

PEOPLES FINANCIAL SERVICES CORP.

**SHAREHOLDER AUTOMATIC DIVIDEND REINVESTMENT
AND STOCK PURCHASE PLAN**

PLAN BROCHURE

Peoples Financial Services Corp. has established a Shareholder Automatic Dividend Reinvestment and Stock Purchase Plan to provide its shareholders an opportunity to automatically reinvest dividends paid to them on shares of Peoples Financial Services Corp. common stock in additional shares of Peoples Financial Services Corp. common stock. Peoples Financial Services Corp. may also from time to time authorize the purchase of additional shares of its common stock through additional voluntary cash payments.

**American Stock Transfer & Trust Company, LLC
Plan Administrator**

January 31, 2014

SHAREHOLDER AUTOMATIC DIVIDEND REINVESTMENT AND STOCK PURCHASE PLAN

The following, in a question and answer format, is the Peoples Financial Services Corp. Shareholder Automatic Dividend Reinvestment and Stock Purchase Plan, referred to hereafter as the “Plan.” References to “Peoples” mean Peoples Financial Services Corp., a Pennsylvania corporation, and references to “common stock” mean the class of common stock, \$2.00 par value per share, of Peoples Financial Services Corp.

PURPOSE AND ADVANTAGES

1. *What is the purpose of the Plan?*

The purpose of the Plan is to provide participants with a simple and convenient method of reinvesting cash dividends paid on shares of Peoples common stock and buying additional shares of Peoples common stock.

2. *What are the advantages of the Plan?*

The Plan provides participants with the opportunity to reinvest cash dividends paid on all or a portion of their shares of Peoples common stock in additional shares of Peoples common stock (see Question 10). In addition, the Plan provides the following advantages:

- The Plan is available to Peoples registered shareholders, as well as beneficial holders and street holders who may request their broker or nominee to enroll in the Plan on their behalf (see Question 6).
- As of this date and until further notice, brokerage commissions in connection with purchases made under the Plan will be paid by Peoples (see Question 20).
- The Plan will initially and until further notice allow participants to make voluntary cash payments on a monthly basis from a \$100 minimum to a \$10,000 maximum to purchase additional shares. These payments can be made through personal checks to American Stock Transfer & Trust Company, LLC or by taking advantage of the monthly automatic deductions feature (see Questions 13-15).
- At participants’ option, the Plan Administrator will provide for the safekeeping of stock certificates for shares credited to each Plan account (see Question 27).
- Participants will receive an account statement shortly after the Plan Administrator acquires their shares. These statements are the participant’s continuing record of the purchase price of the shares of Peoples common stock acquired and the number of shares acquired, and should be retained for tax purposes (see Question 21).
- The Plan now allows for the sale of shares acquired through the Plan directly by the Plan Administrator if the Plan participant so chooses (see Question 24).

- Participants may have dividends reinvested with respect to all or as little as 10% of their shares (see Question 10).

3. *Doesn't Peoples already have a dividend reinvestment plan?*

In the past, the Plan Administrator has administered a dividend reinvestment plan for Peoples. That plan, however, was suspended and did not include all of the features of this Plan. This Plan completely replaces the old plan. Shareholders who participated in the old plan and wish to participate in this Plan will need to re-enroll, but may withdraw at any time (see Questions 12 and 25).

4. *What if a shareholder does not participate in the Plan?*

There is no obligation to participate in the Plan, and holders of common stock who do not participate will continue to receive cash dividend payments by check, if and when dividends are declared.

PLAN ADMINISTRATION

5. *Who administers the Plan for Participants?*

American Stock Transfer & Trust Company, LLC, referred to as the "Plan Administrator," administers the Plan for participants by maintaining records, sending account statements to participants and performing other duties relating to the Plan. Shares of common stock purchased under the Plan are registered in the name of the Plan Administrator's nominee and are credited to the accounts of the participants in the Plan. The Plan Administrator acts in the capacity as agent for participants in the Plan. Peoples may replace the Plan Administrator at any time within its sole discretion with thirty (30) calendar days' notice to the effective date of change.

The Plan Administrator can be contacted at P.O. Box 922, Wall Street Station, New York, N.Y. 10269-0560, Attn: Plan Administration Department, online at www.amstock.com, or by calling the toll free number, 1-877-739-9996.

All notices from the Plan Administrator to participants will be addressed to each participant at his, her or its last address of record with the Plan Administrator. The mailing of a notice to a participant's last address of record will satisfy the Plan Administrator's duty of giving notice to such participant. Therefore, participants should promptly notify the Plan Administrator of any changes of address.

PARTICIPATION

6. *Who is eligible to participate?*

All holders of record of at least one share of common stock of Peoples are eligible to participate in the Plan. Beneficial owners of shares of common stock whose shares are registered in names other than their own name may participate by requesting their broker or nominee to transfer their shares into their own name or requesting that the broker or nominee enroll in the

Plan on their behalf. The right to participate in the Plan is not transferable to another person apart from a transfer of a Participant's shares of common stock of Peoples. Any shareholder who resides in a jurisdiction in which it is unlawful for the shareholder to participate in the Plan (under state securities laws or otherwise) is not eligible to participate in the Plan. Beneficial owners whose shares are registered in names other than their own (for example, in the name of a broker, bank or other nominee) and who wish to participate in the voluntary cash payment feature of the Plan (if available) must become owners of record of at least one share.

7. *How does an eligible shareholder participate?*

To participate in the Plan, a shareholder of record must complete an enrollment application and return it to the Plan Administrator. Copies of the enrollment application may be obtained at any time by written request to American Stock Transfer and Trust Company, LLC, Brooklyn, New York, 11219. Attn: Plan Administration Department, online at www.amstock.com, or by calling toll-free, 1-877-739-9996.

8. *When may an eligible shareholder join the Plan?*

An eligible shareholder of record may enroll in the Plan at any time. If the enrollment application is received by the Plan Administrator by the record date for a dividend payment, and the participant elects to reinvest the dividends in shares of Peoples common stock, such reinvestment of dividends will begin with that dividend payment. Please note that the Plan does not represent any change in the Peoples dividend policy or a guarantee of the payment of any future dividends.

9. *What does the enrollment application provide?*

The enrollment application allows for full or partial dividend reinvestment, which directs Peoples to pay the Plan Administrator for reinvestment in accordance with the Plan all cash dividends on all or a specified number of shares of Peoples common stock then or subsequently owned by participants, and provides for eligible participants to make voluntary cash payments for the purchase of additional shares of Peoples common stock in accordance with the Plan. Under the Emergency Economic Stabilization Act, passed by Congress in 2008, you must reinvest at least 10% of your dividend distribution each dividend period.

The enrollment application permits a shareholder who is reinvesting dividends and wishes to make voluntary cash payments (if available) to do so by automatic withdrawals from a personal bank account. The enrollment application also appoints the Plan Administrator as agent for each participant and directs the Plan Administrator to apply cash dividends and any voluntary cash payments an eligible participant might make to the purchase of shares of Peoples common stock in accordance with the terms of the Plan. The automatic deduction will be processed on the 10th of each calendar month. If the 10th of the month falls on a Saturday, Sunday or a holiday then the deduction will be made the next available business day. Deductions can be made up to \$10,000 per month.

10. *May a shareholder have dividends reinvested under the Plan with respect to less than all of the shares of common stock registered in the shareholder's name?*

Yes. A participant may have dividends reinvested with respect to all or as little as 10% of their dividend distribution each dividend period on shares of Peoples common stock registered in that shareholder's name (subject to the one share minimum).

11. *May a participant change the number of shares subject to the Plan?*

Yes. If a participant wishes to change the number of shares of common stock subject to the Plan, the participant must notify the Plan Administrator to that effect. Any such notification received after a dividend record date will not be effective until dividends paid for such record date have been reinvested and the shares credited to the participant's account.

12. *What if I was enrolled in the prior Peoples dividend reinvestment plan?*

You will have to enroll in this Plan in order to participate in dividends being reinvested. You will need to return a signed enrollment form to the Plan Administrator at the address noted in Question 5. All registered shareholders must sign the enrollment application. If your signed enrollment application is received and you do not make an election, the Plan Administrator will assume your election to be full dividend reinvestment and code your account accordingly.

VOLUNTARY CASH PAYMENTS

13. *How do voluntary cash payments work?*

Under the terms of the Plan, Peoples may allow participants to make voluntary cash payments and, as of the date of adoption of this Plan, voluntary cash payments are allowed. The Plan Administrator will provide notice to shareholders if and when voluntary cash payments are no longer available.

In order to be eligible to participate in the voluntary cash payment feature of the Plan, a shareholder must be an owner of record of at least one share. If an eligible shareholder participant chooses to participate by making voluntary cash payments, the Plan Administrator will apply any voluntary cash payment received by the Plan Administrator from the participant to the purchase of shares of Peoples common stock for the participant's account. Dividends payable on shares of Peoples common stock purchased with voluntary cash payments will be automatically reinvested in shares of Peoples common stock.

14. *How are voluntary cash payments made?*

An initial cash payment may be made by eligible participants when enrolling by enclosing a check for at least \$100 and not more than \$10,000 with the enrollment application. Voluntary cash payments may be made by sending a personal check, drawn from a U.S. bank in U.S. currency payable to American Stock Transfer & Trust Company, LLC. Thereafter, voluntary cash payments may be made each month by either: (1) sending to the Plan Administrator the participant's check for at least \$100 and not more than \$10,000, together with

the account identification stub furnished by the Plan Administrator; or (2) automatic withdrawals from a bank account in an amount not less than \$100 or more than \$10,000.

Voluntary cash payments by eligible participants must be at least \$100 per calendar month and cannot exceed a total of \$10,000 in any month. The same amount of money need not be sent each month and there is no obligation to make voluntary cash payments at any time.

Any participant checks for voluntary cash payments returned unpaid will result in any shares that were purchased for the participant's account being sold. If the sale of shares purchased is not sufficient to satisfy the returned check amount, additional shares will be sold from the participant's account. In addition, there is a \$25.00 fee for checks that are returned which will also be subject to a sale of shares from the participant's account.

15. *When will voluntary cash payments received by the Plan Administrator be invested?*

Any voluntary cash payments will be invested on the Investment Date as defined in Question 16 below. Since no interest will be paid by Peoples or the Plan Administrator on voluntary cash payments, participants are urged to make voluntary cash payments shortly before the Investment Date. Voluntary cash payments of at least \$100 and not more than \$10,000 must be received at least five (5) business days and not more than thirty (30) calendar days before the Investment Date.

Eligible participants may request in writing that the Plan Administrator return all or a portion of their uninvested voluntary cash payments at any time up to two (2) business days before the Investment Date. Voluntary cash payments do not constitute deposits or savings accounts and are not insured by the Federal Deposit Insurance Corporation (FDIC) or any government agency.

PURCHASES

16. *How will purchases be made?*

Shares of common stock of Peoples needed to fund the Plan will be acquired by the Plan Administrator on the open market. Open market purchases under the Plan will be made on each dividend payment date for reinvestment of dividends, or on the 10th of each calendar month for voluntary cash payments, or, in either case, as soon as practicable thereafter. Each date on which open market purchases under the Plan are made is referred to as an "Investment Date." Purchases of shares of common stock will be made at the direction of the Plan Administrator. Such purchases will be made in accordance with applicable state and federal securities laws and regulations. No interest or earnings will be paid by the Plan Administrator on dividend payments pending their investment in shares of Peoples common stock.

In the event applicable law or the closing of securities markets requires temporary curtailment or suspension of open market purchases of the shares of Peoples common stock, the Plan Administrator is not accountable for its inability to make purchases at such time. If shares of Peoples common stock are not available for purchase for a period of longer than 30 days from the scheduled Investment Date, the Plan Administrator will promptly mail to each participant a check in the amount of any unapplied funds in the participant's account.

17. *How many shares of common stock will be purchased for participants?*

The number of shares that will be purchased for each participant on any Investment Date will depend on the amount of the participant's cash dividend (and any voluntary cash payment) and the purchase price of shares of Peoples common stock. Each participant's account will be credited with that number of shares (including fractional shares computed to three (3) decimal places) equal to the total amount to be invested, divided by the applicable purchase price (computed to four (4) decimal places).

18. *What will be the price of shares of common stock purchased under the Plan?*

In making purchases of shares of Peoples common stock for a participant's account associated with each Investment Date, the Plan Administrator will commingle the participant's funds with those of other participants under the Plan. The per share price of Peoples common stock purchased for participants under the Plan for each Investment Date will be equal to the market price, being the average price of all shares of the common stock purchased on the Investment Date by the Plan Administrator on behalf of the Plan. Unless waived by the Peoples board of directors its sole discretion, no shares of Peoples common stock will be purchased by the Plan Administrator if the market price of the Peoples common stock exceeds 115% of the market price of the Peoples common stock on the last trading day prior to the scheduled Investment Date. The Plan Administrator shall have no responsibility with respect to the market value of the shares of Peoples common stock acquired under the Plan for Participant Accounts. Peoples will bear all costs of administering the Plan, except as described under Questions 14, 20 and 27 below.

19. *How are dividends on shares purchased through the Plan applied?*

The purpose of the Plan is to provide the participant with a convenient method of purchasing shares of common stock and to have the dividends on those shares reinvested.

Accordingly, dividends paid on shares held in the Plan will be automatically reinvested in additional shares of common stock unless and until the participant elects in writing to terminate participation in the Plan.

COSTS TO PARTICIPANTS

20. *Are there any expenses to participants in connection with purchases under the Plan?*

Effective upon the implementation of the Plan, Peoples has elected to pay all of the brokerage commissions for share purchases under the Plan. Peoples may, however, change this election from time to time, and may elect to pay all, none or any portion of the brokerage commissions or fees under the Plan. Participants will receive notice of any such change and participants may withdraw from the Plan at any time.

The Plan Administrator will be charged brokerage commissions for share purchases under the Plan, as in ordinary market transactions. If Peoples does not continue its election to pay these brokerage commissions, the participants must pay their proportionate share of any brokerage commissions charged for such share purchases. The costs of these brokerage

commissions will be included in the cost of the purchase transactions shown on participants' statements.

In addition there will be a \$15.00 transaction fee for terminating a participant's account under the Plan. A certificate will be issued for all whole shares and a check will be issued for cash payment to be made for any fraction of a share, less any additional fees. In addition, if a participant requests the Plan Administrator to sell his or her shares in the event of his or her withdrawal from the Plan, the participant will pay the \$15.00 transaction fee, plus \$0.10 per share commission (including fractional shares), and any required transfer tax. (see Question 24 below).

REPORTS TO PARTICIPANTS

21. *How will participants be advised of their purchases of shares of common stock?*

As soon practicable after each Investment Date, each participant will receive an account statement from the Plan Administrator. These statements are the participant's continuing record of the purchase price of the shares of Peoples common stock acquired and the number of shares acquired, and should be retained for tax purposes. Participants also will receive, from time to time, communications sent to all record holders of shares of Peoples common stock.

DIVIDENDS

22. *Will participants be credited with dividends on shares held in their account under the Plan?*

Yes. The participant's account will be credited with dividends paid on whole shares and fractional shares credited to the participant's account. The Plan Administrator will automatically reinvest the cash dividends received for the purchase of additional shares of Peoples common stock.

STOCK CERTIFICATES

23. *Will stock certificates be issued for shares of common stock purchased?*

The Plan Administrator will hold all shares of common stock purchased under the Plan in book-entry form in the name of its nominee. Normally, certificates for shares of Peoples common stock purchased under the Plan will not be issued to participants. The number of shares credited to an account under the Plan will be shown on the participant's account statement.

The participant may receive certificates for whole shares accumulated in his or her account under the Plan by sending a written request to the Plan Administrator. Participants may request periodic issuance of certificates for all full shares in the account. When certificates are issued to the participant, future dividends on such shares will be reinvested in additional shares of common stock. Any undistributed shares will continue to be reflected in the participant's account. No certificates representing fractional shares will be issued. Participants also may request certificates, sales and termination online at www.amstock.com or by calling the toll free number, 1-877-739-9996.

The participant's rights under the Plan and shares credited to the account of the participant under the Plan may not be pledged. A participant who wishes to pledge such shares must request that certificates for such shares be issued in his or her name.

Accounts under the Plan are maintained in the names in which certificates of participants were registered at the time they entered the Plan. Additional certificates for whole shares will be similarly registered when issued.

SALE OF SHARES FROM THE PLAN

24. How does a participant sell shares from the Plan?

A participant may request that any and all of the shares credited to his or her account be sold by the Plan Administrator. If such a sale is requested, the sale will be made for the account of the participant by the Plan Administrator's broker within ten days after the receipt of the request at the prevailing market price at the time of such sale. Within ten business days after the sale, the participant will receive from the Plan Administrator a check for the proceeds of the sale less the \$15.00 transaction fee and less \$0.10 cents per share (including fractional shares) commission and any required transfer tax.

Because the Plan Administrator will sell the shares on behalf of the Plan, neither Peoples nor any participant in the Plan has the authority or power to control the timing or pricing of shares sold or the selection of the broker making the sales. Therefore, you will not be able to precisely time your sales through the Plan, and you will bear the market risk associated with fluctuations in the price of Peoples common stock. Accordingly, if you send in a request to sell shares, it is possible that the market price of Peoples common stock could go down or up before the broker sells your shares. The Plan Administrator will sell shares at least weekly and as often as daily depending on volumes.

WITHDRAWALS FROM THE PLAN

25. How does a participant withdraw from the Plan?

A participant may withdraw from the Plan at any time by sending a written withdrawal notice to the Plan Administrator at any time. There is a transaction fee of \$15.00 which will be deducted from the sales proceeds. If the proceeds of the liquidate in not sufficient to cover the \$15.00 transaction fee you will not receive a check. The proceeds will be held and applied to the transaction fee. Notice received after a particular dividend record date will be effective following the payment date of such dividend (see Question 5 for full name and address of Plan Administrator). When a participant withdraws from the Plan, certificates for whole shares credited to the participant's account under the Plan will be issued and a cash payment will be made for any fraction of a share (see Question 26).

Upon withdrawal from the Plan, the participant also may request that all of the shares credited to his or her account be sold by the Plan Administrator. If such a sale is requested, the sale will be made for the account of the participant by the Plan Administrator's broker within ten (10) business days after receipt of the request at the prevailing market price at the time of such sale. Within ten business (10) days after the sale, the participant will receive from the Plan

Administrator a check for the proceeds of the sale less the \$15.00 transaction fee and \$0.10 per share (including fractional shares) commission and any required transfer tax.

26. *What happens to a fraction of a share when a participant withdraws from the Plan?*

When a participant withdraws from the Plan, a cash adjustment representing the value of any fraction of a share then credited to the participant's account will be mailed directly to the participant. The cash adjustment will be based on the closing price of the shares of common stock on the date on which the termination is processed by the Plan Administrator less any associated fees. In no case will certificates representing a fractional share interest be issued.

ADDITIONAL SERVICES

27. *Safekeeping of Shares.*

As an additional service to Plan participants, you may deposit certificates for shares of Peoples common stock held by you with the Plan Administrator for safekeeping. If you wish to use this service, you should send your stock certificates to the Plan Administrator at the address set forth in Question 5. A service fee of \$7.50 is charged by the Plan Administrator for each deposit of one or more certificates.

A personal check for \$7.50, drawn from a U.S. bank in U.S. currency, made payable to American Stock Transfer & Trust Company, LLC must accompany the request. Delivery of certificates is at your risk and, for delivery by mail, insured registered mail with return receipt requested is recommended. The receipt of any shares delivered for safekeeping will be shown on your account statement. Participating shareholders may withdraw their shares from the Plan Administrator's custody at any time by requesting in writing that a certificate be issued for some or all of the full shares held by it.

OTHER INFORMATION

28. *What happens when a participant's record ownership of shares of common stock is less than one share as a dividend of record date?*

If a participant disposes of shares of common stock registered in his or her name (including shares credited to his or her account under the Plan) so that the total number of shares held under the Plan in the name of the participant is less than one share, then the Plan Administrator may discontinue the reinvestment of cash dividends on the shares credited to the participant's account under the Plan, a cash payment will be made for any fractional shares, any uninvested cash balance in the account will be paid to the participant, and the account will be terminated.

29. *What happens if Peoples issues a stock dividend, declares a stock split or makes a rights offering?*

Any shares representing stock dividends or stock splits distributed by Peoples on shares credited to the account of a participant under the Plan will be added to the participant's account. Shares representing stock dividends or split shares distributed on shares registered in the name of

the participant will be mailed directly to such participant in the same manner as to shareholders who are not participating in the Plan. In the event Peoples makes a rights offering of any of its securities to holders of common stock, participants in the Plan will be notified by Peoples in advance of the commencement of the offering. Participants should instruct the Plan Administrator to transfer whole plan shares into their own names prior to the record date for such offering if they wish to exercise such rights. If no such instructions are received by the Plan Administrator prior to such record date, then such rights shall terminate with respect to both the participant and the Plan Administrator. Transaction processing may either be curtailed or suspended until the completion of any stock dividend, stock split, or corporate action.

30. *How will participant's shares held under the Plan be voted at meetings of shareholders?*

Shares credited to the account of a participant under the Plan (other than fractional shares) will be automatically added to the shares covered by the proxy sent to the shareholder with respect to his or her other shares in Peoples and may be voted by such holder pursuant to such proxy. The Plan Administrator will forward any proxy solicitation materials relating to the shares of common stock held by the Plan to the participating shareholder.

Where no instructions are received from a participant with respect to a participant's shares held under the Plan, or otherwise, such shares shall not be voted unless the participant votes such shares in person.

31. *What are the income tax consequences of participation in the Plan?*

In general, a participant in the Plan has the same Federal and state income tax obligations with respect to dividends credited to his or her account under the Plan as other holders of shares of common stock who elect to receive cash dividends directly. A participant is treated for income tax purposes as having received, on the dividend date, a dividend in the amount equal to the fair market value of the shares of common stock credited to his or her account under the Plan, even though that amount was not actually received by the participant in cash, but, instead, was applied to the purchase of additional shares for his or her account. In addition, any brokerage commissions and service charges paid by Peoples on behalf of the participant are deemed to constitute dividend income by the Internal Revenue Service. Such amounts, if any, will be included on any annual information return, Form 1099-DIV, filed with the Internal Revenue Service, a copy of which will be sent to the participant.

The cost basis of each share of common stock credited to a participant's account pursuant to the dividend reinvestment aspect of the Plan is the fair market value of the shares of Peoples common stock on the Investment Date, and the holding period for such shares begins on the day following the Investment Date. Any brokerage commissions, service charges and related fees incurred in connection with the acquisition of shares under the Plan and treated as additional dividend income to the participant may be added to the basis of the shares acquired. The receipt by a participant of certificates representing whole shares previously credited to his or her account under the Plan upon withdrawal from the Plan or pursuant to the request of the participant will not result in the recognition of taxable income. A participant will recognize a gain or a loss when shares are sold on behalf of the participant upon withdrawal from the Plan or when the participant sells shares after the participant's withdrawal from the Plan.

In the case foreign person who is subject to U.S. federal withholding taxes, the Plan will deduct the amount of tax required to be withheld and will invest only the remainder of the dividend in Plan shares. Foreign participants should consult with their own tax advisors regarding the application of U.S. federal withholding taxes to them and all other tax consequences to them under the applicable tax laws and tax treaties as a result of their participation in the Plan.

All participants are advised to consult with their own tax advisors to determine the particular tax consequences that may result from their participation in the Plan and the subsequent sale by them of shares purchased pursuant to the Plan.

32. *What are the responsibilities of Peoples under the Plan?*

Peoples, and the Plan Administrator in administering the Plan, will not be liable for any act done in good faith or for the good faith omission to act, including, without limitation, any claim of liability arising out of failure to terminate a participant's account upon such participant's death or judicially declared incompetence or with respect to the prices at which shares are purchased or sold for the participant's account, and the times that such purchases are made, with respect to any loss or fluctuation in the market value after purchase of shares, or with respect to any sales of shares of common stock made under the Plan on behalf of the participant.

33. *Who bears the risk of market price fluctuations in the shares of common stock?*

A participant's investment in shares acquired under the Plan is no different from direct investment in shares of common stock of Peoples. The participant bears the risk of loss and realizes the benefits of any gain from market price changes with respect to all such shares held in the Plan, or otherwise. Neither Peoples nor the Plan Administrator makes any representations with respect to the future value of the shares of Peoples common stock purchased under the Plan. The participant should recognize that Peoples, the Plan Administrator and related parties cannot assure the participant of realizing any profits or protect the participant against a loss related to investment in the shares of Peoples common stock purchased or sold under the Plan. The shares of common stock purchased in accordance with the Plan do not constitute savings accounts or deposits issued by a savings institution or bank and are not insured by the FDIC or any other governmental agency.

34. *May the Plan be changed or discontinued?*

The Plan may be amended, suspended, modified or terminated at any time by the Peoples board of directors without the approval of the participants. Thirty (30) calendar days' notice of any suspension, termination or amendment or modification that would have a material adverse effect on the participants' rights under the Plan will be sent to all participants, who shall at all times have the right to withdraw from the Plan.

Peoples or the Plan Administrator may terminate a shareholder's individual participation in the Plan at any time by written notice to the shareholder. In such event, the Plan Administrator will request instructions from the participant for disposition of the shares in the account. If the Plan Administrator does not receive instructions from the participant, it will send the participant a certificate for the number of whole shares held for the participant under the Plan and a check for any fractional share.