

Edgar Filing: ASB FINANCIAL CORP /OH - Form PRE 14A

ASB FINANCIAL CORP /OH  
Form PRE 14A  
March 03, 2005

SCHEDULE 14A  
INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

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

Filed by the Registrant [X]  
Filed by a party other than the Registrant [ ]

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 Rule 14a-11(c) or Rule 14a-12

ASB FINANCIAL CORP.

-----  
(Name of Registrant as Specified in Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
  - (1) Title of each class of securities to which transaction applies:

-----  
(2) Aggregate number of securities to which transaction applies:

-----  
(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

-----  
(4) Proposed maximum aggregate value of transaction:

-----  
(5) Total fee paid:

- Fee paid previously with preliminary materials.
- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount previously paid:

Edgar Filing: ASB FINANCIAL CORP /OH - Form PRE 14A

-----  
(2) Form, Schedule or Registration Statement No.:

-----  
(3) Filing party:

-----  
(4) Date Filed:  
-----

ASB FINANCIAL CORP.  
503 Chillicothe Street  
Portsmouth, Ohio 45662  
(740) 354-3177

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

A Special Meeting of Shareholders (the "Special Meeting") of ASB Financial Corp., an Ohio corporation ("ASB"), will be held on [April \_\_, 2005], at \_\_\_\_\_ .m., local time, at Shawnee State Park Resort and Conference Center, 4404B State Route 125, West Portsmouth, Ohio 45663 for the following purposes, which are more completely set forth in the accompanying Proxy Statement:

1. To consider and vote upon a proposal to amend ASB's Articles of Incorporation to effect a 1-for-300 reverse stock split and the repurchase of all resulting fractional shares, followed immediately by an amendment to ASB's Articles of Incorporation to effect a 300-for-1 forward stock split of ASB's common shares (collectively, the "Stock Splits"). As a result of the Stock Splits, (a) each shareholder owning fewer than 300 common shares of ASB immediately before the Stock Splits will receive \$23.00 in cash, without interest, for each ASB common share owned by such shareholder immediately prior to the Stock Splits and will no longer be a shareholder of ASB; and (b) each shareholder owning 300 or more common shares immediately before the Stock Splits (i) will receive 300 Common Shares after the Stock Splits in exchange for each lot of 300 Common Shares held before the Stock Splits and (ii) any additional Common Shares held other than in a 300 share lot will be cancelled and exchanged for \$23.00 in cash per share. The proposed amendments to ASB's Articles of Incorporation are attached as Exhibits B and C to the accompanying Proxy Statement; and
2. To transact such other business as may properly come before the Special Meeting or any adjournment thereof.

Only ASB shareholders of record as of the close of business on [March \_\_, 2005], will be entitled to notice of, and to vote at, the Special Meeting and any adjournment thereof.

To assure that a quorum is present at the Special Meeting, please date, sign and promptly return the enclosed Proxy whether or not you expect to attend the Special Meeting. A postage-prepaid envelope is enclosed for your convenience.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE

## Edgar Filing: ASB FINANCIAL CORP /OH - Form PRE 14A

SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE STOCK SPLITS, PASSED UPON THE MERITS OR FAIRNESS OF THE STOCK SPLITS, OR PASSED UPON THE ADEQUACY OR ACCURACY OF THE DISCLOSURE IN THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

ASB's Board of Directors carefully considered the terms of the proposed Stock Splits, has determined that the Stock Splits are fair to, and in the best interests of, ASB and its shareholders, and unanimously recommends that you vote FOR the approval of the Stock Splits.

By Order of the Board of Directors,

Robert M. Smith  
President

Portsmouth, Ohio  
[March \_\_\_\_, 2005]

ASB FINANCIAL CORP.  
503 Chillicothe Street  
Portsmouth, Ohio 45662  
(740) 354-3177

### PROXY STATEMENT

#### GENERAL INFORMATION

This Proxy Statement provides detailed information about a proposal to amend the Articles of Incorporation, as amended (the "Articles"), of ASB Financial Corp. ("ASB") to effect a 1-for-300 reverse stock split and the repurchase of all resulting fractional shares, followed immediately by a 300-for-1 forward stock split (together these are referred to as the "Stock Splits") of ASB's common shares, no par value per share (the "Common Shares"). If the Stock Splits are completed:

- \* Each shareholder owning fewer than 300 Common Shares immediately before the Stock Splits will receive \$23.00 in cash, without interest, in exchange for each Common Share owned by such shareholder immediately prior to the Stock Splits and will no longer be a shareholder of ASB; and
- \* Each shareholder owning 300 or more Common Shares will receive 300 Common shares for each lot of 300 Common Shares held prior to the Stock Splits and will receive \$23.00 in cash, without interest, in exchange for any Common Shares not in a 300 share lot.

The proposed amendments to ASB's Articles to accomplish the Stock Splits are attached as Exhibits B and C to this Proxy Statement.

We cannot complete the Stock Splits unless the holders of at least [857,932] Common Shares, which is a majority of the outstanding Common Shares, approve the Stock Splits. The Board of Directors has scheduled a Special Meeting of Shareholders of ASB (the "Special Meeting") to vote upon the Stock Splits proposal. The date, time and place of the Special Meeting are as follows:

[April \_\_\_\_, 2005]

## Edgar Filing: ASB FINANCIAL CORP /OH - Form PRE 14A

\_\_\_\_:\_\_\_\_, \_\_\_\_m. Local Time  
Shawnee State Park Resort and Conference Center  
4404B State Route 125, West Portsmouth, Ohio 45663

We urge you to read this Proxy Statement carefully and in its entirety, including the attached Exhibits. This Proxy Statement is first being mailed to ASB's shareholders on or about [March \_\_\_\_, 2005].

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE STOCK SPLITS, PASSED UPON THE MERITS OR FAIRNESS OF THE STOCK SPLITS, OR PASSED UPON THE ADEQUACY OR ACCURACY OF THE DISCLOSURE IN THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

NO PERSON IS AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION NOT CONTAINED IN THIS PROXY STATEMENT AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION SHOULD NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY ASB.

2

### SUMMARY TERM SHEET

The following is a summary of the material terms of the Stock Splits upon which ASB's shareholders will vote at the Special Meeting. While this summary describes what we believe are the most material terms and conditions of the Stock Splits, this Proxy Statement contains a more detailed description of such terms and conditions. We urge you to carefully review, in their entirety, this Proxy Statement, the attached Exhibits and the documents incorporated by reference before voting.

#### ASB Background

- \* ASB is an Ohio corporation and a registered savings and loan holding company which owns all of the issued and outstanding shares of its wholly-owned subsidiary, American Savings Bank, fsb ("American"). ASB's principal offices are located at 503 Chillicothe Street, Portsmouth, Ohio 45662 and ASB's phone number at that address is (740) 354-3177.

Please see the section of this Proxy Statement entitled "Information About ASB - Business of ASB and American" for a more detailed discussion.

#### Stock Splits Proposal

The Stock Splits will consist of the following steps:

- \* On the date (the "Effective Date") that the Ohio Secretary of State accepts for filing certificates of amendment to our Articles, a 1-for-300 reverse stock split of the Common Shares will occur, as a result of which:
  - \* Each holder of less than 300 Common Shares immediately before the reverse stock split will receive from ASB cash in the amount of \$23.00, without interest, for each Common Share held immediately before the reverse stock split and will no longer be a shareholder of ASB; and
  - \* Each holder of 300 or more Common Shares immediately prior to the reverse stock split will receive one whole

## Edgar Filing: ASB FINANCIAL CORP /OH - Form PRE 14A

Common Share for each lot of 300 Common Shares held by the shareholder immediately before the reverse stock split and will receive cash from ASB in the amount of \$23.00 for each Common Share held immediately before the reverse stock split and not converted into one whole share.

- \* After completion of the reverse stock split and the repurchase of all resulting fractional shares, ASB will effect a 300-for-1 forward stock split of the Common Shares remaining outstanding after the reverse stock split. Each holder of 300 or more Common Shares immediately before the reverse stock split will participate in the forward stock split, which will result in such holder holding a number of Common Shares equal to the number of whole shares remaining outstanding after the reverse stock split multiplied by 300.

Please see the sections of this Proxy Statement entitled "Special Factors - Effects of the Stock Splits" and "Stock Splits Proposal - Summary and Structure" for a more detailed discussion of the Stock Splits.

3

### Purposes of and Reasons for the Stock Splits

- \* The Stock Splits are intended to reduce the number of record holders of the Common Shares below 300 and enable ASB to terminate the registration of, or deregister, the Common Shares under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Deregistration would eliminate ASB's duty to file periodic reports and proxy statements with the Securities and Exchange Commission (the "SEC"), and as a result, ASB would no longer be a public reporting company. However, ASB will continue to be subject to the general anti-fraud provisions of federal and applicable state securities laws and federal banking laws applicable to ASB and American.
- \* The following are the principal reasons for the Stock Splits:
  - \* anticipated annual cost savings of approximately \$165,000 as a result of the deregistration of the Common Shares and the related elimination of periodic reporting requirements, including the cost savings resulting from no longer being subject to the public company provisions of the Sarbanes-Oxley Act of 2002, as amended (the "Sarbanes-Oxley Act") and the elimination of costs associated with being listed on the Nasdaq National Market ("Nasdaq");
  - \* additional savings of management's and employees' time that will no longer be spent preparing the periodic reports required under the Exchange Act and complying with other provisions of the Exchange Act;
  - \* reduced premiums for ASB's directors' and officers' insurance policies as a result of ASB no longer being a public reporting company;
  - \* decreased expenses resulting from no longer being required to service holders with small positions in the

## Edgar Filing: ASB FINANCIAL CORP /OH - Form PRE 14A

Common Shares;

- \* the Stock Splits constitute the most expeditious, efficient, cost effective and fair method to convert ASB from a public reporting company to a privately-held, non-reporting company compared to other alternatives considered by the Board; and
- \* the fact that ASB has not realized many of the benefits normally associated with being a public reporting company (such as access to capital markets, active trading market and use of company stock as currency for acquisitions) due to the relatively limited liquidity of the Common Shares.

Please see the sections of this Proxy Statement entitled "Special Factors - Purpose of the Stock Splits," "Special Factors - Effects of the Stock Splits" and "Special Factors - Reasons for the Stock Splits" for a more detailed discussion of the principal reasons for the Stock Splits.

### Fairness of the Stock Splits

- \* The Board has set \$23.00 per pre-split Common Share (the "Repurchase Price") as the cash consideration to be paid by ASB in lieu of issuing fractional Common Shares (i.e., less than one whole Common Share) in connection with the Stock Splits. The Board made this determination in good faith and received a fairness opinion (the "Fairness Opinion") prepared by Keller & Company, Inc. ("Keller & Company"), an independent financial advisor. The

4

Board also considered other factors the Board deemed relevant, as described in greater detail in this Proxy Statement.

- \* The Fairness Opinion was delivered to the Board to assist the Board in establishing the terms and conditions of the Stock Splits. The Fairness Opinion states, that based upon and subject to the factors and assumptions set forth therein as of February 28, 2005, the Repurchase Price is fair, from a financial point of view, to ASB's shareholders.
- \* The full text of the Fairness Opinion, dated February 28, 2005, is attached to this Proxy Statement as Exhibit A. We urge to read the Fairness Opinion in its entirety. Keller & Company provided the Fairness Opinion for the information and assistance of the Board in connection with its consideration of the Stock Splits. The Fairness Opinion is not a recommendation as to how you should vote with respect to the Stock Splits.
- \* The Board believes that the Stock Splits are in ASB's best interests and are substantively and procedurally fair to both the affiliated and unaffiliated holders of the Common Shares, including both those holders whose Common Shares will be completely cashed out pursuant to the Stock Splits ("Cashed Out Holders") and those who will continue to hold Common Shares after the Stock Splits ("Continuing Holders").
- \* The Board has reviewed and considered the analyses and

## Edgar Filing: ASB FINANCIAL CORP /OH - Form PRE 14A

conclusions of Keller & Company contained in the Fairness Opinion and has unanimously approved the Stock Splits.

Please see the sections of this Proxy Statement entitled "Special Factors - Fairness of the Stock Splits," "Opinion of Keller & Company," "Stock Splits Proposal - Background of the Stock Splits" and "Stock Splits Proposal - Recommendation of the Board" for a more detailed discussion of the foregoing.

### Voting Information

- \* Approval of the Stock Splits requires the approval of a majority of the outstanding Common Shares entitled to vote at the Special Meeting. As of the close of business on [March \_\_, 2005] (the "Record Date"), there were [1,715,862] Common Shares outstanding and entitled to vote at the Special Meeting, of which [857,932] are required to approve the Stock Splits.

Please see the section of the Proxy Statement entitled "Meeting and Voting Information" for a more detailed discussion of the foregoing.

### Certain Federal Income Tax Consequences

- \* ASB will not recognize any gain, loss or deduction for federal income tax purposes as a result of the Stock Splits.
- \* ASB's shareholders will generally recognize a gain or loss for federal income tax purposes equal to the difference between the amount of cash received and the shareholder's tax basis in the Common Shares that are exchanged for the Repurchase Price in lieu of issuing fractional shares.

Please see the section of this Proxy Statement entitled "Stock Splits Proposal - Material Federal Income Tax Consequences" for a more detailed discussion of the foregoing.

5

### Unavailability of Appraisal or Dissenters' Rights

- \* A holder of Common Shares does not have the right under Ohio law or ASB's Articles or Code of Regulations (the "Regulations") to demand the appraised value of such Common Shares or any other dissenters' rights if the holder votes against the Stock Splits.

Please see the section of this Proxy Statement entitled "Stock Splits Proposal - Unavailability of Appraisal or Dissenters' Rights" for a more detailed discussion of the foregoing.

### Escheat Laws

- \* All unclaimed cash amounts payable to shareholders in lieu of issuing fractional shares will be subject to applicable state laws regarding abandoned property.

Please see the section of this Proxy Statement entitled "Stock Splits Proposal - Escheat Laws" for a more detailed discussion of the foregoing.

# Edgar Filing: ASB FINANCIAL CORP /OH - Form PRE 14A

## CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS

When used in this Proxy Statement the words or phrases "will likely result," "are expected to," "will continue," "anticipate," "estimate," "project" or similar expressions are intended to identify "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to certain risks and uncertainties which could cause actual results to differ materially from results presently anticipated or projected. ASB cautions you not to place undue reliance on any such forward-looking statements, which speak only as of the date made. ASB advises readers that ASB's actual results may differ materially from any opinions or statements expressed with respect to future periods in any current statements in this Proxy Statement or in our other filings with the SEC.

ASB does not undertake, and specifically disclaims any obligation, to publicly release the result of any revisions, which may be made to any forward-looking statements to reflect events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events.

Please see the section of this Proxy Statement entitled "Available Information"

6

## TABLE OF CONTENTS

-----

SUMMARY TERM SHEET	3
Stock Splits Proposal	3
Purposes of and Reasons for the Stock Splits	4
Fairness of the Stock Splits	4
Voting Information	5
Certain Federal Income Tax Consequences	5
Unavailability of Appraisal or Dissenters' Rights	6
Escheat Laws	6
CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS	6
SPECIAL FACTORS	9
Purpose of the Stock Splits	9
Reasons for the Stock Splits	9
Effects of the Stock Splits	11
Alternatives to the Stock Splits	15
Fairness of the Stock Splits	16
Advantages of the Stock Splits	17
Disadvantages of the Stock Splits	18
Other Factors	19
Conclusion	20
OPINION OF KELLER & COMPANY	20
Public Comparables Analysis	22
Review of ASB Market Performance	23
Conclusion	23
Engagement of Keller & Company	24
MEETING AND VOTING INFORMATION	24
Time and Place	24
Revoking Your Proxy	24
Record Date	24
Quorum and Required Vote	24
Solicitation and Costs	25
STOCK SPLITS PROPOSAL	25



## Edgar Filing: ASB FINANCIAL CORP /OH - Form PRE 14A

Summary and Structure	25
Background of the Stock Splits	27
Recommendation of the Board	31
Potential Disadvantages of the Stock Splits to Shareholders	31
Share Certificates	31
Material Federal Income Tax Consequences	31
Unavailability of Appraisal or Dissenters' Rights	34
Reservation of Rights	34
Escheat Laws	34
Regulatory Approvals	35
INFORMATION ABOUT ASB	35
Business Overview	35
Management of ASB	35
Interest of Certain Persons in Matters to be Acted Upon	37

7

Market Price and Dividend Information	39
Common Share Repurchase Information	40
FINANCIAL INFORMATION	41
Summary Historical Financial Information	41
Certain Financial Effects of the Stock Splits	42
Pro Forma Financial Information	42
AVAILABLE INFORMATION	48
INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE	48
PROPOSALS OF SHAREHOLDERS AND OTHER MATTERS	49
EXHIBIT A - FAIRNESS OPINION	
EXHIBIT B - FORM OF REVERSE STOCK SPLIT AMENDMENT	
EXHIBIT C - FORM OF FORWARD STOCK SPLIT AMENDMENT	

8

### SPECIAL FACTORS

#### Purpose of the Stock Splits

The primary purpose of the Stock Splits is to terminate ASB's status as a public reporting company with the SEC. As a result of the Stock Splits and the repurchase of the resulting fractional shares from holders of fewer than 300 shares, ASB expects to have approximately 240 holders of record of the Common Shares, which would enable ASB to terminate the registration of the Common Shares under the Exchange Act. If the Stock Splits are completed, ASB intends to file with the SEC to terminate the registration of the Common Shares. Upon deregistration, the Common Shares would no longer be quoted on the Nasdaq and trades in the Common Shares would only be possible through privately negotiated transactions or in the Pink Sheets(R) (a centralized quotation service that collects and publishes market maker quotes for securities).

#### Reasons for the Stock Splits

Reduced Costs and Expenses. We incur both direct and indirect costs to comply with the filing and reporting requirements imposed on us as a public reporting company. As described below, these costs include, among other things, management's time spent preparing and reviewing our public filings and legal and accounting fees associated with the preparation and review of such filings. Our compliance costs have increased significantly

## Edgar Filing: ASB FINANCIAL CORP /OH - Form PRE 14A

with the adoption and implementation of the Sarbanes-Oxley Act and related SEC and Nasdaq rules, and we expect these costs to increase further in the future. For smaller publicly traded companies, such as ASB, those costs represent a larger portion of our revenues than for larger public companies.

Not all of our reporting costs will be eliminated, however. We will continue to comply with all federal reporting requirements applicable to ASB as a savings and loan holding company and to American as a federal savings bank. Further, we anticipate that we will continue to provide our shareholders with annual audited financial statements and proxy statements, although we are not required to do so. If provided, these documents may not be as detailed, or contain the same level of disclosure, as those required of a public reporting company.

The Board believes that by deregistering the Common Shares and suspending ASB's periodic reporting obligations under the Exchange Act, we will realize recurring annual cost savings of approximately \$165,000 in fees and expenses that we have historically incurred, including fees and expenses for compliance with the Sarbanes-Oxley Act and associated regulations and compliance with requirements imposed on us by the Nasdaq. These estimated fees and expenses are described in greater detail below.

### Estimated Cost Savings:

Legal fees	\$ 50,000
Printing, mailing and filing costs	\$ 25,000
Audit fees	\$ 75,000
Internal personnel fees	\$ 15,000
	-----
Total	\$165,000
	=====

These estimated historical cost savings reflect, among other things: (i) a reduction in audit and related fees; (ii) a reduction in legal fees related to securities law compliance and compliance with Nasdaq requirements; (iii) the elimination of filing costs and expenses associated with electronically filing

9

periodic reports and other documents (such as proxy statements) with the SEC on its Edgar database; (iv) the lower printing and mailing costs attributable to the reduction in the number of shareholders and the less complicated and extensive disclosure required by our private status; (v) a reduction in management time spent on compliance and disclosure matters attributable to our Exchange Act filings; (vi) the lower risk of liability that is associated with non-reporting company status and the expected decrease in premiums for directors' and officers' liability insurance; (vii) the cost savings due to ASB not being subject to the public company provisions of the Sarbanes-Oxley Act; (viii) the savings in fees charged by Illinois Stock Transfer Company, ASB's transfer agent (the "Transfer Agent"), that are expected because of the reduction in the number of shareholder accounts to be handled by the Transfer Agent; and (ix) a reduction in direct miscellaneous clerical and other expenses.

Further, due to increases in the market value of the Common Shares over the past couple of years, ASB is no longer a "small business" filer

## Edgar Filing: ASB FINANCIAL CORP /OH - Form PRE 14A

under the Exchange Act. Under SEC rules, small business filers are subject to less stringent disclosure requirements. Due to our transition to a regular filer, our costs to prepare our Exchange Act filings in the future would likely be greater than our historical costs because of these increased disclosure requirements.

In addition to the foregoing annual estimated cost savings, the consummation of the Stock Splits and the subsequent deregistration of the Common Shares would also result in a significant one-time cost savings of approximately \$144,900 in fees and expenses because we would not be subject to the new internal control audit requirements imposed by Section 404 of the Sarbanes-Oxley Act. Preparing to comply with Section 404 of the Sarbanes-Oxley Act would require significant expenditures, including fees to third parties for compliance planning, assessment, documentation and testing. It would also require a significant investment of time by the management and employees of ASB and American. These estimated costs for compliance with Section 404 are described in more detail below.

### Non-Recurring Sarbanes-Oxley Act Compliance Costs:

Third party planning, testing and documentation	\$100,000
Audit fees	\$ 29,900
Internal personnel expenses	\$ 15,000
	-----
Total	\$144,900
	=====

The historical and non-recurring cost savings figures set forth above are only estimates. The actual savings we realize from going private may be higher or lower than these estimates. The estimates are based upon the (i) actual costs to us of the services and disbursements in each of the categories listed above that were reflected in our recent financial statements and (ii) allocation to each category of management's estimates of the portion of the expenses and disbursements believed to be solely or primarily attributable to our public reporting company status.

In some instances, these cost savings expectations were based on verifiable assumptions. For example, our auditing fees will be reduced if we cease to be a public reporting company due to the elimination of fees for interim services. In addition, the costs associated with retaining legal counsel to assist us with complying with the Exchange Act reporting requirements will be eliminated if we no longer file reports with the SEC.

Operational Flexibility. Another reason for the Stock Splits is the operational flexibility that completion of the Stock Splits and subsequent deregistration would provide. The Board believes that ceasing to be a public

10

reporting company would enable management to focus more on ASB's long-term growth without the distraction of SEC reporting requirements and other aspects of being a public company, and that ASB will benefit if business decisions can be made with this added focus on long-term growth.

Benefits Normally Associated with Public Reporting Company Status Have Not Been Realized. A further reason for the Stock Splits is that ASB does not realize many of the benefits normally associated with being a

## Edgar Filing: ASB FINANCIAL CORP /OH - Form PRE 14A

public reporting company. A typical advantage of being a public company comes from the ability to use company stock, as opposed to cash or other consideration, to effect acquisitions. ASB has found that the opportunities for companies our size to acquire other businesses using stock are limited. We have not previously completed an acquisition using stock and, given the limited opportunities for such acquisitions, it is not likely that would be able to do so in the future.

In addition, public companies can obtain financing by issuing securities in public offerings. ASB has historically had adequate capital or other means of obtaining necessary capital and has not needed to obtain financing through public offerings. We have not issued Common Shares or any other securities in a public offering since our initial public offering in 1995, and we do not presently foresee any need to do so.

Conclusion. In light of the foregoing, the Board believes the benefits ASB receives from maintaining its status as a public reporting company and maintaining its small shareholder accounts are substantially outweighed by the associated costs. The Board believes that it is in ASB's best interests to eliminate the administrative burden and costs associated with maintaining its status as a public reporting company and its small shareholder accounts.

Reasons for the Forward Stock Split. The forward stock split will occur immediately after the reverse stock split and the repurchase of fractional shares resulting from the reverse split. The forward stock split is intended to prevent the Common Shares from having an unusually high per share value that would otherwise result from the reverse stock split, which would tend to further decrease the liquidity of the Common Shares.

### Effects of the Stock Splits

The Stock Splits are expected to significantly reduce the number of holders of record of the Common Shares from approximately 418 to approximately 240. Upon the completion of the Stock Splits, we intend to apply with the SEC to deregister the Common Shares under the Exchange Act as soon as practicable. After deregistration, the Common Shares will no longer be quoted on the Nasdaq. The completion of the Stock Splits and the termination of our reporting obligations under the Exchange Act will cause the existing limited trading market for the Common Shares to be further reduced or eliminated.

Effects on the Common Shares. There will be no differences with respect to dividend, voting, liquidation or other rights associated with the Common Shares before and after the Stock Splits. The Common Shares acquired by ASB for cash in lieu of issuing fractional shares will be retired.

Effects on All ASB Shareholders. All ASB shareholders:

- \* Will not have the opportunity to liquidate, at a time and for a price of their choosing, the Common Shares that are exchanged for cash in lieu of issuing fractional shares;
- \* Will not receive a fractional Common Share as a result of the Stock Splits, but will instead receive cash, in a taxable transaction, equal to \$23.00 for each Common Share held immediately before the Stock Splits that is exchanged for cash in accordance with the procedures described in this Proxy Statement;

11

- \* Will not have to pay any brokerage commissions or other transaction fees in connection with the exchange of Common Shares for cash in lieu of issuing fractional shares; and
- \* Will not receive any interest on cash payments owed as a result of the Stock Splits.

If you hold Common Shares other than in multiples of 300, some of your Common Shares will be exchanged for cash in lieu of issuing fractional shares in connection with the Stock Splits. You will receive a letter of transmittal as soon as practicable after the Stock Splits are completed. The letter of transmittal will contain instructions on how to surrender your existing share certificate(s) to the Transfer Agent to receive your cash payment and, if applicable, a new share certificate evidencing the number of Common Shares you hold after the Stock Splits. You will not receive your cash payment or your new share certificate until you surrender your outstanding share certificate(s) to the Transfer Agent, along with a completed and executed copy of the letter of transmittal. Do not send your share certificate(s) in with your Proxy. Please wait until you receive your letter of transmittal to surrender your share certificate(s) to the Transfer Agent.

For a discussion of the federal income tax consequences of the Stock Splits, please see the section of this Proxy Statement entitled "Stock Splits Proposal - Material Federal Income Tax Consequences."

Effects on Cashed Out Holders. Cashed Out Holders (i.e., holders of less than 300 Common Shares immediately before the consummation of the Stock Splits) will have no further ownership interest in ASB and will not be able to participate in future earnings or growth of ASB.

If you hold less than 300 Common Shares, but you would rather continue to hold Common Shares after the Stock Splits and not be completely cashed out, you may do so by taking either of the following actions far enough in advance so that it is complete by the Effective Date:

- \* Purchase a sufficient number of additional Common Shares, to the extent available, on the open market and have them registered in your name and consolidated with your current record account, if you are a record holder, or have them entered in your account with a nominee (such as your broker or bank) in which you hold your current shares so that you hold at least 300 Common Shares in your record account immediately before the Effective Date. Due to the limited market in the Common Shares, there is no assurance that you will be able to purchase enough Common Shares to remain a shareholder of ASB; or
- \* If applicable, consolidate your accounts so that you hold at least 300 Common Shares in one record account immediately before the Effective Date.

Effects on Continuing Holders. If the Stock Splits are consummated, Continuing Holders (i.e., holders of 300 or more Common Shares immediately before the Stock Splits):

- \* Will likely hold fewer Common Shares after the Stock Splits than they held before the Stock Splits;

## Edgar Filing: ASB FINANCIAL CORP /OH - Form PRE 14A

- \* Will likely experience a change in their ownership percentage of ASB after completion of the Stock Splits;
- \* Will likely experience a further reduction in liquidity of the Common Shares; and
- \* Will have less publicly available information about ASB.

12

Upon the termination of the registration of the Common Shares under the Exchange Act, the Common Shares will no longer be eligible for trading or quotation on any securities market or quotation system, except the Pink Sheets(R). In order for the Common Shares to be quoted on the Pink Sheets(R), one or more broker-dealers would need to act as market maker and sponsor the Common Shares on the Pink Sheets(R). There can be no assurance that any broker-dealer will be willing to act as a market maker in Common Shares after the Stock Splits. There is also no assurance that you will be able to sell your Common Shares or purchase additional Common Shares after the Stock Splits.

If you hold 300 or more Common Shares, but you would rather be completely cashed out in connection with the Stock Splits and not remain a shareholder of ASB, you may do so by selling a sufficient number of Common Shares in the open market so that you hold less than 300 Common Shares as of the Effective Date. Any such sales should be made far enough in advance so they are complete by the Effective Date. Due to the limited market in the Common Shares, there is no assurance that you will be able to sell enough Common Shares to reduce your holdings to less than 300 Common Shares.

Effect on Common Shares Held in Street Name. If you hold Common Shares in "street name," your nominee (such as your broker or bank) may have required procedures you must follow and you should contact your nominee to determine how the Stock Splits will affect you.

Effect on ESOP. Upon completion of the Stock Splits and the subsequent deregistration of the Common Shares, the Common Shares will no longer be traded or quoted on the Nasdaq or any other established securities market. As a result of the lack of an established market for the Common Shares, ASB's Employee Stock Ownership Plan (the "ESOP") will be required to obtain annual appraisals to value the Common Shares owned by the ESOP. In addition, under the terms of the ESOP, the participants in the ESOP will have a "put right." This put right permits a participant to require ASB to repurchase the participant's Common Shares held in the ESOP when they are distributed to the participant.

Effects on Option Holders. Upon completion of the Stock Split, outstanding options to purchase Common Shares under ASB's 1995 Stock Option and Incentive Plan (the "Option Plan") will have their number and prices adjusted to reflect the effect of the Stock Splits.

Effects on ASB. If our number of shareholders falls below 300, we intend to apply to the SEC to deregister the Common Shares as soon as practicable after completion of the Stock Splits. Upon deregistration of the Common Shares, our duty to file periodic reports with the SEC will be suspended and we will no longer be classified as a public reporting company. In addition, we will be relieved of the obligation to comply with the requirements of the proxy rules under Section 14 of the Exchange Act.

## Edgar Filing: ASB FINANCIAL CORP /OH - Form PRE 14A

We will continue to be subject to the general anti-fraud provisions of federal and applicable state securities laws and we will also continue to be subject to regulation by the Office of Thrift Supervision of the Department of the Treasury (the "OTS") and the Federal Deposit Insurance Corporation (the "FDIC") as applicable to savings and loan holding companies and federal savings banks.

Although we will no longer be required to file periodic reports with the SEC, we currently intend to continue to provide annual audited financial statements and proxy statements to our shareholders. Although we intend to continue to provide these documents to our shareholders, there is no SEC requirement that we do so, and there is no requirement that the level of our disclosure in such financial statements or in the proxy statement remain at the level required by our current status as a public reporting company. These documents may not be as detailed or extensive as the information we currently file with the SEC and deliver to shareholders and our financial statements may not be accompanied by

13

management's discussion and analysis in the same detail. It will be more difficult for our shareholders to obtain information about us.

We estimate that we will save approximately \$165,000 in annual costs associated with being a public company as well as additional cost savings in time spent by management and employees associated with our SEC reporting activities. We anticipate a one time cost savings of \$144,900 in expenses associated with compliance with the internal controls audit requirements of Section 404 of the Sarbanes-Oxley Act. These anticipated savings are discussed under the heading entitled "Reasons for the Stock Splits - Reduced Costs and Expenses" above.

The termination of our reporting obligations under the Exchange Act will render the Common Shares ineligible for listing or quotation on any stock exchange or other automated quotation system, except the Pink Sheets(R). As a result, the Common Shares will no longer be listed on the Nasdaq and the existing limited trading market for the Common Shares will likely be further reduced or eliminated. This reduction or elimination may result in ASB having less flexibility in attracting and retaining executives and other employees since equity-based incentives (such as stock options) tend to be viewed as having less value in a non-publicly traded company.

We have no current plans to issue Common Shares after the Stock Splits other than pursuant to the Option Plan, but we reserve the right to do so at any time and from time to time at such prices and on such terms as the Board determines to be in ASB's best interests. If in the future the Board determines that the adoption of a new option plan would be beneficial to ASB, it may, in its discretion, adopt such a plan. The exercise of options granted under any newly adopted plan would reduce the ownership percentage of ASB's shareholders at the time. Nasdaq rules require that any new stock option or equity compensation be approved by ASB's shareholders. However, once the Common Shares are no longer listed on Nasdaq, ASB will not be required to seek shareholder approval of new option plans or other equity compensation plans. Holders of Common Shares do not currently have, and will not have, any preemptive or other preferential rights to purchase any of our equity securities that we may issue in the future, unless such rights are specifically granted to such holders.

After the Stock Splits have been consummated, ASB may, from time-to-

## Edgar Filing: ASB FINANCIAL CORP /OH - Form PRE 14A

time, repurchase Common Shares pursuant privately negotiated sales or other transactions. Whether or not we purchase shares in the future will depend on a number of factors, including ASB's financial condition, operating results and available capital at the time.

We expect our business and operations, and the business and operations of American, to continue as they are presently conducted. The executive officers and directors of ASB and American will not change due to the Stock Splits. American's deposits will continue to be insured by the FDIC and we will continue to be regulated by the same bank regulatory agencies as before the Stock Splits. ASB expects to realize time and cost savings as a result of terminating its public company status, and intends to invest those savings in other areas of its and American's business operations. Other than as described in this Proxy Statement, neither ASB, American nor their management has any current plans or proposals to effect any extraordinary corporate transaction (such as a merger, reorganization or liquidation); to sell or transfer any material amount of ASB or American's assets; to change the composition of the Board or management of ASB or American; to change materially ASB's indebtedness or capitalization; to change ASB's dividend policy; or otherwise to effect any material change in ASB's corporate structure or business.

Effects on ASB's Executive Officers, Directors and Affiliates. Our affiliates, comprised of our executive officers, directors and any shareholders who own more than ten percent (10%) of the Common Shares, will be relieved from complying with the stock ownership reporting requirements and "short

14

swing profit" trading restrictions under Section 16 of the Exchange Act, as well as many of the provisions of the Sarbanes-Oxley Act. Our affiliates will lose the ability to dispose of their Common Shares pursuant to Rule 144 under the Securities Act of 1933, as amended (the "Securities Act").

As is more thoroughly set forth under the heading entitled "Information About ASB - Interests of Certain Persons in Matters to be Acted Upon," we expect that upon the completion of the Stock Splits, the Common Shares beneficially owned by our executive officers and directors will comprise approximately 26.88% of the then outstanding Common Shares, as compared to approximately 25.79% of the Common Shares outstanding immediately prior to the Stock Splits.

### Alternatives to the Stock Splits

In making the determination to proceed with the Stock Splits, the Board considered the potential feasibility of the alternative transactions described below:

Issuer Tender Offer. The Board considered the feasibility of an issuer tender offer to repurchase Common Shares. The primary disadvantage of this type of transaction is that, due to its voluntary nature, ASB would have no assurance that a sufficient number of Common Shares would be tendered to sufficiently reduce the number of ASB's shareholders. In addition, the rules governing tender offers require equal treatment of all shareholders, including pro rata acceptance of offers from shareholders. These requirements make it difficult to ensure that ASB would be able to reduce the number of the holders of record of the Common Shares enough to permit ASB to deregister the Common Shares, and ASB could repurchase numerous Common Shares at a great expense and still be unable to



## Edgar Filing: ASB FINANCIAL CORP /OH - Form PRE 14A

deregister. A tender offer would likely take longer to complete than the Stock Splits. As a result of these disadvantages, the Board determined not to pursue this alternative.

**Odd-Lot Tender Offer.** Another option considered by the Board was an odd-lot tender offer. In an odd-lot tender offer, ASB would offer to repurchase, at a designated price per share, Common Shares held by any holder of less than 100 Common Shares. Unlike general tender offers which require ASB to permit all shareholders to participate equally, as discussed above, there is an exception for tender offers to holders of less than 100 Common Shares. However, even if all holders of less than 100 Common Shares participated in the tender, we still could not sufficiently reduce our number of shareholders to enable us to deregister. As a result, the Board rejected this alternative.

**Traditional Stock Repurchase Program.** The Board also considered a plan whereby ASB would periodically repurchase Common Shares on the open market at then-current market prices. The Board rejected this type of transaction since repurchasing enough shares in this manner to enable ASB to deregister the Common Shares would likely take an extended period of time, have no assurance of success and be of undeterminable cost.

**Cash Out Merger.** The alternative available to the Board which was most similar to the Stock Splits was coordinating a merger with a shell corporation and reissuing stock to the shareholders of the newly merged entity. The share exchange would be such that shareholders owning less than 300 Common Shares prior to the merger would be cashed out, and shareholders owning more than 300 Common Shares would become shareholders in the newly merged entity. The Board of Directors concluded that the Stock Splits were a better alternative since they do not require the formation of a new entity and allow ASB to avoid the regulatory issues and approvals associated with the merger of ASB into another corporation.

15

**Maintaining the Status Quo.** The Board considered maintaining the status quo. In that case, ASB would continue to incur the expenses of being a public reporting company without enjoying the benefits traditionally associated with public company status. The Board believes that maintaining the status quo is not in the best interests of ASB and its shareholders and rejected this alternative.

### Fairness of the Stock Splits

The Stock Splits are not structured so that approval of at least a majority of unaffiliated shareholders is required. The Board based its decision not to seek such approval due to the equal treatment of affiliated and unaffiliated shareholders in the Stock Splits. In determining not to seek such approval, the Board was aware that the executive officers and directors of ASB, who together own approximately 25.79% of the voting power of the Common Shares outstanding and entitled to vote at the Special Meeting, have indicated that they will vote in favor of the Stock Splits.

No independent committee of the Board has reviewed the fairness of the Stock Splits. The Board is comprised primarily of independent directors and accordingly there was no need to form a special committee. Although all of the directors own Common Shares, the 1-for-300 reverse split ratio and the 300-for-1 forward split ratio were determined without regard to their share ownership. As this was the sole potential conflict of interest and the directors will be treated identically to all other

## Edgar Filing: ASB FINANCIAL CORP /OH - Form PRE 14A

shareholders in the Stock Splits, the Board did not feel that the additional protections that may be afforded by an independent committee would be significant.

No unaffiliated representative acting solely on behalf of the shareholders for the purpose of negotiating the terms of the transaction proposal or preparing a report covering the fairness of the Stock Splits was retained by ASB or by a majority of directors who are not employees of ASB. The Board views (i) the Fairness Opinion, (ii) the need to obtain the affirmative vote of the holders of at least a majority of the Common Shares, and (iii) the other matters discussed in this Proxy Statement as affording adequate procedural safeguards to unaffiliated shareholders without the extraordinary expense of multiple financial or legal advisors.

ASB has not made any provision in connection with the Stock Splits to grant unaffiliated shareholders access to ASB's corporate files or to obtain counsel or appraisal services at ASB's expense. With respect to unaffiliated shareholders' access to ASB's corporate files, the Board determined that this proxy statement, together with ASB's other filings with the SEC, provide adequate information for unaffiliated shareholders to make an informed decision with respect to the Stock Splits. The Board also considered the fact that under Ohio law, subject to certain conditions, shareholders have the right to review ASB's relevant books and records.

The Board did not consider the steps discussed above necessary to ensure the fairness of the Stock Splits. The Board determined that such steps would be costly and would not provide any meaningful additional benefits. The Board noted the fact that the financial advisor engaged by ASB considered and rendered its opinion as to the fairness of the consideration payable in the Stock Splits, from a financial point of view, to ASB's shareholders.

The Board believes that the transaction is substantively and procedurally fair to affiliated and unaffiliated shareholders, notwithstanding the absence of an unaffiliated shareholder approval requirement, independent committee or unaffiliated representative. After consideration of all aspects of the proposed transaction as described above, all of the directors, including the directors who are not employees of ASB, approved the Stock Splits. Except for the unanimous vote of the Board to approve the Stock Splits and its recommendation that ASB's shareholders approve the Stock Splits, ASB is not

16

aware that any of its executive officers, directors or affiliates has made a recommendation either in support of or opposed to the Stock Splits.

The Board considered the factors in support of and in opposition to the Stock Splits discussed below in reaching its conclusion as to the substantive fairness of the Stock Splits. The Board did not assign specific weight to the following factors in a formulaic fashion, but did place special emphasis on the opportunity for unaffiliated holders of Common Shares who will have fractional shares exchanged for cash to sell such Common Shares at a premium and without brokerage fees or commissions, as well as the significant cost and time savings ASB is expected to realize from deregistration of the Common Shares.

### Advantages of the Stock Splits

Opportunity for Shareholders to Sell Repurchased Common Shares at a

## Edgar Filing: ASB FINANCIAL CORP /OH - Form PRE 14A

Premium and Without Broker Fees or Commissions. The Repurchase Price of \$23.00 per Common Share represents (i) a premium of 12.86% over the average closing price of the Common Shares over the 30 trading days prior to and including February 28, 2005 (the date the Board approved the Stock Splits), which was \$20.38 per share, and (ii) a premium of 9.42% over the closing price for the Common Shares on February 28, 2005 (the date the Board approved the Stock Splits), which was \$21.02 per share. The Board reviewed the proposal made by ASB's management that \$23.00 per share be established as the Repurchase Price for the Common Shares. The Board, in the exercise of its business judgment, adopted such recommendation since the Repurchase Price for the Common Shares represented fair consideration at a premium to the current and historical market prices of the Common Shares while also being consistent with the valuation analysis of Keller & Company. The Board believes that the Repurchase Price is fair to ASB's shareholders. The Board determined that the Stock Splits are fair in part because they provide Cash Out Holders with an opportunity to liquidate all of their Common Shares, and for Continuing Holders to liquidate some Common Shares, without paying brokerage commissions or other transaction fees.

While performing its analysis for the Fairness Opinion, Keller & Company selected the valuation analyses it deemed most relevant based on its knowledge of ASB and ASB's expressed intent to continue as an operating entity and not liquidate. Please see the section entitled "Opinion of Keller & Company" for a discussion of these analyses.

The Board did not deem ASB's liquidation value material or relevant in the context of the Stock Splits. The Board did not calculate ASB's liquidation value, on a per share basis or otherwise. Although not calculated by the Board, the liquidation value of ASB would likely reflect an arbitrarily low valuation, and thus using liquidation value to help set the Repurchase Price would have supported a price lower than the price the Board believed would be appropriate in light of its desire to ensure that shareholders who receive cash in lieu of fractional shares receive a fair price for their Common Shares that are exchanged for cash in connection with the Stock Splits.

The Board believes that ASB's net book value per share does not properly reflect ASB's earnings stream and cash flow, two factors it considers critical for a meaningful valuation of the Common Shares. Net book value is based upon the historical cost of a company's assets and ignores the value of a company as a going concern. The value of items such as a positive business reputation, a trained workforce and established customer accounts are ignored in computing net book value. The Board believes that the proper valuation of ASB should be based on ASB's historical and prospective operating performance and Keller & Company's analysis was based upon this premise. As set forth in greater detail in the section of this Proxy Statement entitled "Stock Splits Proposal--Financial Information--Summary Financial Information," ASB's book value per Common Share as of December 31, 2004 was \$10.96. The Board believes that the valuation of the Common Shares, as determined by Keller & Company, as well as the

17

market price of the Common Shares on December 31, 2004 (\$22.00 per share), are significantly greater than the book value per Common Share.

Significant Cost and Time Savings for ASB. By deregistering the Common Shares and suspending our periodic reporting obligations under the Exchange Act, we expect to realize recurring annual cost savings of

## Edgar Filing: ASB FINANCIAL CORP /OH - Form PRE 14A

approximately \$165,000. In addition, we expect to realize non-recurring savings of approximately \$149,900 in fees and expenses that we would otherwise expect to incur due to compliance with the internal controls audit requirements of Section 404 of the Sarbanes-Oxley Act. The termination of our reporting obligations under the Exchange Act will also eliminate the significant amount of time and effort previously required of our management to prepare and review the reports required to be filed under the Exchange Act. Please see the section entitled "Special Factors - Reasons for the Stock Splits" for a more detailed discussion of these cost savings.

**Equal Treatment of Affiliated and Unaffiliated Holders of Common Shares.** The Stock Splits will not impact affiliated holders of Common Shares differently than unaffiliated holders of Common Shares on the basis of affiliate status. The sole determining factor as to whether a holder of Common Shares will remain a shareholder of ASB and how many Common Shares will be repurchased by ASB in lieu of issuing fractional shares as a result of the Stock Splits is the number of Common Shares held by such holder immediately prior to the Stock Splits. Please see the section entitled "Stock Splits Proposal - Summary and Structure" for a more detailed discussion.

**Minimum Effect on Voting Power.** The Stock Splits will have minimum effect on the voting power of ASB's shareholders. The Common Shares are ASB's only voting shares and will continue to be ASB's only voting shares after the Stock Splits. The voting and other rights currently held by the Common Shares will not be affected by the Stock Splits. The only effect of the Stock Splits on ASB's voting power will be a change in the overall percentage of ownership of the Continuing Holders.

**No Material Change in Percentage Ownership of Executive Officers and Directors.** Since only an estimated 86,333 out of 1,715,862 outstanding Common Shares will be eliminated as a result of the Stock Splits, the percentage ownership of the Continuing Holders will be approximately the same as it was prior to the Stock Splits. For example, the executive officers and directors of ASB and American currently beneficially own approximately 25.79% of the outstanding Common Shares, and will beneficially own approximately 26.88% of the outstanding Common Shares following completion of the Stock Splits. All of the directors and executive officers currently have over 300 shares and will remain shareholders of ASB after completion of the Stock Splits. Please see the section entitled "Information About ASB - Interest of Certain Persons in Matters to be Acted Upon."

**Potential Ability to Control Decision to Remain a Holder of or Liquidate Common Shares.** Another factor considered by the Board in determining the fairness of the Stock Splits to the holders of the Common Shares is that current holders of fewer than 300 Common Shares can seek to remain shareholders of ASB following the Stock Splits by acquiring additional shares so that they own at least 300 Common Shares immediately before the Stock Splits. Conversely, stockholders that own 300 or more Common Shares who desire to liquidate their shares in connection with the Stock Splits at the premium price offered can seek to reduce their holdings to less than 300 Common Shares by selling shares prior to the Stock Splits. The Board did not place undue emphasis on this factor due to the limited trading market for the Common Shares. Please see the section entitled "Special Factors - Effects of the Stock Splits."

## Edgar Filing: ASB FINANCIAL CORP /OH - Form PRE 14A

### Disadvantages of the Stock Splits

Substantial or Complete Reduction of the Market for Common Shares. After the completion of the Stock Splits and deregistration of the Common Shares, we anticipate that the public market for the Common Shares will be substantially reduced or altogether eliminated. The Board, however, considered that potential trades in the Common Shares could be facilitated by a market maker in the Pink Sheets(R) following deregistration. Please see the section entitled "Special Factors - Effects of the Stock Splits."

Termination of Publicly Available Information About ASB. Upon termination of the registration of the Common Shares under the Exchange Act, our duty to file periodic reports with the SEC will be suspended. Information regarding our operations and financial results that is currently available to the general public and our investors will not be readily available after deregistration, and investors seeking information about us will have to contact us directly to receive such information. We may or may not provide investors with requested information that we are not required by law to provide. The Stock Splits will not affect the right of Continuing Holders to obtain certain information from ASB under Ohio law. Under Ohio law, a shareholder has the right to make a written request to inspect a company's books and records (including, without limitation, annual financial statements) and receive copies thereof for any purpose reasonably related to such person's interest as a shareholder.

While the Board realizes and acknowledges that the termination of publicly available information may be disadvantageous to our shareholders, the Board believes that the overall benefits to ASB of no longer being a public reporting company substantially outweigh the disadvantages associated with a lack of publicly available information about ASB. We currently intend to continue to provide annual audited financial statements and proxy statements to our shareholders; however, these documents may not be as detailed or extensive as the information we currently file with the SEC. Although we currently intend to continue to provide these documents, there is no SEC requirement that we do so or that we maintain the present level of disclosure contained in such documents. Please see the section entitled "Special Factors - Effects of the Stock Splits."

Possible Decline in Price of the Common Shares. After the completion of the Stock Splits, the liquidity of the Common Shares will be significantly reduced or eliminated. In addition, the lack of publicly available financial and other information about ASB and the diminished opportunity for ASB's shareholders to monitor the management of ASB due to the lack of such public information may cause the Continuing Holders to experience a decrease in the price at which they may sell their Common Shares. Please see "Special Factors - Disadvantages of the Stock Splits - Substantial or Complete Reduction of Public Sale Opportunities" and "Special Factors - Disadvantages of the Stock Splits - Termination of Publicly Available Information about ASB" above.

Inability to Participate in Future Increases in Value of the Common Shares or Payments of Dividends. Following the Stock Splits, Cashed Out Holders will have no further financial interest in ASB and will not have the opportunity to participate in the potential appreciation in the value of, or the payment of dividends on, the Common Shares.

### Other Factors

The Board concluded the factors set forth below to be either inapplicable or not material to its assessment of the fairness of the Stock Splits.

## Edgar Filing: ASB FINANCIAL CORP /OH - Form PRE 14A

- \* Firm Offers. We are not aware of any firm offers to purchase ASB that have been made during the past two calendar years or during the current calendar year.
- \* Prior Public Offerings. We have not made any underwritten public offering of the Common Shares or any other securities since our initial public offering in 1995.

19

- \* Merger, Consolidation or Other Extraordinary Transaction. We have not engaged in a merger or consolidation with another company or in any other extraordinary transaction, such as the sale or other transfer of all, or a substantial part, of our assets, during the past two calendar years or during the current calendar year.
- \* Securities Purchases. There have not been any purchases of our Common Shares that would enable the holder to exercise control of ASB.
- \* Liquidation Value. ASB's liquidation value was not deemed relevant because we plan to continue to operate as a going concern following the Stock Splits.

### Conclusion

The Board believes that all of the factors mentioned above, both favorable and unfavorable, when viewed together support a conclusion that the Stock Splits are substantively fair to ASB's shareholders, including the Cashed Out Holders and Continuing Holders.

### OPINION OF KELLER & COMPANY

The Board retained Keller & Company to provide the Fairness Opinion. On February 28, 2005, Keller & Company delivered the Fairness Opinion to the Board. The Fairness Opinion states that, based upon and subject to the factors and assumptions set forth therein, the Repurchase Price to be paid to Cashed Out Holders pursuant to the Stock Splits is fair from a financial point of view as of February 28, 2005. Keller & Company also presented to the Board a summary of the analyses described below.

The Fairness Opinion was prepared for use by the Board and was directed only to the fairness from a financial point of view, as of the date thereof, of the Repurchase Price. Keller & Company was not involved in structuring the Stock Splits and its opinion does not compare the relative merits of the Stock Splits with those of any other transaction or business strategy which were or might have been available to or considered by ASB or the Board as alternatives to the Stock Splits and does not address the underlying business decision by the Board to proceed with or effect the Stock Splits. The Fairness Opinion is solely for the information of, and directed to, the Board in its evaluation of the Stock Splits and is not to be relied upon by any shareholder of ASB or any other person or entity. The Fairness Opinion does not constitute a recommendation to the Board as to how it should vote on the Stock Splits or to any shareholder as to how such shareholder should vote at the Special Meeting. In furnishing the Fairness Opinion, Keller & Company did not admit that it is an expert within the meaning of the term "expert" as used in the Securities Act of nor did it admit that its opinion serves as a report or valuation within the meaning of the Securities Act.

## Edgar Filing: ASB FINANCIAL CORP /OH - Form PRE 14A

The full text of the Fairness Opinion is attached as Exhibit A to this Proxy Statement and is incorporated herein by reference. The summary of the Fairness Opinion set forth in this Proxy Statement is qualified in its entirety by reference to the full text of the Fairness Opinion. Shareholders are urged to read the Fairness Opinion carefully and in its entirety for a discussion of the procedures followed, assumptions made, other matters considered and limits of the review by Keller & Company in connection with the Fairness Opinion.

The Board selected Keller & Company as its financial advisor because it is a recognized financial institutions consulting firm that has substantial experience in the financial institutions industry and is knowledgeable and familiar with the operations of ASB and its business. As part of its business, Keller & Company is regularly engaged in the valuation of businesses and securities in connection with mergers,

20

acquisitions, underwritings, sales and distributions of listed and unlisted securities, private placements and valuation for corporate and other purposes, particularly those of financial institutions and financial institution holding companies.

In rendering the Fairness Opinion, Keller & Company reviewed the terms of the Stock Splits and also reviewed financial and other information that was publicly available, or furnished to Keller & Company by ASB's management. Keller & Company also reviewed certain publicly available operational, financial and stock market data relating to selected public companies and conducted other financial studies, analyses and investigations as Keller & Company deemed necessary or appropriate for purposes of rendering the Fairness Opinion, as more fully set forth therein. No limitations were imposed by the Board of ASB upon Keller & Company with respect to the investigations made or procedures followed by it in rendering its opinion.

Keller & Company assumed and relied upon, without independent verification, the accuracy and completeness of all financial and other information that was publicly available, supplied or otherwise communicated to it by or on behalf of ASB. Keller & Company further relied upon the assurances of ASB's management that they are unaware of any facts that would make the information provided to it incomplete or misleading.

Keller & Company was not requested to make, and did not make, an independent evaluation or appraisal of the assets, properties, facilities or liabilities (contingent or otherwise) of ASB, and was not furnished with any such appraisals or evaluations. Keller & Company's opinion is necessarily based upon financial, economic, market and other conditions and circumstances existing and disclosed to Keller & Company on the date of the Fairness Opinion. Subsequent developments may affect the conclusions reached in the Fairness Opinion and Keller & Company has no obligation to update, revise or reaffirm the Fairness Opinion.

In preparing the Fairness Opinion, Keller & Company conducted the following two principal analyses: (i) a comparison of ASB with certain publicly traded companies deemed comparable to ASB, and (ii) a review of the historical market performance of the Common Shares on the Nasdaq.

No company used in any analysis as a comparison is identical to ASB, and they all differ in various ways. As a result, Keller & Company applied

its experience and professional judgment in making such analyses. Accordingly, an analysis of the results is not mathematical; rather it involves complex considerations and judgments concerning differences in financial characteristics, performance characteristics and trading value of the comparable companies to which ASB is being compared. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analyses or summary description. In arriving at the Fairness Opinion, Keller & Company considered the results of all of its analyses as a whole and did not attribute any particular weight to any analysis or factor considered by it. Keller & Company believes that the summary provided and the analyses described above must be considered as a whole and that selecting portions of these analyses, without considering all of them, would create an incomplete view of the process underlying its analyses and opinion. In addition, Keller & Company may have given various analyses and factors more or less weight than other analyses and factors and may have deemed various assumptions more or less probable than other assumptions, therefore the range of valuations resulting from any particular analysis described above should not be taken to be Keller & Company's view of the actual value of ASB.

21

The following is a summary of the material financial analyses performed by Keller & Company in connection with the preparation of the Fairness Opinion. These summaries of financial analyses alone do not constitute a complete description of the financial analyses Keller & Company employed in reaching its conclusions. The order of analyses described does not represent relative importance or weight given to those analyses by Keller & Company. Some of the summaries of the financial analyses include information presented in tabular format. The tables must be read together with the full text of each summary and are alone not a complete description of Keller & Company's financial analyses. Except as otherwise noted, the following quantitative information, to the extent that it is based on market data, is based on market data as it existed on or before February 18, 2005 and is not necessarily indicative of current market conditions.

#### Public Comparables Analysis

In rendering its opinion, Keller & Company analyzed the pricing ratios of certain comparable thrift institutions and thrift holding companies. The analysis included a comparison of such key financial ratios as return on average assets, return on average equity and equity to assets and such key pricing ratios as price relative to book value, latest twelve months earnings and assets. Keller & Company reviewed and compared selected financial and stock market information, ratios and multiples of ASB to corresponding financial and stock market information, ratios and multiples for a group of nine selected publicly-traded Midwest thrift institutions or thrift holding companies set forth below:

AMB Financial Corp.	City Savings Financial Corp.
CKF Bancorp, Inc.	FFW Corporation
Indian Village Bancorp, Inc.	Peoples Ohio Financial Corp.
Peoples-Sidney Financial Corp.	Perpetual Federal Savings Bank
River Valley Bancorp	



## Edgar Filing: ASB FINANCIAL CORP /OH - Form PRE 14A

The key pricing ratios for the comparable group, all Ohio publicly-traded thrifts and all publicly-traded Midwest thrifts, are shown in the following table:

Trading Group	Pricing Ratios(1)		
	Price to Book	Price to Earnings	Price to Assets
Comparable Group	124.37%	16.0X	12.78%
Publicly-Traded Ohio Thrifts	140.87%	21.9X	15.35%
Publicly-Traded Midwest Thrifts	132.15%	20.4X	13.85%