

EVANS BANCORP INC  
Form DEF 14A  
March 24, 2010

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
SCHEDULE 14A  
Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934 (Amendment No. )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

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

**Evans Bancorp, Inc.**

(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:

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- Fee paid previously with preliminary materials.

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

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

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March 24, 2010

To Our Shareholders:

On behalf of the Board of Directors, I cordially invite you to attend the 2010 Annual Meeting of Shareholders of Evans Bancorp, Inc. The Annual Meeting this year will be held at Romanello's South Restaurant, 5793 South Park Avenue, Hamburg, New York, on **Thursday, April 22, 2010 at 9:00 a.m.** The formal Notice of the Annual Meeting is set forth on the following page.

The enclosed Notice and Proxy Statement contain details concerning the business to come before the 2010 Annual Meeting. The Board of Directors of Evans Bancorp recommends a vote FOR the re-election of Phillip Brothman, Mary Catherine Militello, David J. Nasca, David M. Taylor, and Thomas H. Waring, Jr. as directors for a three year term, and FOR ratification of the appointment of KPMG LLP as Evans Bancorp, Inc.'s independent registered public accounting firm for fiscal year 2010.

**To Vote:**

Your vote is important, regardless of whether or not you attend the Annual Meeting. I urge you to sign, date, and return the enclosed proxy card in the postage-paid envelope provided as promptly as possible. In this way, you can be sure that your shares will be voted at the meeting. If you are voting FOR the election of the nominated directors and

FOR ratification of the appointment of KPMG LLP as Evans Bancorp, Inc.'s independent registered public accounting firm for fiscal year 2010, you need only date, sign and return the proxy card.

**Voting is tabulated by an independent firm; therefore, to ensure that your vote is received in a timely manner, please mail the white proxy card in the envelope provided do not return the proxy card to Evans Bancorp, Inc.**

**To Attend the Annual Meeting:**

The Annual Meeting will include a continental breakfast. To ensure that our reservation count will be accurate, if you plan to attend the meeting, please complete the appropriate section on the white proxy card and return it in the postage-paid envelope provided **do not return the proxy card to Evans Bancorp, Inc.**

**PLEASE NOTE THAT, DUE TO LIMITED SEATING, WE WILL NOT BE ABLE TO ACCOMMODATE GUESTS OF OUR SHAREHOLDERS AT THE ANNUAL MEETING, AND MUST LIMIT ATTENDANCE TO SHAREHOLDERS ONLY.**

Thank you for your confidence and support.

Sincerely,

David J. Nasca  
President and Chief Executive Officer

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**EVANS BANCORP, INC.**

14-16 North Main Street  
Angola, New York 14006

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**April 22, 2010**

The Twenty-Second Annual Meeting of Shareholders of Evans Bancorp, Inc., a New York corporation (the Company), will be held on Thursday, April 22, 2010 at 9:00 a.m. at Romanello's South Restaurant, 5793 South Park Avenue, Hamburg, New York, for the following purposes:

- (1) To elect five directors of the Company, such directors to hold office for the term of three years and until the election and qualification of their successors.
- (2) To ratify the appointment of KPMG LLP as Evans Bancorp, Inc.'s independent registered public accounting firm for fiscal year 2010.
- (3) To act upon such other business as may properly come before the meeting or any adjournment thereof.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR  
THE SHAREHOLDER MEETING TO BE HELD ON APRIL 22, 2010**

**The Company's Proxy Statement and 2009 Annual Report, which includes the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission, are available on the Company's website at [www.evansbancorp.com](http://www.evansbancorp.com).**

The Board of Directors has fixed the close of business on March 8, 2010 as the record date for the determination of Shareholders entitled to notice of and to vote at the Annual Meeting.

A copy of the Company's Annual Report to Shareholders and Annual Report on Form 10-K for the Company's 2009 fiscal year are enclosed for your reference.

Please complete and return the enclosed proxy card in the accompanying postage-paid, addressed envelope as soon as you have had an opportunity to review the attached Proxy Statement.

By Order of the Board of Directors

William R. Glass

Secretary

Angola, New York

March 24, 2010

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**EVANS BANCORP, INC.**

14-16 North Main Street  
Angola, New York 14006

**PROXY STATEMENT**

Dated March 24, 2010

For the Annual Meeting of Shareholders  
to be Held April 22, 2010

**GENERAL INFORMATION**

This Proxy Statement is furnished to the shareholders of Evans Bancorp, Inc., a New York corporation (the Company), in connection with the solicitation of proxies for use at the Twenty-Second Annual Meeting of Shareholders (the Annual Meeting) to be held at Romanello's South Restaurant, 5793 South Park Avenue, Hamburg, New York, on **Thursday, April 22, 2010 at 9:00 a.m.** and at any adjournments thereof. The enclosed proxy is being solicited by the Board of Directors of the Company. To obtain directions to be able to attend our Annual Meeting and vote in person, please contact Michelle A. Baumgarden, (716) 926-2032.

Shares of common stock represented by a proxy in the form enclosed, properly executed, will be voted in the manner instructed, or if no instructions are indicated, FOR the election of the director nominees named therein and FOR ratification of the appointment of KPMG LLP as the Company's independent registered public accounting firm for fiscal year 2010. The proxy given by the enclosed proxy card may be revoked at any time before it is voted by delivering to the Secretary of the Company a written revocation or a duly executed proxy bearing a later date or by attending the Annual Meeting and voting in person. Any shareholder of record may vote in person at the Annual Meeting, whether or not he or she has previously given a proxy. Attendance at the Annual Meeting will not have the effect of revoking a proxy unless you give proper written notice of revocation to the Secretary before the proxy is exercised or you vote by written ballot at the meeting.

This Proxy Statement and the enclosed proxy are first being mailed to shareholders on or about March 24, 2010.

The following proposals will be considered at the meeting:

**Proposal I** To elect five directors of the Company, such directors to hold office for the term of three years and until the election and qualification of their successors.

**Proposal II** To ratify the appointment of KPMG LLP as the Company's independent registered public accounting firm for fiscal year 2010.

The Board of Directors of the Company unanimously recommends that you vote FOR each of the proposals.

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**Voting Securities**

Only holders of shares of common stock of record at the close of business on March 8, 2010 are entitled to notice of and to vote at the Annual Meeting and at all adjournments thereof. At the close of business on March 8, 2010, the Company had 2,827,821 shares of common stock outstanding. For all matters to be voted on at the Annual Meeting, holders of common stock are entitled to one vote per share. A quorum of shareholders is necessary to hold a valid Annual Meeting. A majority of shares entitled to vote, present in person or represented by proxy, shall constitute a quorum for the transaction of business at the Annual Meeting. Broker non-votes and abstentions will be counted as being present or represented at the Annual Meeting for purposes of establishing a quorum. A broker non-vote occurs on an item when a broker is not permitted to vote on that item without timely instruction from the beneficial owner of the shares and no instruction is given.

Under the Company's bylaws and the laws of the State of New York, directors of the Company are elected by a plurality of the votes cast at the meeting by holders of shares of common stock entitled to vote in the election. That means the five director nominees will be elected if they receive more affirmative votes than any other nominees. Other proposals are determined by a majority of votes cast in person or by proxy. Abstentions and broker non-votes will have no effect on the outcome of the voting for any of the proposals to be voted upon at the Annual Meeting.

If you hold your shares (i.e., they are registered) through a bank, broker or other nominee in street name but you do not provide the firm that holds your shares with your specific voting instructions, it will only be allowed to vote your shares on your behalf in its discretion on routine matters, but it cannot vote your shares in its discretion on your behalf on any non-routine matters. Please note that this year the applicable rules of the New York Stock Exchange, Inc. (the NYSE) that prescribe how brokers may vote your shares have recently changed. Under the applicable new rules of the NYSE, at the Annual Meeting, Proposal I relating to the election of your Board's nominees for Directors is considered a non-routine matter and Proposal II relating to the appointment of the Company's independent auditors for fiscal year 2010 is considered a routine matter. While your broker will have discretionary authority to vote your uninstructed shares for or against or abstaining from voting on Proposal II, if you do not give specific instructions to your broker how to vote your shares on your behalf with respect to the election of the Board's nominees for Directors at the Annual Meeting before the 10<sup>th</sup> day prior to the Annual Meeting, your broker will have no discretionary authority to vote your shares on the election of Directors at the Annual Meeting. Therefore, if you hold your shares in street name, you must give specific instructions to your broker for your shares to be voted on the election of Directors at the Annual Meeting.

**Security Ownership of Management and Certain Beneficial Owners**

The following table sets forth information, as of March 8, 2010, concerning, except as indicated in the footnotes below:

Each person whom we know beneficially owns more than 5% of our common stock.

Each of our directors and nominees for the board of directors.

Each of our Named Executive Officers.

All of our directors and executive officers as a group.

Beneficial ownership is determined under the rules of the Securities and Exchange Commission (the SEC) and generally includes voting or investment power with respect to securities. Except as indicated in the footnotes to this table, the persons named in the table below have sole voting and investment power with respect to all shares of common stock beneficially owned. The number of shares beneficially owned by each person as of March 8, 2010 includes shares of common stock that such person has the right to acquire on or within 60 days after March 8, 2010 upon the exercise of options and shares of restricted stock that are subject to forfeiture and transfer restrictions until the vesting date thereof. For each individual included in the table below, percentage ownership is calculated by dividing the number of shares beneficially owned by such person by the sum of the 2,827,821 shares of common stock outstanding on March 8, 2010 plus the number of





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shares of common stock that such person or group has the right to acquire on or within 60 days after March 8, 2010. Beneficial ownership representing less than one percent is denoted with an \* .

Name of Beneficial Owner	Number of Shares Beneficially Owned	Total Percent of Class
<b>Directors and Officers</b>		
James E. Biddle, Jr. (1)	15,797	*
Phillip Brothman (2)	42,677	1.5%
Kenneth C. Kirst (3)	6,493	*
Mary Catherine Militello (4)	7,678	*
Robert G. Miller, Jr (5)	81,710	2.9%
David J. Nasca (6)	17,841	*
John R. O'Brien (7)	7,170	*
David M. Taylor (8)	11,263	*
James Tilley (9)	4,858	*
Nancy W. Ware (10)	6,691	*
Thomas H. Waring, Jr. (11)	8,250	*
William R. Glass (12)	12,304	*
Gary A. Kajtoch (13)	8,316	*
Directors and executive officers as a group (13 persons)	231,048	8.2%

**5% Security Holders**

William F. Barrett (14) 910 Golf Island Drive Apollo Beach, FL 33572-2716	243,761	8.6%
Wellington Management Company, LLP (15) 75 State Street Boston, MA 02109	197,209	7.0%

(1) Includes 4,261 shares that Mr. Biddle may acquire by exercise of options exercisable on March 8, 2010 or within 60 days thereafter and 490 shares of restricted stock that are subject to forfeiture and transfer restrictions until

the vesting date thereof.

- (2) Includes 3,118 shares owned by Mr. Brothman's wife, 1,778 shares owned by Merrill Lynch as custodian for Phillip Brothman IRA account, 10,650 shares that Mr. Brothman may acquire by exercise of options exercisable on March 8, 2010 or within 60 days thereafter and 490 shares of restricted stock that are subject to forfeiture and transfer restrictions until the vesting date thereof.
  
- (3) Includes 374 shares owned by Mr. Kirst's wife, 2,000 shares that Mr. Kirst may acquire by exercise of options exercisable on March 8, 2009 or within 60 days thereafter and 490 shares of restricted stock that are subject to forfeiture and transfer restrictions until

the vesting date thereof.

(4) Includes 3,103 shares that Mrs. Militello may acquire by exercise of options exercisable on March 8, 2010 or within 60 days thereafter and 490 shares of restricted stock that are subject to forfeiture and transfer restrictions until the vesting date thereof.

(5) Includes 415 shares owned by Mr. Miller's daughter, as to which he disclaims beneficial ownership, 192 shares owned by Mr. Miller's son, as to which he disclaims beneficial ownership, 4,344 shares that Mr. Miller may acquire by exercise of options exercisable on March 8, 2010 or within 60 days thereafter and 1,290 shares of restricted stock that are subject to forfeiture and

transfer  
restrictions until  
the vesting date  
thereof.

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- (6) Includes 1,249 shares owned jointly by Mr. Nasca and his wife, 172 shares owned by Mr. Nasca's son, 161 shares owned by Mr. Nasca's son, 144 shares owned by Mr. Nasca's daughter, 1,250 shares that Mr. Nasca may acquire by exercise of options exercisable on March 8, 2010 or within 60 days thereafter and 2,750 shares of restricted stock that are subject to forfeiture and transfer restrictions until the vesting date thereof.
- (7) Includes 3,921 shares that Mr. O'Brien may acquire by exercise of options exercisable on March 8, 2010 or within 60 days thereafter and 490 shares of restricted stock that are subject to forfeiture and transfer

restrictions until the vesting date thereof.

(8) Includes 453 shares owned jointly by Mr. Taylor and his wife, 4,261 shares that Mr. Taylor may acquire by exercise of options exercisable on March 8, 2010 or within 60 days thereafter and 490 shares of restricted stock that are subject to forfeiture and transfer restrictions until the vesting date thereof.

(9) Includes 113 shares held by Mr. Tilley's wife, 17 shares held by Mr. Tilley, as trustee, in trust for his grandson, 1,000 shares that Mr. Tilley may acquire by exercise of options exercisable on March 8, 2010 or within 60 days thereafter and 490 shares of restricted stock that are subject to forfeiture and

transfer  
restrictions until  
the vesting date  
thereof.

(10) Includes 4,261  
shares that  
Mrs. Ware may  
acquire by  
exercise of  
options  
exercisable on  
March 8, 2010  
or within  
60 days  
thereafter and  
490 shares of  
restricted stock  
that are subject  
to forfeiture and  
transfer  
restrictions until  
the vesting date  
thereof.

(11) Includes 6,390  
shares that  
Mr. Waring may  
acquire by  
exercise of  
options  
exercisable on  
March 8, 2010  
or within  
60 days  
thereafter and  
490 shares of  
restricted stock  
that are subject  
to forfeiture and  
transfer  
restrictions until  
the vesting date  
thereof.

(12) Includes 2,615  
shares held  
jointly by  
Mr. Glass and  
his wife, 4,344  
shares that



Mr. Glass may acquire by exercise of options exercisable on March 8, 2010 or within 60 days thereafter and 1,130 shares of restricted stock that are subject to forfeiture and transfer restrictions until the vesting date thereof.

(13) Includes 750 shares that Mr. Kajtoch may acquire by exercise of options exercisable on March 8, 2010 or within 60 days thereafter and 1,390 shares of restricted stock that are subject to forfeiture and transfer restrictions until the vesting date thereof.

(14) Includes 67,531 shares owned by Mr. Barrett's wife, and 3,261 shares that Mr. Barrett may acquire by exercise of options exercisable on March 8, 2010 or within 60 days

thereafter. Mr. Barrett served as a director of the Company from 1971 until his retirement effective November 1, 2007, and served as a director emeritus of the Company from that date until November 1, 2008.

- (15) Based on the most recently available Schedule 13G filed with the SEC on February 17, 2009.

#### **SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's officers and directors, and persons who beneficially own more than ten percent of the Company's common stock, to file initial reports of ownership and reports of changes in ownership with the Securities and Exchange Commission (the "SEC"). Officers, directors and greater than ten percent beneficial owners are required by SEC regulations to furnish the Company with copies of all Section 16(a) forms they file.

Based solely on a review of the copies of such forms furnished to the Company and written representations from the Company's officers and directors, the Company believes that during fiscal 2009, all Section 16(a) filing requirements applicable to its officers, directors and greater than ten percent beneficial owners were complied with by such persons.

#### **PROPOSAL I ELECTION OF DIRECTORS**

The Company's bylaws provide for a classified board of directors, with three classes of directors, each nearly as equal in number as possible. Each class serves for a three-year term, and one class is elected each year. The Board of Directors is authorized by the Company's bylaws to fix from time-to-time, the number of directors that constitute the whole Board of Directors. The Board size has been set at eleven members. The nominees for director at the 2010 Annual Meeting are: Phillip Brothman, Mary Catherine Militello, David J. Nasca, David M. Taylor, and Thomas H. Waring, Jr., each of whom currently serves as a director and is standing for re-election.

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Messrs. Brothman, Nasca, Taylor and Waring, and Ms. Militello, if elected as directors, will hold office for three years until the Annual Meeting of Shareholders in 2013 and until their successors are duly elected and qualified. The Board of Directors has no reason to believe that any nominee would be unable or unwilling to serve, if elected. In the event that any nominee for director becomes unavailable and a vacancy exists, it is intended that the Nominating Committee of the Board of Directors will recommend a substitute nominee for approval by the Board of Directors. It is intended that proxies solicited by the Board of Directors will, unless otherwise directed, be voted FOR the director nominees: Phillip Brothman, Mary Catherine Militello, David J. Nasca, David M. Taylor, and Thomas H. Waring, Jr.

**THE COMPANY'S BOARD OF DIRECTORS RECOMMENDS A VOTE FOR EACH OF THE NOMINEES OF THE BOARD OF DIRECTORS.**

**INFORMATION REGARDING DIRECTORS, DIRECTOR NOMINEES AND EXECUTIVE OFFICERS**

The following tables set forth the names, ages, and positions of the director nominees, the directors continuing in office, and the executive officers of the Company:

***Nominees for Director (for terms expiring in 2013):***

<b>Name</b>	<b>Age</b>	<b>Position</b>	<b>Term Expires</b>	<b>Independent*</b>
Phillip Brothman	71	Director Chairman of the Board	2010	Yes
Mary Catherine Militello	52	Director	2010	Yes
David J. Nasca	52	Director President and Chief Executive Officer of the Company President and Chief Executive Officer of Evans Bank, N.A.	2010	No
David M. Taylor	59	Director	2010	Yes
Thomas H. Waring, Jr.	52	Director	2010	Yes

Executive Officer

\* Independence has been determined by the Company's Board of Directors as defined in the marketplace rules of The Nasdaq Stock Market LLC.

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<b>Name</b>	<b>Age</b>	<b>Position</b>	<b>Term Expires</b>	<b>Independent*</b>
James E. Biddle, Jr.	48	Director	2011	Yes
Kenneth C. Kirst	57	Director	2011	Yes
Robert G. Miller, Jr.	53	Director President of The Evans Agency, Inc. Executive Vice President of Evans Bank, N.A.	2012	No
John R. O'Brien	60	Director Vice Chairman of the Board	2012	Yes
James Tilley	68	Director	2012	No
Nancy W. Ware	53	Director	2011	Yes
William R. Glass	63	Secretary of the Company Executive Vice President of Evans Bank, N.A. Chief Executive Officer of Evans National Leasing, Inc.		
Gary A. Kajtoch	43	Treasurer of the Company Executive Vice President and Chief Financial Officer of Evans Bank, N.A.		

Executive  
Officer

\* Independence has been determined by the Company's Board of Directors as defined in the marketplace rules of The Nasdaq Stock Market LLC.

**Directors, Director Nominees and Executive Officer Information.**

Set forth below are the biographies of (1) each of the nominees and continuing directors containing information regarding the person's service as a director, business experience, director positions held currently or at any time during the last five years, and the experiences, qualifications, attributes or skills that caused the Board to determine that the person should serve as a director for the Company beginning in 2010, and (2) the executive officers of the Company.

***Nominees for Director***

**Mr. Brothman** has been a director of the Company since 1976. He was a partner in the law firm of Hurst Brothman & Yusick from January 1969 until February 2004 when Hurst Brothman & Yusick merged with Harris Beach PLLC. Mr. Brothman is currently a member of the law firm of Harris Beach PLLC. He has served as Chairman of the Board

of Directors of the Company and Chairman of the Board of Directors of Evans Bank, N.A. (the Bank ) since January 2001. Mr. Brothman's board experience, from his eight years as Chairman of the Company's Board and his three decades of experience as a member of the Company's Board of Directors, provides him with key skills in working with directors and understanding board processes and functions. Additionally, the same skills make him well suited to the Corporate Governance and Nominating Committee functions of identifying and evaluating individuals qualified to become board members and evaluating our corporate governance policies. Further, we believe Mr. Brothman's work with multiple sectors of industry as an attorney, including local municipalities and school districts, small and mid-sized businesses, and high net-worth individuals, provides our Board with insights into the goals and issues of current and potential customers.

**Mrs. Militello** has been a director of the Company since 2004. She has owned and managed Militello

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Marketing, a marketing consulting company, since 1999. Mrs. Militello's experience in providing companies with consulting services provides her with a collection of best practices and strategies to help inform our Board's general corporate decision-making, our Human Resource and Compensation Committee's specific analyses regarding executive pay and benefits, and our Audit Committee's oversight and review of our Company's financial plans and policies. Prior to owning and managing Militello Marketing, Mrs. Militello was Vice President Marketing at Graphic Controls from 1991 to 1998, and Senior Marketing Manager at Fisher-Price from 1985 to 1990. Mrs. Militello attained an MBA from The Wharton School of the University of Pennsylvania, one of the nation's top business schools. With her prior business experience, strategic marketing expertise and educational background, we believe Mrs. Militello is a valuable member of our Board and its Audit and Human Resource and Compensation Committees.

**Mr. Nasca** has been a director of the Company since September 1, 2006. Mr. Nasca also serves as the President and Chief Executive Officer of the Company and as President and Chief Executive Officer of the Bank. He has held the position of President of the Company and the Bank since December 1, 2006, and Chief Executive Officer of the Company and the Bank since April 1, 2007. Mr. Nasca served as Chief Operating Officer of LifeStage, LLC, a health care services startup company, from October 2005 to August 2006. From June 2004 to July 2005, Mr. Nasca served as Executive Vice President Strategic Initiatives of First Niagara Financial Group. Mr. Nasca held the position of Executive Vice President Consumer Banking Group, Central New York Regional Executive of First Niagara Financial Group from June 2002 through June 2004. Mr. Nasca serves as President and CEO of the Company and the Bank pursuant to an employment agreement with the Company and the Bank. As President and CEO, Mr. Nasca provides our Board with information gained from hands-on management of our operations, identifying our near-term and long-term challenges and opportunities. The Board has determined that Mr. Nasca's significant experience in the banking industry over the past twenty years, including operational, financial, and executive roles, as well as his unique perspective as leader of our management team, qualifies him for service as a member of our Board of Directors and Governance Committee.

**Mr. Taylor** has been a director of the Company since 1986. He has served as the President of Concord Nurseries, Inc., a shrub, fruit and tree wholesale nursery, since 1985. In running his own business, Mr. Taylor has encountered operational and financial issues similar to those the Company faces, which has provided him with the ability to offer practical business advice to the Board. Mr. Taylor also has served on the board of directors and the audit committee of The American Nursery and Landscape Association, a national association which provides leadership for the wholesale nursery industry. We believe that Mr. Taylor's work as an executive of a mid-sized business and his continuing board experience make him a very valuable member of our Board and its Audit Committee.

**Mr. Waring** has been a director of the Company since 1998. He has owned and managed Waring Financial Group, a financial planning, insurance and financial services and sales firm, since 1996. Mr. Waring's financial services experience provides the Board with a deeper understanding of the products and services which the Company needs to provide in the marketplace to remain competitive, as well as the delivery of those products and services. Mr. Waring has a Masters Degree in Financial Services from the American College in Bryn Mawr, PA and frequently advises high net worth individuals, family business owners and closely-held business owners. He is experienced in providing strategic planning and development advice, including designing and implementing executive and key employee benefits. We believe Mr. Waring's qualifications to sit on our Board of Directors and Human Resource and Compensation Committee include his extensive sales and marketing experience with a financial services company, as well as his executive leadership and management experience.

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***Directors Continuing in Office and Executive Officers***

**Mr. Biddle** has been a director of the Company since 2001. He serves as the Chairman and Treasurer of Mader Construction Co., Inc., and has held that position since 2001. In addition, Mr. Biddle serves as the Vice President and Treasurer of Arric Corp., an environmental remediation company. Mr. Biddle has extensive experience in the construction sector, an attribute that enables him to assist the Board in understanding the opportunities and risks of a large component of our loan portfolio. In addition, his experience as a treasurer provides the Board skills in assessing risk and exercising diligence, which are functions relevant to his service on the Audit Committee, as well as the Governance and Nominating Committees. We believe that Mr. Biddle's work in the construction industry, his continuing executive experience, and his proven financial acumen make him a very valuable member of our Board and its Audit, Governance and Nominating Committees.

**Mr. Kirst** has been a director of the Company since 2005. He is the Executive Vice President of Kirst Construction, Inc., a construction company, and has held that position since 2004. From 1976 until 2004, he was the Vice President of Kirst Construction, Inc. Mr. Kirst's significant experience as an executive in a construction company provides the Board with in-depth knowledge of the real estate marketplace. His high-level executive experience qualifies him for service as a member of our Board of Directors, as well as serving on our Governance and Nominating Committees.

**Mr. Miller** has been a director of the Company since 2001. He has served as the President of The Evans Agency, Inc. (TEA), an indirect wholly-owned subsidiary of the Company, since 2000 and as Executive Vice President of the Bank since January 2010. Mr. Miller serves as President of TEA pursuant to an employment agreement with the Company and TEA. Mr. Miller's substantive experience in the financial services industry gives him a solid foundation from which to advise the Board with respect to financial service acquisition opportunities, and his experience overseeing a financial sales force provides him with a practical background on matters such as developing strategies to succeed in a highly competitive marketplace.

**Mr. O'Brien** has been a director of the Company since 2003. Prior to his retirement in June 2004, Mr. O'Brien served as the Executive Director of Financial Administration for the Roman Catholic Diocese of Buffalo, New York. Prior to his role with the Diocese of Buffalo, Mr. O'Brien was an audit partner at KPMG LLP, a national accounting and consulting firm. We believe his extensive high-level executive experience has routinely exposed him to financial analysis and oversight, monitoring regulatory financial compliance and interacting with inside and outside public accountants and auditors, preparing him for service as our Audit Committee Chair. Further, we believe that Mr. O'Brien's experience at a national accounting/consulting firm and his prior experience on an executive level make him a valuable member of our Board and its Audit and Human Resource and Compensation Committees.

**Mr. Tilley** has been a director of the Company since 2001. Mr. Tilley served as President of the Company and the Bank from January 2001 until December 1, 2006, and as Chief Executive Officer of the Company and the Bank from January 2002 until April 1, 2007. We believe Mr. Tilley's qualifications to sit on our Board of Directors include his years of executive experience in the banking industry, specifically his over-20 years of service to our Company, as well as the deep understanding of our customers, employees and products that he has acquired over the same period.

**Mrs. Ware** has been a director of the Company since 2003. She has served as the President of EduKids, Inc. Early Childhood Centers since 1989. Mrs. Ware is a well-known and respected leader in the Western New York business community. Her success as an entrepreneur in starting and growing her business is evidence of the business acumen she brings to our Board. As the CEO of her own business, she has dealt with all aspects of its operations and regularly encounters the same issues and challenges that our Human Resource and Compensation, Nominating, and Governance Committees face on a regular basis.

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**Mr. Glass** has served as the Secretary of the Company since April 2006. He also serves as Executive Vice President of the Bank and Chief Executive Officer of Evans National Leasing, Inc. ( ENL ), positions he has held since January 2010 and December 2004, respectively. Prior to serving as Executive Vice President of the Bank, Mr. Glass served as Senior Vice President of the Bank from 1994 to January 2010. Mr. Glass served as Assistant Secretary of the Company from April 2003 until April 2006. Mr. Glass serves as Secretary of the Company and Executive Vice President of the Bank pursuant to an employment agreement with the Company and the Bank.

**Mr. Kajtoch** has served as Treasurer of the Company and Chief Financial Officer of the Bank since April 2007 and February 2007, respectively. He has also served as Executive Vice President of the Bank since January 2010.

Mr. Kajtoch served as Senior Vice President of the Bank from February 2007 to January 2010. Prior to joining the Company, Mr. Kajtoch served as a Vice President in the Finance Division of M&T Bank. His responsibilities in his most recent positions at M&T included serving as manager of Management Accounting from 2005 to 2007.

Mr. Kajtoch serves as Treasurer of the Company and Chief Financial Officer and Executive Vice President of the Bank pursuant to an employment agreement with the Company and the Bank.

**Independence of Directors**

A majority of the Board of Directors and each member of the Human Resource and Compensation, Nominating, and Audit Committees are independent, as affirmatively determined by the Board, consistent with the criteria established by the Nasdaq Stock Market and as required by the Company's bylaws.

The Board has conducted an annual review of director independence for all current nominees for election as directors and all continuing directors. During this review, the Board considered transactions and relationships during the prior year between each director or any member of his or her immediate family and the Company and its subsidiaries, affiliates and principal shareholders, including those reported below under Transactions with Related Persons. The Board also examined transactions and relationships between directors or their affiliates and members of senior management or their affiliates. The purpose of this review was to determine whether any such relationships or transactions were inconsistent with a determination that the director is independent.

As a result of this review, the Board affirmatively determined that of the nominees, Phillip Brothman, Mary Catherine Militello, David M. Taylor, and Thomas H. Waring, Jr. meet the Company's standard of independence, as do the following continuing directors: James E. Biddle, Jr., Kenneth C. Kirst, John R. O'Brien, and Nancy W. Ware. The remaining nominee and continuing directors were determined not to be independent for the following reasons: David J. Nasca and Robert G. Miller, Jr. are currently executive officers of the Company, and James Tilley served as an executive officer of the Company within the last three years. Mr. Tilley retired as an executive officer of the Company on April 28, 2007.

**Leadership Structure.** Phillip Brothman has served as Chairman of the Company's Board of Directors since 2001. In his capacity as Chairman, Mr. Brothman chairs meetings of the Board and executive sessions of the Board, coordinates the activities of the other independent directors, and performs such other duties and responsibilities as the Board of Directors may determine. These duties also include chairing meetings of the Company's shareholders, overseeing the preparation of agendas for meetings of the Board, keeping directors informed through the timely distribution of information and reports, maintaining contact with the Company's CEO and outside counsel between meetings to stay current on developments and to determine when it may be appropriate to alert the Board to significant pending developments, serving as a liaison between independent directors and the CEO with respect to sensitive issues, and other matters.

In 2001, we separated the positions of Chairman and CEO. While the separation of these positions is not required by our bylaws, we believe that it is the most appropriate leadership structure for us at this time. We



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believe that it is advantageous to separate the two positions in order to provide for independent director control over Board agenda and information flow, encourage open and lively communication between the independent directors and management, and to help balance the leadership of the Board.

**Oversight of Risk Management.** The Board's role in the Company's risk oversight process includes receiving regular reports from members of senior management on areas of material risk to the Company, including operational, financial, credit, liquidity, legal and regulatory, and strategic and reputational risks. The full Board (or the appropriate committee in the case of risks that are under the purview of a particular committee) receives these reports from the appropriate risk owner within the organization to enable it to understand our risk identification, risk management and risk mitigation strategies. When a committee receives the report, the chairman of the relevant committee reports on the discussion to the full Board during the committee reports portion of the next Board meeting. This enables the Board and its committees to coordinate the risk oversight role, particularly with respect to risk interrelationships. The Board's role in the Company's risk oversight process has not directly impacted its leadership structure.

**Policy for Director Attendance at Annual Meeting.** It is the policy of the Company that all directors be present at the Annual Meeting, barring unforeseen or extenuating circumstances. All directors were present at the Company's 2009 Annual Meeting except David M. Taylor, who was absent due to illness.

**Shareholder Communications with the Board of Directors.** Shareholders and other parties interested in communicating directly with the Company's Board of Directors may do so by writing to the Evans Bancorp, Inc. Board of Directors, One Grimsby Drive, Hamburg, NY 14075. All correspondence received under this process is compiled and summarized by the Executive Assistant to the President and Chief Executive Officer of the Company and presented to the Board of Directors. Concerns relating to accounting, internal controls or auditing matters are handled in accordance with procedures established by the Audit Committee. These procedures are available in the Governance Documents - Audit Concerns and Communication Policy section of the Company's website ([www.evansbancorp.com](http://www.evansbancorp.com)).

**Code of Ethics for Chief Executive Officer and Principal Financial Officers** The Company has a Chief Executive Officer/Treasurer/Controller Code of Ethics, which is applicable to the Company's principal executive officer, principal financial officer, and principal accounting officer. The Chief Executive Officer/Treasurer/Controller Code of Ethics is available in the Governance Documents section of the Company's website ([www.evansbancorp.com](http://www.evansbancorp.com)). The Company intends to post amendments to or waivers from its code of ethics at this location on its website.

**BOARD OF DIRECTOR COMMITTEES**

The Company's Board of Directors has four standing committees: the Audit Committee, the Governance Committee, the Human Resource and Compensation Committee and the Nominating Committee. The members of each committee have been nominated by the Chairman of the Board of Directors and approved by the full Board. The names of the members of each committee, together with a brief description of each committee's function, is set forth below.

**Audit Committee:**

John R. O'Brien, Chairman  
David M. Taylor

James E. Biddle, Jr.

Mary Catherine Militello

The Audit Committee met six times during fiscal 2009. The Audit Committee is responsible for reviewing the financial information of the Company that will be provided to shareholders and others, overseeing the systems of internal controls which management and the Board of Directors have established, selecting and monitoring

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the performance of the Company’s independent auditors, and overseeing the Company’s audit and financial reporting processes. The Board of Directors has determined that John R. O’Brien and James E. Biddle, Jr. each qualify as an audit committee financial expert as defined in Item 407(d) of Regulation S-K, and that each member of the Audit Committee is an independent director as defined in the marketplace rules of the Nasdaq Stock Market. The Board of Directors has adopted an Audit Committee Charter, which is available in the Governance Documents section of the Company’s website at [www.evansbancorp.com](http://www.evansbancorp.com).

**Human Resource and Compensation Committee:**

Thomas H. Waring, Jr., Chairman	Phillip Brothman	Mary Catherine Militello
John R. O’Brien	Nancy W. Ware	

The Human Resource and Compensation Committee met twelve times during fiscal 2009. The Human Resource and Compensation Committee is responsible for administering the Company’s equity plans and awarding new grants thereunder, for administering the Evans Excels Plan and the Employee Stock Purchase Plan, for making such determinations and recommendations as the Human Resource and Compensation Committee deems necessary or appropriate regarding the remuneration and benefits of employees of the Company and its subsidiaries and, in addition, for reviewing with management the Compensation Discussion and Analysis and providing a report recommending to the Board of Directors whether the Compensation Discussion and Analysis should be included in the Proxy Statement.

The Human Resource and Compensation Committee has the authority to act on behalf of the Board of Directors in setting compensation policy, administering Board or shareholder approved plans, approving benefit programs and making decisions for the Board with respect to compensation of senior management. The Human Resource and Compensation Committee may delegate any of its responsibilities to a subcommittee comprised of one or more members of the Human Resource and Compensation Committee, the Board or members of management. As discussed in more detail below under Compensation Discussion and Analysis, the Company’s executive officers may attend Human Resource and Compensation Committee meetings to present data and analysis and to make recommendations regarding executive (excluding the President and CEO) and employee compensation, benefit plans and promotions. The Human Resource and Compensation Committee, on an annual basis, reviews and approves corporate goals and objectives relevant to CEO and other officer compensation, evaluates the CEO’s performance in light of those goals and objectives, and as a committee or together with the independent members of the Board, determines and approves the CEO’s compensation levels based on this evaluation.

The Human Resource and Compensation Committee also has the authority to review and recommend to the full Board for approval director compensation, including board fees, committee fees and additional compensation, including awards of stock options and restricted stock.

In carrying out its duties, the Human Resource and Compensation Committee has the authority to retain, at the Company’s expense, and to terminate, a compensation consultant. The Human Resource and Compensation Committee also has the authority to retain independent counsel and other advisors at the Company’s expense. During 2009, the Human Resource and Compensation Committee engaged Arthur Warren, an executive compensation consultant, to provide the Human Resource and Compensation Committee with data and analysis, best practices, current trends in the industry and education. A more detailed discussion of the role played by the compensation consultant in advising the Human Resource and Compensation Committee regarding executive compensation matters is set forth below under Compensation Discussion and Analysis Role of Compensation Consultants and Compensation Discussion and Analysis Benchmark Analysis.

The Board of Directors has determined that each of the members of the Human Resource and Compensation Committee is an independent director, as defined in the marketplace rules of the Nasdaq Stock Market. The Board of Directors has adopted a Human Resource and Compensation Committee Charter, which is available in the Governance Documents section of the Company’s website at [www.evansbancorp.com](http://www.evansbancorp.com).

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**Governance Committee:**

Nancy W. Ware, Chairwoman	James E. Biddle, Jr.	Phillip Brothman
Kenneth C. Kirst	James Tilley	

The Governance Committee met three times during fiscal 2009. Its purpose is to assist the Board in developing and implementing corporate governance guidelines for the Company, and to provide oversight of the corporate governance affairs of the Company.

**Nominating Committee:**

Phillip Brothman, Chairman	James E. Biddle, Jr.	Kenneth C. Kirst
Nancy W. Ware		

The Nominating Committee is delegated with the responsibility of identifying and recommending to the Board candidates for director nominees to be presented to the shareholders for their consideration at the annual meetings of shareholders, and to fill vacancies on the Board of Directors. The Nominating Committee did not separately meet during fiscal 2009; the director nominees for the Annual Meeting were selected by a majority of the independent directors of the full Board. The Board of Directors has determined that each of the members of the Nominating Committee is an independent director, as defined in the marketplace rules of the Nasdaq Stock Market. The Board of Directors has adopted a Nominating Committee Charter, which is available in the Governance Documents section of the Company's website at [www.evansbancorp.com](http://www.evansbancorp.com).

The Company's bylaws set out the procedure to be followed by shareholders desiring to nominate directors for consideration at an annual meeting of shareholders. Under the Company's bylaws, shareholder director nominations must be submitted to the Secretary of the Company in writing not less than 14 days nor more than 50 days immediately preceding the date of the annual meeting. If less than 21 days notice of the annual meeting is given to shareholders, nominations must be mailed or delivered to the Secretary of the Company not later than the close of business on the seventh day following the day on which the notice of meeting was mailed. Such notification must contain the following information to the extent known by the notifying shareholder: (a) name and address of each proposed nominee; (b) the principal occupation of each proposed nominee; (c) the total number of shares of common stock of the Company that will be voted for each proposed nominee; (d) the name and residence address of the notifying shareholder; and (e) the number of shares of common stock of the Company owned by the notifying shareholder. Additionally, the Company's bylaws require that, in order to serve as a director of the Company, an individual must own at least \$10,000 aggregate market value of the Company's common stock and must be less than 70 years of age. Nominations not made in accordance with the bylaws of the Company may be disregarded by the presiding officer of the meeting, in his or her discretion, and upon his or her instruction, the inspectors of election may disregard all votes cast for each such nominee. However, in the event that any such nominee is nominated by more than one shareholder, the nomination shall be honored, and all votes cast in favor of such nominee shall be counted if at least one nomination for that person complies with the provisions of the bylaws of the Company.

The process whereby the Nominating Committee identifies director candidates may include identification of individuals well-known in the community in which the Company operates and individuals recommended to the Nominating Committee by current directors or officers who know those individuals through business or other professional relationships, as well as recommendations of individuals to the Nominating Committee by shareholders and customers. The Nominating Committee is developing a formal procedure to be followed by shareholders desiring to submit director candidates to the Nominating Committee. This procedure will be made available, when completed, in the Governance Documents section of the Company's website. In its evaluation of prospective director candidates, the Nominating Committee considers an individual's independence (as defined in the marketplace rules of the Nasdaq Stock Market), skills and experience relative to the needs of the Company. Director candidates meet personally with the members of the Nominating Committee and are interviewed to determine their satisfaction of the criteria referred to above. Although the Company has no policy regarding diversity, the charter of the Nominating Committee provides that diversity is one of the criteria the Nominating Committee may consider when selecting individuals to recommend for



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Board membership, together with independence, sound judgment, skill, integrity, willingness to make the required time commitment, understanding of financial statements and knowledge of and experience in the Company's and its subsidiaries' businesses, and the interplay of a candidate's experience with the experience of other members of the Board of Directors. There is no difference in the manner in which the Nominating Committee will evaluate director candidates recommended by shareholders, as opposed to director candidates presented for consideration to the Nominating Committee by directors, officers or otherwise.

**Board Meetings and Attendance at Board of Director and Committee Meetings.** The Company's Board of Directors met twelve times during fiscal 2009. Each incumbent director attended at least 75% of the aggregate of: (1) all meetings of the Company's Board of Directors (held during the period for which he or she served as a director) and (2) all meetings held by the committees of the Company's Board of Directors on which he or she served (during the periods that he or she served).

**Availability of Committee Charters and Other Corporate Governance Documents.** Current copies of the written charters for the Audit Committee, Human Resource and Compensation Committee, Governance Committee and Nominating Committee, copies of the Company's Chief Executive Officer/Treasurer/Controller Code of Ethics and Code of Conduct, the Policy for Communication to the Board of Directors, and the process for reporting questionable accounting or audit matters are available in the Governance Documents section of the Company's website at [www.evansbancorp.com](http://www.evansbancorp.com).

**DIRECTOR COMPENSATION**

**Director Fees.** Each director of the Company also serves as a member of the Board of Directors of the Bank. Non-employee directors do not receive compensation for meetings of the Bank's Board, but do receive committee fees. Further, it is the policy of the Board that employee directors are not paid for their service on the Company's or the Bank's Board of Directors in addition to their regular employee compensation.

During fiscal 2009,

non-employee directors were compensated at the rate of \$1,200 per meeting of the Company's Board of Directors, except Mr. Biddle, who received \$1,500 per meeting for his administrative director services to the Board.

non-employee directors were compensated at a rate of \$350 per committee meeting of the Board of Directors of the Company and of the Bank, except that the chairperson of each committee received \$550 per meeting and the chairpersons of the Company's Audit Committee and Human Resource and Compensation Committee received \$650 per meeting.

in addition to director meeting fees, Mr. Brothman received \$41,000 in 2009 for serving as Chairman of the Board of Directors of the Company and of the Bank. Mr. Brothman was not paid committee meeting fees.

In February 2010, the Board of Directors of the Company and of the Bank approved increases in fees paid to non-employee directors. For fiscal 2010,

non-employee directors will be compensated at the rate of \$1,500 per meeting of the Company's Board of Directors, except Mr. Biddle, who will receive \$1,850 per meeting for his administrative director services to the Board, payable as a mix of cash and restricted stock as set forth below.

non-employee directors will be compensated at a rate of \$350 per committee meeting of the Board of Directors of the Company and of the Bank, except that the members of the Company's Audit Committee and Human Resource and Compensation Committee will receive \$600 per meeting, and the chairperson of each committee will receive \$550 per meeting and the chairpersons of the Company's Audit

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Committee and Human Resource and Compensation Committee will receive \$900 per meeting.

in addition to director meeting fees, Mr. Brothman will receive \$43,000 for serving as Chairman of the Board of Directors of the Company and of the Bank. Mr. Brothman will not be paid committee meeting fees. The Board meeting fees payable to non-employee directors will be paid as follows: \$1,000 in cash (\$1,350 for Mr. Biddle), payable on a monthly basis, and \$500 in shares of restricted stock payable as a lump sum grant equal to \$6,000 at the January board meeting. The number of shares of restricted stock to be awarded is calculated by dividing \$6,000 by the closing price for a share of the Company's common stock on the Nasdaq Stock Market on the date of grant. In January 2010, each non-employee director received a grant of 490 shares of restricted stock. Each restricted stock grant vests on a one-year basis, with 100% of the award vesting on the anniversary of the grant date. Any unvested stock will be forfeited upon termination of an individual's service as a director. Vesting will be accelerated upon a change in control of the Company.

**Director Compensation.** The following table provides information with regard to the compensation for the Company's non-employee directors during the fiscal year ended December 31, 2009.

Name	Fees		Change in Pension	
	Earned	Option	Value and Non-	Total
	or Paid in	Awards	qualified Deferred	
Cash	(1) (\$)	Earnings	Compensation	
	(\$)		(2) (\$)	(\$)
James Biddle, Jr.	21,500		1,358	22,858
Phillp Brothman	55,400		8,139	63,539
Kenneth C. Kirst	23,500		1,078	24,578
Mary C. Militello	21,050		292	21,342
John R. O'Brien	29,850			29,850
David M. Taylor	27,700		1,689	29,389
James Tilley (3)	23,150			23,150
Nancy W. Ware	20,600		1,851	22,451
Thomas H. Waring	22,550		397	22,947

(1) The following reflects all equity awards outstanding for each director as of December 31, 2009. The stock option awards reflect unexercised grants of stock options, whether or not vested:

Name	Stock Options (#)
James E. Biddle, Jr.	4,261

Phillip Brothman	10,650
Kenneth C. Kirst	2,000
Mary C. Militello	3,103
John R. O'Brien	3,921
David M. Taylor	4,261
James Tilley	1,000
Nancy W. Ware	4,261
Thomas H. Waring, Jr.	6,390

(2) Deferred Compensation Plan. The Company maintains a non-qualified deferred compensation plan whereby the directors may elect to defer 1% to 100% of their fees until retirement or termination of service. The Company credits such deferrals at a rate determined at the beginning of each plan year equal to 1% over the prime rate as of each January 1st. During 2009, amounts credited under the deferred compensation plan at interest rates greater than 120% of the applicable federal long-term rate in effect have been reported for participating directors for the

amounts  
credited at the  
plan rate paid,  
less 120% of the  
applicable  
federal  
long-term rate.

- (3) Mr. Tilley  
received  
\$118,833 in  
distributions  
from retirement  
plans through  
the Company in  
fiscal 2009,  
related to his  
prior service as  
an executive  
officer.



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**COMPENSATION COMMITTEE INTERLOCKS  
AND INSIDER PARTICIPATION**

The members of the Human Resource and Compensation Committee are: Phillip Brothman, Mary Catherine Militello, John R. O'Brien, Nancy W. Ware and Thomas H. Waring, Jr. None of the members of the Human Resource and Compensation Committee during fiscal 2009 is or has been an officer or employee of the Company or any of its subsidiaries. Mr. Brothman is a member of the law firm of Harris Beach PLLC, which serves as general counsel to the Company and receives legal fees in exchange for such services. Mr. Waring serves as agent for the Bank in purchasing life and disability insurance policies. See Transactions with Related Persons.

During fiscal 2009, none of the Company's executive officers served on the compensation committee (or equivalent) or on the board of directors of another entity, whose executive officers served on the Human Resource and Compensation Committee or the Company's Board of Directors.

**COMPENSATION COMMITTEE REPORT**

*The information contained in this Human Resource and Compensation Committee Report shall not be deemed to be soliciting material or to be filed or incorporated by reference in future filings with the SEC, or subject to the liabilities of Section 18 of the Securities Exchange Act of 1934, except to the extent that the Company specifically incorporates it by reference into a document filed under the Securities Act of 1933 or the Securities Exchange Act of 1934.*

The Human Resource and Compensation Committee of the Board of Directors has reviewed and discussed the section of this Proxy Statement entitled Compensation Discussion and Analysis with management. Based on this review and discussion, the Human Resource and Compensation Committee recommended to the Board of Directors that the section entitled Compensation Discussion and Analysis be included in this Proxy Statement and incorporated by reference into the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2009.

**Human Resource and Compensation Committee**

Thomas H. Waring, Jr., Chairman  
Mary Catherine Militello  
Nancy W. Ware

Phillip Brothman  
John R. O'Brien

**EXECUTIVE COMPENSATION**

**Compensation Discussion and Analysis.**

**Executive Compensation Philosophy.** The Human Resource and Compensation Committee (the Committee) has reviewed the various elements of executive compensation during 2009 to ensure that all elements of compensation are aligned with shareholder value and allow the Company to attract and retain superior executive talent while rewarding performance. The Company's compensation program during 2009, discussed in greater detail below, included:

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Cash base salary and contractual protections competitive within the industry, designed to enable the Company to recruit and retain highly-qualified individuals;

Cash bonus incentive plans, directly linking pay to performance and designed to motivate executives to deliver superior results;

Long-term equity incentives designed to align executives' interests with those of the Company's shareholders in achieving long-term growth;

A Supplemental Executive Retirement Plan ( SERP ), designed to assist the Company in retaining talented executives; and

A deferred compensation plan which allows executives to defer pre-tax earnings, particularly when limits under the employee savings (401(k)) plan prohibit executives from saving adequately for retirement.

The decisions made on senior executive compensation, including NEO compensation, are based primarily upon the Committee's assessment of each executive's leadership, operational performance and potential to enhance long-term shareholder value. The Committee considers its subjective assessment of these individuals, and not rigid formulas or short-term changes in business performance, in determining the amount and mix of compensation elements and whether each particular payment or award provides an appropriate incentive and reward for performance that sustains and enhances long-term shareholder value. Key factors affecting the Committee's judgment include the executive's performance compared to the financial, operational, and strategic goals established by the Board of Directors at the beginning of each fiscal year; contribution to the Company's financial results, particularly with respect to key metrics such as asset growth and earnings on capital; and effectiveness in leading our initiatives to increase customer value.

**Role of the Human Resource and Compensation Committee and CEO.** The Committee is composed of independent directors of the Company. It is responsible for all policies and practices related to executive and employee compensation. As part of this responsibility, the Committee reviews and approves corporate goals and objectives relevant to executive compensation, reviews the performance of each of the senior executive officers, including the executive officers named in the Summary Compensation Table below (the Named Executive Officers or NEOs ), and approves compensation actions for them, including all of the policies under which executive compensation is paid or awarded. The Committee, on an annual basis, reviews and approves corporate goals and objectives relevant to NEO compensation, evaluates the CEO's performance in light of those goals and objectives, and as a committee or together with the independent members of the Board determines and approves the CEO's compensation levels based on this evaluation.

The Committee meets at least quarterly. In addition to information provided by the consultant as described below, members of Company management may attend Committee meetings to provide the Committee with information relating to the Company's compensation and benefit plans and programs, recommended changes to those plans and programs, and educational material. In particular, the Bank's President and CEO, Chief Financial Officer, and Senior Vice President of Human Resources may attend Committee meetings to present data and analysis and to formulate recommendations regarding executive (excluding the President and CEO) and employee compensation, benefit plans and promotions. The Senior Vice President of Human Resources provides the Committee with data for its consideration in setting the base salary for the President and CEO. In determining the base salary, annual incentive and long-term incentive components of CEO compensation, the Committee will consider multiple factors including the Company's performance and relative shareholder return, the value of similar incentive awards to CEOs at comparable companies, and the awards given to the CEO in past years. In addition, certain members of the executive management team may attend Committee meetings to provide guidance on reporting requirements and/or for investment / insurance issues. The Committee also spends a portion of each meeting convening in executive session, without the presence of any members of management or other attendees.

**Role of Compensation Consultants.** During 2009, the Committee engaged Arthur Warren, an executive compensation consultant, to provide data and analysis, best practices, current trends in the industry and education to

the Human Resource and Compensation Committee. The consultant, specializing in community

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bank compensation plans, serves as an independent / objective advisor to the Committee and is selected and retained by the Committee. The Committee reviews the analysis provided and requests that the consultant participate in Committee meetings as appropriate. The Senior Vice President of Human Resources works with the consultant to provide data for the consultant to analyze and to ensure the flow of information between the Committee and the consultant remains fluid.

**Benchmark Analysis.** The base salary compensation of the NEOs and certain other members of the executive management team are compared to a benchmark established using industry compensation surveys. A proxy peer group is selected to reflect banks of similar size and regions to the Bank. Although we compete with the large money center banks located within our market area for executive talent, those banks were excluded from our peer group because compensation levels for executives are typically a reflection of bank asset size. The peer group utilized in setting equity compensation levels for 2009 includes Chemung Financial Corporation, Cortland Bancorp, Croghan Bancshares, Inc., CSB Bancorp, Inc. Dimeco, Inc., Emclair Financial Corp., Jeffersonville Bancorp, Juniata Valley Financial Corp., Killbuck Bancshares, Inc., LCNB Corp., CNB Financial Corporation, Wilber Corporation, Comm Bancorp, Inc., Penn Woods Bancorp, Inc., Codorus Valley Bancorp, Inc., United Bancshares, Inc., NB&T Financial Group, Inc., Mid Penn Bancorp, Inc., Norwood Financial Corp., Peoples Financial Corporation and Bridge Bancorp, Inc. In addition to the peer group data, the Company compared its base salary to data included in a 2008 salary survey created by Pearl Meyer & Partners, the independent compensation consultant retained by the Committee during 2008, and the 2008 American Bankers Association Salary Survey.

The Committee utilizes the salary surveys as a source of information in determining base salary for Messrs. Nasca, Kajtoch and Glass, and has generally targeted the 50<sup>th</sup> percentile for base salary. The base salary of Mr. Miller is not compared to benchmark data, but is determined based upon his individual performance as compared to annual goals, including the achievement of corporate strategic and operational objectives. The Committee uses the survey data as a point of reference and comparison only, and not for purposes of establishing or setting a specific level of compensation to be achieved. The survey data includes companies that may not have the complexity of our organization, such as an insurance component and/or leasing component, and we believe it is important to pay for the expertise required to manage our business. Because the roles and responsibilities of executive officers can vary from one institution to another, the Committee also considers each NEO's experience, length of service in his or her position, and individual performance. The Committee has made the decision to pay above the 50<sup>th</sup> percentile for NEO salary where the Committee believes it is necessary to attract superior executive talent and/or experience in order to support planned growth of the Company. The Committee believes that this is appropriate in light of the expected future roles of the executives in supporting a larger organization as the Company pursues a growth strategy. The Company paid the NEOs (except Mr. Miller) at 111% of the weighted average base salary at the 50<sup>th</sup> percentile, as reported in the salary surveys utilized by the Committee as described above. See Executive Total Compensation Base Salary below for a discussion of actions taken with respect to the NEOs' base salary in 2009.

The Committee also utilized the compensation consultant to provide advice to the Committee related to other elements of compensation and to assess the value of additional compensation provided for our NEOs.

**Executive Total Compensation.** The key elements of the Company's NEO compensation program and the actions taken with respect to each element for 2009 are:

1. **Base Salary.** The Company's approach to compensation begins with establishing a fair base salary determined by individual factors, such as the employee's role in the organization, scope and complexity of responsibility of the position, the market value of his or her job, the level of an individual's expertise in the role and his or her performance in the position, as well as Company performance factors, such as Company financial performance, including earnings per share and growth in net income. The Committee also considers the level of achievement of corporate strategic and operational objectives established by the Committee as described above under Compensation Discussion and Analysis Role of the Human Resource and Compensation Committee and CEO. During 2009, the Committee

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engaged Arthur Warren to review competitive market data as mentioned above under Role of Compensation Consultants. In setting individual NEO salary, the Committee considered market data, including the peer group data and salary surveys discussed above under Benchmark Analysis. The Committee also considers the recommendation of the President and CEO in setting the base salary for Messrs. Kajtoch, Glass and Miller. The Committee sets the base salary for Mr. Nasca after considering the individual and Company performance factors discussed above, as well as the data provided by the Senior Vice President of Human Resources.

During 2009, we renegotiated our employment contracts with our NEOs, as discussed in more detail below under Employment Agreements. In connection with the renegotiation of those contracts, the Committee approved increases to the base salary of each of our NEOs as follows: Mr. Nasca's annual base salary was increased from \$230,000 to \$242,650, Mr. Kajtoch's annual base salary was increased from \$156,750 to \$161,400, Mr. Glass' annual base salary was increased from \$187,300 to \$192,900, and Mr. Miller's annual base salary was increased from \$213,210 to \$219,600. The Committee exercised its discretion to increase the NEOs salary based on its subjective assessment of each individual's performance as described above under Compensation Discussion and Analysis Executive Compensation Philosophy.

2. **Short-Term Cash Incentive Compensation.** The Evans Excels Plan is a short-term incentive compensation plan intended to reward performance of executives and employees of the Bank and ENL, including the NEOs (except Mr. Miller). The plan is designed to motivate employees to attain desired objectives and encourage teamwork and collaboration while aligning compensation with overall Company performance. This plan is a key element of the total compensation benefits provided to our NEOs and allows the Company to remain competitive with the market by providing the opportunity to receive significant cash incentives. The design of the plan is intended to ensure that Company goals are attained before any benefits are paid to executives and employees. For 2009, the Company utilized Company annual net income growth as the measure for determining whether awards would be paid under the Evans Excels Plan. The Committee determined the levels of growth in net income which it believes provides a reasonable balance between shareholder value and appropriate employee motivation and reward. A target, which would pay out 100% of the potential incentive was based upon the targeted growth in net income for 2009. A threshold was set at 1.5% below target, which would provide potential incentive payout at 50% and a stretch goal was set at 1.5% above target which would provide potential incentive payout at 150%. If actual net income growth were below the threshold, no incentive would be paid. The Committee believes that the targets established require strong overall performance. All awards are to be paid out as a percentage of a participant's base salary earned during the relevant performance period, which runs from January 1<sup>st</sup> to December 31<sup>st</sup>.

Individual performance and attainment of assigned goals is considered and all employees are required to meet a certain level of performance to receive payment. Individual performance which meets or exceeds expectations is rewarded with additional incentive eligibility, but only if the Company attains the higher overall performance measure (stretch) targets. The measure utilized for the NEOs was based upon the growth in net income for 2009, which is also the measure utilized to open the plan and allow payout. The payouts are determined pursuant to the following formula: (i) if the minimum net income growth level of 1.5% below target (the threshold) is met, Mr. Nasca would be awarded a cash incentive payment equal to 10% of his 2009 base salary and each of Messrs. Kajtoch and Glass would be awarded a cash incentive payment equal to 7.5% of his 2009 base salary; (ii) if the targeted net income growth level (target) is met, Mr. Nasca would be awarded 20% of his base 2009 salary and each of Messrs. Kajtoch and Glass would be awarded 15% of his 2009 base salary; (iii) if net income growth exceeds the target by 1.5% (stretch), Mr. Nasca would be awarded 30% of his 2009 base salary and each of Messrs. Kajtoch and Glass would be awarded 22.5% of his 2009 base salary; and (iv) if the minimum net income growth (threshold) is not met, no awards would be payable pursuant to the plan. The Board of Directors may, at its discretion, grant awards notwithstanding performance below

threshold. The Board has not to date exercised this discretion to approve any awards under the plan.

In 2009, the performance accomplished was below threshold and therefore, the Company did not pay

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out any incentive awards under the Evans Excels Plan.

Until January 2010, Mr. Miller was not an employee of the Bank or ENL, and therefore, has not historically been eligible to participate in the Evans Excels Plan. Mr. Miller is eligible to receive a cash bonus in an amount and subject to the achievement of objectives established from time to time by the Company's Board of Directors. For 2009, the Board determined that Mr. Miller would receive a bonus calculated based on the annual bonus formula set forth in his employment contract as in effect for most of 2009, as follows: Mr. Miller's bonus was determined on the basis of EBITA (annual TEA net income before accrued bonus, as well as interest, amortization, and income taxes). The bonus is equal to 20% of the increase in EBITA over prior year EBITA plus an additional 30% of an increase over the amount of TEA's approved budgeted EBITA, with a maximum annual bonus of \$100,000. Mr. Miller earned \$24,197 as a bonus, which was due to 20% of TEA's annual EBITA in excess of the prior year. There was no additional bonus earned, as TEA's performance did not meet the required budgeted income levels. As discussed below under Employment Agreements, we entered into a new employment contract with Mr. Miller in October 2009. Under his new contract, Mr. Miller is entitled to receive certain residual commissions, described below, and a cash bonus in an amount and subject to the achievement of such goals and objectives as the Board may determine from time to time. Mr. Miller will participate in the Evans Excels Plan for 2010.

3. **Equity Incentives.** While the Evans Excels Plan focuses on the achievement of short-term performance, the 2009 Long-Term Equity Incentive Plan, approved by shareholders in April 2009, is designed to provide key employees with a reward opportunity that aligns the interests of the participants with those of the Company's shareholders by focusing on our Company's performance over a longer period of time. Under the Plan, the Committee grants awards of stock options, under which executives recognize value commensurate with increases in long-term shareholder value, restricted stock, which provides immediate value to the NEO but places him or her at risk for actual losses in the event that shareholder value decreases, or both. Both stock options and restricted stock link an NEO's compensation to long-term Company performance. Both types of equity awards also have a retentive effect because they vest over a period of time, typically three years. Vesting may be accelerated under certain circumstances, such as the executive's death, disability or retirement, or if an executive's employment is terminated in connection with a change in control of our Company. The Committee believes that the Evans Excels short-term incentive plan and the equity-based long-term incentive plan together create a balance between short-term and long-term performance goals.

Equity awards are typically granted on an annual basis, but may under certain circumstances be granted at other times during the year, for example, in connection with a new hire. The Committee considered the advice and recommendation of our compensation consultant, Arthur Warren, in determining the mix of stock options and restricted shares, as well as the level of awards as compared to the industry and peer group. The Committee has expressed a desire to increase the level of equity held by our NEOs and supports the use of equity incentives as part of the NEOs overall compensation, as evidenced by the increased equity grants to our NEOs during fiscal 2009 as compared to fiscal 2008.

During 2009, the Committee approved the following equity awards (for more detail on these awards, see the Summary Compensation Table and Grants of Plan-Based Awards table below):

Stock Options during 2009, a total of 89,789 options were granted to 15 employees, of which a total of 57,720 options were granted to NEOs.

Restricted Shares during 2009, a total of 10,210 restricted shares were granted to 15 employees, of which a total of 6,560 restricted shares were granted to NEOs.

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4. **Executive Deferred Salary Plan.** Under the Company's Deferred Compensation Plan, participating NEOs are able to defer, at their election, up to 100% of their base salary. This deferred salary amount accrues interest at the rate of prime plus 1%, based upon prime as stated in the Wall Street Journal as of January 1<sup>st</sup> each year (4.25% for 2009). The plan is designed to provide a vehicle for executives, including NEOs, to defer their base salary on a pre-tax basis in order to achieve their personal retirement goals. The Company does not contribute to this plan.
  
5. **Supplemental Executive Retirement Plan (the SERP).** Messrs. Glass and Miller are participants in the Bank's SERP, which increases their retirement benefits above amounts available under the Company's tax-qualified and other pension programs. Because executives are generally not eligible for benefits under the SERP if they leave the Company before reaching age 60, we believe that the SERP is one of the Company's most effective retention tools. The SERP is unfunded and is considered a non-qualified plan for tax purposes. An executive's annual benefit, when combined with amounts payable under the Company's tax-qualified and other pension programs and Social Security, will equal 70% of the executive's average of the highest five consecutive years' salary. During 2009, the Company amended the SERP benefit provided for Mr. Glass as part of an overall review of executive compensation, benefits and employment contracts. Mr. Glass' SERP benefit was amended to change the benefit payout from 15 to 20 years, and to change the definition of compensation from total W-2 compensation to base salary plus bonus. In addition, the benefit Mr. Glass is eligible to receive under the SERP was frozen at the level Mr. Glass will attain at age 65. The Committee made the decision to amend the SERP for Mr. Glass to replace a prior benefit which had been eliminated. Under his original SERP benefit, Mr. Glass was eligible to receive a 20-year payout. The SERP benefit was reduced to 15 years when the Company provided a post-retirement life insurance benefit for Mr. Glass through the Executive Split Dollar Life Insurance Plan. The Executive Split Dollar Life Insurance Plan was amended in 2007 and the post-retirement benefit to Mr. Glass was eliminated. The Committee amended the SERP, as it applies to Mr. Glass, in 2009 to reinstate the 20-year payout provision for him. The Committee has approved a similar change to the definition of compensation in Mr. Miller's SERP, which we expect to become effective in 2010. The Committee worked with Arthur Warren throughout 2009 to design a SERP benefit for future executives which is contemporary and competitive. Plan designs for NEOs not currently covered by a SERP were considered during 2009; however, no action to adopt a plan was taken in 2009.
  
6. **Perquisites.** The Company provides its NEOs with perquisites that it believes are reasonable, competitive and consistent with its overall executive compensation program. The Company believes that its perquisites allow senior executive officers to operate more effectively. These perquisites, the aggregate cost of which is disclosed in the Summary Compensation Table below, generally include an auto allowance, club memberships and long-term disability insurance.

**Employment Agreements.** The Company believes the use of clear and concise employment contracts is an effective tool to attract and retain senior executives, as well as to protect proprietary information and customer relationships. Employment agreements with our NEOs were amended during 2009 as part of an overall review of compensation and benefits. The Committee approved a change from five-year employment contracts to three-year contracts because it believes that when all of the compensation elements are considered, including the cash incentives and awards under the 2009 Long-Term Equity Incentive Plan, which provide a competitive level of benefits, a shorter term employment contract is better aligned with shareholder interests. When the Company recruited Messrs. Nasca and Kajtoch in 2006 and 2007, respectively, the Committee believed that five-year employment contracts were appropriate because the Company did not provide competitive benefits through short-term and long-term incentive plans. With the addition of the Evans Excels Plan and the 2009 Long-Term Equity Incentive Plan, the Committee believes that it is now appropriate to move the executives from a five-year employment contract to a three-year employment contract. The employment contracts for Messrs. Nasca, Kajtoch and Miller were amended from a five-year term with annual renewal to a three-year term with daily renewal. The employment contract for Mr. Glass moved from a five-year contract with an evergreen clause to a fixed three-year contract. The material terms of our employment contracts with our NEOs, as amended in 2009, are set forth below under Employment Agreements with our NEOs.





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**Post-Termination Compensation.** As mentioned above, the Company has entered into employment contracts with its NEOs which provide for certain severance payments, described below under Potential Payments Upon Termination or Change in Control, if the executive's employment terminates under circumstances described in their employment contracts. In addition, if there is a change in control of the Company, the NEOs may be entitled to full acceleration of their equity-based compensation, as described under Equity Incentives. The Committee believes that these arrangements are important as a recruitment and retention device, as most of the companies with which we compete for executive talent have similar arrangements in place for their executives. These arrangements may help incentivize NEOs to remain with the Company and to assist in any potential change in control transaction. The Committee attempts to balance protection of its executives upon a change in control with protection of the Company's interests by making accelerated vesting available upon a change in control only if the NEOs are involuntarily terminated in connection with the change in control (a so-called double-trigger). Additionally, the Committee links severance payments to agreements by the NEOs not to compete with the Company, solicit the Company's employees or customers, or disclose confidential information.

**Tax and Accounting Considerations.** Section 162(m) of the Internal Revenue Code generally denies publicly-held corporations a federal income tax deduction for compensation exceeding \$1,000,000 paid to the chief executive officer or any of the four other highest paid executive officers (other than the chief financial officer), excluding performance-based compensation. Through December 31, 2009, this provision has not limited the Company's ability to deduct executive compensation. The Committee will continue to monitor the potential impact of Section 162(m) on the Company's ability to deduct executive compensation, and in particular, will review the effect of recent Internal Revenue Service rulings related to performance-based compensation in change-in-control situations. The 2009 Long-Term Equity Incentive Plan have been designed, and are intended to be administered, in a manner that will enable the Company to deduct compensation attributable to options and certain other awards thereunder, without regard to the deduction limitation established by Section 162(m).

Section 409A of the Internal Revenue Code generally changes the tax rules that affect most forms of deferred compensation that were not earned and vested prior to 2005, and imposes an additional tax on certain forms of deferred compensation. The Committee takes Section 409A into account in determining the form and timing of compensation paid to the Company's executives, and Section 409A is generally not applicable to the compensation provided by the Company.

The Company values stock option and restricted stock grants under FASB ASC Topic 718. More information regarding the application of SFAS No. 123(R) by the Company may be found in Note 13 to the Company's audited financial statements filed with the SEC in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2009.

**Summary Compensation Table.** The following table sets forth the compensation of the Company's Named Executive Officers for the fiscal years ended December 31, 2009, 2008 and 2007. The NEOs are the Company's Principal Executive Officer, Principal Financial Officer and the other executive officers serving during the fiscal year ended December 31, 2009.

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Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$ (1))	Option Awards (\$ (1))	Change in Pension Value and Non- Qualified Non-Equity Deferred Incentive				All other Compensation Total (\$)
						Compensation Earning (\$ (2))	(\$ (3))	(\$ (4))	(\$ (5))	
David Nasca President and CEO of the Company and the Bank (principal executive officer)	2009	242,650		35,723	36,255				26,329	340,957
	2008	227,692			10,600				27,370	265,662
	2007	200,000	12,000	49,425					17,314	278,739
Gary Kajtoch Treasurer of the Company and Executive Vice President and CFO of the Bank (principal financial officer)	2009	161,400		18,056	18,360				17,248	215,064
	2008	156,231			6,360				14,962	177,553
	2007	134,423	22,000						5,146	161,569
William Glass Secretary of the Company, CEO of ENL and Executive Vice President of the Bank	2009	192,900		14,679	14,955		200,001		27,468	450,003
	2008	186,740			6,360		208,620		29,548	431,268
	2007	179,024	10,000				79,049		20,741	288,814
Robert Miller, Jr. President of TEA and Executive Vice President of the Bank	2009	219,600		16,757	17,010	24,197	155,890		23,755	457,208
	2008	213,584			6,360		44,582		38,013	302,539
	2007	213,907					41,235		31,724	286,866

(1) Reflects the fair value of the awards at grant date, in accordance with FASB ASC Topic 718 for

financial statement reporting purposes. The amount shown excludes the impact of estimated forfeitures related to service-based vesting conditions. For additional information as to the assumptions made in valuation, see Note 13 to the financial statements filed with the SEC in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2009. Amounts shown in the table are based on the Company's accounting expense for these awards, and do not necessarily correspond to the actual value that may be recognized by the NEOs. See the Grants of Plan-Based Awards table below for information on awards of restricted stock

and options  
granted in fiscal  
2009.

- (2) The Company did not make any payments under its Evans Excels Plan, which is described above under Compensation Discussion and Analysis -Executive Total Compensation, because Threshold Growth in Net Income targets were not attained for 2009. Mr. Miller received an incentive bonus for 2009 in accordance with the terms of his employment contract, as discussed above under Compensation Discussion and Analysis Executive Total Compensation.
- (3) With respect to Mr. Glass, includes (a) the aggregate change in the accumulated benefits under the Bank's Defined Benefit Pension Plan and SERP of

\$191,941 in 2009 and (b) \$8,060, which is the amount credited to Mr. Glass account under the Company's [executive deferred salary plan] at interest rates greater than 120% of the applicable Federal long-term rate on compensation deferred for Mr. Glass.

- (4) With respect to Mr. Miller, includes (a) the aggregate change in the accumulated benefits under the Bank's Defined Benefit Pension Plan and SERP of \$154,649 in 2009 and (b) \$1,241, which is the amount credited to Mr. Miller's account under the Company's [executive deferred salary plan] at interest rates greater than 120% of the applicable Federal long-term rate on compensation deferred for

Mr. Miller.

- (5) Includes 401(k) matching contributions of \$9,612, \$9,626, \$11,505, and \$13,196 for Messrs. Nasca, Kajtoch, Glass and Miller, respectively, and the economic benefit from an endorsement split-dollar life insurance policy held by the Bank, which did not exceed \$10,000 for any individual NEO.

Other includes perquisites and personal benefits, which for Messrs. Nasca, Glass and Miller, included an auto allowance, country club dues and supplemental long-term disability insurance, and for Mr. Kajtoch, included country club dues and supplemental long-term disability insurance.

**Grants of Plan-Based Awards.** The following table reflects the terms of the compensation plan-based awards granted to Named Executive Officers in 2009.

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Name	Grant Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards (1)			All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price Of Option Awards (\$/Share) (2)	Grant Date Fair Value of Stock and Option Awards (\$) (3)
		Threshold (\$)	Target (\$)	Maximum (\$)				
David Nasca	8/18/2009	24,265	48,530	72,795	2,750	24,170	12.99	71,978
Gary Kajtoch	8/18/2009	12,105	24,210	36,315	1,390	12,240	12.99	36,416
William Glass	8/18/2009	14,467	28,935	43,402	1,130	9,970	12.99	29,634
Robert Miller, Jr.	8/18/2009		60,531	100,000	1,290	11,340	12.99	33,767

(1) The amounts included in these columns represent estimated possible payouts at the time the awards were granted in 2009. As discussed above under Compensation Discussion and Analysis Executive Total Compensation, no awards were payable to NEOs under the Evans Excels Plan for 2009 because net



income growth targets were not attained.

Mr. Miller received an incentive bonus for 2009 in accordance with the terms of his employment contract, as discussed above under

Compensation Discussion and Analysis Executive Total Compensation.

- (2) Reflects the exercise price for the options granted, which was the closing market price for the Company's common stock on that date.
  
- (3) Reflects full grant date fair value in accordance with FASB ASC Topic 718 of the options granted. For additional information as to the assumptions made in valuation, see Note 13 to the financial statements filed with the SEC in the Company's Annual Report on Form 10-K for the fiscal year

ended  
December 31,  
2009.

The option and restricted stock awards in 2009 were granted under the Company's 2009 Long-Term Equity Incentive Plan. 25% of the options and restricted stock granted will vest each year on the anniversary of the grant date. They will be fully vested August 18, 2013. Vesting ceases if the executive's employment is terminated for any reason (including by reason of death or disability). Dividends are paid on unvested stock awards.

#### **Employment Agreements with our NEOs**

We have entered into employment contracts with our NEOs. The material terms of those employment contracts are as follows:

**David J. Nasca Employment Agreement**, by and among Mr. Nasca, the Company and the Bank, pursuant to which Mr. Nasca serves as the President and Chief Executive Officer of the Company and the Bank. Subject to prior termination, the term of Mr. Nasca's employment is for a three year term, which is renewed daily until his 62<sup>nd</sup> birthday (October 27, 2019), at which time the contract will have a remaining and declining three year term. Automatic daily renewal will cease if the Bank gives Mr. Nasca written notice of non-renewal, in which case Mr. Nasca's employment will end 36 months after the date of the non-renewal notice, unless the parties agree to a shorter period. Mr. Nasca's employment agreement provides for an initial base salary of \$242,650, which is adjusted annually by the Board of Directors of Evans Bank, N.A., provided, however, that Mr. Nasca's annual salary may not be decreased below \$242,650. Mr. Nasca is entitled to participate in all Company and Bank cash and equity incentive programs made available to senior executives, as well as all employee benefit plans, programs, and arrangements for which he qualifies. He is entitled to four weeks paid vacation each year, plus five personal days and customary bank holidays. The Bank provides Mr. Nasca with a monthly automobile allowance of \$700 and reimburses him for reasonable country club dues and certain other expenses he incurs in the performance of his duties under the agreement.

In the event Mr. Nasca's employment is terminated:

by the Company or the Bank without cause or by Mr. Nasca for good reason, or under certain circumstances within one year following a change in control of the Company, he will be paid three times the sum of the highest base salary paid to him at any time under the employment agreement plus the

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average annual incentive bonus paid to Mr. Nasca in the three years prior to termination. The Company will also continue to provide amounts or benefits payable under applicable benefit plans for 36 months; because of death, his estate will be paid a lump sum amount equal to two times Mr. Nasca's then annual base salary, as well as any amounts or benefits payable under applicable benefit plans, but subject to offset for any payment due Mr. Nasca under any life insurance plan maintained by the Company or the Bank;

because of disability, (i) Mr. Nasca will be entitled to participate in the short- and long-term disability plans and benefits offered by the Bank to senior executives, including long-term disability income replacement benefits and supplemental retirement benefits under a long-term disability program; and (ii) the Bank will continue to provide Mr. Nasca with certain life and medical insurance benefits under the same cost-sharing arrangement as in effect for active employees until Mr. Nasca's (A) full-time employment by another employer, (B) attaining age 65, or (C) death;

by the Company or the Bank for cause or by Mr. Nasca other than for good reason, Mr. Nasca will not be entitled to payment of any amounts or benefits, other than that portion of his annual salary accrued through the date of termination and any accrued and unpaid vacation.

The Company's or the Bank's obligation to make such payments to Mr. Nasca are conditioned upon Mr. Nasca's compliance with his obligations of confidentiality, non-competition and non-solicitation set forth in his employment agreement.

**Gary A. Kajtoch Employment Agreement**, by and among Mr. Kajtoch, the Company and the Bank, pursuant to which Mr. Kajtoch serves as the Chief Financial Officer and Executive Vice President of the Bank. Subject to prior termination, the term of Mr. Kajtoch's employment is for a three year term, which is renewed daily until his 62<sup>nd</sup> birthday (October 3, 2028), at which time the contract will have a remaining and declining three year term. Automatic daily renewal will cease if the Bank gives Mr. Kajtoch written notice of non-renewal, in which case Mr. Kajtoch's employment will end 36 months after the date of the non-renewal notice, unless the parties agree to a shorter period. Mr. Kajtoch's employment agreement provides for an initial base salary of \$161,400, which is adjusted annually by the Board of Directors of Evans Bank, N.A., provided, however, that Mr. Kajtoch's annual salary may not be decreased below \$161,400. Mr. Kajtoch is entitled to participate in all Company and Bank cash and equity incentive programs made available to senior executives, as well as all employee benefit plans, programs, and arrangements for which he qualifies. He is entitled to four weeks paid vacation each year, plus five personal days and customary bank holidays. The Bank reimburses Mr. Kajtoch for reasonable country club dues and certain other expenses he incurs in the performance of his duties under the agreement.

In the event Mr. Kajtoch's employment is terminated:

by the Company or the Bank without cause or by Mr. Kajtoch for good reason, or under certain circumstances within one year following a change in control of the Company, he will be paid three times the sum of the highest base salary paid to him at any time under the employment agreement plus the average annual incentive bonus paid to Mr. Kajtoch in the three years prior to termination. The Company will also continue to provide amounts or benefits payable under applicable benefit plans for 36 months;

because of death, his estate will be paid a lump sum amount equal to two times Mr. Kajtoch's then annual base salary, as well as any amounts or benefits payable under applicable benefit plans, but subject to offset for any payments due Mr. Kajtoch under any life insurance plan maintained by the Company or the Bank;

because of disability, (i) Mr. Kajtoch will be entitled to participate in the short- and long-term disability plans and benefits offered by the Bank to senior executives, including long-term disability income replacement benefits and supplemental retirement benefits under a long-term disability program; and (ii) the Bank will continue to provide Mr. Kajtoch with certain life and medical

insurance benefits under the

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same cost-sharing arrangement as in effect for active employees until Mr. Kajtoch (A) full-time employment by another employer, (B) attaining age 65, or (C) death;

by the Company or the Bank for cause or by Mr. Kajtoch other than for good reason, Mr. Kajtoch will not be entitled to payment of any amounts or benefits, other than that portion of his annual salary accrued through the date of termination and any accrued and unpaid vacation.

The Company's or the Bank's obligation to make such payments to Mr. Kajtoch are conditioned upon Mr. Kajtoch's compliance with his obligations of confidentiality, non-competition and non-solicitation set forth in his employment agreement.

**William R. Glass Employment Agreement**, by and among Mr. Glass, the Company and the Bank, pursuant to which Mr. Glass serves as the Executive Vice President of the Bank. Subject to prior termination, the term of Mr. Glass's employment is for 39 months. Mr. Glass's employment agreement provides for an initial base salary of \$192,900, which is adjusted annually by the Board of Directors of Evans Bank, N.A., provided, however, that Mr. Glass's annual salary may not be decreased below \$192,900. Mr. Glass is entitled to participate in all Company and Bank cash and equity incentive programs made available to senior executives, as well as all employee benefit plans, programs, and arrangements for which he qualifies. He is entitled to four weeks paid vacation each year, plus five personal days and customary bank holidays. The Bank provides Mr. Glass with a monthly automobile allowance of \$700 and reimburses him for reasonable country club dues and certain other expenses he incurs in the performance of his duties under the agreement.

In the event Mr. Glass's employment is terminated:

by the Company or the Bank without cause or by Mr. Glass for good reason, or under certain circumstances within one year following a change in control of the Company, he will be paid three times the sum of the highest base salary paid to him at any time under the employment agreement plus the average annual incentive bonus paid to Mr. Glass in the three years prior to termination. The Company will also continue to provide amounts or benefits payable under applicable benefit plans for 36 months;

because of death, his estate will be paid a lump sum amount equal to two times Mr. Glass's then annual base salary, as well as any amounts or benefits payable under applicable benefit plans, but subject to offset for any payments due Mr. Glass under any life insurance plan maintained by the Company or the Bank;

because of disability, (i) Mr. Glass will be entitled to participate in the short- and long-term disability plans and benefits offered by the Bank to senior executives, including long-term disability income replacement benefits and supplemental retirement benefits under a long-term disability program; and (ii) the Bank will continue to provide Mr. Glass with certain life and medical insurance benefits under the same cost-sharing arrangement as in effect for active employees until Mr. Glass (A) full-time employment by another employer, (B) attaining age 65, or (C) death;

by the Company or the Bank for cause or by Mr. Glass other than for good reason, Mr. Glass will not be entitled to payment of any amounts or benefits, other than that portion of his annual salary accrued through the date of termination and any accrued and unpaid vacation.

The Company's or the Bank's obligation to make such payments to Mr. Glass are conditioned upon Mr. Glass's compliance with his obligations of confidentiality, non-competition and non-solicitation set forth in his employment agreement.

**Robert G. Miller Employment Agreement**, by and between Mr. Miller and TEA, pursuant to which Mr. Miller serves as the President of TEA and the Executive Vice President of the Bank. Subject to prior termination, the term of Mr. Miller's employment is for a three year term, which is renewed daily until his 62<sup>nd</sup> birthday (May 11, 2018), at which time the contract will have a remaining and declining three year term. Automatic daily renewal will cease if the Bank gives Mr. Miller written notice of non-renewal, in which case



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Mr. Miller's employment will end 36 months after the date of the non-renewal notice, unless the parties agree to a shorter period. Mr. Miller's employment agreement provides for an initial base salary of \$219,600, which is adjusted annually by the Board of Directors of Evans Bank, N.A., provided, however, that Mr. Miller's annual salary may not be decreased below \$219,600. Mr. Miller is entitled to participate in such equity programs as the Company and the Bank make available to senior executives from time-to-time. Additionally, the Company has agreed to use commercially reasonable efforts to maintain a long-term health care insurance policy covering Mr. Miller and his spouse in lieu of family health insurance provided to the Company employees generally, as long as the cost of such a policy does not exceed the cost of the family health insurance coverage generally provided to Company employees. Mr. Miller will also be eligible to receive the employee portion of residual commissions earned on certain products sold through M&W Group, Inc. prior to September 1, 2000, and will be eligible to receive an annual bonus in an amount and subject to achievement of such goals and objectives as the Board of Directors may determine in its discretion. TEA provides Mr. Miller with a company-owned vehicle and reimburses him for reasonable country club dues and certain other expenses he incurs in the performance of his duties under the agreement.

In the event Mr. Miller's employment is terminated:

by the Company or TEA without cause or by Mr. Miller for good reason, or under certain circumstances within one year following a change in control of the Company, he will be paid three times the sum of the highest base salary paid to him at any time under the employment agreement plus the average annual incentive bonus paid to Mr. Miller in the three years prior to termination. The Company will also continue to provide amounts or benefits payable under applicable benefit plans for 36 months;

because of death, his estate will be paid a lump sum amount equal to two times Mr. Miller's then annual base salary, as well as any amounts or benefits payable under applicable benefit plans, but subject to offset for any payment due Mr. Miller under any life insurance plan maintained by the Company or TEA;

because of disability, (i) Mr. Miller will be entitled to participate in the short- and long-term disability plans and benefits offered by TEA to senior executives, including long-term disability income replacement benefits and supplemental retirement benefits under a long-term disability program; and (ii) TEA will continue to provide Mr. Miller with certain life and medical insurance benefits under the same cost-sharing arrangement as in effect for active employees until Mr. Miller's (A) full-time employment by another employer, (B) attaining age 65, or (C) death;

by the Company or TEA for cause or by Mr. Miller other than for good reason, Mr. Miller will not be entitled to payment of any amounts or benefits, other than that portion of his annual salary accrued through the date of termination and any accrued and unpaid vacation.

The Company's or TEA's obligation to make such payments to Mr. Miller are conditioned upon Mr. Miller's compliance with his obligations of confidentiality, non-competition and non-solicitation set forth in his employment agreement.

**Potential Payments Upon Termination or Change-in-Control.** The following table shows the potential incremental value transfer to each NEO under various termination or change-in-control scenarios as of December 31, 2009, the last business day of fiscal 2009, and that all unvested, unexercised stock options and unvested restricted stock awards are valued at the closing market price of the Company's common stock on that date. The actual amounts to be paid out can only be determined at the time of such NEO's separation from the Company.

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<b>Event</b>	<b>David Nasca</b>	<b>Gary Kajtoch</b>	<b>William Glass</b>	<b>Robert Miller</b>
Retirement or Voluntary Termination Without Good Reason (1)			\$1,029,943	\$ 473,290
Termination for Cause (1)			\$1,029,943	\$ 473,290
Termination Without Cause or for Good Reason	\$791,564(2)	\$515,492(2)	\$1,637,797(3)	\$1,183,911(3)
Change in Control Termination (2)	\$791,564	\$515,492	\$1,637,797	\$1,183,911
Death	\$516,485(4)	\$338,562(4)	\$1,428,557(5)	\$ 927,118(5)

## (1) Reflects

- (a) SERP lump sum payout and
- (b) Defined Benefit Pension Plan lump sum payout.

## (2) Reflects

- (a) lump sum employment contract payout,
- (b) estimated value of healthcare benefits for 36 months, and
- (c) fair value of stock awards that provide for accelerated vesting upon termination for the stated reason. Payment may be postponed for a six month period to avoid application of Section 409A of the Internal Revenue Code.

## (3)



Reflects  
(a) SERP lump sum payout,  
(b) Defined Benefit Pension Plan lump sum payout, (c) employment contract lump sum payout,  
(d) estimated value of healthcare benefits for 36 months, and  
(e) fair value of stock awards that provide for accelerated vesting upon termination for the stated reason. Payment may be postponed for a six month period to avoid application of Section 409A of the Internal Revenue Code.

(4) Reflects  
(a) benefit payment of executive life insurance and  
(b) fair value of stock awards that provide for accelerated vesting upon termination for the stated reason.

(5) Reflects  
(a) SERP lump sum payout,  
(b) Defined Benefit Pension

Plan lump sum  
payout, (c)  
benefit payment  
of executive life  
insurance, and  
(d) fair value of  
stock awards  
that provide for  
accelerated  
vesting upon  
termination for  
the stated  
reason.

Disability benefits can vary based on length of a specific occurrence. Benefits related to a disability for the NEOs are detailed above under Employment Agreements. All post-termination payments are linked to two-year confidentiality, non-competition and non-solicitation obligations contained in the NEOs employment contracts. The events that constitute cause, good reason, disability and change in control are described in the employment contract with each NEO. Accelerated vesting of stock options and restricted stock awards assumes the awards are not converted into comparable awards with respect to voting securities of the surviving or acquiring entity in accordance with the terms of the 2009 Long-Term Equity Incentive Plan.

**Outstanding Equity Awards at Fiscal Year-End.** The following table provides information about unexercised stock options and unvested restricted stock for the Named Executive Officers as of December 31, 2009:

**Table of Contents**

Name	Option Awards				Stock Awards	
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable (1)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock that Have Not Vested (#)	Market Value of Shares or Units of Stock that Have Not Vested (\$)
David Nasca	1,250	24,170	12.99	08/18/2019	2,750	31,185
		3,750	15.35	06/17/2018		
Gary Kajtoch	750	12,240	12.99	08/18/2019	1,390	15,763
		2,250	15.35	06/17/2018		
William Glass	750	9,970	12.99	08/18/2019	1,130	12,814
	1,389	2,250	15.35	06/17/2018		
	2,205	926	19.25	04/18/2013		
			21.77	09/27/2014		
		2,000	22.00	09/20/2015		
Robert Miller, Jr.	750	11,340	12.99	08/18/2019	1,290	14,629
	1,389	2,250	15.35	06/17/2018		
	2,205	926	19.25	04/18/2013		
			21.77	09/27/2014		
		2,000	22.00	09/20/2015		

(1) The unexercisable options and shares with the following expiration dates will vest as indicated below:

Expiration Date	Vesting Schedule
04/18/2013	25% will vest on August 19, 2010, 25% on August 19, 2011 and 50% on August 19, 2012
09/20/2015	100% will vest on September 20, 2010
06/17/2018	33% will vest on June 17, 2010, 33% on June 17, 2011 and 33% on June 17, 2012
08/18/2019	25% will vest on August 18, 2010, 25% on August 18, 2011, 25% on August 18, 2012, and 25% on August 18, 2013

**Pension Benefits.** The following table sets forth the present value of the accumulated pension benefits for the Named Executive Officers as of fiscal year-end 2009 (1):

<b>Name</b>	<b>Plan Name</b>	<b>Number of Years Credited Service (#)</b>	<b>Present Value of Accumulated Benefit (\$)</b>	<b>Payments During Last Fiscal Year (\$)</b>
William R. Glass	SERP Plan Defined Benefit Plan	16	778,012	
Robert G. Miller, Jr.	SERP Plan Defined Benefit Plan	9	397,273	
		9	76,017	

(1) The assumptions used to calculate the present value of accumulated benefits are set forth in Note 12 to the Consolidated Financial Statements of the Company in its Annual Report on Form 10-K for the fiscal year ended December 31, 2009.

The following describes the material factors necessary to understand the pension benefits that are provided to the Named Executive Officers under the Bank's defined benefit pension and supplemental executive retirement plans. **Defined Benefit Pension Plan.** The Bank maintains a defined benefit pension plan (the Pension Plan) for all eligible employees, including employees of its subsidiaries. Messrs. Glass and Miller are participants in the Pension Plan. Upon retirement at age 65, vested participants are entitled to receive a monthly benefit. The following table indicates the annual retirement benefit that would be payable under the Pension Plan, pursuant to the amended benefit formula discussed below, upon retirement at age 65 in fiscal year 2009, expressed in the form of a single life annuity for the average annual earnings and years of credited service. The benefits listed below are not subject to deduction for Social Security or other offset amounts.

**Table of Contents****Years of Service at Normal Retirement**

Final Average Compensation	10	20	30	40
\$30,000	\$ 3,000	\$ 6,000	\$ 9,000	\$ 9,000
\$50,000	\$ 5,000	\$10,000	\$15,000	\$15,000
\$100,000	\$10,000	\$20,000	\$30,000	\$30,000
\$150,000	\$15,000	\$30,000	\$45,000	\$45,000
\$220,000	\$22,000	\$44,000	\$66,000	\$66,000

Pension Benefit Formula: 1% of compensation times years of service (max 30).

Prior to an amendment to the Pension Plan, effective May 1, 1994, the monthly benefit under the Pension Plan was 3% of average monthly compensation multiplied by years of service up to a maximum of 15 years of service. In 1994, the Pension Plan was amended to change the benefit to 1% of average monthly compensation (as defined under the Pension Plan, generally the highest five consecutive compensation years out of the latest ten compensation years at retirement) multiplied by years of service up to a maximum of 30 years of service.

During 2008, management considered industry trends, regional competition, as well as the new regulatory requirements involved in maintaining both a defined benefit pension plan and a 401(k) defined contribution plan. Based upon the analysis, the Bank made significant changes to the Pension Plan in order to remain competitive within the industry.

As a result of this review, effective January 31, 2008, the Pension Plan was frozen. All participants vested immediately in the Pension Plan at their then-present number of years of service, regardless of whether an employee had attained greater than five years of service on January 31, 2008. All benefits that eligible participants accrued in the Pension Plan prior to January 31, 2008 will be retained, but no additional benefits have accrued under the Pension Plan since that date. Employees will be eligible to receive accrued benefits at normal retirement age.

Compensation for purposes of the Pension Plan generally means the compensation reported for a participant on Form W-2 as gross pay. In calculating a participant's benefit, annual compensation in excess of a limit set annually by the Secretary of the Treasury of the United States may not be considered. That limit (the IRS Compensation Limit) was \$230,000 for 2008. In addition, benefits provided under the Pension Plan may not exceed a benefit limit under the Internal Revenue Code (which was \$185,000 payable as a single life annuity beginning at normal retirement age in 2008). The Social Security Wage Base is the maximum amount of annual earnings or wages that is subject to the old age, survivors and disability insurance taxes that is in effect under the Social Security Act at the beginning of the plan year.

A participant is eligible for early retirement under the Pension Plan if the participant retires before normal retirement age but after attaining age 59 and completing 5 years of service. An early retirement benefit is reduced 1/15th per year for each year that the benefit commences prior to normal retirement age. At December 31, 2009, Mr. Glass had attained eligibility for early retirement under the Pension Plan. Mr. Miller was not eligible for early retirement. Messrs. Nasca and Kajtoch are not participants in the Pension Plan.

Benefits under the Pension Plan are paid over the lifetime of the participant or the lifetimes of the participant and a beneficiary, as elected by the participant. If the participant is married on the date payments are to begin under the Pension Plan, payment will be in the form of a joint and 50% survivor annuity with the spouse as beneficiary, unless the participant elects another form of payment with the consent of the spouse. If benefits are paid in a form in which a benefit is to be paid to a beneficiary after the death of the participant, benefits are reduced from the amount payable as a lifetime benefit solely to the participant in accordance with the actuarial factors that apply to all participants in the Pension Plan. The Pension Plan generally does not make distributions in the form of a one-time lump sum payment. A participant's benefit is payable as an annuity with monthly benefit payments, unless the present value of the normal retirement benefit is less than \$5,000.

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Benefits under the Pension Plan are funded by an irrevocable, tax-exempt trust. The Pension Plan benefits of all participants, including those benefits of NEOs, are payable from the assets held by the tax-exempt trust.

**Supplemental Executive Retirement Plans.** The Bank maintains a SERP in which each of Messrs. Glass and Miller is a participant. Messrs. Nasca and Kajtoch do not have any credited service time in the SERP as of December 31, 2009. Under the SERP, each of Messrs. Glass and Miller is entitled to an annual benefit payment equal to 70% of his final average earnings, currently defined as the highest average of five consecutive years out of the last ten worked, reduced by 50% of his annual Social Security benefit, the amount of his annual benefit under the Pension Plan, and the value of his annual benefit attributable to employer matching contributions to the Bank's 401(k) plan, at or after attaining age 65. There are provisions for reduced early retirement benefits after attaining age 60 but prior to age 65, provided, however, that such benefits are reduced by 2% for each point by which the participant's age and years of service are less than 75. Benefits are also payable upon separation from service after a change in control, regardless of the participant's age. Upon a participant's entitlement to a benefit under the SERP, his benefit shall be paid in the form of either (i) a single life annuity with 15 payments guaranteed for Mr. Miller and 20 payments guaranteed for Mr. Glass, or (ii) a lump sum payment which is actuarially equivalent to the annuity form of payment described in clause (i). The SERP also allows for payment of such benefit to a designated beneficiary upon the death of the employee and for earlier payment due to disability.

**Executive Life Insurance Plan.** The Company provides an endorsement split-dollar benefit to certain officers and directors in connection with bank-owned life insurance maintained by the Bank. This benefit does not carry into retirement. The benefit for all non-employee directors is in the amount of \$200,000. The amount of the benefit for Named Executive Officers is two times base salary. For 2009, the amount of the benefits for each of Messrs. Nasca, Kajtoch, Glass and Miller is \$485,300, \$322,800, \$385,800, and \$439,200, respectively.

**Employee Savings Plan.** The Bank also maintains a 401(k) salary deferral plan to assist employees, including employees of its subsidiaries, in saving for retirement. All employees are eligible to participate on the first of the month following date of hire. Eligible employees can contribute up to the maximum amount allowable under the Internal Revenue Code.

For 2009, employees with at least one year of service received a 100% match from the Company on contributions up to 4% of base salary and a 50% match on contributions greater than 4% of base salary, up to 8% of salary. Employees vest in employer contributions over six years. With respect to matching contributions credited to the accounts of NEOs, those amounts are included in the Summary Compensation Table, above, under All Other Compensation. Individual account earnings will depend on the performance of the particular funds in which the participant invests. Specific guidelines govern adjustments to contribution levels, investment decisions and withdrawals from the plan. The benefit is paid as an annuity unless the employee elects one of the optional forms of payment available under the plan.

**Non-Qualified Deferred Compensation.** The following table sets forth information for the Non-Qualified Deferred Compensation Plan for fiscal 2009:

Name	Executive	Registrant	Aggregate	Aggregate	Aggregate
	Contributions	Contributions	Earnings		
	in Last	in Last	in	Distributions	Balance at
	Fiscal	Fiscal	Last		Last Fiscal
	Year	Year	Fiscal		Year End
	(\$)	(\$)	Year	(\$)	(\$)
William R. Glass	28,867		8,060		212,137
Robert G. Miller, Jr.	4,399		1,241		32,631

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All executive and registrant contributions were reported as compensation for fiscal 2009 in the Summary Compensation Table, above, and amounts reported in the Aggregate Balance at Last Fiscal Year End column of this table were reported as compensation to the appropriate NEOs in the Company's Summary Compensation Table for previous fiscal years.

The Company's Non-Qualified Deferred Compensation Plan allows NEOs to elect to defer 1% to 100% of their base salary until retirement or termination of service. The Company credits such deferrals with interest equal to 1% over the prime rate as of each January 1st. During fiscal 2009, amounts credited under the Deferred Compensation Plan at interest rates greater than 120% of the applicable federal long-term rate in effect have been reported for the NEOs in the Summary Compensation Table above, in the Change in Pension Value and Non-Qualified Deferred Compensation column.

NEOs are immediately 100% vested in their account balance under the Non-Qualified Deferred Compensation Plan, including credited interest. NEOs may choose 5, 10 or 15 years or lump sum payment option.

**TRANSACTIONS WITH RELATED PERSONS**

The Company's written policies and procedures with respect to transactions with related persons requires the review and approval or ratification by the Audit Committee for any transaction in which the Company will be a participant and any related person has or will have a material interest (direct or indirect), other than transactions involving less than \$5,000 when aggregated with all similar transactions. Related persons include the Company's directors, director nominees and executive officers and their immediate family members, as well as persons owning more than 5% of the Company's common stock and any immediate family member of such shareholder.

Under the Company's Related Person Transaction Policy, a related person transaction may be consummated or continue if the Audit Committee has approved or ratified the transaction in accordance with the following guidelines: in considering whether to approve or ratify related person transactions, the Audit Committee will take into account, among other factors, (i) whether the related person transaction is on terms comparable to those that could be obtained in arm's length dealings with an unrelated third party; (ii) whether the related person transaction has been reviewed and approved by the Company's subsidiary banking institution in accordance with Federal Reserve Regulation O and the process and procedure established by such subsidiary banking institution to insure compliance with Regulation O; (iii) whether the related person transaction is approved by the disinterested members of the Board of Directors; and (iv) whether the related person transaction involves compensation approved by the Company's Human Resource and Compensation Committee.

The Audit Committee meets annually with management to discuss and review related person transactions for that calendar year, including the proposed aggregate value of such transactions. After review and discussion, the Audit Committee will determine, based on the above guidelines, whether to approve or ratify each related person transaction, and at each subsequently scheduled meeting, management will update the Audit Committee, as necessary, as to any material change to related person transactions and any proposed related person transactions.

In the event that a related person transaction is proposed during the interim period between regularly scheduled Audit Committee meetings, the transaction may be presented to the Audit Committee by management for approval or preliminarily entered into by management subject to ratification by the Audit Committee in accordance with the above guidelines; provided that if ratification is not forthcoming, management will make all reasonable efforts to cancel or annul the transaction.

In particular, the Audit Committee has approved the provision of certain life and disability insurance policies from several different insurance companies for which Thomas H. Waring, Jr., a director, serves as agent on terms and conditions normal and customary in the ordinary course of business for the purchase of life and

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disability insurance. The total premium paid to these insurance companies was approximately \$18,877 and \$173,000 in fiscal 2009 and 2008, respectively. The aggregate amount received by Waring Financial Group for the placement of such life and disability insurance policies was approximately \$293 and \$3,761 for fiscal 2009 and 2008, respectively. Additionally, the Audit Committee approved the services of Harris Beach PLLC as its general counsel. Phillip Brothman, a director and Chairman of the Board of Directors, is a member of that firm. The legal services provided (and to be provided) to the Company and its Bank subsidiary are considered normal and customary in the ordinary course of business. The aggregate fees paid to Harris Beach PLLC for legal services to the Company and to the Bank in fiscal 2009 and 2008 were approximately \$511,000 and \$413,000, respectively. Mr. Brothman has less than a 1% equity interest in Harris Beach PLLC.

In addition, Mr. Tilley, a director and former Chief Executive Officer and President of the Company and the Bank, continues to receive payments under the Bank's Pension Plan and SERP. He received payments aggregating \$118,833 in 2009 and \$158,056 in 2008 under those plans.

The Bank has had, and in the future expects to have, banking and fiduciary transactions with directors and executive officers of the Company and some of their affiliates. All such transactions have been in the ordinary course of business and on substantially the same terms (including interest rates and collateral on loans) as those prevailing at the time for comparable transactions with unrelated third parties, and do not involve more than a normal risk of collectivity or present other unfavorable features.

**AUDIT COMMITTEE REPORT**

*The information contained in this Audit Committee Report shall not be deemed to be soliciting material or filed or incorporated by reference in future filings with the SEC, or subject to the liabilities of Section 18 of the Securities Exchange Act of 1934, except to the extent that the Company specifically incorporates it by reference into a document filed under the Securities Act of 1933 or the Securities Exchange Act of 1934.*

The Audit Committee has reviewed and discussed with the Company's management and KPMG LLP, the Company's independent registered public accounting firm, the audited consolidated financial statements of the Company contained in the Company's Annual Report on Form 10-K for the 2009 fiscal year. The Audit Committee has also discussed with KPMG LLP the matters required to be discussed by the Statement on Auditing Standards No. 61, as amended, as adopted by the Public Company Accounting Oversight Board in Rule 3200T.

The Audit Committee has received and reviewed the written disclosures and the letter from KPMG LLP required by applicable requirements of the Public Company Accounting Oversight Board regarding KPMG LLP's communications with the Audit Committee concerning independence, and has discussed with KPMG LLP its independence from the Company.

Based on the review and discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited consolidated financial statements be included in the Company's Annual Report on Form 10-K for its 2009 fiscal year for filing with the SEC.

Submitted by the Audit Committee,

*John R. O'Brien, Chairman*

*James E. Biddle, Jr.*

*Mary Catherine Militello*

*David M. Taylor*



**Table of Contents****INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee of the Board of Directors has appointed KPMG LLP to continue as the Company's independent registered public accounting firm and to conduct the audit of the Company's consolidated financial statements for the year ending December 31, 2010. Representatives of KPMG LLP will be present at the Annual Meeting to respond to appropriate questions that may be raised, and they will have the opportunity to make a statement, if they so desire.

**Fees Billed by KPMG LLP.** The following table shows the fees that KPMG LLP billed the Company for audit and other services provided for fiscal years 2009 and 2008. Audit fees consist of professional services rendered for the audit of the Company's annual consolidated financial statements and internal control over financial reporting, review of the Company's financial statements included in the Company's quarterly reports on Form 10-Q, and services that are normally provided by KPMG LLP in connection with statutory and regulatory filings, including SEC filings or engagements for fiscal years 2009 and 2008. Tax fees consist of the preparation of federal and state tax extensions.

	<b>2009</b>	<b>2008</b>
Audit Fees	\$ 225,000	\$ 187,500
Audit-Related Fees	2,500	
Tax Fees		14,700
All Other Fees		
<b>Total</b>	<b>\$ 227,500</b>	<b>\$ 202,200</b>

All fees listed in the table above were pre-approved by the Company's Audit Committee under the pre-approval policy described below.

The Audit Committee has considered whether the provision of non-audit services is compatible with maintaining the principal accountant's independence and has concluded that such services did not impair KPMG LLP's independence. The Audit Committee's pre-approval policy details the types of audit, audit-related, tax and other services that have the general pre-approval of the Audit Committee, and the cost limits for those services. Unless a type of service to be provided by the independent auditors has received general pre-approval, it requires specific pre-approval by the Audit Committee. Also, any proposed services exceeding pre-approved cost levels require specific pre-approval by the Audit Committee.

**PROPOSAL II RATIFICATION OF THE APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Company is asking shareholders to ratify the appointment of KPMG LLP ( KPMG ) as our independent registered public accounting firm for our current fiscal year. Our 2010 fiscal year began on January 1, 2010 and will end on December 31, 2010. Although ratification is not legally required, Evans Bancorp, Inc. is submitting the appointment of KPMG to our shareholders for ratification in the interest of good corporate governance. In the event that this appointment is not ratified, the Audit Committee of the Board will reconsider the appointment.

The Audit Committee appoints the independent registered public accounting firm annually. Before appointing KPMG as our independent registered public accounting firm for fiscal 2010, the Audit Committee carefully considered the firm's qualifications and performance during fiscal 2009, as well as the fees paid to KPMG for

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such services. In its review of non-audit service fees and its appointment of KPMG as Evans Bancorp, Inc.'s independent registered public accounting firm, the Audit Committee considered whether the provision of such services was compatible with maintaining KPMG's independence.

Representatives of KPMG will be present at the Meeting. They will be given an opportunity to make a statement if they desire to do so and will be available to respond to appropriate questions.

**THE COMPANY'S BOARD OF DIRECTORS RECOMMENDS A VOTE FOR RATIFICATION OF THE APPOINTMENT OF KPMG LLP AS THE COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR FISCAL 2010.**

**OTHER MATTERS**

The cost of solicitation of proxies will be borne by the Company. Solicitation other than by mail may be made by directors, officers or by regular employees of the Company, who will receive no additional compensation therefor, by personal or telephone solicitation, the cost of which is expected to be nominal.

The Board of Directors knows of no other matters to be presented for shareholder action at the Annual Meeting, other than the election of directors. However, if other matters do properly come before the meeting or any adjournments thereof, the Board of Directors intends that the persons named in the proxies will vote upon such matters in accordance with their best judgment.

**SHAREHOLDER PROPOSALS FOR 2011  
ANNUAL MEETING OF SHAREHOLDERS**

**Requirements for Shareholder Proposals to be Considered for Inclusion in the Company's Proxy Materials.**

Shareholders of the Company may submit proposals on matters appropriate for shareholder action at meetings of shareholders in accordance with Rule 14a-8(e) promulgated under the Securities Exchange Act of 1934. For such proposals to be included in the Company's proxy materials relating to its 2011 Annual Meeting of Shareholders, all applicable requirements of Rule 14a-8 must be satisfied and such proposals must be received by the Company no later than November 24, 2010. Such proposals should be delivered to the Secretary, Evans Bancorp, Inc., 14-16 North Main Street, Angola, New York 14006.

**Requirements for Shareholder Proposals to be Brought Before the Annual Meeting.** Except in the case of proposals made in accordance with Rule 14a-8(e) and for shareholder nominations to the Board of Directors, which are governed by the procedures for director nominations by shareholders contained in the Company's bylaws, for proposals to be considered at an Annual Meeting, the shareholder must have given timely notice thereof in writing to the Secretary of the Company not less than 45 days prior to the anniversary of the date on which the Company first sent its proxy materials for its immediately preceding annual meeting of shareholders. To be timely for the 2011 Annual Meeting, a shareholder's notice must be delivered to or mailed and received by the Secretary of the Company at the principal executive offices of the Company by February 7, 2011. A shareholder's notice to the Secretary must set forth, as to each matter the shareholder proposes to bring before the Annual Meeting, the information required by the Company's bylaws.

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A copy of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2009 (without exhibits) is being distributed with this Proxy Statement. The Annual Report on Form 10-K is also available, without charge, by writing or telephoning Michelle A. Baumgarden, Evans Bancorp, Inc., One Grimsby Drive, Hamburg, NY 14075, (716) 926-2000. In addition, the Annual Report on Form 10-K (with exhibits) is available at the SEC's website ([www.sec.gov](http://www.sec.gov)) and the Company's website ([www.evansbancorp.com](http://www.evansbancorp.com)).

By Order of the Board of Directors,

EVANS BANCORP, INC.

William R. Glass

Secretary

Angola, New York

March 24, 2010

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Using a **black ink** pen, mark  x  
 your votes with an **X** as shown in  
 this example. Please do not write  
 outside the designated areas.

**Annual Meeting Proxy Card**

**6 PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. 6**

**Proposals** The Board of Directors recommends a vote FOR all the nominees listed and FOR Proposal 2.

1. Election of Directors:	<b>For</b>	<b>Withhold</b>		<b>For</b>	<b>Withhold</b>		<b>For</b>	<b>Withhold</b>	<b>+</b>
	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>		03 -	<input type="checkbox"/>	<input type="checkbox"/>
01 - Phillip Brothman			02 - Mary Catherine Militello				David		
							J.		
							Nasoa		

**For Against Abstain**

- 2. Ratification of the appointment of KPMG LLP as Evans Bancorp Inc. s independent registered public accounting firm for fiscal year 2010.
- 3. In their discretion, the proxies are authorized to vote on such other business as may properly come before the Twenty-Second Annual Meeting of Shareholders or any adjournment(s) thereof.

**B Non-Voting Items**

**Change of Address** Please print new address below.

**Meeting Attendance**

Mark box to the right if   
 you plan to attend the  
 Annual Meeting.

**Authorized Signatures** This section must be completed for your vote to be counted. **Date and Sign Below**

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Please sign exactly as name(s) appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, corporate officer, trustee, guardian, or custodian, please give full title.

Date (mm/dd/yyyy) Please print date below.

Signature 1 Please keep signature within the box.

Signature 2 Please keep signature within the box.

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**PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.**

**Revocable Proxy    Evans Bancorp, Inc.**

**PROXY FOR THE TWENTY-SECOND ANNUAL MEETING OF SHAREHOLDERS**

**Evans Bancorp, Inc.**

**14-16 North Main Street**

**Angola, NY 14006**

**This Proxy is solicited on Behalf of the Board of Directors of Evans Bancorp, Inc.**

The undersigned hereby appoints Kenneth C. Kirst and Nancy W. Ware as Proxies, each with the power to appoint his/her substitute and hereby authorizes either of them to represent and to vote all the shares of Common Stock of Evans Bancorp, Inc. held of record by the undersigned at the close of business on March 8, 2010 at the Twenty-Second Annual Meeting of Shareholders to be held on April 22, 2010, or any adjournments thereof, upon the matters listed on the reverse side hereof.

Each of the Proxies is authorized to vote, in his/her discretion, upon such other matters as may properly come before the meeting or any adjournment thereof. This proxy, when properly executed, will be voted in the manner directed herein by the undersigned shareholder. **If no direction is given, this proxy will be voted FOR each nominee set forth on the reverse side hereof under Proposal 1, FOR Proposal 2 to ratify the appointment of KPMG LLP as Evans Bancorp Inc. s independent registered public accounting firm for fiscal year 2010, and with discretionary authority on such other matters as may properly come before the meeting or any adjournment thereof. Shareholders may revoke this proxy following the procedures described in the accompanying Proxy Statement.**

The undersigned hereby acknowledges receipt of the Notice of Annual Meeting and Proxy Statement dated March 24, 2010, and a copy of the Evans Bancorp, Inc. Annual Report on Form 10-K for the fiscal year ended December 31, 2009. The undersigned hereby revokes any proxy or proxies heretofore given with respect to the Annual Meeting.

**PLEASE MARK, DATE, SIGN AND RETURN THE PROXY PROMPTLY, USING THE ENCLOSED ENVELOPE.**