Committee under Exchange Act Rule 10A-3 and NASDAQ Rule 4350. As discussed above, all members on the Audit Committee are independent under Exchange Act Rule 10A-3 and NASDAQ Rule 4350.

Compensation Committee Interlocks and Insider Participation

During 2008, S&T Bank made payments of \$150,261 for the purchase and maintenance of vehicles from a company owned by Director Spadafora. In addition, S&T Bank made payments of \$115,448 for the purchase of goods and services from companies owned or controlled by Director Donnelly.

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During 2008, S&T Bank made payments for the purchase and maintenance of vehicles and the lease of a parking lot from companies owned or controlled by Director Delaney for \$137,833 and \$48,000, respectively. The terms of the parking lot lease agreement provide for monthly payments of \$4,000 until April 30, 2010 with additional four successive renewal options of five years each and one successive renewal option of four years. The monthly rent will be increased for each renewal term based on the Consumer Price Index.

In addition, S&T Bank may make extensions of credit to members of the Compensation Committee in the ordinary course of business and on the same terms as available to others. See Transactions with Related Parties.

PROPOSAL 2: RATIFICATION OF THE SELECTION OF INDEPENDENT REGISTERED

PUBLIC ACCOUNTING FIRM FOR FISCAL YEAR 2009

The Audit Committee of the S&T Board appointed the firm of KPMG LLP, independent registered public accounting firm to audit and report on S&T's financial statements for the fiscal year ending December 31, 2009. Action by shareholders is not required by law in the appointment of independent accountants. However, the S&T Board considers this selection to be an important issue and therefore is submitting the selection of KPMG LLP for ratification by the shareholders. If the shareholders do not ratify this selection, the selection will be reconsidered by the Audit Committee.

KPMG LLP has no direct or indirect financial interest in S&T or in any of its subsidiaries, nor has it had any connection with S&T or any of its subsidiaries in the capacity of promoter, underwriter, voting trustee, director, officer or employee. Representatives of KPMG LLP will be present at the Annual Meeting and will be afforded an opportunity to make a statement if they desire to do so. It also is expected they will be available to respond to appropriate questions.

Fees Paid to Independent Registered Public Accounting Firm

During the fiscal years ended December 31, 2007 and December 31, 2008, KPMG LLP served as S&T's independent registered public accounting firm (Independent Accountants).

Fees for professional services provided by our Independent Accountants in each of the last two fiscal years, in each of the following categories are:

	2008	2007
Audit Fees	\$ 809,165	\$ 494,741
Audit-Related Fees	0	34,409
Tax Fees	44,500	132,000
Other Fees	127,100	
	\$ 980,765	\$ 661,150

Audit Fees includes fees for audit services associated with the annual audit, the reviews of S&T's quarterly reports on Form 10-Q, accounting consultations and SEC registration statements.

Audit-Related Fees includes fees related to due diligence for the merger of IBT Bancorp, Inc. (IBT) into S&T in 2008.

Tax Fees includes a transaction cost recovery solutions study related to the IBT merger in 2008 and a construction tax planning study related to various existing bank buildings in 2007.

Other Fees includes fees related to an engagement for assessing the adequacy and effectiveness of S&T's internal audit function.

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All 2007 and 2008 fees were paid to KPMG LLP except for Audit Related Fees paid to Ernst & Young LLP of \$56,850 in 2007 and \$27,900 in 2008 respectively.

Pre-Approval Policies and Procedures

The Audit Committee is responsible for the approval of all services performed by the Independent Accountants. All services provided by the Independent Accountants in 2008 were pre-approved by the Audit Committee. The Audit Committee is required to pre-approve all audit and non-audit services performed by the Independent Accountants to assure that the provision of such services does not impair the Independent Accountant's independence. In addition, any proposed services exceeding pre-approved cost levels will require specific pre-approval by the Audit Committee. The Audit Committee may delegate pre-approval authority to one or more of its members. The member or members to whom such authority is delegated will report any pre-approval decisions to the Audit Committee at its next scheduled meeting. The Audit Committee does not delegate its responsibilities to pre-approve services performed by the Independent Accountants to management.

**THE S&T BOARD RECOMMENDS A VOTE FOR THE RATIFICATION OF THE
SELECTION OF KPMG LLP AS AN INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
FOR FISCAL YEAR 2009.**

PROPOSAL 3: ADVISORY VOTE ON S&T'S EXECUTIVE COMPENSATION

Background of the Proposal

On January 16, 2009, S&T sold a series of its preferred stock and common stock purchase warrants to the U.S. Treasury under the TARP CPP created under EESA. On February 17, 2009 the President of the United States signed into law the ARRA. The ARRA contains a requirement that those financial institutions, like S&T, which have sold preferred stock and issued warrants to the U.S. Treasury under the CPP, permit a separate and non-binding shareholder vote to approve the compensation of such financial institution's executive officers. The SEC has recently issued guidance that requires participants in the Capital Purchase Program to submit to shareholders annually for their approval the executive compensation arrangements as described in the Compensation Discussion and Analysis and the tabular disclosure regarding named executive officer compensation (together with the accompanying narrative disclosure) in their proxy statements.

Executive Compensation

S&T believes that its compensation policies and procedures, which are reviewed and approved by the Compensation Committee, encourage a culture of pay for performance and are strongly aligned with the long-term interests of shareholders. Like most companies in the financial services sector, the recent and ongoing financial downturn has had a significant negative impact on the price of S&T's Common Stock, even though S&T's 2008 results of operations increased over the prior year. Consistent with the objective of aligning the compensation of S&T's executive officers with the annual and long-term performance of S&T and the interests of S&T's shareholders, these factors were also reflected in the compensation of the chief executive officer, chief financial officer and the three other most highly compensated executive officers of S&T (collectively, the Named Executive Officers) for 2008, and in a number of executive compensation-related actions that have been taken by S&T and the Compensation Committee with respect to 2009.

One of the main objectives of S&T's executive compensation program is to align a significant portion of each executive officer's total compensation with the annual and long-term performance of S&T and the interests of S&T's shareholders. S&T's Management Incentive Plan is a short-term cash incentive award that more closely aligns the interests of shareholders and senior management by making a greater percentage of an executive officer's total compensation dependent on the annual performance of S&T (the corporate component) and the achievement of individual departmental goals (the individual component). Annually, the Compensation Committee establishes specific incentive opportunities under the Management Incentive Plan. Depending upon

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the level of success in meeting the established goals, the Named Executive Officers can earn up to 35% of their respective annual salaries, with the award based 50% on the corporate component and 50% on the individual component. The award for the president and chief executive officer is based 100% on the corporate component. The Compensation Committee reviews and approves the awards, after the public release of S&T's earnings per share for the prior year. In 2008, the corporate component of the award in 2008 was based on a predetermined incremental range for earnings per share goals from \$2.26 to \$2.50, with award percentages ranging from 0% to 125%, respectively. To achieve 100% of the corporate component, the earnings per share goal was \$2.44. In 2008, S&T's earnings per share was \$2.28; therefore, the Named Executive Officers, earned 8.33% of the corporate component of the award. The individual component for each Named Executive Officer was also reviewed and approved by the Compensation Committee, as more fully described in the Compensation Discussion and Analysis in this Proxy Statement.

The S&T Bank Incentive Program for Senior Management (Incentive Program) is considered an important long-term element in S&T's compensation program, and is intended to reward the executive for contributing to increasing shareholder value with sustained earnings growth into the future. This performance-based incentive plan offers an incentive award to an executive officer based upon the achievement of predetermined incremental earnings per share goals for the year. The award, at the discretion of the Compensation Committee, will equal a percentage of the executive's salary and be delivered in the form of restricted shares of common stock. In 2008, the predetermined range of earnings per share goals was \$2.26 through \$2.44, with award percentages ranging from 0% to 25%, respectively. In 2008, Named Executive Officers earned an award of 2.5% of their respective salaries by achieving a one percent increase in earnings per share. The restricted shares of common stock were granted by the Compensation Committee on December 15, 2008 and will vest equally over a period of four years commencing on January 1, 2010. Under this long-term incentive program in 2007, the Named Executive Officers earned an award of 25% of their respective salaries due to achievement of S&T 2007 target earnings per share of \$2.26, which was 9.7% over 2006 earnings per share.

With respect to 2009, the Compensation Committee has suspended the awards under the Management Incentive Plan and the S&T Bank Incentive Program for Senior Management and certain other corporate-wide incentive plans as described in the Short-Term Incentive Award under Compensation Discussion and Analysis in this Proxy Statement.

S&T and the Compensation Committee remain committed to the compensation philosophy, policies and objectives outlined under Compensation Discussion and Analysis. Named Executive Officer compensation for 2008 reflects the effectiveness of S&T's executive compensation program in fulfilling its objectives during times of economic difficulty and more challenging financial performance. The Compensation Committee will continue to review all elements of the executive compensation program and take any steps it deems necessary to continue to fulfill the objectives of the program.

Shareholders are encouraged to carefully review the Compensation Discussion and Analysis and Executive Compensation sections of this Proxy Statement for a detailed discussion of S&T's executive compensation program.

As required by the ARRA and the guidance provided by the SEC, the S&T Board has authorized a shareholder vote on S&T's executive compensation plans, programs and arrangements as reflected in the Compensation Discussion and Analysis, the disclosures regarding named executive officer compensation provided in the various tables included in this Proxy Statement, the accompanying narrative disclosures and the other compensation information provided in this Proxy Statement. This proposal, commonly known as a Say on Pay proposal, gives S&T's shareholders the opportunity to endorse or not endorse S&T's executive pay program and policies through the following resolution:

RESOLVED, that the holders of the common stock of S&T approve the compensation of S&T's executives named in the Summary Compensation Table of S&T's Proxy Statement for the 2009 Annual

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Meeting of Shareholders, including the Compensation Discussion and Analysis, the Executive Compensation tables and the related disclosure contained in the Proxy Statement.

Vote Required; Effect

Approval of S&T's executive compensation policies and procedures would require that the number of votes cast in favor of the proposal exceed the number of votes cast against it. Abstentions and broker non-votes will not be counted as votes cast and therefore will not affect the determination as to whether S&T's executive compensation policies and procedures are approved. Because this shareholder vote is advisory, it will not be binding upon the Board. However, the Compensation Committee will take into account the outcome of the vote when considering future executive compensation arrangements.

THE S&T BOARD UNANIMOUSLY RECOMMENDS A VOTE FOR APPROVAL OF THIS ADVISORY PROPOSAL ON EXECUTIVE COMPENSATION. UNLESS MARKED TO THE CONTRARY, PROXIES RECEIVED BY S&T WILL BE VOTED FOR THIS PROPOSAL.

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As of March 20, 2009, the executive officers of S&T are:

Name	Age	Principal Occupation During Past 5 Years	Officer of Corporation Since
Todd D. Brice	46	President and Chief Executive Officer of S&T and S&T Bank since April 2008; President and Chief Operating Officer of S&T and S&T Bank from August 2004 to April 2008; Executive Vice President of Commercial Lending at S&T and S&T Bank from December 2002 to August 2004	2003
Robert E. Rout	57	Senior Executive Vice President, Chief Administrative Officer, Chief Financial Officer and Secretary of S&T and S&T Bank, since April 2008; Senior Executive Vice President, Chief Financial Officer and Secretary of S&T and S&T Bank, January 2005 to April 2008; Executive Vice President, Chief Financial Officer and Secretary of S&T and S&T Bank, August 1999 to December 2004	1993
David G. Antolik	42	Senior Executive Vice President, Chief Lending Officer, since January 2008; Executive Vice President, Commercial Lending, August 2004 to December 2007; Senior Vice President, Commercial Lending, January 2002 to August 2004; Vice President, Commercial Lending, September 2000 to December 2001	2004
Edward C. Hauck	56	Senior Executive Vice President and Chief Operating Officer since April 2008; Senior Executive Vice President and Retail Banking and Support Services Group Manager, August 2004 to April 2008; Executive Vice President and Retail Banking and Support Services Group Manager, January 1997 to August 2004	1991
Tony E. Kallsen	41	Executive Vice President and Chief Credit Officer, since May 2006; Senior Vice President, National City Bank of Pennsylvania, March 2004 to May 2006; Senior Vice President, National City Bank of Michigan/Illinois, February 2002 to March 2004	2006
Thomas E. Kiral	48	Executive Vice President and Managing Director of S&T Insurance Group, since June 2001	2001
Mark Kochvar	48	Executive Vice President, Treasury and Investments since January 2008; Senior Vice President, Treasury and Investments, January 2001 to December 2007	2008
Michelle Petrovsky	42	Executive Vice President, Commercial Lending, since January 2008; Senior Vice President, Commercial Lending, January 2004 to December 2007; Vice President, Commercial Loan Officer, January 1998 to December 2003	2008
Malcolm E. Polley	46	President and Chief Investment Officer, Stewart Capital Advisors, LLC, since August 2005; Chairman & President, Stewart Capital Mutual Funds, since November 2006; Executive Vice President and Chief Investment Officer of S&T and S&T Bank, since January 2006; Senior Vice President, Chief Investment Officer, January 2003 to December 2005	2006
David P. Ruddock	47	Executive Vice President, Information Technology and Operations, since January 2004; Senior Vice President, Information Technology and Operations, February 1999 to December 2003	2004
Gregor T. Young IV	52	Executive Vice President and Managing Director, Wealth Management Group, since March 2000	2000

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COMPENSATION DISCUSSION AND ANALYSIS

Compensation Approval Process

Executive compensation decisions are made by the six-member Compensation and Benefits Committee (the Compensation Committee) of the S&T Board. Each member of the Compensation Committee is a non-employee director and qualifies as an independent director under the NASDAQ listing standards. The Compensation Committee independently decides the compensation that S&T will pay the chief executive officer. For the remaining executive officers, the chief executive officer makes recommendations to the Compensation Committee, which reviews and approves the recommendations. The Compensation Committee meets in an executive session to discuss and finalize its decisions regarding the chief executive officer's compensation. The S&T Board reviews all decisions relating to the compensation of executive officers, except for decisions about awards under the S&T Bancorp, Inc. 2003 Incentive Stock Plan (the 2003 Plan), which are made solely by the Compensation Committee. The Compensation Committee may delegate to its chairperson such power and authority as the Compensation Committee deems to be appropriate, except such powers and authorities required by law or regulation to be exercised by the whole Compensation Committee or a subcommittee of at least two members.

The Compensation Committee operates under a written charter, which it reviews, modifies as necessary and reaffirms on an annual basis.

Compensation Philosophy

The Compensation Committee considers overall corporate performance as well as individual initiative and achievements when reviewing and approving all compensation decisions relating to the chief executive officer and the other executive officers named in the Summary Compensation Table (the Named Executive Officers). The policy of the Compensation Committee is to provide compensation that is competitive within the banking industry of financial institutions of similar size and product offerings, to attract and retain qualified executives; is integrated with S&T's corporate performance goals, the primary goal being earnings growth; rewards exceptional individual performance within the assigned area of operational responsibility; and, importantly, aligns the interests of senior management with the interests of S&T's shareholders. The Compensation Committee also believes that compensation should recognize short- and long-term performance and include both cash and equity components. To meet the objectives of its policy, the Compensation Committee has established a compensation program for senior management, including the Named Executive Officers, which includes the following elements:

Salaries;

Short-term incentive awards;

Long-term incentive awards; and

Certain other benefits.

Compensation Program

The Compensation Committee reviews the compensation programs established by peer banks for executives having similar responsibilities to S&T's executives to establish competitive benchmarks for S&T's compensation program. The peer banks are similar in size and scope to S&T, and operate both inside and outside S&T's geographic market. While subject to change based on market and other relevant qualitative factors, the Compensation Committee includes the following peer banks in its comparison: National Penn Bancshares, Inc.; F.N.B. Corporation; Park National Corporation; First Commonwealth Financial Corporation; WesBanco, Inc.; Community Bank System, Inc.; Harleysville National Corporation; BancFirst Corporation; First Financial Bancorp; Sandy Spring Bancorp, Inc.; Republic Bancorp, Inc.; and City Holding Company (collectively, the

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Peer Banks). In addition, the Compensation Committee considers general industry peer group information contained in the SNL Financial Comparison Report.

In September 2008, S&T engaged Towers Perrin to provide consultative services with regard to S&T's 2008 compensation program for executive officers, defined as executive vice president and higher, and to update the firm's comprehensive assessment of S&T's executive compensation program that was completed in the fall of 2005. The engagement was also intended to assist the Compensation Committee in its consideration of the 2009 compensation program for S&T's executive officers. Towers Perrin reviewed the base salary, annual and long-term incentives for S&T's eleven executive officers, including the Named Executive Officers, and compared S&T's compensation program with publicly-available compensation information of the Peer Banks and Towers Perrin's survey data effective July 2008. The assessment considered the 2008 target total direct compensation, which was comprised of the following components: base salary, short-term (annual) incentive and long-term incentive. The assessment found that the target total direct compensation for the chief executive officer was below the market median for the Peer Banks, and for the other Named Executive Officers was generally at or above the market median for the Peer Banks. The target total direct compensation for the lower level executives was slightly below the market median. The study concluded that S&T's executive compensation program was conservative in view of S&T's high performance. The Towers Perrin consultant presented his findings to the chief executive officer, the chief financial officer and the Compensation Committee in a written report on November 17, 2008 (Towers Perrin Assessment).

Salaries

The purpose of base salary is to provide competitive and fair base compensation that recognizes the executives' roles, responsibilities, contributions, experiences and performance. Base salary represents a fixed and guaranteed element of compensation that reflects executives' long-term performance and market pay level for the role. Base salaries are targeted to be competitive with the practices of the Peer Banks. The Compensation Committee sets each executive's individual pay annually to reflect individual experiences, expertise, performance and contributions in the role.

The Compensation Committee reviews and approves the salaries of the chief executive officer and president annually in December. The Compensation Committee compared the chief executive officer's salary and performance against the Peer Banks, and approved a salary for 2008 of \$525,000 for Mr. Miller, which was a 7.14% increase from his 2007 salary. The Compensation Committee decided on this increase due to the effects of inflation but also to recognize Mr. Miller's leadership in achieving earnings per share goals for 2007 and for successfully negotiating and signing a definitive agreement with IBT. Mr. Miller was the chief executive officer until his retirement on April 21, 2008. Mr. Miller continues in his capacity of chairman of the board with the usual compensation package for a non-employee director.

Mr. Brice was named president and chief executive officer upon Mr. Miller's retirement. Previously, Mr. Brice was S&T's president and chief operating officer. Mr. Brice's salary in 2008 was \$375,000, which was a 25% increase from his 2007 salary. In December 2007, Mr. Miller, the chief executive officer, recommended to the Compensation Committee that this increase was warranted due to the effects of inflation, his leadership over service-related lines of business during a successful year and his expanded responsibilities as president and chief executive officer upon Mr. Miller's retirement in April 2008. Mr. Brice's salary was not increased further when he was named president and chief executive officer. Mr. Brice's 2008 salary was in approximately the 26th percentile of chief executive officers at the Peer Banks. In December 2008, the Compensation Committee increased Mr. Brice's 2009 salary by 13.3% to \$425,000, due to the effects of inflation and to his leadership in his new role as chief executive officer, including his role in the successful integration of IBT into S&T. The Compensation Committee also considered the results of the Towers Perrin Assessment that noted Mr. Brice's salary was below the market median for the Peer Banks. Mr. Brice's 2009 salary is in approximately the 60th percentile of the 2008 salaries of the Peer Banks.

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The salaries for the other Named Executive Officers are reviewed by the president and chief executive officer on an annual basis in December. The Compensation Committee reviewed and approved the salary recommendations for the other Named Executive Officers with the president and chief executive officer for 2009. The Compensation Committee considered the results of the Towers Perrin Assessment during this process. Prior to his retirement, Mr. Miller reviewed the salary increases for 2008 for the other Named Executive Officers with Mr. Brice. Subsequently, the Compensation Committee reviewed and approved the salary recommendations for 2008 for the other Named Executive Officers with Messrs. Miller and Brice.

In 2008, the salary for Mr. Rout, the chief financial officer, chief administrative officer and secretary, was \$300,000, which was a 20% increase from his 2007 salary due to the effects of inflation, to his leadership over his respective area of responsibility during a successful year, including his role in the acquisition of IBT, and to his expanded responsibilities in anticipation of Mr. Miller's retirement, including his new role as chief administrative officer. In his expanded role, Mr. Rout assumed oversight responsibility for S&T's credit administration function, which was in addition to his ongoing responsibilities as chief financial officer and corporate secretary. Mr. Rout's 2008 salary was in approximately the 4th percentile of chief financial officers at the Peer Banks. In December 2008, Mr. Rout's 2009 salary was increased by 8.3% to \$325,000. The increase for Mr. Rout was due to the effects of inflation and to his leadership over his respective area of responsibility during a successful year, including his role in the integration of IBT into S&T.

In 2008, the salary for Mr. Hauck, the chief operating officer and retail banking support services group manager, was \$275,000, which was an 18.53% increase from his 2007 salary due to the effects of inflation, to his leadership over his respective areas of responsibility during a successful year, including his role in the acquisition of IBT, and to his expanded responsibilities in anticipation of Mr. Miller's retirement, including his new role as chief operating officer. Mr. Hauck's 2008 salary was in approximately the 8th percentile of chief operating officers and similarly situated officers at the Peer Banks. In December 2008, Mr. Hauck's 2009 salary was increased 9.1% to \$300,000. The increase for Mr. Hauck was due to the effects of inflation and to his leadership over his respective areas of responsibility during a successful year, including his role in the integration of IBT into S&T.

In 2008, the salary for Mr. Antolik, the chief lending officer, was \$240,000, which was a 20% increase from his 2007 salary, due to his promotion to this position, as well as his successful leadership in the commercial lending area. Mr. Antolik's 2008 salary was in the 9th percentile for similarly situated officers at the Peer Banks. In December 2008, Mr. Antolik's 2009 salary was increased 10.4% to \$265,000, due to the effects of inflation and to his leadership over the commercial lending area during a successful year following the retirement of the former chief lending officer on December 31, 2007.

In 2008, the salary for Mr. Young, the investment management and trust services group manager, was \$213,000, which was a 3.9% increase from his 2007 salary, due to the effects of inflation and to his leadership over S&T's wealth management services area during a successful year. Mr. Young's 2008 salary was in the 6th percentile for similarly situated officers at the Peer Banks. In December 2008, Mr. Young's salary was increased 5.6% to \$225,000, due to the effects of inflation and to his leadership over S&T's wealth management services area during a successful year, including his role in the integration of IBT into S&T.

Short-Term Incentive Award

Effective January 1, 1999, the Compensation Committee commenced the administration of a Management Incentive Plan as a short-term cash incentive award to more closely align the interests of shareholders and senior management by making a greater percentage of senior management's total compensation dependent on the annual performance of S&T and the achievement of individual departmental goals.

Annually, the Compensation Committee establishes specific short-term cash incentive goals under the Management Incentive Plan. Depending upon the level of success in meeting the established goals, the Named

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Executive Officers can earn up to 35% of their respective annual salaries, with 50% of the award based on the achievement of earnings per share goals (corporate component) and 50% of the award based on the participant's individual and business unit performance (individual component). The award for the president and chief executive officer is based 100% on the corporate component. The Compensation Committee reviews and approves the awards in January, after the public release of S&T's earnings per share for the prior year. The corporate component of the award in 2008 was based on a predetermined incremental scale for earnings per share goals that ranged from \$2.26 to \$2.50, with award percentages ranging from 0% to 125%, respectively. To achieve 100% of the corporate component, the earnings per share goal was \$2.44. In 2008, S&T's earnings per share was \$2.28; therefore, senior management, including the Named Executive Officers, earned 8.33% of the corporate component of the award.

In 2008, Mr. Brice, as president and chief executive officer, had the opportunity to earn a short-term incentive award of \$131,250 (35% of his 2008 base salary of \$375,000). Since his award is based 100% on the corporate component, Mr. Brice earned an award of \$10,933, or 8.33% of \$131,250. In addition to earning 8.33% of the corporate component of their awards, the other Named Executive Officers were eligible to earn 50% of their short-term incentive award based on the individual component. The individual component for each Named Executive Officer is reviewed and approved prior to the beginning of the award year by the Compensation Committee. Messrs. Rout, Hauck and Antolik earned 100% of the individual component of their awards, and their total short-term incentive awards were \$56,873; \$52,134; and \$45,499, respectively. Mr. Young earned 90% of the individual component of his award, for a total award of \$36,653.

In 2007, the earnings per share target was \$2.26, which S&T achieved; therefore, senior management, including the Named Executive Officers, earned a Management Incentive Plan award in 2007, which was received in January 2008. In 2007, the chief executive officer and the president were eligible to earn 100% of their short-term incentive awards based upon achieving the earnings per share target. Messrs. Miller and Brice earned awards of \$171,500 and \$105,000, respectively, due to achieving the earnings per share target. Mr. Rout earned an award of \$87,500, which was 100% of his potential award. Mr. Hauck earned 95% of the individual component, for a total award of \$79,250. Mr. Antolik earned 90% of the individual component, for a total award of \$66,500. Mr. Young earned 75% of the individual component, for a total award of \$62,750.

S&T has suspended the Management Incentive Plan for 2009 in response to the challenging economic environment, but intends to resume this short-term incentive plan in future years as the economic environment improves, subject to the restrictions on S&T's executive compensation programs resulting from its participation in the TARP. (These restrictions are discussed below under the section entitled "American Recovery and Reinvestment Act of 2009.")

Long-Term Incentive Award

The Compensation Committee has increasingly weighted the Named Executive Officers' actual compensation packages toward programs contingent upon S&T's level of long-term performance (three years or greater). This compensation element is intended to reward the executive for contributing to increasing shareholder value with sustained earnings growth into the future. The Compensation Committee believes that stock ownership by management and stock-based performance compensation arrangements are beneficial in aligning management and shareholders' interests and serves as an executive retention tool through vesting requirements. The S&T Bank Incentive Program for Senior Management (the "Incentive Program") is used as a mechanism for determining awards pursuant to the 2003 Plan, and is considered an important long-term element in S&T's compensation program.

In 2006, in response to the anticipated costs of expensing stock options under Financial Accounting Standard No. 123(R) ("FAS 123R"), the Compensation Committee discontinued its practice of granting nonstatutory stock options annually.

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In lieu of an annual stock option grant, the Compensation Committee, pursuant to its authority under the 2003 Plan, adopted the Incentive Program, a performance-based incentive plan whereby senior management will earn an incentive award based upon the achievement of predetermined incremental earnings per share goals for the following year. Depending upon the level of earnings per share goal achieved, the award, at the discretion of the Compensation Committee, will equal a percentage of the executive's salary and be delivered in the form of restricted shares of common stock. In addition, the Compensation Committee has established additional guidelines that limit senior management to selling only 25% of the vested restricted shares of common stock for current tax liabilities, until the officer achieves the stock ownership guidelines, as described below.

The award in 2008 was based on a predetermined incremental scale for earnings per share goals that ranged from \$2.26 to \$2.44, with award percentages ranging from 0% to 25%, respectively. In 2008, the Named Executive Officers earned an award of 2.5% of their respective salaries by achieving a one percent increase in earnings per share over the prior year. The restricted shares of common stock were granted by the Compensation Committee on December 15, 2008 and vest equally over a period of four years commencing on January 1, 2010. The number of restricted shares granted is based on the average of the high and low prices of Common Stock during the 30 day period ending on the date of the grant. The numbers of shares awarded to the Named Executive Officers were: Mr. Brice, 305; Mr. Rout, 244; Mr. Hauck, 224; Mr. Antolik, 195; and Mr. Young, 173.

In 2007, the Named Executive Officers earned an award of 25% of their respective salaries by achieving a ten percent increase in earnings per share. The restricted shares of common stock were granted by the Compensation Committee on December 17, 2007 and vest equally over a period of four years commencing on January 1, 2009. The numbers of shares awarded to the Named Executive Officers were: Mr. Miller, 4,007; Mr. Brice, 2,453; Mr. Rout, 2,044; Mr. Hauck, 1,897; Mr. Antolik, 1,635; and Mr. Young, 1,676.

S&T has suspended the Incentive Program for 2009 in response to the challenging economic environment, but intends to resume this program in future years as the economic environment improves, subject to the restrictions on S&T's executive compensation programs resulting from its participation in TARP. (These restrictions are discussed below under the section entitled "American Recovery and Reinvestment Act of 2009".)

Certain Other Benefits

S&T provides other benefits, or perquisites, to the Named Executive Officers that are comparable to the other benefits provided at the Peer Banks viewed as a whole. The Compensation Committee believes that perquisites should be limited in scope and value. The primary perquisites for an executive are the payment of the initiation fees and dues for golf or social memberships at a private club, company contributions to a qualified defined benefit plan and a nonqualified deferred compensation plan, a company car or car allowance and company paid life insurance premiums.

S&T considers a social or country club to be an appropriate venue to entertain customers and to participate in various community functions. S&T pays for senior management to belong to one or more private clubs, since this level of management has significant customer contact and involvement in the community. Expenses of a personal nature or related to a spouse are not paid by S&T.

S&T Bank maintains the Thrift Plan for Employees of S&T Bank (the "Thrift Plan"), which is a qualified defined contribution plan. All employees may participate in the Thrift Plan with elective salary deferrals, or 401(k) contributions. During 2008, S&T Bank made matching contributions equal to 100% of the first 1% of the employees' eligible compensation and 50% of the next 5% of the employees' eligible compensation, up to a maximum of 3.5% of the employees' eligible compensation. S&T considers the matching contributions to the Thrift Plan as an important incentive for employees to contribute toward their own retirement savings. In 2008, S&T made matching contributions to the Thrift Plan for each Named Executive Officer: Mr. Brice, \$7,750; Mr. Rout, \$8,969; Mr. Hauck, \$10,310; Mr. Antolik, \$8,050; and Mr. Young, \$7,175.

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In 2008, S&T Bank also made a year-end profit sharing contribution to the Thrift Plan equal to 3% of the employees' eligible compensation for a total contribution of \$1,063,172. Year-end profit sharing contributions are based on the performance of S&T, compared to earnings per share goals. The earnings per share goals in 2008 ranged from 2% to 8% for targets from \$2.26 to \$2.62, respectively. The compensation taken into account for determining the amount of contributions made on behalf of a participant is subject to qualified plan limits (\$230,000 in 2008). S&T believes that the year-end profit sharing contribution provides an incentive to employees, including executives, with respect to the achievement of corporate earnings goals. In 2008, S&T made a year end profit sharing contribution of \$6,900 to the Thrift Plan for each Named Executive Officer. S&T does not plan to make a year-end profit sharing contribution for 2009 in response to the challenging economic environment.

The Compensation Committee also administers a cash incentive plan for all employees under the level of senior vice president, whereby these employees earn a cash award consistent with the ranges set for the year-end profit sharing contribution. For 2008, this award was 3% of employees' salaries and is payable after a one year vesting period. S&T expects to pay approximately \$884,800 to its employees for this award in January 2010.

S&T Bank established the S&T Bancorp, Inc. Supplemental Savings, Make-Up and Deferred Management Incentive Plan (the Nonqualified Plan) in 1995 in order to provide certain management employees, including executives, the ability to make up for certain benefits that would normally be provided under S&T Bank's qualified plans except for federal tax laws setting annual compensation limits for qualified plans and additional limitations related to highly compensated employees. The Nonqualified Plan was amended for compliance with Section 409A of the Internal Revenue Code of 1986, as amended (the Code), and the regulations and other guidance promulgated thereunder (Section 409A) in December 2008. S&T Bank makes employer contributions to this plan that cannot be made to the qualified plans due to the aforementioned limits. During 2008, S&T contributed to the Nonqualified Plan for Mr. Brice \$8,867; Mr. Rout \$4,474; Mr. Hauck \$1,978; Mr. Antolik, \$2,678; and Mr. Young, \$2,477.

S&T's executives frequently drive vehicles on company business. Therefore, S&T provides either a company car or a car allowance to executives. Executives are responsible for reporting the amount of personal use of company cars to S&T, so that the taxable income from such use can be reported in the executives' compensation. Executives who do not have a company car receive an annual car allowance of \$7,200 that is fully taxable compensation.

Other benefits generally provided to all officers and full-time employees include a qualified defined benefit plan and the S&T Bank Welfare Benefit Plan. The latter has provisions for medical reimbursement, dental coverage, vision care coverage, long-term disability income, a health reimbursement account and life insurance. Relocation benefits also are reimbursed but are individually negotiated when they occur. If S&T hires or initiates a transfer of an employee with special skills and requires a relocation of more than 35 miles, the employee is eligible for reimbursement of the costs of house hunting trips, closing on the sale of the old home and the purchase of the new home, temporary living quarters and moving household goods and furniture. In these circumstances, S&T will also gross up taxable relocation reimbursements for federal taxes.

Stock Ownership Guidelines

The Compensation Committee continues to believe that stock ownership in S&T is important to align shareholder and management interests. On December 17, 2007, the Compensation Committee adopted stock ownership guidelines for certain executives beginning on January 1, 2008. Under the guidelines, Messrs. Brice, Rout, Hauck and Antolik should own Common Stock having a market value equal to at least three times base salary; executive vice presidents, including Mr. Young, should own at least two times base salary; and senior vice presidents at least one times base salary. Currently, the Named Executive Officers do not meet the ownership guidelines, due to the adverse market environment for financial institution stocks, which has also affected the Common Stock. The guidelines do not establish a deadline for compliance with the stock ownership

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requirements; however, as noted earlier, the executives are limited to selling 25% of vested shares of restricted stock until meeting these guidelines.

In addition to stock options and unvested restricted shares, Mr. Brice directly or indirectly owns 56,190 shares of Common Stock.

Employment Agreements

S&T does not provide employment agreements for any of the Named Executive Officers. S&T believes in a policy of at will employment arrangements.

Change in Control

In designing compensation arrangements for senior management, the Compensation Committee understands that the hiring and retention of quality senior management talent could be hindered if S&T offers no protection against the possible loss of compensation or position through a change in control. Further, S&T believes that it is important to reduce the conflict of interest that senior management could experience in a change of control situation. In accordance with its general philosophy that senior management's interests be aligned with shareholders' interests, effective January 1, 2007, S&T entered into change in control agreements with selected officers in senior management, including all the Named Executive Officers. On December 31, 2008, S&T restated these change in control agreements to comply with the requirements of Section 409A. The primary terms and compensation payments contemplated by agreements remain unchanged. The agreements provide for the following:

in the case of the president and chief executive, he will receive a lump sum payment of 300% of his base salary if: (1) his employment is involuntarily terminated without cause within six months preceding a change in control; (2) his employment is involuntarily terminated without cause within three years following a change in control (as defined below); or (3) he voluntarily terminates his employment for good reason (as defined below) within three years following a change in control;

in the case of any other Named Executive Officer, he will receive a lump sum payment of 200% of his base salary if: (1) his employment is involuntarily terminated without cause within six months preceding a change in control; (2) his employment is involuntarily terminated without cause within two years following a change in control (as defined below); or (3) he voluntarily terminates his employment for good reason (as defined below) within two years following a change in control;

The agreements define good reason as the occurrence of any of the following (without the executive's consent) after a change in control:

a material diminution of the executive's duties, authority or responsibility, or any material change in the geographic location at which the executive must perform services (in this case, a material change means any location more than forty (40) land-miles from the location prior to the change in control);

S&T's failure to continue to provide the executive with benefits substantially similar to those enjoyed by the executive under any of S&T's pension, life insurance, medical, health and accident, disability or other welfare plans, but not including any incentive or equity-based compensation plans, in which the executive was participating at the time of the change in control, unless the nature of the change in benefit levels is consistent with changes to benefits levels provided to employees at the same or equivalent level or title as the executive; or the failure by S&T to provide the executive with the number of paid vacation days to which the executive is entitled to on the basis of years of service with S&T in accordance with S&T's normal vacation policy in effect at the time of a change in control;

Any failure by any successor of S&T to adhere to the terms of the agreement;

A reduction of more than ten percent in the executive's annual base salary by S&T;

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An executive may not terminate his or her employment for Good Reason more than six months after the initial existence of the conditions constituting Good Reason.

A change in control is defined in the agreements as the occurrence of any of the following:

Any person, other than a pension, profit-sharing or other employee benefit plan established by S&T or S&T Bank, is or becomes the beneficial owner (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of S&T representing 25% or more of the combined voting power of S&T's then outstanding securities;

During any period of two consecutive years, individuals who at the beginning of such period constitute the S&T Board cease for any reason to constitute at least a majority thereof, unless the election of each director who was not a director at the beginning of such period has been approved in advance by directors representing at least a majority of the directors then in office who were directors at the beginning of the period;

The shareholders of S&T approve a merger or consolidation of S&T with any other corporation, other than a merger or consolidation which would result in the voting securities of S&T outstanding immediately prior thereto continuing to represent at least 50% of the total voting power represented by the voting securities of S&T or the surviving entity outstanding immediately after such merger or consolidation;

The S&T shareholders or the S&T Board or S&T Bank approve a plan of complete liquidation or an agreement for the sale of or disposition of all or substantially all of the S&T's or S&T Bank's assets;

Any person shall have commenced a tender or exchange offer to purchase shares of Common Stock such that upon consummation of such offer such person would own or control 25% or more of the outstanding shares of Common Stock;

Any person shall have filed an application or notice with any federal or state regulatory agency for clearance or approval to (i) merge or consolidate, or enter into any similar transaction, with S&T or S&T Bank, (ii) purchase, lease or otherwise acquire all or substantially all of the assets of S&T or S&T Bank or (iii) purchase or otherwise acquire (including by way of merger, consolidation, share exchange or any similar transaction) securities representing 25% or more of the voting power of S&T or S&T Bank; or

Any other event that constitutes a change in control of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Exchange Act or any successor provision.

The agreements specifically exclude public stock offerings by S&T and convertible debt offerings by S&T from the definition of change in control.

Payments under the agreements will be made no later than ten business days after the date of termination, subject to a six-month delay for compliance with Section 409A, if necessary. (See Tax Considerations described herein). Each agreement provides that if the executive's employment is terminated, without cause, within the three or two years of a change in control, as applicable for that particular executive, he will receive life insurance, health, disability and other welfare benefits substantially similar in all respects to those which the executive was receiving immediately prior to the triggering event. These additional benefits will continue for three years for the president and chief executive officer and for two years for the other Named Executive Officers. Each agreement provides that, in the event any benefit received by a Named Executive in connection with a change in control or in connection with the termination of the Named Executive's employment (whether pursuant to the agreement or any other plan, arrangement or agreement) (collectively, the Total Benefits) would be subject to the excise tax imposed under Section 4999 of the Code (the golden parachute excise tax), then the Total Benefits will be reduced to the extent necessary so that no portion of the Total Benefits is subject

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to such excise tax. The Compensation Committee believes that the agreement provides reasonable protection to the individual members on the senior management team and thereby aligns senior management's interest with S&T's shareholders.

In addition, any change in control payments may be limited under the EESA and the ARRA. See Legislative and Regulatory Considerations described herein.

Tax Considerations

The Compensation Committee believes that it has structured the compensation program to comply with Code Sections 162(m) and 409A. Section 162(m) of the Code generally denies a deduction to any publicly held corporation for compensation paid to its chief executive officer and its four other highest paid executive officers to the extent that any such individual's compensation exceeds \$1 million. Qualified Performance-based compensation (as defined for purposes of Section 162(m)) is not taken into account for purposes of calculating the \$1 million compensation limit, provided certain disclosure, shareholder approval and other requirements are met. The Compensation Committee is monitoring the effects of S&T's compensation programs with regard to Section 162(m). To date, S&T has not suffered a loss of compensation deduction as a result of the \$1 million limitation, and the Compensation Committee intends to take actions to minimize S&T's exposure to nondeductible compensation expense under Section 162(m) of the Code. While keeping this goal in mind, however, the Compensation Committee reserves the right to maintain flexibility with respect to S&T's executive compensation programs, including the awarding of compensation that may not be deductible when it believes that such payments are appropriate and in the best interests of the shareholders.

The EESA added new Section 162(m)(5) to the Code to create a reduced deduction limit of \$500,000 for institutions participating in certain TARP programs. Section 162(m)(5) differs from the general provisions of Section 162(m) described above in several ways, including (but not limited to) counting a covered executive's performance-based compensation and commissions toward the \$500,000 deduction limit. As explained below, S&T received assistance under TARP on January 16, 2009. As a condition of receiving this assistance, S&T has agreed not to take any deduction in excess of the reduced limit under Section 162(m)(5) of the Code. The Compensation Committee is monitoring the effects of S&T's compensation programs under Section 162(m)(5) and may take future action as necessary to minimize S&T's exposure to nondeductible compensation payments under Section 162(m)(5).

Section 409A is a relatively recent provision of the Code. If an executive is entitled to nonqualified deferred compensation benefits that are subject to Section 409A of the Code, and such benefits do not comply with Section 409A of the Code, the executive would be subject to adverse tax treatment, including accelerated income recognition (in the first year that benefits are no longer subject to a substantial risk of forfeiture) and a 20% penalty tax pursuant to Section 409A of the Code. Compensation and benefit arrangements were required to be amended to comply with Section 409A of the Code as of January 1, 2009. S&T adopted Section 409A compliance amendments prior to January 1, 2009 (as required) and will continue to monitor its existing and future plans and arrangements for continued compliance with Section 409A of the Code.

Legislative and Regulatory Considerations

Recent legislation and regulation likely will be a determining factor in the future regarding the compensation of our Named Executive Officers. Consequently, our executive compensation program may undergo significant change and prior actions of the Compensation Committee may not be predictive of future action. One result of the new legislation will be that the Compensation Committee will have less flexibility with future compensation decisions regarding the Named Executive Officers.

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Emergency Economic Stabilization Act of 2008

On January 16, 2009, S&T sold a series of its preferred stock and common stock purchase warrants to the U.S. Treasury under TARP CPP created under the EESA. As a result of this transaction, S&T became subject to certain executive compensation requirements under TARP CPP, the EESA, and U.S. Treasury regulations. Those requirements apply to S&T's Named Executive Officers: Messrs. Brice, Rout, Hauck, Antolik and Young (collectively, the SEOs). Those requirements are:

a prohibition on providing incentive compensation arrangements that encourage SEOs to take unnecessary and excessive risks;

the Compensation Committee must review SEO incentive compensation arrangements with senior risk officers to ensure that SEOs are not encouraged to take such risks and must meet annually with senior risk officers to discuss and review the relationship between risk management policies and practices and the SEO incentive compensation arrangements;

recovery of any bonus or incentive compensation paid to an SEO where the payment was later found to have been based on statements of earnings, gains, or other criteria which prove to be materially inaccurate;

limits on the amounts that can be paid under change in control and similar agreements which provide payments upon separation of service; and

limits on S&T's tax deduction for compensation paid to any SEO of \$500,000 annually.

American Recovery and Reinvestment Act of 2009

On February 17, 2009, the President of the United States signed into law the ARRA. The ARRA provides for new restrictions on executive compensation for participants in the TARP CPP. The ARRA amends the executive compensation and corporate governance provisions of EESA.

Key features of the ARRA are:

A prohibition of the payment of any bonus, retention award, or incentive compensation to Named Executive Officers for as long as any TARP CPP related obligations are outstanding.

Long-term restricted stock is excluded from ARRA's bonus prohibition, but only to the extent the value of the stock does not exceed one-third of the total amount of annual compensation of the employee receiving the stock, the stock does not fully vest until after all TARP CPP obligations have been satisfied, and any other conditions which the Treasury may specify have been met.

Prohibition on any payment to any SEO or any of the next five most highly-compensated employees upon termination of employment for any reason for as long as any TARP CPP obligations remain outstanding.

Recovery of any bonus or other incentive payment made on the basis of materially inaccurate financial or other performance criteria that is paid to the next 20 most highly compensated employees in addition to the SEOs.

Prohibition on compensation plans that encourage earnings manipulation.

A requirement that the chief executive officer and chief financial officer provide a written certification in S&T's annual filings with the SEC of compliance with the executive compensation restrictions under ARRA.

Implementation of a company-wide policy regarding excessive or luxury expenditures.

The U.S. Treasury will review bonuses, retention awards, and other compensation paid to the CEOs and the next 20 most highly-compensated employees of each company receiving TARP CPP assistance before ARRA was enacted, and to seek to negotiate with the TARP CPP recipient and affected employees for reimbursement if it finds any such payments were inconsistent with the TARP CPP or otherwise in conflict with the public interest.

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ARRA requires both the U.S. Treasury and the SEC to issue rules to implement these new executive compensation restrictions. As a result, until U.S. Treasury and the SEC publish their new rules, many aspects of the above restrictions will not be clear.

After the U.S. Treasury and the SEC publish these rules, the Compensation Committee will consider these new limits on executive compensation and determine how they impact S&T's executive compensation program.

Letter Agreements with SEOs

The SEOs have agreed in writing to restrictions on their compensation resulting from S&T's participation in the TARP CPP. These amendments, among other things: (1) prohibit S&T from paying any excess parachute payments within the meaning of Section 280G(b) of the Code during any CPP covered period beyond the amount allowed under the EESA; (2) subjects any bonus and incentive compensation paid during a CPP covered period to recovery or clawback if the payments were based on materially inaccurate financial statements or any other materially inaccurate performance metric criteria (as noted above); and (3) noted that each compensation, bonus, incentive, change-in-control and other benefit plan is amended to the extent necessary to give effect to provisions (1) and (2).

COMPENSATION COMMITTEE REPORT

We, the Compensation Committee of the Board of Directors of S&T Bancorp, Inc. (S&T), have reviewed and discussed the Compensation Discussion and Analysis included in this Proxy Statement with S&T's management, and, based on such review and discussion, have recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement and S&T's Annual Report on Form 10-K for the year ended December 31, 2008.

Compensation Committee:

Alan Papernick (Chairman);

John Delaney;

Michael Donnelly;

Joseph Kirk;

Robert Rebich, Jr.; and

Charles Spadafora

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EXECUTIVE COMPENSATION

The following table provides information concerning remuneration of the Chief Executive Officer, the Chief Financial Officer and the three other most highly compensated Executive Officers of S&T (collectively, the Named Executive Officers) during 2008. S&T has not entered into any employment agreements with any of the Named Executive Officers.

Summary Compensation Table for Fiscal Year 2008

Salary (\$)	Bonus (\$) ⁽¹⁾	Compen (\$)	Non-E Incer Pla (\$)
178,004	\$ 0	\$ 0	
490,000	\$ 171,500	\$	
470,000	\$ 0	\$ 30,	
375,000	\$ 10,933	\$	
300,000	\$ 105,000	\$	
285,000	\$ 0	\$ 25,	
296,538	\$ 56,873	\$	
250,000	\$ 87,500	\$	
235,000	\$ 0	\$ 22,	
275,000	\$ 52,134	\$	
232,000	\$ 79,250	\$	
223,000	\$ 0	\$ 22,	
240,000	\$ 45,499	\$	
196,500	\$ 66,500	\$	
185,000	\$ 510	\$ 20,	

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Examples and table highlight the impact of the Daily Investor Fee and compounding on the payment at maturity under different scenarios. Many other factors will affect the value of the notes, and these figures are provided for illustration only. These hypothetical figures should not be taken as an indication or a prediction of future Index performance or investment results and are intended to illustrate possible returns on the notes. Because the Indicative Note Value takes into account the net effect of the Daily Investor Fee, the change of the value of the note, and the performance of the Index, the Indicative Note Value is dependent on the path taken by the Index at its ending level. The figures in these examples and table have been rounded for convenience. Any payment on the notes that you may receive is subject to the credit risk of the Bank of Montreal.

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Example 1: The Index level alternatively decreases and increases by a constant 3.00% per day.

Assumptions

Fee Rate	0.95% per annum
Daily Deposit Factor	2
Daily Interest Rate	-1.00%
Principal Amount	\$50.00
Initial Index Level	100
Note Return	-1.16%
Cumulative Index Return	-0.99%

Daily Index Performance	Index Performance Factor	Daily Investor Fee	Fee Accrual	Daily Interest	Deposit Amount	Short Index Amount	Indicative Note Value	Note Return
C	D	E	F	G	H	I	J	K
	Current Index Level / Previous Index Level	Previous Indicative Note Value * Fee Rate/365	Total of E	Previous Indicative Note Value * Daily Deposit Factor * Daily Interest Rate/365	(Previous Indicative Note Value * Daily Deposit Factor) + G - E	(Previous Indicative Note Value * D)	H - I	(Current Indicative Note Value - Previous Indicative Note Value) / Previous Indicative Note Value
					\$100.00	\$50.00	\$50.00	0.00%
-3.0%	0.97	\$0.0013	\$0.0013	-\$0.0027	\$100.00	\$48.50	\$51.50	2.99%
3.0%	1.03	\$0.0013	\$0.0026	-\$0.0028	\$102.99	\$53.04	\$49.95	-3.01%
-3.0%	0.97	\$0.0013	\$0.0039	-\$0.0027	\$99.89	\$48.45	\$51.44	2.99%
3.0%	1.03	\$0.0013	\$0.0053	-\$0.0028	\$102.88	\$52.98	\$49.89	-3.01%
-3.0%	0.97	\$0.0013	\$0.0066	-\$0.0027	\$99.78	\$48.40	\$51.39	2.99%
3.0%	1.03	\$0.0013	\$0.0079	-\$0.0028	\$102.77	\$52.93	\$49.84	-3.01%
-3.0%	0.97	\$0.0013	\$0.0092	-\$0.0027	\$99.68	\$48.35	\$51.33	2.99%
3.0%	1.03	\$0.0013	\$0.0105	-\$0.0028	\$102.66	\$52.87	\$49.79	-3.01%
-3.0%	0.97	\$0.0013	\$0.0118	-\$0.0027	\$99.57	\$48.29	\$51.28	2.99%
3.0%	1.03	\$0.0013	\$0.0132	-\$0.0028	\$102.55	\$52.82	\$49.74	-3.01%
-3.0%	0.97	\$0.0013	\$0.0145	-\$0.0027	\$99.47	\$48.24	\$51.22	2.99%
3.0%	1.03	\$0.0013	\$0.0158	-\$0.0028	\$102.44	\$52.76	\$49.68	-3.01%
-3.0%	0.97	\$0.0013	\$0.0171	-\$0.0027	\$99.36	\$48.19	\$51.17	2.99%
3.0%	1.03	\$0.0013	\$0.0184	-\$0.0028	\$102.33	\$52.70	\$49.63	-3.01%

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-3.0%	0.97	\$0.0013	\$0.0197	-\$0.0027	\$99.26	\$48.14	\$51.11	2.99%
3.0%	1.03	\$0.0013	\$0.0211	-\$0.0028	\$102.22	\$52.65	\$49.58	-3.01%
-3.0%	0.97	\$0.0013	\$0.0223	-\$0.0027	\$99.15	\$48.09	\$51.06	2.99%
3.0%	1.03	\$0.0013	\$0.0237	-\$0.0028	\$102.12	\$52.59	\$49.52	-3.01%
-3.0%	0.97	\$0.0013	\$0.0250	-\$0.0027	\$99.04	\$48.04	\$51.01	2.99%
3.0%	1.03	\$0.0013	\$0.0263	-\$0.0028	\$102.01	\$52.54	\$49.47	-3.01%
-3.0%	0.97	\$0.0013	\$0.0276	-\$0.0027	\$98.94	\$47.99	\$50.95	2.99%
3.0%	1.03	\$0.0013	\$0.0289	-\$0.0028	\$101.90	\$52.48	\$49.42	-3.01%

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Example 2: The Index level increases by a constant 3.00% per day.

Assumptions

Fee Rate	0.95% per annum
Daily Deposit Factor	2
Daily Interest Rate	-1.00%
Principal Amount	\$50.00
Initial Index Level	100
Note Return	-48.93%
Cumulative Index Return	91.61%

Daily Index Performance	Index Performance Factor	Daily Investor Fee	Fee Accrual	Daily Interest	Deposit Amount	Short Index Amount	Indicative Note Value	Note Return
C	D	E	F	G	H	I	J	K
				Previous Indicative Note Value * Daily Deposit Factor * Daily Interest Rate/365	(Previous Indicative Note Value * Daily Deposit Factor) + G - E	(Previous Indicative Note Value * D)	H - I	(Current Indicative Note Value - Previous Indicative Note Value)/ Previous Indicative Note Value
					\$100.00	\$50.00	\$50.00	0.00%
3.0%	1.03	\$0.0013	\$0.0013	-\$0.0027	\$100.00	\$51.50	\$48.50	-3.01%
3.0%	1.03	\$0.0013	\$0.0026	-\$0.0027	\$96.99	\$49.95	\$47.04	-3.01%
3.0%	1.03	\$0.0012	\$0.0038	-\$0.0026	\$94.07	\$48.45	\$45.62	-3.01%
3.0%	1.03	\$0.0012	\$0.0050	-\$0.0025	\$91.24	\$46.99	\$44.25	-3.01%
3.0%	1.03	\$0.0012	\$0.0061	-\$0.0024	\$88.50	\$45.58	\$42.92	-3.01%
3.0%	1.03	\$0.0011	\$0.0072	-\$0.0024	\$85.83	\$44.21	\$41.63	-3.01%
3.0%	1.03	\$0.0011	\$0.0083	-\$0.0023	\$83.25	\$42.88	\$40.38	-3.01%
3.0%	1.03	\$0.0011	\$0.0094	-\$0.0022	\$80.75	\$41.59	\$39.16	-3.01%
3.0%	1.03	\$0.0010	\$0.0104	-\$0.0021	\$78.32	\$40.34	\$37.98	-3.01%
3.0%	1.03	\$0.0010	\$0.0114	-\$0.0021	\$75.96	\$39.12	\$36.84	-3.01%
3.0%	1.03	\$0.0010	\$0.0123	-\$0.0020	\$73.68	\$37.95	\$35.73	-3.01%
3.0%	1.03	\$0.0009	\$0.0133	-\$0.0020	\$71.46	\$36.80	\$34.66	-3.01%
3.0%	1.03	\$0.0009	\$0.0142	-\$0.0019	\$69.31	\$35.70	\$33.61	-3.01%
3.0%	1.03	\$0.0009	\$0.0151	-\$0.0018	\$67.23	\$34.62	\$32.60	-3.01%

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3.0%	1.03	\$0.0008	\$0.0159	-\$0.0018	\$65.20	\$33.58	\$31.62	-3.01%
3.0%	1.03	\$0.0008	\$0.0167	-\$0.0017	\$63.24	\$32.57	\$30.67	-3.01%
3.0%	1.03	\$0.0008	\$0.0175	-\$0.0017	\$61.34	\$31.59	\$29.75	-3.01%
3.0%	1.03	\$0.0008	\$0.0183	-\$0.0016	\$59.50	\$30.64	\$28.85	-3.01%
3.0%	1.03	\$0.0008	\$0.0190	-\$0.0016	\$57.71	\$29.72	\$27.99	-3.01%
3.0%	1.03	\$0.0007	\$0.0198	-\$0.0015	\$55.97	\$28.83	\$27.14	-3.01%
3.0%	1.03	\$0.0007	\$0.0205	-\$0.0015	\$54.29	\$27.96	\$26.33	-3.01%
3.0%	1.03	\$0.0007	\$0.0212	-\$0.0014	\$52.65	\$27.12	\$25.54	-3.01%

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Example 3: The Index level decreases by a constant 1.00% per day.

Assumptions

Fee Rate	0.95% per annum
Daily Deposit Factor	2
Daily Interest Rate	-1.00%
Principal Amount	\$50.00
Initial Index Level	100
Note Return	24.25%
Cumulative Index Return	-19.84%

Daily Index Performance	Index Performance Factor	Daily Investor Fee	Fee Accrual	Daily Interest	Deposit Amount	Short Index Amount	Indicative Note Value	Note Return
C	D	E	F	G	H	I	J	K
	Current Index Level / Previous Index Level	Previous Indicative Note Value * Fee Rate/365	Total of E	Previous Indicative Note Value * Daily Deposit Factor * Daily Interest Rate/365	(Previous Indicative Note Value * Daily Deposit Factor) + G - E	(Previous Indicative Note Value * D)	H - I	(Current Indicative Note Value - Previous Indicative Note Value) / Previous Indicative Note Value
					\$100.00	\$50.00	\$50.00	0.00%
-1.0%	0.99	\$0.0013	\$0.0013	-\$0.0027	\$100.00	\$49.50	\$50.50	0.99%
-1.0%	0.99	\$0.0013	\$0.0026	-\$0.0028	\$100.99	\$49.99	\$51.00	0.99%
-1.0%	0.99	\$0.0013	\$0.0039	-\$0.0028	\$101.99	\$50.49	\$51.50	0.99%
-1.0%	0.99	\$0.0013	\$0.0053	-\$0.0028	\$103.00	\$50.99	\$52.01	0.99%
-1.0%	0.99	\$0.0014	\$0.0066	-\$0.0029	\$104.02	\$51.49	\$52.53	0.99%
-1.0%	0.99	\$0.0014	\$0.0080	-\$0.0029	\$105.05	\$52.00	\$53.05	0.99%
-1.0%	0.99	\$0.0014	\$0.0094	-\$0.0029	\$106.10	\$52.52	\$53.58	0.99%
-1.0%	0.99	\$0.0014	\$0.0108	-\$0.0029	\$107.15	\$53.04	\$54.11	0.99%
-1.0%	0.99	\$0.0014	\$0.0122	-\$0.0030	\$108.21	\$53.57	\$54.64	0.99%
-1.0%	0.99	\$0.0014	\$0.0136	-\$0.0030	\$109.29	\$54.10	\$55.19	0.99%
-1.0%	0.99	\$0.0014	\$0.0150	-\$0.0030	\$110.37	\$54.64	\$55.73	0.99%
-1.0%	0.99	\$0.0015	\$0.0165	-\$0.0031	\$111.46	\$55.18	\$56.29	0.99%
-1.0%	0.99	\$0.0015	\$0.0180	-\$0.0031	\$112.57	\$55.72	\$56.85	0.99%
-1.0%	0.99	\$0.0015	\$0.0194	-\$0.0031	\$113.69	\$56.28	\$57.41	0.99%
-1.0%	0.99	\$0.0015	\$0.0209	-\$0.0031	\$114.81	\$56.84	\$57.98	0.99%
-1.0%	0.99	\$0.0015	\$0.0224	-\$0.0032	\$115.95	\$57.40	\$58.55	0.99%

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-1.0%	0.99	\$0.0015	\$0.0240	-\$0.0032	\$117.10	\$57.97	\$59.13	0.99%
-1.0%	0.99	\$0.0015	\$0.0255	-\$0.0032	\$118.26	\$58.54	\$59.72	0.99%
-1.0%	0.99	\$0.0016	\$0.0271	-\$0.0033	\$119.44	\$59.12	\$60.31	0.99%
-1.0%	0.99	\$0.0016	\$0.0286	-\$0.0033	\$120.62	\$59.71	\$60.91	0.99%
-1.0%	0.99	\$0.0016	\$0.0302	-\$0.0033	\$121.82	\$60.30	\$61.52	0.99%
-1.0%	0.99	\$0.0016	\$0.0318	-\$0.0034	\$123.03	\$60.90	\$62.13	0.99%

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Example 4: The Index level decreases in a volatile manner.

Assumptions

Fee Rate	0.95% per annum
Daily Deposit Factor	2
Daily Interest Rate	-1.00%
Principal Amount	\$50.00
Initial Index Level	100
Note Return	-8.87%
Cumulative Index Return	-19.63%

Daily Index Performance	Index Performance Factor	Daily Investor Fee	Fee Accrual	Daily Interest	Deposit Amount	Short Index Amount	Indicative Note Value	Indicative Note Return
	D	E	F	G	H	I	J	K
	Current Index Level / Previous Index Level	Previous Indicative Note Value * Fee Rate/365	Total of E	Previous Indicative Note Value * Daily Deposit Factor * Daily Interest Rate/365	(Previous Indicative Note Value * Daily Deposit Factor) + G - E	(Previous Indicative Note Value * D)	H - I	(Current Indicative Note Value - Previous Indicative Note Value) / Previous Indicative Note Value
1.0%	0.89	\$0.0013	\$0.0013	-\$0.0027	\$100.00	\$50.00	\$50.00	0.00%
0%	1.04	\$0.0014	\$0.0027	-\$0.0030	\$110.99	\$57.72	\$53.27	-4.01%
0%	1.03	\$0.0014	\$0.0041	-\$0.0029	\$106.54	\$54.87	\$51.67	-3.01%
0%	1.09	\$0.0013	\$0.0055	-\$0.0028	\$103.33	\$56.32	\$47.01	-9.01%
0%	1.05	\$0.0012	\$0.0067	-\$0.0026	\$94.03	\$49.37	\$44.66	-5.01%
0%	1.11	\$0.0012	\$0.0079	-\$0.0024	\$89.32	\$49.57	\$39.74	-11.01%
0%	1.06	\$0.0010	\$0.0089	-\$0.0022	\$79.48	\$42.13	\$37.36	-6.01%
0%	1.05	\$0.0010	\$0.0099	-\$0.0020	\$74.71	\$39.22	\$35.49	-5.01%
0%	1.20	\$0.0009	\$0.0108	-\$0.0019	\$70.97	\$42.58	\$28.39	-20.01%
1.0%	0.79	\$0.0007	\$0.0115	-\$0.0016	\$56.77	\$22.42	\$34.34	20.99%
0%	0.96	\$0.0009	\$0.0124	-\$0.0019	\$68.69	\$32.97	\$35.72	3.99%
0%	1.07	\$0.0009	\$0.0134	-\$0.0020	\$71.43	\$38.22	\$33.21	-7.01%
0%	1.18	\$0.0009	\$0.0142	-\$0.0018	\$66.42	\$39.19	\$27.23	-18.01%
0%	1.07	\$0.0007	\$0.0149	-\$0.0015	\$54.46	\$29.14	\$25.32	-7.01%
0%	0.96	\$0.0007	\$0.0156	-\$0.0014	\$50.64	\$24.31	\$26.33	3.99%
4.0%	0.76	\$0.0007	\$0.0163	-\$0.0014	\$52.67	\$20.01	\$32.65	23.99%

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2.0%	0.88	\$0.0008	\$0.0171	-\$0.0018	\$65.30	\$28.73	\$36.57	11.99%
3.0%	0.87	\$0.0010	\$0.0181	-\$0.0020	\$73.13	\$31.81	\$41.32	12.99%
1.0%	0.89	\$0.0011	\$0.0192	-\$0.0023	\$82.63	\$36.77	\$45.86	10.99%
0%	0.93	\$0.0012	\$0.0203	-\$0.0025	\$91.72	\$42.65	\$49.07	6.99%
0%	0.92	\$0.0013	\$0.0216	-\$0.0027	\$98.13	\$45.14	\$52.99	7.99%
0%	1.14	\$0.0014	\$0.0230	-\$0.0029	\$105.97	\$60.41	\$45.56	-14.01%

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Example 5: The Index level increases and decreases in a volatile manner, ending at the same level.

Assumptions

Fee Rate	0.95% per annum
Daily Deposit Factor	2
Daily Interest Rate	-1.00%
Principal Amount	\$50.00
Initial Index Level	100
Note Return	-7.70%
Cumulative Index Return	-0.02%

Daily Index Performance	Index Performance Factor D	Daily Investor Fee E	Fee Accrual F	Daily Interest G	Deposit Amount H	Short Index Amount I	Indicative Note Value J	Note Return K
	Current Index Level / Previous Index Level	Previous Indicative Note Value * Fee Rate/365	Total of E	Previous Indicative Note Value * Daily Deposit Factor * Daily Interest Rate/365	(Previous Indicative Note Value * Daily Deposit Factor) + G - E	(Previous Indicative Note Value * D)	H - I	(Current Indicative Note Value - Previous Indicative Note Value) / Previous Indicative Note Value
					\$100.00	\$50.00	\$50.00	0.00%
1.02%	1.02	\$0.0013	\$0.0013	-\$0.0027	\$100.00	\$51.00	\$49.00	-2.01%
1.03%	1.03	\$0.0013	\$0.0026	-\$0.0027	\$97.99	\$50.47	\$47.52	-3.01%
1.04%	1.04	\$0.0012	\$0.0038	-\$0.0026	\$95.04	\$49.42	\$45.62	-4.01%
0.90%	0.90	\$0.0012	\$0.0050	-\$0.0025	\$91.23	\$41.06	\$50.18	9.99%
1.02%	1.02	\$0.0013	\$0.0063	-\$0.0027	\$100.35	\$51.18	\$49.17	-2.01%
1.03%	1.03	\$0.0013	\$0.0076	-\$0.0027	\$98.33	\$50.64	\$47.69	-3.01%
0.90%	0.90	\$0.0012	\$0.0088	-\$0.0026	\$95.37	\$42.92	\$52.45	9.99%
1.02%	1.02	\$0.0014	\$0.0102	-\$0.0029	\$104.90	\$53.50	\$51.40	-2.01%
1.02%	1.02	\$0.0013	\$0.0115	-\$0.0028	\$102.80	\$52.43	\$50.37	-2.01%
0.90%	0.90	\$0.0013	\$0.0128	-\$0.0028	\$100.73	\$45.33	\$55.40	9.99%
1.02%	1.02	\$0.0014	\$0.0143	-\$0.0030	\$110.80	\$56.51	\$54.29	-2.01%
1.02%	1.02	\$0.0014	\$0.0157	-\$0.0030	\$108.57	\$55.37	\$53.20	-2.01%
0.90%	0.90	\$0.0014	\$0.0171	-\$0.0029	\$106.39	\$47.88	\$58.51	9.99%
1.02%	1.02	\$0.0015	\$0.0186	-\$0.0032	\$117.02	\$59.68	\$57.34	-2.01%
1.02%	1.02	\$0.0015	\$0.0201	-\$0.0031	\$114.67	\$58.49	\$56.19	-2.01%
0.90%	0.90	\$0.0015	\$0.0216	-\$0.0031	\$112.37	\$50.57	\$61.80	9.99%

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%	1.02	\$0.0016	\$0.0232	-\$0.0034	\$123.60	\$63.04	\$60.56	-2.01%
%	1.02	\$0.0016	\$0.0247	-\$0.0033	\$121.12	\$61.77	\$59.34	-2.01%
%	1.02	\$0.0015	\$0.0263	-\$0.0033	\$118.68	\$60.53	\$58.15	-2.01%
0%	1.10	\$0.0015	\$0.0278	-\$0.0032	\$116.30	\$63.97	\$52.33	-10.01%
%	1.02	\$0.0014	\$0.0292	-\$0.0029	\$104.66	\$53.38	\$51.28	-2.01%
0%	1.10	\$0.0013	\$0.0305	-\$0.0028	\$102.56	\$56.41	\$46.15	-10.01%

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Return on the notes over one year of Index performance, without giving effect to the Daily Investor Fee and the Daily Interest and assuming a constant drift and volatility over time.

Volatility

	10%	15%	20%	25%	30%	35%	40%	45%	50%	55%	60%	65%	70%
296.02%	291.10%	284.32%	275.77%	265.57%	253.88%	240.86%	226.67%	211.52%	195.59%	179.07%	162.16%	145.05%	
230.02%	225.92%	220.26%	213.14%	204.64%	194.90%	184.05%	172.23%	159.60%	146.32%	132.56%	118.47%	104.21%	
182.87%	179.36%	174.51%	168.40%	161.12%	152.77%	143.47%	133.34%	122.51%	111.13%	99.34%	87.26%	75.04%	
147.51%	144.44%	140.20%	134.85%	128.48%	121.18%	113.04%	104.17%	94.70%	84.74%	74.42%	63.85%	53.16%	
120.01%	117.28%	113.51%	108.76%	103.10%	96.60%	89.37%	81.49%	73.07%	64.22%	55.04%	45.65%	36.14%	
98.01%	95.55%	92.16%	87.88%	82.79%	76.94%	70.43%	63.34%	55.76%	47.79%	39.54%	31.08%	22.53%	
80.01%	77.77%	74.69%	70.80%	66.17%	60.86%	54.94%	48.49%	41.60%	34.36%	26.85%	19.16%	11.39%	
65.01%	62.96%	60.13%	56.57%	52.32%	47.45%	42.02%	36.11%	29.80%	23.16%	16.28%	9.23%	2.10%	
52.32%	50.42%	47.81%	44.53%	40.60%	36.11%	31.10%	25.64%	19.82%	13.69%	7.33%	0.83%	-5.75%	
41.44%	39.68%	37.26%	34.20%	30.56%	26.39%	21.73%	16.67%	11.26%	5.57%	-0.33%	-6.37%	-12.48%	
32.01%	30.37%	28.11%	25.26%	21.86%	17.96%	13.62%	8.89%	3.84%	-1.47%	-6.98%	-12.61%	-18.32%	
23.76%	22.22%	20.10%	17.43%	14.24%	10.59%	6.52%	2.09%	-2.65%	-7.63%	-12.79%	-18.07%	-23.42%	
16.48%	15.03%	13.03%	10.52%	7.52%	4.08%	0.25%	-3.92%	-8.38%	-13.06%	-17.92%	-22.89%	-27.93%	
10.01%	8.64%	6.75%	4.38%	1.55%	-1.70%	-5.32%	-9.26%	-13.47%	-17.89%	-22.48%	-27.18%	-31.93%	
4.22%	2.92%	1.14%	-1.11%	-3.80%	-6.87%	-10.30%	-14.03%	-18.02%	-22.21%	-26.56%	-31.01%	-35.51%	
-1.00%	-2.22%	-3.92%	-6.06%	-8.61%	-11.53%	-14.79%	-18.33%	-22.12%	-26.10%	-30.23%	-34.46%	-38.74%	
-5.71%	-6.88%	-8.50%	-10.53%	-12.96%	-15.74%	-18.84%	-22.22%	-25.83%	-29.62%	-33.55%	-37.58%	-41.65%	
-10.00%	-11.11%	-12.66%	-14.60%	-16.92%	-19.57%	-22.53%	-25.76%	-29.20%	-32.82%	-36.57%	-40.42%	-44.31%	
-13.91%	-14.98%	-16.45%	-18.31%	-20.53%	-23.07%	-25.90%	-28.98%	-32.28%	-35.74%	-39.33%	-43.01%	-46.73%	
-17.50%	-18.52%	-19.93%	-21.72%	-23.84%	-26.27%	-28.99%	-31.94%	-35.10%	-38.42%	-41.86%	-45.38%	-48.95%	
-20.80%	-21.78%	-23.14%	-24.85%	-26.89%	-29.22%	-31.83%	-34.67%	-37.70%	-40.88%	-44.19%	-47.57%	-50.99%	
-23.84%	-24.79%	-26.09%	-27.74%	-29.70%	-31.95%	-34.45%	-37.18%	-40.09%	-43.16%	-46.33%	-49.58%	-52.87%	
-26.66%	-27.57%	-28.83%	-30.41%	-32.30%	-34.47%	-36.88%	-39.50%	-42.31%	-45.26%	-48.32%	-51.45%	-54.62%	
-29.28%	-30.16%	-31.37%	-32.90%	-34.72%	-36.81%	-39.13%	-41.67%	-44.37%	-47.22%	-50.17%	-53.19%	-56.24%	
-31.72%	-32.57%	-33.74%	-35.21%	-36.97%	-38.99%	-41.23%	-43.68%	-46.29%	-49.04%	-51.88%	-54.80%	-57.75%	
-34.00%	-34.82%	-35.95%	-37.37%	-39.07%	-41.02%	-43.19%	-45.55%	-48.08%	-50.74%	-53.49%	-56.31%	-59.16%	
-36.13%	-36.92%	-38.01%	-39.39%	-41.04%	-42.92%	-45.02%	-47.31%	-49.75%	-52.32%	-54.99%	-57.72%	-60.48%	
-38.12%	-38.89%	-39.95%	-41.29%	-42.88%	-44.71%	-46.74%	-48.96%	-51.32%	-53.81%	-56.40%	-59.04%	-61.71%	
-40.00%	-40.74%	-41.77%	-43.07%	-44.61%	-46.38%	-48.35%	-50.50%	-52.80%	-55.21%	-57.72%	-60.28%	-62.87%	
-41.76%	-42.49%	-43.48%	-44.74%	-46.24%	-47.96%	-49.87%	-51.96%	-54.19%	-56.53%	-58.96%	-61.45%	-63.96%	
-43.43%	-44.13%	-45.10%	-46.32%	-47.78%	-49.45%	-51.31%	-53.33%	-55.50%	-57.77%	-60.13%	-62.55%	-64.99%	

t those scenarios where the notes will be equal to or outperform (i.e., return more than) the index performance; conversely areas not shaded represent those scenarios where the notes will underperform (i.e., return less than) the index performance.

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Hypothetical Examples

actual Index level on any Index Business Day or the market value of the notes, nor can we predict the relationship between market value of your notes at any time prior to the Maturity Date. The actual amount that a holder of the notes will receive on early redemption, as the case may be, and the rate of return on the notes will depend on the actual Index Closing Levels on the notes and during the Final Measurement Period or Call Measurement Period, or on a Redemption Measurement Date, the actual Index volatility and any Redemption Fee Amount. Moreover, the assumptions on which the hypothetical returns are based are hypothetical. Consequently, the amount, in cash, to be paid in respect of your notes, if any, on the Maturity Date, Call Settlement Date or the relevant Redemption Date, as applicable, may be very different from the information reflected in the tables above.

Examples and table are not indicative of the future performance of the Index on any Index Business Day, the Index on the Final Measurement Period or Call Measurement Period, or on a Redemption Measurement Date, or what the actual returns may be. Fluctuations in the hypothetical examples may be greater or less than fluctuations experienced by the holders of the notes. Information shown above is for illustrative purposes only and does not represent the actual future performance of the notes.

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SPECIFIC TERMS OF THE NOTES

s to “holders” mean those who own the notes registered in their own names, on the books that we or the trustee maintains for those who own beneficial interests in the notes registered in street name or in the notes issued in book-entry form through a depository. Owners of beneficial interests in the notes should read the section entitled “Description of Debt Securities We May Offer — Legal Ownership and Book-Entry Issuance” in the accompanying prospectus.

of a series of debt securities entitled “Senior Medium-Term Notes, Series E” that we may issue from time to time under the terms particularly described in the accompanying prospectus supplement. This pricing supplement summarizes specific financial and other terms of the notes. Terms that apply generally to all Senior Medium-Term Notes, Series E are described in “Description of the Notes” in the accompanying prospectus supplement and “Description of Debt Securities We May Offer” in the accompanying prospectus. The terms described in this pricing supplement those described in the accompanying prospectus supplement and prospectus and, if the terms described here are inconsistent with those described there, the terms described here are controlling.

our senior indenture dated as of January 25, 2010 between us and Wells Fargo Bank, National Association, as trustee, as amended and supplemented to date.

Information about the price to the public and the net proceeds to us on the front cover of this prospectus supplement relates only to the initial sale of the notes. If you have purchased the notes in a secondary market transaction after the initial sale, information about the price and date of sale to you will be provided in a separate confirmation of sale.

We may, at any time and from time to time, purchase outstanding notes in the open market, by private agreement or in other transactions.

Cash Settlement Amount at Maturity

The Maturity Date will be March 25, 2039, which is scheduled to be the third Business Day following the last Index Business Day in the Final Maturity Period, unless that day is not a Business Day, in which case the Maturity Date will be the following Business Day, subject to adjustment as described below under “Maturity Events.” The Maturity Date may be extended at our option for up to two additional five-year periods. We may only extend the Maturity Date for five years at a time. If we exercise our option to extend the maturity, we will notify DTC and the trustee at least 45 but not more than 60 calendar days prior to the then scheduled Maturity Date. We will provide that notice to DTC and the trustee in respect of each five-year extension of the scheduled Maturity Date.

lier called or redeemed, you will receive at maturity a cash payment equal to the arithmetic mean of the closing Indicative Index Business Day in the Final Measurement Period. We refer to this cash payment as the “Cash Settlement Amount.” This amount will not be less than zero.

te, the Indicative Note Value of each note will equal the Principal Amount of \$50. On any subsequent Exchange Business Day, call or redemption of the notes, the closing Indicative Note Value will equal (a) the Deposit Amount on such Exchange Business Day or (b) the Short Index Amount on such Exchange Business Day; provided that if such calculation results in a value equal to or less than \$0, the Indicative Note Value will be \$0. If the closing Indicative Note Value of the notes is \$0 on any Exchange Business Day or if the Indicative Note Value at any time during an Exchange Business Day is equal to or less than \$0, then the Indicative Note Value of the notes on all future Exchange Business Days will be \$0 and the Cash Settlement Amount will be zero.

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te, the Deposit Amount will equal the principal amount *plus* the Short Index Amount on the Initial Trade Date, which sum subsequent Exchange Business Day until maturity, call or redemption of the notes, the Deposit Amount will equal (a) the Value on the immediately preceding Exchange Business Day *times* the Daily Deposit Factor *plus* (b) the Daily Interest on such Exchange Business Day *minus* (c) the Daily Investor Fee on such Exchange Business Day.

e, the Short Index Amount will equal the principal amount, which equals \$50. On any subsequent Exchange Business Day or redemption of the notes, the Short Index Amount will equal the product of (a) the closing Indicative Note Value on the immediately preceding Exchange Business Day *times* (b) the Index Performance Factor on such Exchange Business Day.

The Daily Deposit Factor is 2.

, the Index Performance Factor will be 1. On any subsequent Exchange Business Day until maturity, call or redemption of Performance Factor will equal (a) the Index Closing Level on such Exchange Business Day (or, if such day is not an Index the Index Closing Level on the immediately preceding Index Business Day) *divided by* (b) the Index Closing Level on the Index Business Day, as determined by the Calculation Agent. If a Market Disruption Event occurs or is continuing on any e Calculation Agent will determine the Index Performance Factor for the notes on each such Index Business Day using an level of the Index for each such Index Business Day taking into account the nature and duration of such Market Disruption Market Disruption Event occurs and is continuing with respect to the notes on any Index Business Day or occurred or was e immediately preceding Index Business Day, the calculation of the Index Performance Factor will be modified so that the s not reset until the first Index Business Day on which no Market Disruption Event with respect to the notes is continuing.

Market Disruption Event with respect to the notes occurs or is continuing on any Index Business Day (for purposes of this 'determination') or if a Market Disruption Event with respect to the notes occurred or was continuing on the Index Business ling the date of determination, then the Index Performance Factor for the notes on the date of determination will equal one the difference of (i) the closing level of the Index on the date of determination, minus (ii) the closing level of the Index on Day immediately preceding the date of determination, divided by (b) the difference of (i) the product of the Daily Deposit level of the Index on the Index Business Day on which no Market Disruption Event occurred or was continuing that most te of determination, minus (ii) the closing level of the Index on the Index Business Day immediately preceding the date of determination.

e, the Daily Interest will be \$0. On any subsequent Exchange Business Day until maturity, call or redemption of the notes, equal the product of (a) the closing Indicative Note Value on the immediately preceding Exchange Business Day *times* (b) *times* (c) the Daily Interest Rate *divided by* (d) 365 *times* (e) the number of calendar days since the last Exchange Business ly Interest is calculated and added to the Deposit Amount on a daily basis, the net effect of the Daily Interest accrues over est Rate will vary in time and can become negative on certain days. On such days, the Daily Interest will also be negative.

will equal (a) the most recent US Federal Funds Effective Rate *minus* (b) 1.00%. The US Federal Funds Effective Rate is the rate that represents the rate at which U.S. banks may lend reserve balances to other depository institutions overnight, on an annual basis. The rate is released by the NY Federal Reserve each day at approximately 9:00 a.m. EST for the prior business day and is published on the website of the NY Federal Reserve on page “FEDL01 Index”. If the Calculation Agent determines that this rate is no longer published or available, the Calculation Agent will use a successor rate, with any applicable adjustments, as it reasonably determines to be appropriate under the circumstances. On the days when the US Federal Funds Effective Rate is lower than 1.00%, the Daily Interest Rate will be negative.

On the day of issuance, the Daily Investor Fee will be \$0. On any subsequent Exchange Business Day until maturity, call or redemption of the Note, the Daily Investor Fee will equal the product of (a) the Indicative Note Value at the close of the immediately preceding Exchange Business Day, multiplied by (b) the Fee Rate *divided by* (c) 365 *times* (d) the number of calendar days since the last Exchange Business Day. Because the Daily Investor Fee is deducted from the Deposit Amount, and the Deposit Amount is calculated as part of the closing Indicative Note Value on a daily basis, the Daily Investor Fee accumulates over time and is subtracted at a rate per year equal to the Fee Rate. Because the net effect of the Daily Investor Fee is a fixed percentage of the value of the note, the aggregate effect of the Daily Investor Fee will increase or decrease in a manner directly proportional to the value of the note and the amount of notes that are held.

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The Fee Rate is 0.95% per annum.

The “Principal Amount” of each note is \$50.

me or all of your investment at maturity. Because the Daily Investor Fee and any negative Daily Interest reduce your final of the Index will need to have decreased over the term of the notes in an amount, after giving effect to daily compounding, the decrease in principal amount represented by the Daily Investor Fee and any negative Daily Interest in order for you to unt over the term of the notes equal to at least the principal amount of your notes. Due to compounding, the notes are very e level of the Index and the path of such changes. If the decrease in the level of the Index, measured as a component of the alue during the Final Measurement Period, is insufficient to offset the cumulative negative effect of the Daily Investor Fee y Interest, you will lose some or all of your investment at maturity. This loss may occur even if the Index Closing Level at inal Measurement Period is less than the Index Closing Level on the Initial Trade Date. **It is possible that you will suffer the notes even if the long-term performance of the Index is flat or negative (before taking into account the negative estor Fee and the Daily Interest).** In addition, if the closing Indicative Note Value or the Intraday Indicative Value of the than \$0, then the notes will be permanently worth \$0 and the Cash Settlement Amount will be zero (a total loss of value).

The “Initial Index Level” is 1,332.42, which was the Index Closing Level for the Index on the Initial Trade Date.

ent Period” means the five Index Business Days from and including the Calculation Date, subject to adjustment as described under “— Market Disruption Events.”

ex Calculation Agent” means the entity that calculates and publishes the level of the Index, which is currently Solactive AG.

e” means March 16, 2039, unless such day is not an Index Business Day, in which case the Calculation Date will be the next Index Business Day, subject to adjustments.

“Index Business Day” means any day on which the Index Sponsor publishes the Index Closing Level.

ans, with respect to each Index constituent or each component underlying a successor index, the primary exchange or market of trading such Index constituent or such component underlying a successor index.

means, with respect to each Index constituent or each component underlying a successor index, each exchange or quotation as a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Index constituent or such component underlying a successor index.

Business Day” means any day on which the primary exchange or market for trading of the notes is scheduled to be open for trading.

Monday, Tuesday, Wednesday, Thursday or Friday that is neither a legal holiday nor a day on which banking institutions are authorized or obligated by law or executive order to close in New York City or Toronto.

Early Redemption at the Option of the Holders

In accordance with the procedures described below, you may submit a request on any Business Day to elect to require us to redeem (minimum redemption amount of at least 25,000 notes) between and including the Redemption Dates specified below. If you do so in compliance with the redemption procedures described below, and subject to the postponements and adjustments — Market Disruption Events,” you will receive payment for the redeemed notes on the applicable Redemption Date. You must comply with the redemption procedures described below in order to redeem your notes. For any applicable redemption request, the “Redemption Notice Date” shall be the date that the applicable Redemption Notice and Redemption Confirmation (each as defined below) are delivered. If such Redemption Confirmation is delivered on a day that is not an Index Business Day, then the Redemption Notice Date shall be the next Business Day. To satisfy the minimum redemption amount, your broker or other financial intermediary may bundle your notes for redemption with those of other investors to reach this minimum amount of 25,000 notes; however, there can be no assurance that they can or will do so. From time to time in our sole discretion reduce this minimum redemption amount. Any such reduction will be applied on a consistent basis for all holders of the notes at the time the reduction becomes effective.

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redem and the holders will receive payment for their notes on the third Business Day following the applicable Redemption Date (the "Redemption Date"). The first Redemption Date will be April 15, 2019, and the final Redemption Date will be the last Business Day prior to the Calculation Date or Call Calculation Date, as applicable. If a Market Disruption Event is continuing on the scheduled Redemption Measurement Date with respect to any of the Index constituents, such Redemption Measurement Date may be postponed as described under "— Market Disruption Events."

"Redemption Measurement Date" means the Index Business Day following the applicable Redemption Notice Date, subject to adjustments as described under "— Market Disruption Events."

to have us redeem your notes, subject to your compliance with the procedures described under "— Redemption Procedures," for each note a cash payment on the relevant Redemption Date equal to the Indicative Note Value as of the Redemption Measurement Date, minus the Redemption Fee Amount.

"Redemption Fee Amount" equals 0.125% of the Indicative Note Value. We reserve the right from time to time to reduce or waive the amount in our sole discretion on a case-by-case basis. In exercising your right to have us redeem your notes, you should not assume you will be entitled to the benefit of any such waiver.

We refer to this cash payment as the "Redemption Amount." This amount will not be less than zero.

In calculating the Redemption Amount, the Index Performance Factor used in calculating the closing Indicative Note Value as of the Redemption Date will be (a) the Index Closing Level on the Redemption Measurement Date *divided by* (b) the Index Closing Level on the immediately preceding Index Business Day, as determined by the Calculation Agent.

We will notify you of such Redemption Amount on the first Business Day following the applicable Redemption Measurement Date.

Some or all of your investment upon early redemption. Because the cumulative negative effect of the Daily Investor Fee, any interest and the Redemption Fee Amount reduce your final payment, the level of the Index will need to have decreased over the time period, after giving effect to daily compounding, sufficient to offset the decrease in principal amount represented by the negative Daily Interest and the Redemption Fee Amount in order for you to receive an aggregate amount upon redemption equal to the principal amount of your notes. Due to compounding, the notes are very sensitive to changes in the level of the Index and the effect of the decrease in the level of the Index, as measured on the Redemption Measurement Date, is insufficient to offset such a negative effect, you will lose some or all of your investment upon early redemption. **It is possible that you will suffer significant loss upon redemption even if the long-term performance of the Index is flat or negative (before taking into account the negative effect of the Daily Investor Fee, the Daily Interest and the Redemption Fee Amount).**

nt is meant to induce arbitrageurs to counteract any trading of the notes at a premium or discount to their indicative value.
However, there can be no assurance that arbitrageurs will employ the repurchase feature in this manner.

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Redemption Procedures

You must instruct your broker or other person through whom you hold your notes to take the following steps through normal clearing system channels:

Redemption, which we refer to as a “Redemption Notice,” which is attached to this pricing supplement as Annex A, to Bank of Montreal by e-mail no later than 2:00 p.m. (New York City time) on the Index Business Day preceding the applicable Redemption Measurement Date. If we receive your Redemption Notice by the time specified in the preceding sentence, we (or our agent) will respond by e-mail with a Confirmation of redemption, which is attached to this pricing supplement as Annex B, for your execution;

Redemption Confirmation, which we refer to as the “Redemption Confirmation,” to us via e-mail in the specified form by 5:00 p.m. (New York City time) on the same day. We or our affiliate must acknowledge receipt in order for your Redemption Confirmation to be effective.

Book a delivery vs. payment trade with respect to your notes on the applicable Redemption Measurement Date at the applicable Redemption Amount; and

Deliver the trade as booked for settlement via DTC at or prior to 10:00 a.m. (New York City time) on the applicable Redemption Measurement Date.

Participants may have different deadlines for accepting instructions from their customers. Accordingly, as a beneficial owner of the notes, you must contact the brokerage firm through which you own your interest for the relevant deadline. If your broker delivers your notice of redemption after 5:00 p.m. (New York City time), on the Index Business Day preceding the applicable Redemption Measurement Date, your notice will not be effective, you will not be able to redeem your notes until the next Business Day and your broker will need to complete all the required steps if you wish to redeem your notes on any subsequent Business Day. In addition, Bank of Montreal may request a medallion signature guarantee or such assurances of delivery as it may deem appropriate. All instructions given to participants from beneficial owners of notes relating to the right to redeem their notes will remain effective. If your notes undergo a split or reverse split, the minimum number of notes needed to exercise your right to redeem will remain the same.

Call Right

We may redeem all, but not less than all, of the notes upon not less than 14 calendar days’ prior notice to the holders of the notes. Such redemption will occur on the applicable Call Settlement Date (as defined above). Upon early redemption in the event we exercise this right, you will receive a cash payment equal to the arithmetic mean of the closing Indicative Note Values on each Index Business Day in the Call

Measurement Period.

We refer to this cash payment as the “Call Settlement Amount.” This amount will not be less than zero.

of such Call Settlement Amount on the first Business Day following the last Index Business Day in the Call Measurement Period.

the payment for their notes on the fifth Business Day following the last Index Business Day in the Call Measurement Period (the “Call Calculation Date”). If a Market Disruption Event is continuing or occurs on the scheduled Call Calculation Date with respect to any of the Index constituents, such Call Calculation Date may be postponed as described under “— Market Disruption Events.”

“Call Measurement Period” means the five Index Business Days from and including the Call Calculation Date, subject to adjustments as described under “— Market Disruption Events.”

On any calendar day, the “Call Calculation Date” will be the next Index Business Day after the call notice is issued.

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me or all of your investment upon a call. Because the Daily Investor Fee and any negative Daily Interest reduce your final amount of the Index will need to have decreased over the term of the notes by an amount, after giving effect to daily compounding, that exceeds the decrease in the principal amount represented by the Daily Investor Fee and any negative Daily Interest in order for you to receive an amount upon a call equal to at least the principal amount of your notes. Due to compounding, the notes are very sensitive to fluctuations of the Index and the path of such changes. If the decrease in the level of the Index, measured as a component of the closing level of the Index during the Call Measurement Period, is insufficient to offset such a cumulative negative effect, you will lose some or all of your investment upon a call. This loss may occur even if the Index Closing Level at any time during the Call Measurement Period is less than the level of the Index at the time of the call. **Possible that you will suffer significant losses in the notes upon a call even if the long-term performance of the Index is flat or negative (before taking into account the negative effect of the Daily Investor Fee and the Daily Interest).**

Calculation Agent

We will act as the Calculation Agent. The Calculation Agent will make all determinations relating to the notes, including the Index Closing Level on any Index Business Day on which such Index Closing Level is to be determined during the term of the notes, the Note Value, the Deposit Amount, the Short Index Amount, the Daily Interest, the Daily Investor Fee, the Redemption Fee Amount, the Call Settlement Amount, if any, that we will pay you at maturity, the Redemption Amount, if any, that we will pay you upon maturity, and the Call Settlement Amount, if any, that we will pay you in the event that we call the notes. The Calculation Agent will be responsible for determining whether a Market Disruption Event has occurred, whether the Index has been discontinued and whether there has been a material change in the Index. All determinations made by the Calculation Agent will be at the sole discretion of the Calculation Agent. In the absence of manifest error, be conclusive for all purposes and binding on you and on us. The holder of the notes shall not be entitled to recover from us for any loss suffered as a result of any determinations or calculations made by the Calculation Agent. We may replace the Calculation Agent from time to time after the date of this pricing supplement without your consent and without notifying you.

We will provide written notice to the trustee at its New York office, on which notice the trustee may conclusively rely, of the maturity or call, or upon early redemption, or on a Coupon Payment Date on or prior to 12:00 p.m., New York City time, on the business day immediately preceding the Maturity Date, any Redemption Date, any Call Settlement Date or any Coupon Payment Date, as applicable.

Amounts related to determination of the Indicative Note Value, the Deposit Amount, the Short Index Amount, the Daily Interest, the Redemption Amount and Redemption Fee Amount, if any, per security, the Call Settlement Amount, if any, per security, the Short Index Amount, if any, per security, will be rounded to the nearest one-millionth, with five ten-millionths rounded upward (e.g., .765455 rounded up to .765455); and all dollar amounts paid on the aggregate principal amount of notes per holder will be rounded to the nearest cent, with one-half cent rounded upward.

Market Disruption Events

ion Event occurs or is continuing on any day that would otherwise constitute an Index Business Day, as determined by the
ay shall not be considered an Index Business Day for purposes of determinations with respect to the notes. As a result, the
x Performance Factor will be modified so that the applicable exposure does not reset until the first Index Business Day on
which no Market Disruption Event has occurred or is continuing.

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Disruption Event has occurred or is continuing on an Averaging Date (as defined below) or on a Redemption Measurement Date, the closing Indicative Note Value for such Averaging Date or for such Redemption Measurement Date will be determined by the Calculation Agent or one of its affiliates on the first succeeding Index Business Day on which a Market Disruption Event does not occur or is not continuing (the "Deferred Averaging Date") irrespective of whether, pursuant to such determination, the Deferred Averaging Date would fall on a date originally scheduled to be an Averaging Date. If the postponement described in the preceding sentence results in the closing Indicative Note Value being determined on a date originally scheduled to be an Averaging Date, for purposes of determining the closing Indicative Note Values on the Index during the Final Measurement Period or Call Measurement Period, or on a Redemption Measurement Date, the Calculation Agent or one of its affiliates, as the case may be, will apply the closing Indicative Note Value for such Deferred Averaging Date (i) on the date(s) of the Market Disruption Event and (ii) such Averaging Date. For example, if the Final Measurement Period or Call Measurement Period, as applicable, for calculating the Cash Settlement Amount or Call Settlement Amount, respectively, is based on the arithmetic mean of the closing Indicative Note Values on June 8, 2019, June 9, 2019, June 10, 2019, June 11, 2019 and June 12, 2019 and there is a Market Disruption Event on June 9, 2019 and no other Market Disruption Event during the Final Measurement Period or Call Measurement Period, as applicable, then the closing Indicative Note Value on June 9, 2019 will be used twice to calculate the Cash Settlement Amount or Call Settlement Amount, as applicable, will be determined based on the arithmetic mean of the closing Indicative Note Values on June 9, 2019, June 9, 2019, June 10, 2019, June 11, 2019 and June 12, 2019.

However, if any postponement pursuant to the two immediately preceding paragraphs result in the final Averaging Date or the final Redemption Measurement Date, as applicable, occurring more than three Index Business Days following the day originally scheduled to be such Averaging Date or Redemption Measurement Date. If the third Index Business Day following the date originally scheduled to be the final Averaging Date or Redemption Measurement Date, as applicable, is not an Index Business Day or a Market Disruption Event has occurred or is continuing on the third Index Business Day, the Calculation Agent or one of its affiliates will determine the Index Closing Level to be used in determining the closing Indicative Note Value based on its good faith estimate of the Index Closing Level that would have prevailed on such third Index Business Day but for such Market Disruption Event.

"Averaging Date" means each of the Index Business Days during the Final Measurement Period or Call Measurement Period, as applicable, subject to adjustment as described herein.

"Market Disruption Event" will be a Market Disruption Event with respect to the Index, in each case as determined by the Calculation Agent in its sole discretion:

- (a) a suspension or material limitation of trading in a material number of the Index constituents for more than two hours or during the close of trading in the applicable Primary Exchange or Primary Exchanges;
- (b) a suspension or material limitation of trading in option or futures contracts relating to the Index or to a material number of Index constituents on the applicable Exchange for more than two hours of trading or during the one-half hour before the close of trading in that market;
- (c) the Index is not published; or

and the Calculation Agent determines in its sole discretion that the event materially interferes with our ability or the ability of any of our affiliates to wind all or a material portion of a hedge with respect to the notes that we or our affiliates have effected or may effect as described in the attached "Use of Proceeds and Hedging."

The following events will not be Market Disruption Events with respect to the Index:

...s or numbers of days of trading, but only if the limitation results from an announced change in the regular business hours
...ge or Related Exchange; or
...permanently discontinue trading in the option or futures contracts relating to the Index or any Index constituents.

...n “absence of trading” in the primary securities market on which option or futures contracts related to the Index or any Index
...nstituents are traded will not include any time when that market is itself closed for trading under ordinary circumstances.

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urrence of one or more of the events described above, which may, in the Calculation Agent's discretion, constitute a Market
t, the Calculation Agent in its discretion may waive its right to postpone the determination of the Index Closing Level if it
r more of the above events has not and is not likely to materially impair its ability to determine the Index Closing Level on
any date.

Discontinuance or Modification of the Index

discontinues publication of the Index and the Index Sponsor or anyone else publishes a substitute index that the Calculation
s is comparable to the Index, then the Calculation Agent will permanently replace the Index with that substitute index (the
for all purposes, and all provisions described in this pricing supplement as applying to the Index will thereafter apply to the
ad. If the Calculation Agent replaces the Index with a successor index, then the Calculation Agent will determine the Cash
Settlement Amount, Redemption Amount or Call Settlement Amount, as applicable, by reference to the successor index.

ent determines that the publication of the Index is discontinued and there is no successor index, the Calculation Agent will
el of the Index and thus the Cash Settlement Amount, Redemption Amount or Call Settlement Amount, as applicable, by a
computation methodology that the Calculation Agent determines will as closely as reasonably possible replicate the Index.

gent determines that the Index, the Index constituents or the method of calculating the Index is changed at any time in any
er the change is made by the Index Sponsor under its existing policies or following a modification of those policies, is due
uccessor index, is due to events affecting the Index constituents or is due to any other reason and is not otherwise reflected
by the Index Sponsor pursuant to the methodology described herein, then the Calculation Agent will be permitted (but not
adjustments in the Index or the method of its calculation as it believes are appropriate to ensure that the Index Closing Level
ed to determine the Cash Settlement Amount, Redemption Amount or Call Settlement Amount, as applicable, is equitable.

Index for a successor index or a material change in the method of calculating the Index could cause the notes to no longer
requirements and result in the NYSE delisting the notes. A delisting of the notes would materially and adversely affect the
liquidity of the trading market for the notes.

Events of Default and Acceleration

g "Description of Debt Securities We May Offer — Modification and Waiver of the Debt Securities — Events of Default" in the
accompanying prospectus is a description of events of default relating to debt securities including the notes.

Payment upon an Event of Default

It with respect to the notes shall have occurred and be continuing, the amount declared due and payable per note upon any will be determined by the Calculation Agent and will be an amount in cash equal to the Redemption Amount, calculated as ation were the Redemption Measurement Date. For purposes of this calculation the Repurchase Fee Amount shall be zero.

s is accelerated because of an event of default as described above, we will, or will cause the Calculation Agent to, provide trustee at its New York office, on which notice the trustee may conclusively rely, and to DTC of the cash amount due with respect to the notes as promptly as possible and in no event later than two Business Days after the date of acceleration.

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Defeasance

described in the accompanying prospectus under the heading “Description of Debt Securities We May Offer — Modification and Waiver of the Debt Securities — Defeasance” are not applicable to the notes.

Manner of Payment and Delivery

Payment of the notes at maturity or call, or upon early redemption, will be made to accounts designated by you and approved by the trustee at its principal office of the trustee in New York City, but only when the notes are surrendered to the trustee at that office. We also may make any payment or delivery in accordance with the applicable procedures of the depository.

Modified Business Day

“Description of the Notes We May Offer — Payment Mechanics — Payment When Offices Are Closed” in the attached prospectus supplement on the notes that would otherwise be due on a day that is not a Business Day may instead be paid on the next day that is a Business Day, which will have the same effect as if paid on the original due date, except as described under “— Cash Settlement Amount at Maturity,” “— Call Right” and “— Early Redemption at the Option of the Holders” above.

Reissuances or Reopened Issues

In our sole discretion, we may “reopen” or reissue the notes. We will issue the notes initially in an amount having the aggregate offering price equal to the aggregate offering price of this pricing supplement. However, we may issue additional notes in amounts that exceed the amount on the cover at our discretion and without notifying you. The notes do not limit our ability to incur other indebtedness or to issue other securities. The notes are not subject to financial or similar restrictions by the terms of the notes. For more information, please refer to “Description of the Notes We May Offer — General” in the accompanying prospectus supplement and “Description of Debt Securities We May Offer — General” in the accompanying prospectus.

Additional offerings, if any, will be consolidated to form a single class with the originally issued notes and will have the same CUSIP number as the original offering. Any additional issuances will increase the aggregate principal amount of the class, plus the aggregate principal amount of any notes bearing the same CUSIP number that are issued pursuant to the original offering. The price of any additional offering will be determined at the time of pricing of that offering.

offering.

Clearance and Settlement

that hold the notes through DTC on behalf of investors will follow the settlement practices applicable to equity securities in the clearing and settlement system with respect to the primary distribution of the notes and secondary market trading between DTC participants.

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INTRADAY VALUE OF THE INDEX AND THE NOTES

Intraday Index Values

y, the Index Calculation Agent will calculate and publish the intraday Index value every 15 seconds during normal trading hours on Bloomberg under the ticker symbol “SOLUSBOT” <INDEX>.

Calculation Agent, is not affiliated with Bank of Montreal and does not approve, endorse, review or recommend the Index information used in the calculation of the intraday Index value will be derived from sources the Index Calculation Agent deems appropriate. The Index Calculation Agent and its affiliates do not guarantee the correctness or completeness of the intraday Index value or other information obtained in connection with the notes or the calculation of the Index. The Index Calculation Agent makes no warranty, express or implied, to be obtained by Bank of Montreal, holders of the notes, or any other person or entity from the use of the intraday Index value or information contained therein. The Index Calculation Agent makes no express or implied warranties, and expressly disclaims all warranties of fitness for a particular purpose with respect to the intraday Index value or any data included therein. The Index Calculation Agent, its subcontractors, agents, suppliers and vendors shall have no liability or responsibility, contingent or otherwise, for any injury or damage caused by the negligence of the Index Calculation Agent, its employees, subcontractors, agents, suppliers or vendors or information obtained in connection with the intraday Index value or the notes, and shall not be liable for any lost profits, losses, punitive, incidental or consequential damages. The Index Calculation Agent shall not be responsible for or have any liability for any injuries or damages caused by errors, omissions, or any other failure in, or delays or interruptions of, the intraday Index value from whatever cause. The Index Calculation Agent shall not be responsible for the selection of or use of the Index or the notes, the accuracy and adequacy of the Index or information used by Bank of Montreal and the resultant output thereof.

of the level of the Index will be provided for reference purposes only. Published calculations of the level of the Index from time to time may occasionally be subject to delay or postponement. Any such delays or postponements will affect the current level of the value of the notes in the secondary market. The intraday Index value published every 15 seconds will be based on the intraday prices of the Index constituents.

Intraday Indicative Note Values

Value, which is our approximation of the value of the notes, will be calculated and published by Solactive AG (based in part on the Index Calculation Agent) or a successor on Bloomberg under the ticker symbol “YGRNIV” every 15 seconds during normal trading hours. **The actual trading price of the notes may vary significantly from their Intraday Indicative Value.** In connection with the Intraday Indicative Value, we use the term “**indicative value**” to refer to the value at a given time equal to (a) the Deposit Amount *minus* (b) the Intraday Short Index Amount. We note that if such calculation results in a value equal to or less than \$0, then both the Intraday Indicative Value and the closing Indicative Note Value will be \$0. The Intraday Short Index Amount will equal the product of (a) the closing Indicative Note Value on the

Exchange Business Day *times* (b) the Intraday Index Performance Factor. The Intraday Index Performance Factor equals (a) the most recently published Index level *divided by* (b) the Index Closing Level on the preceding Index Business Day.

Value of the notes is equal to or less than \$0 at any time on any Exchange Business Day, then both the Intraday Indicative Note Value of the notes on that Exchange Business Day, and on all future Exchange Business Days, will be \$0 (a total loss of value).

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Indicative Value is meant to approximate the value of the notes at a particular time. There are three elements of the formula: the Index Closing Level from the previous Index Business Day, the Intraday Short Index Amount and the Intraday Index Performance Factor (using the Intraday Index Closing Level for the date of determination, the intraday Index level at the time of determination), as described immediately below. Because the Intraday Index level and the Intraday Short Index Amount are variable, the Intraday Indicative Value translates the change in the Intraday Index level from the previous Exchange Business Day, as measured at the time of measurement, into an approximation of the expected value of the Intraday Indicative Value. The Intraday Indicative Value uses an intraday Index level for its calculation; therefore, a variation in the intraday level of the Index from the previous Exchange Business Day's Index Closing Level may cause a significant variation between the closing Indicative Note Value and the Intraday Indicative Value on any date of determination. The Intraday Indicative Value also does not reflect intraday changes in the exposure. The Intraday Indicative Value may vary significantly from the previous or next Exchange Business Day's closing Indicative Note Value for notes purchased intraday. See "Risk Factors — The notes are subject to intraday purchase risk" and "— The Indicative Note Value may vary significantly from the closing Indicative Note Value on any date of determination because the exposure of the notes during any given Exchange Business Day may be greater or less than -1.0." The Intraday Indicative Value is only an approximation of what price an investor in the notes would receive if the notes were to be redeemed or if they matured, and is not intended to be used as a measure of the notes' value. The Intraday Indicative Value may be helpful to an investor in the notes when comparing it against the notes' trading price on the NYSE and the most recently published level of the Index.

The Intraday Indicative Value calculation will be provided for reference purposes only. It is not intended as a price or quotation, or as an offer to purchase, sale, or termination of your notes, nor will it reflect hedging or other transactional costs, credit considerations, market conditions, or other risks. The levels of the Index provided by the Index Calculation Agent will not necessarily reflect the depth and liquidity of the market for the notes. For this reason and others, the actual trading price of the notes may be different from their indicative value. For additional information, see "Risk Factors — The Intraday Indicative Value and the Indicative Note Value are not the same as the closing price or any other price." and "Risk Factors — The Intraday Indicative Value and the Indicative Note Value are not the same as the closing price or any other trading price of the notes in the secondary market" in this pricing supplement.

The Intraday Indicative Value shall not constitute a recommendation or solicitation to conclude a transaction at the level stated, and should not be treated as giving investment advice.

The Intraday Indicative Value of the notes by Solactive AG may occasionally be subject to delay or postponement. If the intraday Indicative Value of the notes is delayed, then the Intraday Indicative Value of the notes will also be delayed. The actual trading price of the notes may be different from the Intraday Indicative Value. The Intraday Indicative Value of the notes published at least every 15 seconds from 9:30 a.m. to 6:00 p.m., if any, will be based on the intraday values of the Index, and may not be equal to the payment at maturity, call or redemption.

The Intraday Indicative Value calculations will have been prepared as of a particular date and time and will therefore not reflect subsequent changes in market values or prices or in any other factors relevant to their determination.

If you are unable to sell your notes but are unable to meet the minimum redemption requirements, you may sell your notes into the secondary market at a price that may be significantly less than the Redemption Amount. The risks described under "Risk Factors — Risks Relating to Liquidity and the Secondary Market — There is no assurance that your notes will continue to be listed on a securities exchange, and they may not have an active trading market" and "— The value of the notes in the secondary market may be influenced by many unpredictable factors." Also, the price you may receive for the notes in the secondary market may differ from, and may be significantly less than, the Redemption Amount.

Solactive AG, or their respective affiliates, are affiliated with Bank of Montreal or BMOCM and do not approve, endorse, review or recommend Bank of Montreal, BMOCM or the notes.

The Values of the notes calculated by Solactive AG are derived from sources deemed reliable, but Solactive AG, its affiliates and its suppliers do not guarantee the correctness or completeness of the notes, their values or other information furnished in the notes. Solactive AG and its affiliates make no warranty, express or implied, as to results to be obtained by BMOCM, Bank of Montreal, or any other person or entity from the use of the notes, or any data or values included therein or in connection therewith. Solactive AG and its affiliates make no express or implied warranties, and expressly disclaim all warranties of merchantability or fitness for a particular purpose with respect to the notes, or any data or values included therein or in connection therewith.

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Split or Reverse Split of the Notes

Agent may initiate a split or reverse split of the notes on any Index Business Day. If we or the Calculation Agent decides to split, we will issue a notice to holders of the notes and a press release announcing the split or reverse split, specifying the split or reverse split. The Calculation Agent will determine the ratio of such split or reverse split, as the case may be, using and will adjust the terms of the notes accordingly. Any adjustment of the closing value will be rounded to 8 decimal places.

split, we reserve the right to address odd numbers of notes (commonly referred to as “partials”) in a manner determined by the sole discretion, acting in good faith. For example, if the notes undergo a 1-for-4 reverse split, holders who own a number of notes on the record date that is not evenly divisible by 4 will receive the same treatment as all other holders for the maximum number of notes that is evenly divisible by 4, and we will have the right to compensate holders for their remaining or “partial” notes in a manner determined by the Calculation Agent in its sole discretion. Our current intention is to provide holders with a cash payment for their partials in an amount equal to an appropriate percentage of the closing Indicative Note Value of the notes on a specified Index Business Day following the announcement date.

split of the notes will not affect the aggregate stated principal amount of notes held by an investor, other than to the extent of any cash payment. A split will affect the number of notes an investor holds, the denominations used for trading purposes on the exchange and the trading price, and may affect the liquidity, of the notes on the exchange.

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THE INDEX

Information contained in this pricing supplement regarding the Index, including, without limitation, its make-up, performance, and changes in its constituents, from publicly available sources. Such information reflects the policies of and is subject to the Index Sponsor, Index Administrator and Index Calculation Agent. We have not undertaken any independent verification of such information. The Index Sponsor has no obligation to continue to publish, and may discontinue the publication of, the Index. The description of the Index is summarized from its governing methodology, which is available at [http://www.solactive.com/indices/?se=1&index=DE000SLA7WX4](#). Neither the methodology nor any other information included on any Solactive AG website is included or incorporated by reference into this pricing supplement.

Introduction

The Index is a equal-dollar weighted index designed to track the prices of the 10 U.S. listed stocks in the energy/oil sector with the largest market capitalization. The Index was launched on March 12, 2019. As of the date of this pricing supplement, the Index constituents are: Apache Corporation (APC), ConocoPhillips (COP), Chevron Corporation (CVX), EOG Resources, Inc. (EOG), Marathon Petroleum Corporation (MPC), Occidental Petroleum Corporation (OXY), Phillips 66 (PSX), Pioneer Natural Resources Company (PXD), Valero Energy Corporation (VLO) and Exxon Mobil Corporation (XOM).

The Index is equally weighted on each "Adjustment Day," which is the third Friday of each month. If this day is not a trading day, then the Adjustment Day will be postponed to the next trading day.

In detail below, the Index is a total return index, in which dividends paid on the index constituents are reflected in the level of the Index.

The Index is updated every 15 seconds on each trading day when the New York Stock Exchange and the Nasdaq Stock Market are open for trading, from 9:00AM to approximately 4:30PM, New York City time. The level of the Index is rounded to two decimal places.

The Index was developed in collaboration with REX Shares, LLC.

Index Constituent Selection

The first business day of each calendar month is a “Selection Day” for the Index.

On the Selection Day in March of each year, Solactive AG selects securities for potential inclusion in the Index based on the following criteria:

a security must be a component of the Solactive GBS United States Large & Mid Cap Index;

the security must be listed on a U.S. securities exchange, and be domiciled in the United States;

the issuer of the security must have a free-float market capitalization that is greater than US\$1 billion; and

a minimum average daily traded value for the preceding one month and six months of greater than US\$25 million.

In the case of multiple classes of common equity securities outstanding, only the class that Solactive AG deems to be the most liquid may be used to determine the free-float market capitalization of each relevant security based on the product of the “float shares” outstanding (as sourced from data vendors that it selects from time to time) and the closing price of the relevant share class.

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Once the Index universe is determined as set forth above, the selection of the Index constituents is effected as follows:

the issuers that are in the economic sector as “Energy,” the business sector as “Energy-Fossil Fuels” and the industry group as identified by Reuters; and

securities are ranked based on their free-float market capitalization, and the 10 largest are selected for the Index.

On each monthly Selection Day other than for the month of March, the Index constituents are reviewed as follows:

the Index universe and industry sector determinations are made as set forth above;

these securities are ranked based on their free-float market capitalization, and the 13 largest are identified;

currently in the Index is no longer included in the 13 largest, the Index is reconstituted to the largest 10 by rank; all such securities are given equal weight on the subsequent Adjustment Day; and

currently in the Index are among the 13 largest, no change is made to the composition of the Index; however, the Index securities are given equal weight on the subsequent Adjustment Day.

Solactive AG will publicly announce any changes to the composition of the Index.

Index Calculation

Index Level. The Index is based on a starting level as of 1,000 at the close of trading on its inception date, March 15, 2013.

The level of the Index is calculated in accordance with the following formula:

where:

= Number of Shares of the Index constituent on trading day

= Price of Index constituent on trading day

Number of Shares” for an Index constituent on any trading day is based on the number or fraction of shares included in the Index; it is calculated as the ratio of (A) the Percentage Weight of an Index constituent multiplied by the level of the Index and (B) its Percentage Weight” of an Index constituent is the ratio of its closing price multiplied by its Number of Shares, divided by the Number of Shares. The Number of Shares will be adjusted by Solactive AG to reflect corporate transactions that impact the number of outstanding shares including stock dividends, stock splits and reverse stock splits, issuances of new shares, repurchases of outstanding shares and other transactions.

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payments and other distributions on an Index constituent are deemed to be reinvested into the applicable Index constituent, at the closing price of the applicable Index constituent on the trading day prior to the ex-date. These dividends and distributions cause an increase in the Number of Shares. Upon the payment of a dividend, the new Number of Shares for the relevant Index constituent is calculated as follows:

with:

$N_{i,t}$ = Number of Shares of the Index constituent i on trading day t
 $P_{i,t-1}$ = Closing price of the Index constituent i on Trading Day t-1
 $D_{i,t}$ = Dividend amount on the ex-dividend date on trading day t

Corporate Actions

be adjusted in order to maintain the continuity of the Index level and the composition. Adjustments take place in reaction to events that occur with Index constituents in order to mitigate or eliminate the effect of that event on Index performance.

Acquisitions. If an Index constituent merges with or is acquired by another Index constituent, that acquired component will be replaced in the Index with the relevant security having largest free-float market capitalization that is not yet included in the Index, determined as of the most recent Selection Date.

In the case of spin-off events, spun-off companies will always be removed from the Index and their weight will be redistributed proportionally among the remaining Index constituents.

Events. If an Index constituent is bankrupt, files for bankruptcy, becomes insolvent, is being liquidated or is delisted from an exchange (other than for purposes of relisting on a different exchange), Solactive AG will make an announcement once it is determined to be definitive, the security will be removed from the Index. The relevant constituent will be replaced in the Index with the security having largest free-float market capitalization that is not yet included in the Index, determined as of the most recent Selection Date.

Index Governance

responsible for the day-to-day management of the Index, including retaining primary responsibility for all aspects of the Index including implementing appropriate governance and oversight, as required under the International Organization of Securities Principles for Financial Benchmarks (the “IOSCO Principles”). A committee consisting of Solactive AG personnel (the “Index Committee”) is responsible for helping to ensure Solactive AG’s overall compliance with the IOSCO Principles, by performing the oversight and includes overseeing the Index development, design, issuance and operation of the Index, as well as reviewing the control Solactive AG is also responsible for decisions regarding the interpretation of the Index methodology, and the Index Committee is reviewing all rule modifications and Index constituent changes to ensure that they are made objectively, without bias, and in accordance with applicable law and regulation and Solactive AG’s policies and procedures. Consequently, all of Solactive AG’s and the Index Committee discussions and decisions are confidential until released to the public.

The Index Committee is responsible for decisions regarding the composition of the Index as well as any amendments to the Index. The Index Committee can recommend changes to the Index methodology and submit them to the Index Committee for approval.

Index Corrections

to ensure the accuracy of the Index. Nevertheless, errors in the Index determination process may occur from time to time both internal and external to Solactive AG. The primary aim in this regard is to ensure the quality of Solactive AG’s index methodology is coherent and, if possible, exhaustive rule-based methodology which clearly defines specific treatments for individual error types.

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to correct all errors that have been identified within a reasonable period of time. A reasonable period of time, as referred to in this policy, is generally understood as meaning two business days.

relating to Solactive AG's index correction policy may be found on its website, in the document named "Correction Policy."

Conditions of Market Stress

These rules and procedures that will apply during conditions of market stress occurring in the calculation process of the Index. These may be due to a variety of reasons and take several forms, but generally results in inaccurate or delayed prices for one or more of the Index. The Index may also be directly affected by stock suspensions or any other disruptions, as one or more of the Index constituents may be prohibited from trading for a longer time, thereby impairing the representativeness of the index. In order to maintain the quality of the Index and to define how and when discretion may be exercised in the determination of an index, Solactive AG applies rules and procedures to address these circumstances. These may be found on the Solactive AG website, in the document named "Disruption Policy."

Hypothetical Back-Tested and Historical Index and Note Information

The following table shows hypothetical back-tested performance data for the index from March 15, 2013 to April 8, 2019. The Index was first published in April 2019 and therefore has no actual historical information to report prior to that date. This section also contains actual historical performance data for the index since its first date of publication. The hypothetical back-tested and historical performance data shown below is not intended to be an indication of future performance, which is impossible to predict.

The performance data prior to the first publication date is hypothetical. Hypothetical index performance data is subject to significant limitations. It is important to note that no representation is made that the Index is likely to achieve gains or losses similar to those shown. In fact, there are frequently sharp differences between hypothetical performance results and the actual results subsequently achieved by any particular investment. One of the limitations of the hypothetical performance information is that it did not involve financial risk, and cannot account for all factors that would affect actual performance.

The hypothetical back-tested and historical performance data were calculated by Solactive AG, and we have not independently verified their accuracy. Solactive AG has advised us that the hypothetical back-tested performance data were calculated in a manner consistent with the Index methodology described above, using published historical values to determine the Index constituents and the levels of the Index.

graph below represents March 12, 2019, which is the date on which the Index was first published. The performance shown reflects the hypothetical back-tested performance of the Index, and the performance shown to the right of that line reflects the actual historical performance after the date of initial publication.

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Historical results are not indicative of future results.

License Agreement

a sub-license agreement with REX Shares, LLC (“REX” or the “Structuring Agent”), which licenses the Index from Solactive
ement with the Structuring Agent also provides for the use of certain trade names, trademarks and service marks. We have
nto a services agreement with REX to provide certain services related to product design, content generation and document
dissemination.

olactive”) is the licensor of the Index. The notes are not sponsored, endorsed, promoted or sold by Solactive in any way, and
press or implied representation, guarantee or assurance with regard to: (a) the advisability in investing in the notes; (b) the
l/or completeness of the Index; and/or (c) the results obtained or to be obtained by any person or entity from the use of the
ot guarantee the accuracy and/or the completeness of the Index and shall not have any liability for any errors or omissions
otwithstanding Solactive’s obligations to its licensees, Solactive reserves the right to change the methods of calculation or
and Solactive shall not be liable for any miscalculation of or any incorrect, delayed or interrupted publication with respect
shall not be liable for any damages, including, without limitation, any loss of profits or business, or any special, incidental,
punitive, indirect or consequential damages suffered or incurred as a result of the use (or inability to use) of the Index.

and REX™ are registered trademarks of REX. The trademarks have been licensed for use for certain purposes by Bank of
not sponsored, endorsed, sold or promoted by REX or any of its affiliates or third party licensors (collectively, “REX Index
dex Parties make no representation or warranty, express or implied, to the owners of the notes or any member of the public
advisability of investing in securities generally or in the notes particularly or the ability of the Index to track general market
REX Index Parties’ only relationship to Bank of Montreal with respect to the Index is the licensing of the Index and certain
marks and/or trade names of REX Index Parties. REX Index Parties are not responsible for and have not participated in the
ices, and amount of the notes or the timing of the issuance or sale of the notes or in the determination or calculation of the
otes are to be converted into cash. REX Index Parties have no obligation or liability in connection with the administration,
the notes. Inclusion of a security within an index is not a recommendation by REX Index Parties to buy, sell, or hold such
security, nor is it considered to be investment advice.

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DO NOT GUARANTEE THE ADEQUACY, ACCURACY, TIMELINESS AND/OR THE COMPLETENESS OF THE RELATED THERETO OR ANY COMMUNICATION, INCLUDING BUT NOT LIMITED TO, ORAL OR WRITTEN (INCLUDING ELECTRONIC COMMUNICATIONS) WITH RESPECT THERETO. REX INDEX PARTIES SHALL BE SUBJECT TO ANY DAMAGES OR LIABILITY FOR ANY ERRORS, OMISSIONS, OR DELAYS THEREIN. REX INDEX PARTIES MAKE NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIM ALL WARRANTIES, OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE OR AS TO RESULTS TO BE OBTAINED BY BANK OF AMERICA OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE INDEX OR WITH RESPECT THERETO. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT WHATSOEVER SHALL REX INDEX PARTIES BE LIABLE FOR ANY INDIRECT, SPECIAL, INCIDENTAL, PUNITIVE, OR CONSEQUENTIAL DAMAGES NOT LIMITED TO, LOSS OF PROFITS, TRADING LOSSES, LOST TIME OR GOODWILL, EVEN IF THEY HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, WHETHER IN CONTRACT, TORT, STRICT LIABILITY, OR OTHERWISE.

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USE OF PROCEEDS AND HEDGING

The proceeds from the sale of the notes will be used for general corporate purposes and, in part, by us or by one or more of our affiliates in connection with hedging our obligations under the notes.

We may enter into transactions to hedge our obligations under the notes. Such transactions may involve purchases or sales of the Index instruments linked to the Index and/or the Index constituents prior to or on the Initial Issue Date. In addition, from time to time, we may enter into additional hedging transactions or unwind those hedging transactions previously entered into. In this regard, we may:

acquire or dispose of or otherwise repurchase long or short positions in some or all of the Index constituents;

acquire or dispose of long or short positions in listed or over-the-counter options, futures, or other instruments linked to some or all of the Index constituents or the Index;

acquire or dispose of long or short positions in listed or over-the-counter options, futures, or other instruments linked to the level of other similar

we may engage in any combination of the above activities.

We may acquire a long or short position in securities similar to the notes from time to time and may, in our sole discretion, hold or resell those securities.

We may hedge positions on or before the last Index Business Day in the applicable Final Measurement Period or Call Measurement Period. Such hedges may involve sales or purchases of the Index constituents, listed or over-the-counter options or futures on Index constituents or other options, futures, or other instruments linked to the level of the Index, as well as other instruments designed to track the performance of the Index.

As a result of our hedging activities, we may not realize the expected return on our investments. In addition, if we hedge an outcome, any of these hedging activities or other trading activities of ours could potentially increase the Index level, which could affect your payment at maturity, call or upon early redemption. It is possible that these hedging or trading activities could result in lower returns for us or our affiliates while the value of the notes declines. See “Risk Factors — Risks Relating to the Notes Generally — Hedging and Other Trading Activities” above. We may have economic interests that are adverse to those of the holders of the notes as a result of our hedging and other trading activities” above.

engage in any manner of hedging activity and will do so solely at our discretion and for our own account. We may hedge the notes directly or we may aggregate this exposure with other positions taken by us and our affiliates with respect to our or one or more constituent issuers or the Index constituents. No noteholder will have any rights or interest in our hedging activity or any positions that we or any unaffiliated counterparties may take in connection with our hedging activity.

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SUPPLEMENTAL TAX CONSIDERATIONS

General description of certain tax considerations relating to the notes. It does not purport to be a complete analysis of all tax considerations relating to the notes. Prospective purchasers of the notes should consult their tax advisors as to the consequences under the tax laws of the country of which they are resident for tax purposes and the tax laws of Canada and the U.S. of acquiring, holding and disposing of the notes and receiving payments under the notes. This summary is based upon the law as in effect on the date of this pricing supplement and is subject to any change in law that may take effect after such date.

Supplemental Canadian Tax Considerations

For Canadian tax considerations relevant to an investment in the notes, please see the sections entitled “Canadian Taxation” in the prospectus and the section entitled “Certain Income Tax Consequences—Certain Canadian Income Tax Considerations” in the accompanying prospectus supplement.

Interest paid or credited or deemed to be paid or credited on the notes, such interest will not be subject to Canadian non-resident withholding tax.

U.S. Federal Income Tax Considerations

General description of the material U.S. federal income tax considerations relating to the notes. It does not purport to be a complete analysis of all tax considerations relating to the notes. Prospective purchasers of the notes should consult their tax advisors as to the consequences under the tax laws of the country of which they are resident for tax purposes and the tax laws of Canada and the U.S. of acquiring, holding and disposing of the notes and receiving payments under the notes. This summary is based upon the law as in effect on the date of this pricing supplement and is subject to any change in law that may take effect after such date.

This summary supersedes the discussion of U.S. federal income taxation in the accompanying prospectus and prospectus supplement in its entirety. This discussion is based on the Internal Revenue Code of 1986, as amended (the “Code”), its legislative history, existing and proposed amendments to the Code, published rulings and court decisions, all as currently in effect. These laws are subject to change, possibly on a retroactive basis.

only to holders who are initial investors and hold their notes as capital assets for U.S. federal income tax purposes and are discussed in this discussion. This section does not apply to classes of holders subject to special rules, such as partnerships, subchapter S corporations, pass-through entities, governments (or instrumentalities or agencies thereof), dealers in securities or currencies, traders in securities, persons who use a mark-to-market method of accounting for their notes, banks, financial institutions, insurance companies, tax-exempt organizations, investment companies, real estate investment trusts, persons that hold notes as part of a straddle or a hedging or conversion strategy, persons subject to alternative minimum tax, persons subject to Section 451(b) of the Code, U.S. expatriates or persons whose functional currency for tax purposes is not the U.S. dollar. In addition, the discussion below assumes that an investor in the notes will be subject to a significant risk that it will lose a significant amount of its investment in the notes.

As a partner in the notes, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and the tax treatment of the partnership. A partner in a partnership holding the notes should consult its tax advisor with regard to the U.S. federal income tax treatment of an investment in the notes.

A U.S. holder is a beneficial owner of a note and that, for U.S. federal income tax purposes, is (i) a citizen or individual resident of the United States, (ii) a corporation, (iii) an estate whose income is subject to U.S. federal income tax regardless of its source, or (iv) a trust if a U.S. person exercises primary supervision over the trust's administration and one or more U.S. persons are authorized to control all substantial aspects of the trust. A non-U.S. holder is a beneficial owner of a note that, for U.S. federal income tax purposes, is a non-resident alien individual, a foreign corporation, or a foreign estate or trust.

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Tax Treatment of the Notes

NO OFFICIAL OR ADMINISTRATIVE AUTHORITY DIRECTLY DISCUSSES HOW THE NOTES SHOULD BE TREATED FOR U.S. FEDERAL INCOME TAX PURPOSES. AS A RESULT, THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF AN INVESTMENT IN THE NOTES ARE UNCERTAIN. BECAUSE OF THE UNCERTAINTY, HOLDERS SHOULD CONSULT THEIR TAX ADVISOR IN DETERMINING THE U.S. FEDERAL INCOME TAX AND OTHER TAX CONSEQUENCES OF THEIR INVESTMENT IN THE NOTES, INCLUDING THE APPLICATION OF STATE, LOCAL OR OTHER TAX LAWS AND THE POSSIBLE EFFECTS OF CHANGES IN U.S. FEDERAL OR OTHER TAX LAWS.

to ascertain whether the issuer of any of the Index constituents would be treated as a “passive foreign investment company” under Section 1297 of the Code or a “U.S. real property holding corporation” within the meaning of Section 897 of the Code. If the notes were so treated, certain adverse U.S. federal income tax consequences could possibly apply. You should refer to the information filed with the SEC by the issuers of the Index constituents and consult your tax advisor regarding the possible tax consequences to you in this regard.

Your counsel, Morrison & Foerster LLP, it would generally be reasonable to treat a note with terms described in this pricing supplement as a cash-settled derivative contract in respect of the Index for U.S. federal income tax purposes, and the terms of the notes and us (in the absence of a change in law or an administrative or judicial ruling to the contrary) to treat the notes for all tax purposes with such characterization. If the notes are so treated, a U.S. holder should generally recognize capital gain or loss upon the redemption or settlement of the notes in an amount equal to the difference between the amount a U.S. holder receives at such time and the tax basis in the notes. In general, a U.S. holder’s tax basis in the notes will be equal to the price the holder paid for the notes. Dividends payable by an individual U.S. holder is generally taxed at preferential rates where the property is held for more than one year and is subject to ordinary income rates where the property is held for one year or less. The deductibility of capital losses is subject to limitations. The tax basis for notes of a U.S. holder who acquires the notes upon issuance will generally begin on the date after the issue date (i.e., the date the notes are first sold to the holder). If the notes are held by the same U.S. holder until maturity, that holder’s holding period will generally include the Maturity Date.

Reporting Requirements with Respect to Foreign Financial Assets. An individual U.S. holder who, during any taxable year, holds any interest in “specified foreign financial assets” with an aggregate value in excess of \$50,000 (and in some circumstances, a higher threshold) may be required to file an annual report with respect to such assets with his or her tax returns. “Specified foreign financial assets” may include financial accounts maintained with foreign financial institutions, as well as any of the following, but only if they are not held in accounts maintained by financial institutions and securities issued by non-U.S. persons, (ii) financial instruments and contracts held for investment that have non-U.S. counterparties, and (iii) interests in foreign entities. Under these rules, the notes may be treated as “specified foreign financial assets.” You are urged to consult their tax advisors regarding the application of this reporting requirement to their ownership of the notes.

Tax on Unearned Income. Certain U.S. holders will be subject to an additional 3.8% Medicare tax on unearned income. For purposes of this tax, the additional Medicare tax applies to the lesser of (i) “net investment income” or (ii) the excess of “modified adjusted gross income” over \$250,000 if married and filing jointly or \$125,000 if married and filing separately). “Net investment income” generally equals

Investment income reduced by the deductions that are allocable to such income. Investment income generally includes passive income, dividends and capital gains. U.S. holders are urged to consult their own tax advisors regarding the implications of the additional Medicare tax resulting from an investment in the notes.

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Alternative tax treatments of the notes are also possible and the Internal Revenue Service might assert that a treatment other than the one described above is more appropriate. For example, it would be possible to treat the notes, and the Internal Revenue Service might assert that the notes should be treated, as a single debt instrument. Such a debt instrument would generally be subject to the special tax rules governing debt instruments. If the notes are so treated, a U.S. holder would generally be required to accrue interest currently over the term of the notes, even though that holder will not receive any payments from us prior to maturity. In addition, any gain a U.S. holder might recognize upon the sale, exchange, redemption or settlement of the notes would be ordinary income and any loss recognized by a holder at such time would be a capital loss. It is also possible that the Internal Revenue Service could seek to tax the notes by reference to a holder's deemed ownership of the Index constituents. In such case, a U.S. holder could be required to recognize amounts of income, gain or loss as if such holder owned the Index constituents. Under this alternative treatment, a U.S. holder could also be required to currently recognize amounts of gain or loss, at least some of which could be short-term capital gain (and possibly loss), each time the Index rebalances.

The Internal Revenue Service could also assert that a holder should be required to treat any amounts attributable to the Daily Investor Fee, the Redemption Fee Amount and any Redemption Fee Amount as separate investment expenses. For taxable years beginning after December 31, 2017 and before December 31, 2025, the deduction of any such deemed expenses would not generally be permitted to a holder who is an individual. For taxable years beginning after December 31, 2025, the deduction of any such deemed expenses would generally be limited to the floor on miscellaneous itemized deductions applicable to a holder who is an individual, trust or estate. Such amount would reduce the amount of gain and income or decrease the amount of loss recognized by a holder with respect to an investment in the notes.

Separate from an alternative tax treatment of deemed ownership of the Index constituents, it is possible that a deemed taxable event could occur on one or more of the Adjustment Days or upon any extension by us of the Maturity Date or that the notes could be treated as a series of contracts, each of which matures on the next Adjustment Day. If the notes were properly characterized in such a manner, a holder would be treated as disposing of the notes on each Adjustment Day or extension, as the case may be, in return for new notes that mature on the next Adjustment Day or on the extended Maturity Date, as the case may be, and a U.S. holder would accordingly likely recognize capital gain or loss on each Adjustment Day or extension, as the case may be, equal to the difference between the holder's tax basis in the notes (which would be adjusted to take into account any prior recognition of gain or loss) and the fair market value of the notes on such date.

In the absence of authority regarding the appropriate tax characterization of the notes, it is also possible that the Internal Revenue Service might assert that the notes should be treated in a manner that results in other tax consequences that are different from those described above. For example, the Internal Revenue Service could possibly assert that any gain or loss that a holder may recognize upon the sale, exchange, redemption or settlement of the notes should be treated as ordinary gain or loss.

The Internal Revenue Service has released a notice that may affect the taxation of holders of the notes. According to the notice, the Internal Revenue Service and the Treasury Department are actively considering whether the holder of an instrument such as the notes should be required to recognize income on a current basis, and they sought taxpayer comments on the subject. It is not possible to determine what guidance they might issue, if any. It is possible, however, that under such guidance, holders of the notes will ultimately be required to accrue income on a retroactive basis. The Internal Revenue Service and the Treasury Department are also considering other guidance regarding whether additional gain or loss from such instruments should be treated as ordinary or capital and whether the special tax rules of Section 1260 of the Code might be applied to such instruments. Holders are urged to consult their tax advisors.

ance, and the potential impact, of the above considerations. Unless stated otherwise in the relevant pricing supplement, we
or U.S. federal income tax purposes in accordance with the treatment described in this pricing supplement unless and until
h time as the Treasury Department and Internal Revenue Service determine that some other treatment is more appropriate.

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Non-U.S. Holders

on applies to non-U.S. holders of the notes. A non-U.S. holder is a beneficial owner of a note that, for U.S. federal income tax purposes, is a non-resident alien individual, a foreign corporation, or a foreign estate or trust.

w, a non-U.S. holder will generally not be subject to U.S. federal income or withholding tax for amounts paid in respect of (i) the holder complies with any applicable certification requirements, (ii) the payment is not effectively connected with the conduct of a U.S. trade or business, and (iii) if the holder is a non-resident alien individual, such holder is not present in the U.S. for the taxable year of the sale, exchange, redemption or settlement of the notes. In the case of (ii) above, the holder generally will not be subject to U.S. federal income tax with respect to any income or gain in the same manner as if the holder were a U.S. holder and, in the case of a non-U.S. holder that is a corporation, the holder may also be subject to a branch profits tax equal to 30% (or such lower rate provided by an applicable income tax treaty) of a portion of its earnings and profits for the taxable year that are effectively connected with its conduct of a trade or business in the U.S., subject to certain adjustments.

If a payment is treated as a dividend from sources within the U.S. and such payments generally would be subject to a 30% U.S. federal income tax on dividends paid to a non-U.S. holder. Under U.S. Treasury Department regulations, certain payments (including deemed payments) on contingent interest payments (“ELI’s”), including the notes, that are contingent upon or determined by reference to actual or estimated U.S. source income from an interest in an “underlying security” would be treated as U.S. source dividends. An “underlying security,” is any interest in a U.S. corporation for U.S. federal income tax purposes if a payment with respect to such interest could give rise to a U.S. source dividend. U.S. Revenue Service guidance provides that withholding on dividend equivalent payments will apply to specified ELIs that are issued on or after January 1, 2017 and to all specified ELIs issued on or after January 1, 2021 (the “grandfather date”). Based on the fact that the notes are not delta-one instruments, non-U.S. holders should not generally be subject to withholding on dividend equivalent payments, if any, under the notes.

Notes issued on or after the grandfather date (the “additional notes”) that will trade interchangeably with notes that are issued before the grandfather date. In addition, as discussed above, it is possible that the notes could be treated as deemed reissued in a taxable exchange for U.S. federal income tax purposes upon the occurrence of certain events affecting the Index or the notes (including any extension of the Maturity Date), including an occurrence on or after the grandfather date the notes could be treated as specified ELIs that are subject to withholding on dividend equivalent payments. In such cases, withholding agents for the notes may be unable to distinguish between the notes that are issued before the grandfather date and the additional notes that are issued on or after the grandfather date. Therefore, if we do issue additional notes, we expect we would treat all of the notes as being subject to withholding on “dividend equivalent” payments made to non-U.S. holders on or after the date on which we first issue additional notes. Thus, a non-U.S. holder of the notes issued pursuant to this pricing supplement may be subject to withholding on “dividend equivalent” payments in future years, even though the notes were issued before the grandfather date. In addition, we advise holders that enter, or have entered, into other transactions in respect of the Index or the notes should consult their tax advisor regarding the application of the dividend equivalent withholding tax in the context of the notes and their other transactions. If any payments are subject to dividend equivalent withholdings, we (or the applicable paying agent) would be entitled to withhold taxes without being required to pay any additional amounts with respect to amounts so withheld.

As discussed above, alternative characterizations of the notes for U.S. federal income tax purposes are possible. Should an alternative reason of change or clarification of the law, by regulation or otherwise, cause payments as to the notes to become subject to withholding (including withholding on “dividend equivalent” payments), we will withhold tax at the applicable statutory rate. The Internal Revenue Service has also indicated that it is considering whether income in respect of instruments such as the notes should be subject to withholding tax. Prospective investors should consult their own tax advisors in this regard.

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Backup Withholding and Information Reporting

to information reporting. Holders may also be subject to backup withholding on payments in respect of their notes unless an applicable exemption or a correct taxpayer identification number and otherwise comply with applicable requirements of withholding rules. Non-U.S. holders will not be subject to backup withholding if they provide a properly completed Form W-8 in certain circumstances. Amounts withheld under the backup withholding rules are not additional taxes and may be refunded or credited against U.S. federal income tax liability, provided the required information is furnished to the Internal Revenue Service.

The Foreign Account Tax Compliance Act

The Foreign Account Tax Compliance Act (“FATCA”) imposes a 30% U.S. withholding tax on certain U.S. source payments, including interest (and dividends), dividends, other fixed or determinable annual or periodical gain, profits, and income, and on the gross proceeds from a sale or disposition of a type of property of a type which can produce U.S. source interest or dividends (“Withholdable Payments”), if paid to a foreign financial institution (including amounts paid to a foreign financial institution on behalf of a holder), unless such institution enters into an agreement with the U.S. Treasury to collect and provide to the Treasury Department substantial information regarding U.S. account holders, including certain information regarding U.S. owners of the accounts. Account holders subject to information reporting requirements include holders of the notes. FATCA also generally imposes a withholding tax of 30% on Withholdable Payments made to a foreign entity unless such entity provides the withholding agent with a certification that it does not have any substantial U.S. owners or a certification identifying the direct and indirect substantial U.S. owners of the entity.

The U.S. Treasury Department and the IRS have announced that withholding on payments of gross proceeds from a sale or redemption of the notes will be eliminated for payments made after December 31, 2018. However, recently proposed regulations eliminate the requirement of withholding on payments of gross proceeds from a sale or disposition of financial instruments. The U.S. Treasury Department has indicated that taxpayers may rely on these regulations pending their finalization. If we determine withholding is appropriate with respect to the notes, we will withhold tax at the time of payment and we will not pay any additional amounts in respect of such withholding. Foreign financial institutions and non-financial institutions located in jurisdictions that have an intergovernmental agreement with the United States governing FATCA may be subject to FATCA. Holders are urged to consult with their own tax advisors regarding the possible implications of FATCA on their investment in the notes.

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EMPLOYEE RETIREMENT INCOME SECURITY ACT

ension, profit-sharing or other employee benefit plan subject to the Employee Retirement Income Security Act of 1974, as
A” and, each such plan, an “*ERISA Plan*”) should consider the fiduciary standards of ERISA in the context of the ERISA Plan’s
before authorizing an investment in the notes. Among other factors, the fiduciary should consider whether the investment
ce and diversification requirements of ERISA and would be consistent with the documents and instruments governing the
whether the investment would involve a prohibited transaction under Section 406 of ERISA or Section 4975 of the Internal
Revenue Code (the “*Code*”).

of ERISA and Section 4975 of the Code prohibit ERISA Plans, individual retirement accounts and Keogh plans subject to
and entities such as collective investment funds, partnerships or separate accounts whose underlying assets are deemed to
such ERISA Plans, accounts or plans (collectively, “*Plans*”), from engaging in certain transactions involving “*plan assets*” with
in interest” under ERISA or “*disqualified persons*” under the Code (in either case referred to herein as “*parties in interest*”) with
. As a result of our business, we and our current and future affiliates may be parties in interest with respect to many Plans.
Montreal or our affiliate is or becomes a party in interest with respect to a Plan, the purchase and holding of the notes by or on
ld be a prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code and result in civil penalties or
ERISA or an excise tax under Section 4975 of the Code unless such acquisition and holding is pursuant to and in accordance
with applicable statutory, regulatory or administrative relief.

08(b)(17) of ERISA and Section 4975(d)(20) of the Code provide an exemption for the purchase and sale of securities and
as where neither Bank of Montreal nor any of its affiliates have or exercise any discretionary authority or control or render
advice with respect to the assets of the Plan involved in the transaction and the Plan pays no more and receives no less than
in connection with the transaction (the “*Service Provider Exemption*”). Moreover, the United States Department of Labor has
ited transaction class exemptions, or “*PTCEs*”, that may provide exemptive relief if required for direct or indirect prohibited
transactions that may arise from the purchase or holding of the notes. Those exemptions are:

an exemption for certain transactions determined or effected by independent qualified professional asset managers;

PTCE 90-1, an exemption for certain transactions involving insurance company pooled separate accounts;

PTCE 91-38, an exemption for certain transactions involving bank collective investment funds;

PTCE 95-60, an exemption for transactions involving certain insurance company general accounts; and

PTCE 96-23, an exemption for plan asset transactions managed by in-house asset managers.

may not be purchased or held by any Plan or any person investing “*plan assets*” of any plan, unless in each case the purchaser obtains exemptive relief under one or more of the PTCEs listed above or under the Service Provider Exemption or there is some other basis for which the purchase and holding of the notes will not constitute a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code. Each purchaser or holder of the notes or any interest therein will therefore be deemed to have represented by such purchase that it either (1) is not a Plan and is not purchasing the notes on behalf of or with “*plan assets*” of any Plan or (2) its purchase of the notes will not result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code.

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plans and arrangements including those that are governmental plans (as defined in section 3(32) of ERISA), church plans (as defined in section 3(3) of ERISA) and non-U.S. plans (as described in Section 4(b)(4) of ERISA) (collectively, “*Non-ERISA Arrangements*”) are prohibited transaction rules of Section 406 of ERISA or Section 4975 of the Code, but may be subject to similar rules under other laws (“*Similar Laws*”). As such, any purchaser or holder of the notes or any interest in the notes which is, or is investing the notes through, a Non-ERISA Arrangement will be deemed to have represented by its purchase and holding of the notes that such purchase and holding will not violate the provisions of any Similar Laws.

In view of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is recommended that you or other persons considering purchasing the notes on behalf of or with “*plan assets*” of any Plan or non-ERISA arrangement should consult with legal counsel regarding the availability of exemptive relief under any of the PTCEs listed above, the Service Provider Exemption or the Plan Asset Exemption, or the potential consequences of any purchase or holding under Similar Laws, as applicable. If you are an individual who is a fiduciary of a pension plan or an employee benefit plan, and propose to invest in the notes, you should consult your legal counsel.

Bank of Montreal is not undertaking to provide impartial investment advice, or to give advice in a fiduciary capacity, in connection with the sale of notes by any Plan or Non-ERISA Arrangement. Each purchaser and holder of the notes has exclusive responsibility for determining whether the purchase, holding and subsequent disposition of the notes do not violate the fiduciary or prohibited transaction rules of ERISA, the Code, or any other applicable laws. The sale of notes to any Plan or Non-ERISA Arrangement is in no respect a representation by Bank of Montreal of any other Transaction Party that such an investment is appropriate for, or meets all applicable legal requirements with respect to investments by, Plans or Non-ERISA Arrangements generally or any particular Plan or Non-ERISA Arrangement.

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SUPPLEMENTAL PLAN OF DISTRIBUTION (CONFLICTS OF INTEREST)

Conditions set forth in the Distribution Agreement dated September 23, 2018 between Bank of Montreal and the Agents party thereto, including BMOCM, govern the sale and purchase of the notes.

On the Initial Trade Date, we sold an aggregate of \$25,000,000 principal amount of the notes through BMOCM and through one or more dealers acting as principal through BMOCM for \$50 per note. We received proceeds equal to 100% of the offering price of those notes.

Notes offered and sold after the Initial Trade Date from time to time through BMOCM and one or more dealers at a price that is at least the stated principal amount, based on the Indicative Note Value at that time. Sales of the notes after the Initial Trade Date will be made at prices prevailing at the time of sale, at prices related to market prices or at negotiated prices. We will receive proceeds equal to the offering price of the notes that the notes are sold to the public, less any commissions paid to BMOCM or any other dealer. In addition, BMOCM may charge a Daily Investor Fee. We may not sell the full amount of notes offered by this pricing supplement, and may discontinue sales of the notes at any time.

Notes are payable against payment therefor on a date that is greater than two business days following the date of sale of any notes. Under the Securities Exchange Act of 1934, trades in the secondary market generally are required to settle in two business days, unless the issuer and trade expressly agree otherwise. Accordingly, purchasers who wish to transact in notes that are to be issued more than two business days after the related trade date will be required to specify alternative settlement arrangements to prevent a failed settlement.

The Agent and dealer in the initial and any subsequent distribution are expected to charge normal commissions for the purchase of the notes.

Market participants may make a market in the notes, although none of them are obligated to do so and any of them may stop doing so at any time. This prospectus (such term includes this pricing supplement and the accompanying prospectus supplement and prospectus) may be used by our affiliates in connection with market-making transactions. In these transactions, dealers may resell an note covered by this prospectus they acquire from us, BMOCM or other holders after the original offering and sale of the notes, or they may sell any notes covered by this prospectus in short sale transactions. This prospectus will be deemed to cover any short sales of notes by market participants who cover their short positions with notes borrowed or acquired from us or our affiliates in the manner described above.

Market participants are cautioned that some of their activities, including covering short sales with notes borrowed from us, may result in their being deemed participants in the distribution of the notes in a manner that would render them statutory underwriters. In connection with their participation in the distribution of the notes, they may be subject to the prospectus delivery and liability provisions of the Securities Act of 1933 (the "Securities Act"). A determination of whether a market participant is an underwriter must take into account all the facts and circumstances pertaining to the activities of the

lar case, and the example mentioned above should not be considered a complete description of all the activities that would
as an underwriter and subject a market participant to the prospectus delivery and liability provisions of the Securities Act.

FINRA member will provide certain services relating to the distribution of the notes and may be paid a fee for its services
f, the Investor Fee. BMOCM may also pay fees to other dealers pursuant to one or more separate agreements. Any portion
to BMOCM or such other FINRA member will be paid on a periodic basis over the term of the notes. Although BMOCM
discounts in connection with such sales, BMOCM is expected to charge normal commissions for the purchase of any such
notes.

agent in connection with any redemptions at the investor's option, and the Redemption Fee Amount applicable to any such
to us. Additionally, it is possible that BMOCM and its affiliates may profit from expected hedging activities related to this
offering, even if the value of the notes declines.

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intended for purchase by any investor that is not a United States person, as that term is defined for U.S. federal income tax purposes, and no dealer may make offers of the notes to any such investor.

defined in Directive 2003/71/EC, as amended (the “Prospectus Directive”)) will be prepared in connection with these notes. These notes may not be offered to the public in any member state of the European Economic Area (the “EEA”), and any purchaser of these notes who subsequently sells any of these notes in any EEA member state must do so only in accordance with the requirements of the Prospectus Directive, as implemented in that member state.

These notes are not intended to be offered, sold or otherwise made available to, and should not be offered, sold or otherwise made available to, any person in the EEA. For these purposes, the expression “offer” includes the communication in any form and by any means of sufficient information about the offer and the notes to be offered so as to enable an investor to decide to purchase or subscribe the notes, and a “retail investor” means a person who is one (or more) of: (a) a retail client, as defined in point (11) of Article 4(1) of Directive 2014/65/EU, as amended, or a customer, within the meaning of Insurance Distribution Directive 2016/97/EU, as amended, where that customer would not be a professional client as defined in point (10) of Article 4(1) of MiFID II; or (c) not a qualified investor as defined in the Prospectus Directive. No key information document required by Regulation (EU) No 1286/2014, as amended (the “PRIIPs Regulation”), for these notes or otherwise making them available to retail investors in the EEA has been prepared, and therefore, offering or selling these notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Conflicts of Interest

BMOCM, a subsidiary of Bank of Montreal and, as such, has a “conflict of interest” in this offering within the meaning of FINRA Rule 5121. This offering is being conducted in compliance with the provisions of Rule 5121. BMOCM is not permitted to sell notes in this offering from an account over which it exercises discretionary authority without the prior specific written approval of the account holder.

VALIDITY OF THE NOTES

Hoskin & Harcourt LLP, the issue and sale of the notes has been duly authorized by all necessary corporate action of the issuer as set forth in the Senior Indenture, and when the notes have been validly executed, authenticated and issued and, to the extent validity of the notes is governed by the laws of the Province of Ontario, or the laws of Canada applicable therein, will be valid obligations of the issuer subject to the following limitations (i) the enforceability of the Senior Indenture may be limited by the Canada Deposit Insurance Corporation Act, the Winding-up and Restructuring Act (Canada) and bankruptcy, insolvency, reorganization, receivership, moratorium, liquidation laws or other similar laws affecting the enforcement of creditors’ rights generally; (ii) the enforceability of the Senior Indenture shall be governed by equitable principles, including the principle that equitable remedies such as specific performance and injunction may be granted at the discretion of a court of competent jurisdiction; (iii) pursuant to the Currency Act (Canada) a judgment by a Canadian court in Canadian currency and that such judgment may be based on a rate of exchange in existence on a day other than the day of the enforceability of the Senior Indenture will be subject to the limitations contained in the Limitations Act, 2002 (Ontario), and

no opinion as to whether a court may find any provision of the Senior Debt Indenture to be unenforceable as an attempt to
ion period under that Act. This opinion is given as of the date hereof and is limited to the laws of the Provinces of Ontario
Canada applicable thereto. In addition, this opinion is subject to customary assumptions about the Trustee's authorization,
the Indenture and the genuineness of signatures and certain factual matters, all as stated in the letter of such counsel dated
8, which has been filed as Exhibit 5.3 to Bank of Montreal's Form 6-K filed with the SEC and dated September 23, 2018.

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Morrison & Foerster LLP, when the notes have been issued and sold as contemplated by the pricing supplement, prospectus or prospectus, the notes will be valid, binding and enforceable obligations of Bank of Montreal, entitled to the benefits of the laws of the State of New York, to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally, concepts of reasonableness and concepts of general applicability (including, without limitation, concepts of good faith, fair dealing and the lack of bad faith). This opinion is limited to the laws of the State of New York. This opinion is subject to customary assumptions about the accuracy of the information, execution and delivery of the Senior Indenture and the genuineness of signatures and to such counsel's reliance on the information provided to certain factual matters, all as stated in the legal opinion dated September 23, 2018, which has been filed as Exhibit 5.4 to the Bank's Form 6-K and dated September 23, 2018.

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ANNEX A

NOTICE OF EARLY REDEMPTION

To: [].com

Subject: Notice of Early Redemption, CUSIP No.: 063679740

[BODY OF EMAIL]

Name of broker: []

Name of beneficial holder: []

Number of Notes to be redeemed: []

Applicable Redemption Measurement Date: [], 20[]*

Broker Contact Name: []

Broker Telephone #: []

Broker DTC # (and any relevant sub-account): []

wledges that in addition to any other requirements specified in the pricing supplement relating to the notes being satisfied, unless (i) this notice of redemption is delivered to BMO Capital Markets Corp. (“BMO Capital Markets”) by 2:00 p.m. on the Index Business Day prior to the applicable Redemption Measurement Date; (ii) the confirmation, as completed and signed is delivered to BMO Capital Markets by 5:00 p.m. (New York City time) on the same day the notice of redemption is signed and (iii) the undersigned has booked a delivery vs. payment (“DVP”) trade on the applicable Redemption Measurement Date, facing BMO Capital Markets as booked for settlement via DTC and (iv) the undersigned instructs DTC to deliver the DVP trade to BMO Capital Markets as booked for settlement via DTC at or prior to 10:00 a.m. (New York City time) on the applicable Redemption Date.

er acknowledges that the undersigned has read the section “Risk Factors — You will not know the Redemption Amount at the time of redemption” in the pricing supplement relating to the notes and the undersigned understands that it will be exposed to market risk on the Redemption Measurement Date.

* Subject to adjustment as described in the pricing supplement relating to the notes.

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ANNEX B

BROKER'S CONFIRMATION OF REDEMPTION

[TO BE COMPLETED BY BROKER]

Dated:

BMO Capital Markets Corp.

BMO Capital Markets, as Calculation Agent

e-mail: []

To Whom It May Concern:

roSectors™ U.S. Big Oil Index Inverse ETNs due March 25, 2039, CUSIP No. 063679740 (the “notes”) hereby irrevocably
payment on the Redemption Date* of [holder to specify] with respect to the number of notes indicated below, as of the date
ption right as described in the pricing supplement relating to the notes (the “Prospectus”). Terms not defined herein have the
meanings given to such terms in the Prospectus.

es to you that it will (i) book a DVP trade on the applicable Redemption Measurement Date with respect to the number of
at a price per note equal to the Redemption Amount, facing BMO Capital Markets DTC 5257 and (ii) deliver the trade as
booked for settlement via DTC at or prior to 10:00 a.m. (New York City time) on the applicable Redemption Date.

edges that in addition to any other requirements specified in the Prospectus being satisfied, the notes will not be redeemed
tion is delivered to BMO Capital Markets by 5:00 p.m. (New York City time) on the same day the notice of redemption is

igned has booked a DVP trade on the applicable Redemption Measurement Date, facing BMO Capital Markets DTC 5257; will deliver the DVP trade to BMO Capital Markets as booked for settlement via DTC at or prior to 10:00 a.m. (New York City time) on the applicable Redemption Date.

Very truly yours,
[NAME OF DTC PARTICIPANT HOLDER]

Name:
Title:
Telephone:
Fax:
E-mail:

Number of notes surrendered for redemption: _____

DTC # (and any relevant sub-account): _____

Contact Name: _____

Telephone: _____

Fax: _____

E-mail: _____

(At least 25,000 notes must be redeemed at one time to receive a cash payment on any Redemption Date.)

* Subject to adjustment as described in the pricing supplement relating to the notes.

