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*Notice of*  
**Annual Meeting**  
*And*  
**Proxy Statement**

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Commercial National Financial Corporation  
Annual Meeting of Shareholders  
May 17, 2016

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NOTICE OF ANNUAL MEETING  
OF SHAREHOLDERS  
ON MAY 17, 2016

To The Shareholders:

Notice is given that the Annual Meeting of Shareholders of Commercial National Financial Corporation (the "Corporation") will be held at its principal office, 900 Ligonier Street, Latrobe, Pennsylvania, on Tuesday, May 17, 2016, at 10:00 a.m. for the following purposes:

- election as directors of the three nominees set forth in the Proxy Statement, each in a class of directors as set forth in the Proxy Statement;
- ratification of the appointment of Baker Tilly Virchow Krause, LLP as independent auditors for the Corporation;
- approval to amend the Articles of Incorporation by deleting Article 11 from the Corporation's Articles of Incorporation (See the attached Proxy Statement for details.); and
- transaction of such other business as may properly come before the meeting, and any adjournment or postponement thereof.

Only those shareholders of record as of the close of business on March 30, 2016 shall be entitled to notice of and to vote at the meeting.

Enclosed are a Proxy Statement, a form of Proxy and an addressed return envelope. Please mark, date, sign and promptly return the Proxy in the envelope provided, whether or not you plan to attend the meeting. If you attend the meeting you may then withdraw your Proxy and vote in person.

Your prompt response will be appreciated.

By order of the Board of Directors,

Wendy S. Piper  
Secretary



April 11, 2016

**PROXY STATEMENT**  
**For The Annual Meeting Of Shareholders**  
**To Be Held On May 17, 2016**

**GENERAL INFORMATION**

**The Annual Meeting**

This Proxy Statement is provided for the solicitation of proxies by the Board of Directors of Commercial National Financial Corporation (the "Corporation"), a Pennsylvania business corporation, for use at the Annual Meeting of Shareholders on May 17, 2016 at 10:00 AM (the "Annual Meeting") to be held at 900 Ligonier Street, Latrobe, Pennsylvania, 15650, and at any adjournments or postponements of the Annual Meeting. This Proxy Statement and the form of Proxy, together with the Corporation's Annual Report to Shareholders for 2015, are being mailed on April 11, 2016, or as soon as possible thereafter, to all shareholders entitled to vote at the Annual Meeting.

At the Annual Meeting, the shareholders will be asked to consider and take action on the proposals listed below:

- election as directors of the three nominees set forth in this Proxy Statement;
- ratification of the appointment of Baker Tilly Virchow Krause, LLP ("Baker Tilly"), as independent auditors for the Corporation;
- approval to amend the Articles of Incorporation by deleting Article 11 thereof, the language of which has caused the Corporation not to be governed by certain sections of the Pennsylvania Business Corporation Law that gives the Board of Directors additional flexibility in dealing with attempted hostile takeovers and gives the Corporation additional protections from takeovers; and
- any other business that may be properly brought before the meeting.

The Board of Directors of the Corporation recommends the election of the three nominees for Directors listed in this Proxy Statement, the ratification of the appointment of Baker Tilly as independent auditors, and approval of the amendment to the Articles.

The three nominees receiving the highest number of votes cast shall be elected as Directors. Each share of stock is entitled to one vote. Ratification of the appointment of Baker Tilly, and the amendment of the Articles, will each be approved if a majority of all of the shares that are present and entitled to vote on the resolution vote for such proposal. Abstentions will be counted as present for purposes of determining the existence of a quorum.

**Voting Rights and Requirements**

*Record Date.* The Board has fixed the close of business on March 30, 2016 as the Record Date for the determination of the shareholders entitled to notice of the Annual Meeting (and any adjournments or postponements). Accordingly, only the shareholders of record on the Record Date will be entitled to receive notice of the Annual Meeting and to vote at the Annual Meeting. As of the Record Date, 2,860,953 shares of common stock were issued and outstanding and entitled to vote.

**Voting and Revocation of Proxy**

If the enclosed Proxy card is duly executed and returned prior to voting at the Annual Meeting, the shares represented by the proxy will be voted in accordance with the instructions marked on the card. In the absence of instructions, shares represented by the

Proxy card will be voted as recommended by the Board of Directors, that is, in favor of the election of the nominees listed on the proxy and in this Proxy Statement, in favor of the appointment of Baker Tilly as independent auditors, and in favor of amending the Articles. All of the nominees are now and have been directors of the Corporation and of the Corporation's wholly owned subsidiary, Commercial Bank & Trust of PA (the "Bank").

A shareholder who returns a proxy may revoke it at any time before it is voted by delivering a written notice of revocation to Wendy S. Piper, Secretary of the Corporation, or by executing a later dated proxy and giving written notice thereof to the Secretary of the Corporation, or by voting in person at the Annual Meeting after giving written notice to the Secretary of the Corporation.

### ELECTION OF DIRECTORS

The Bylaws of the Corporation provide that the Board of Directors shall consist of not less than three directors, with the exact number to be set by the Board of Directors. The Directors have set the number of Directors at nine. The Board is classified into three classes, each class to be elected for a term of three years. At the Annual Meeting, there shall be elected three directors of the nine directors as a class to serve until the Annual Meeting of Shareholders in the year 2019. George A. Conti, Jr., R. Dale Landers and Stephen H. Landers have been designated by the Nominating/Corporate Governance Committee and the Board of Directors as its nominees for election as directors at the Annual Meeting.

Other nominations for director may be made at the Annual Meeting. The Bylaws of the Corporation generally require written notice to the Secretary of the Corporation of any such nomination at least 120 days prior to the anniversary date of the preceding Annual Meeting of the shareholders for the election of directors, but no more than 180 days prior to such anniversary date. Such notice shall contain the following information to the extent known by the notifying shareholder:

- the name, address, and age of each proposed nominee;
- the principal occupation of each proposed nominee;
- the number of shares of the Corporation owned by each proposed nominee;
- a statement that the shareholder intends to submit the nomination at the annual meeting;
- the name and address of the notifying shareholder;
- the number of shares of common stock of the Corporation owned by the notifying shareholder;
- a statement as to whether the shareholder intends to solicit proxies;
- a description of all arrangements or understandings between the shareholder and each nominee and the name of any other person or persons that, to the shareholder's knowledge, have arrangements with the nominee or other shareholders relating to such nomination;
- the written consent of each proposed nominee to his or her nomination and to his or her service as a Director of the Corporation, if so elected.

Nominations not made pursuant to the foregoing procedures may be disregarded by the Chairman at the Annual Meeting.

### **Information about Director Nominees**

Each nominee has consented to be named and to serve as a director, if elected. If any nominee becomes unable to serve as a director, the proxies named in the Proxy card will vote for a substitute nominee selected and recommended by the Board of Directors of the Corporation.

The names and ages of the nominees, the nominee's new term of office, and the year each nominee began continuous service as a director of the Corporation, are as follows:

#### Nominees

Name	Age	Term Expires	Director Since
George A. Conti, Jr.	77	2019	1996
R. Dale Landers	66	2019	2012
Stephen H. Landers	58	2019	2004

## Business Experience and Qualifications of Director Nominees

Set forth below is a description of the business experience over the past five years of each nominee for director named in the above table. In addition, set forth below is the specific experience, qualifications, attributes and/or skills that lead to the conclusion that such individual should serve as a director of the Corporation.

For over the past fifty-one years, George A. Conti, Jr. has been an attorney at law. He brings to the board experience as an attorney, a positive reputation in the community and an ability to ask probing questions.

For over the past five years, R. Dale Landers has been Senior Consultant of Water Treatment Services, Inc., a Pittsburgh based company providing water treatment chemicals. Mr. Landers' focus is on problematic environmental issues in the power generation industry. Between 1999 and 2009 he was most recently the Senior Environment Scientist for Edison Mission Energy, a subsidiary of Edison International. He brings to the board business experience in operational efficiencies and strong decision-making skills. R. Dale Landers is the brother of Steven H. Landers.

For over the past five years, Steven H. Landers has been the Vice President, Service of R&L Development Company (a land development company). He also has helped manage Derry International, Ltd. (a stoning company) and Brothers Farm Ltd. (a storage company). He brings to the board experience in real estate development and real estate in general as well as good decision-making skills. Steven H. Landers is the brother of R. Dale Landers.

## BENEFICIAL OWNERSHIP BY OFFICERS, DIRECTORS AND NOMINEES

The following table sets forth as of March 30, 2016, the amount and percentage of the common stock beneficially owned by each continuing director, nominee, named executive officer, and all executive officers and directors of the Corporation as a group.

The information contained herein has been obtained from the Corporation's records and from information furnished to the Corporation by each individual.

<u>Name of Beneficial Owner</u>	<u>Amount and Nature of Beneficial Ownership</u> <sup>(1)</sup>	<u>Percent of Class</u>
John T. Babilya	12,317	0.42%
George A. Conti, Jr.	232,850 <sup>(2)</sup>	8.14%
Gregg E. Hunter	283,180 <sup>(3)</sup>	9.90%
R. Dale Landers	45,856	1.60%
Steven H. Landers	25,907	0.91%
Joseph A. Mosso	20,363	0.71%
Bruce A. Robinson	49,757	1.74%
Debra L. Spatola	7,200	0.25%
George V. Welty	17,268	0.59%
All executive officers and directors as a group	701,187	24.51%

(9 directors, 1 officer, 9 persons in total)

- (1) The securities "beneficially owned" by an individual are determined in accordance with the definitions of "beneficial ownership" set forth in the general rules and regulations of the Securities and Exchange Commission and may include securities owned by or for the individual's spouse and minor children and any other relative who has the same home, as well as securities to which the individual has or shares voting or investment power or has the right to acquire beneficial ownership within sixty (60) days after March 30, 2016. Beneficial ownership may be disclaimed as to certain of the securities.
- (2) Includes 79,260 shares held as trustee of the Corazzi Trust, 145,740 shares held as trustee of the Iorio Trust, each with sole voting and investment power. Also includes 750 shares held as co-trustee of the Conti Family Trust with shared voting and investment power.
- (3) Includes 200,000 shares held as co-trustee of The Hunter Stock Trust, with shared voting and investment power. Includes 3,000 shares controlled as power of attorney for Dorothy S. Hunter with sole voting and investment power.

## AUDITOR

### **Independent Auditors**

On October 1, 2014, the Corporation was notified that the audit practice of ParenteBeard LLC, an independent registered public accounting firm, was combined with Baker Tilly Virchow Krause, LLP (“Baker Tilly”). On October 1, 2014, ParenteBeard LLC resigned as the auditors of the Corporation and, with the approval of the Audit Committee of the Corporation's Board of Directors, Baker Tilly was engaged as its independent registered public accounting firm. Baker Tilly was appointed as the independent auditors for the Corporation and its subsidiaries for fiscal year ended December 31, 2014.

The Audit Committee of the Corporation, at a meeting held March 9, 2016, selected Baker Tilly as the auditors of the Corporation for the fiscal year ending December 31, 2016 subject to shareholder approval. A resolution will be presented at the Annual Meeting for the ratification by the shareholders of the appointment of Baker Tilly as the independent auditors for the Corporation for the fiscal year ending December 31, 2016.

**The Board of Directors recommends the shareholders vote in favor of the proposal to ratify the appointment of Baker Tilly Virchow Krause, LLP as the Corporation's independent auditors for the fiscal year ending December 31, 2016.**

## AMENDMENT OF ARTICLES OF INCORPORATION

The Board of Directors recommends that the shareholders approve the deletion of Article 11 of the Corporation's Articles of Incorporation, by adopting the following resolution:

RESOLVED, that the Articles of Incorporation of the Corporation be Amended by deleting Article 11 from the current Articles, which consists of the following language:

“This corporation specifically opts out and shall not be governed by Subsections (d) through (f) of Section 511, Subsections (e) through (g) of Section 1721, pertaining to Standards of Care and Fiduciary Duties of Directors, of the Business Corporation Law of 1988, as added and amended by Act 36 of 1990, and Subchapter G, Control-share Acquisitions, and Subchapter H, Disgorgement by Certain Controlling Shareholders Following Attempts to Acquire Control, of Chapter 25 of the Business Corporation Law of 1988, as added and amended by Act 36 of 1990. Subsections (d) through (f) of Section 511, Subsections (e) through (g) of Section 1721, pertaining to Standards of Care and Fiduciary Duties of Directors, of the Business Corporation Law of 1988, as added and amended by Act 36 of 1990, and Subchapter G, Control-share Acquisitions and Subchapter H, Disgorgement by Certain Controlling Shareholders Following Attempts to Acquire Control, of Chapter 25 of the Business Corporation Law of 1988, as added and amended by Act 36 of 1990, shall not be applicable to the corporation.”

The direct legal effect of deleting the language of Article 11 is that Sections 515 and 1715 of the Pennsylvania Business Corporation Law (“BCL”) will apply to the Corporation, and Sections 516 and 1716 of the BCL will no longer apply. A copy of BCL Sections 515 and 1715 (the Sections that will apply if Article 11 is deleted) is attached as Annex A, and a copy of BCL Sections 516 and 1716 (the Sections that will no longer apply if Article 11 is deleted) is attached as Annex B. The shareholders are urged to review such attachments to determine the differences in the two sets of sections. The practical effect of having Sections 515 and 1715 apply to the Corporation (instead of Sections 516 and 1716) is that the Board of Directors will have additional legal protection when it exercises its discretion in making strategic decisions for the Corporation. Sections 515 and 1715 set forth additional provisions that define in more detail the actions that the Board of Directors can take and the factors that the Board of Directors can consider in making strategic decisions and addressing changes in control and potential takeovers of the Corporation. The new sections give broader protection than the current sections. The deletion of Article 11 will give the Board more latitude in dealing with strategic decisions, particularly under circumstances where the acquisition of control of the Corporation may be at stake. Section 1715(c)(1) of the BCL, in particular, provides that the Board of Directors shall not be required to redeem any rights under any shareholder rights plan or modify revoke any shareholder rights plan, so that repealing Article 11 will strengthen the hand of the Board of Directors in implementing or continuing any type of shareholder rights plan that it may choose to implement.

Repealing Article 11 would also have the direct legal effect of causing Subchapter G, “Control-share Acquisitions” and Subchapter H, “Disgorgement by Certain Controlling Shareholders Following Attempts to Acquire Control”, of Chapter 25 of the BCL to apply to the Corporation, but only in the event that the Corporation becomes a publicly reporting company again under the Securities Exchange Act of 1934. Subchapter G and Subchapter H, generally only apply to such reporting companies. The Corporation has no current plans to become a publicly reporting company under the Securities Exchange Act of 1934, so that the change in the application of Chapter 25 will have little practical effect on the Corporation, other than to simplify its Articles of Incorporation.

One final practical effect of repealing Article 11 is to make the Corporation’s Articles simpler and more understandable. The Board of Directors has concluded that the language of Article 11 is only understandable after considerable scrutiny and legal research, which is not in keeping with the Board’s goal of transparency to its shareholders.

If approved, the amendment of the Articles will be effective on the date of filing the amendment of the Articles with the Commonwealth of Pennsylvania.

**The Board of Directors recommends the shareholders vote in favor of the proposal to amend the Articles of the Corporation.**

#### OTHER MATTERS

The Board of Directors and the principal officers of the Corporation do not intend to present at the Annual Meeting any business other than as set forth in the Notice of Annual Meeting and this Proxy Statement. Shareholders who wish to present shareholder proposals at any future annual meetings of shareholders must provide written notice that must be received by the Secretary at the principal executive offices of the Corporation not less than 120 calendar days nor more than 150 calendar days before the anniversary date of the Corporation's proxy statement released to shareholders in connection with the prior year's annual meeting. Shareholders desiring to make such a proposal shall also comply with the other requirements for shareholder proposals that are set forth in Section 2.6 of the Corporation’s bylaws, a copy of which can be obtained from the secretary of the Corporation.

The Corporation knows of no other business to be presented for action at the Annual Meeting. If, however, any other business should properly come before the Annual Meeting, or any adjournment thereof, the proxy holders intend to vote shares in accordance with the recommendation of the Board of Directors of the Corporation.

By Order of the Board of Directors,

Wendy S. Piper  
Secretary



## **Annex A**

### **Sections Applicable Upon Amendment of the Articles of Incorporation**

#### **§ 515. Exercise of powers generally.**

(a) General rule.-- In discharging the duties of their respective positions, the board of directors, committees of the board and individual directors of a domestic corporation may, in considering the best interests of the corporation, consider to the extent they deem appropriate:

(1) The effects of any action upon any or all groups affected by such action, including shareholders, members, employees, suppliers, customers and creditors of the corporation, and upon communities in which offices or other establishments of the corporation are located.

(2) The short-term and long-term interests of the corporation, including benefits that may accrue to the corporation from its long-term plans and the possibility that these interests may be best served by the continued independence of the corporation.

(3) The resources, intent and conduct (past, stated and potential) of any person seeking to acquire control of the corporation.

(4) All other pertinent factors.

(b) Consideration of interests and factors.-- The board of directors, committees of the board and individual directors shall not be required, in considering the best interests of the corporation or the effects of any action, to regard any corporate interest or the interests of any particular group affected by such action as a dominant or controlling interest or factor. The consideration of interests and factors in the manner described in this subsection and in subsection (a) shall not constitute a violation of section 512 (relating to standard of care and justifiable reliance).

(c) Specific applications.-- In exercising the powers vested in the corporation, and in no way limiting the discretion of the board of directors, committees of the board and individual directors pursuant to subsections (a) and (b), the fiduciary duty of directors shall not be deemed to require them to act as the board of directors, a committee of the board or an individual director solely because of the effect such action might have on an acquisition or potential or proposed acquisition of control of the corporation or the consideration that might be offered or paid to shareholders or members in such an acquisition.

(d) Presumption.-- Absent breach of fiduciary duty, lack of good faith or self-dealing, any act as the board of directors, a committee of the board or an individual director shall be presumed to be in the best interests of the corporation. In assessing whether the standard set forth in section 512 has been satisfied, there shall not be any greater obligation to justify, or higher burden of proof with respect to, any act as the board of directors, any committee of the board or any individual director relating to or affecting an acquisition or potential or proposed acquisition of control of the corporation than is applied to any other act as a board of directors, any committee of the board or any individual director. Notwithstanding the preceding provisions of this subsection, any act as the board of directors, a committee of the board or an individual director relating to or affecting an acquisition or potential or proposed acquisition of control to which a majority of the disinterested directors shall have assented shall be presumed to satisfy the standard set forth in section 512, unless it is proven by clear and convincing evidence that the disinterested directors did not assent to such act in good faith after reasonable investigation.

#### **§ 1715. Exercise of powers generally.**

(a) General rule.-- In discharging the duties of their respective positions, the board of directors, committees of the board and individual directors of a business corporation may, in considering the best interests of the corporation, consider to the extent they deem appropriate:

(1) The effects of any action upon any or all groups affected by such action, including shareholders, employees, suppliers, customers and creditors of the corporation, and upon communities in which offices or other establishments of the corporation are located.

(2) The short-term and long-term interests of the corporation, including benefits that may accrue to the corporation from its long-term plans and the possibility that these interests may be best served by the continued independence of the corporation.

(3) The resources, intent and conduct (past, stated and potential) of any person seeking to acquire control of the corporation.

(4) All other pertinent factors.

(b) Consideration of interests and factors.-- The board of directors, committees of the board and individual directors shall not be required, in considering the best interests of the corporation or the effects of any action, to regard any corporate interest or the interests of any particular group affected by such action as a dominant or controlling interest or factor. The consideration of interests and factors in the manner described in this subsection and in subsection (a) shall not constitute a violation of section 1712 (relating to standard of care and justifiable reliance).

(c) Specific applications.-- In exercising the powers vested in the corporation, including, without limitation, those powers pursuant to section 1502 (relating to general powers), and in no way limiting the discretion of the board of directors, committees of the board and individual directors pursuant to subsections (a) and (b), the fiduciary duty of directors shall not be deemed to require them:

(1) to redeem any rights under, or to modify or render inapplicable, any shareholder rights plan, including, but not limited to, a plan adopted pursuant or made subject to section 2513 (relating to disparate treatment of certain persons);

(2) to render inapplicable, or make determinations under, the provisions of Subchapter E (relating to control transactions), F (relating to business combinations), G (relating to control-share acquisitions) or H (relating to disgorgement by certain controlling shareholders following attempts to acquire control) of Chapter 25 or under any other provision of this title relating to or affecting acquisitions or potential or proposed acquisitions of control; or

(3) to act as the board of directors, a committee of the board or an individual director solely because of the effect such action might have on an acquisition or potential or proposed acquisition of control of the corporation or the consideration that might be offered or paid to shareholders in such an acquisition.

(d) Presumption.-- Absent breach of fiduciary duty, lack of good faith or self-dealing, any act as the board of directors, a committee of the board or an individual director shall be presumed to be in the best interests of the corporation. In assessing whether the standard set forth in section 1712 has been satisfied, there shall not be any greater obligation to justify, or higher burden of proof with respect to, any act as the board of directors, any committee of the board or any individual director relating to or affecting an acquisition or potential or proposed acquisition of control of the corporation than is applied to any other act as a board of directors, any committee of the board or any individual director. Notwithstanding the preceding provisions of this subsection, any act as the board of directors, a committee of the board or an individual director relating to or affecting an acquisition or potential or proposed acquisition of control to which a majority of the disinterested directors shall have assented shall be presumed to satisfy the standard set forth in section 1712, unless it is proven by clear and convincing evidence that the disinterested directors did not assent to such act in good faith after reasonable investigation.

## **Annex B**

### **Sections Currently in Effect before Amendment of the Articles of Incorporation**

#### **§ 516. Alternative standard**

(a) General rule.--In discharging the duties of their respective positions, the board of directors, committees of the board and individual directors of a domestic corporation may, in considering the best interests of the corporation, consider the effects of any action upon employees, upon suppliers and customers of the corporation and upon communities in which offices or other establishments of the corporation are located, and all other pertinent factors. The consideration of those factors shall not constitute a violation of section 512 (relating to standard of care and justifiable reliance).

(b) Presumption.--Absent breach of fiduciary duty, lack of good faith or self-dealing, actions taken as a director shall be presumed to be in the best interests of the corporation.

(c) Cross reference.--See section 511(b) (relating to alternative provisions).

#### **§ 1716. Alternative standard**

(a) General rule.--In discharging the duties of their respective positions, the board of directors, committees of the board and individual directors of a business corporation may, in considering the best interests of the corporation, consider the effects of any action upon employees, upon suppliers and customers of the corporation and upon communities in which offices or other establishments of the corporation are located, and all other pertinent factors. The consideration of those factors shall not constitute a violation of section 1712 (relating to standard of care and justifiable reliance).

(b) Presumption.--Absent breach of fiduciary duty, lack of good faith or self-dealing, actions taken as a director shall be presumed to be in the best interests of the corporation.

(c) Cross reference.--See section 1711 (relating to alternative provisions).

