

Edgar Filing: EVANS BANCORP INC - Form DEF 14A

EVANS BANCORP INC
Form DEF 14A
March 21, 2003

SCHEDULE 14A
(RULE 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION

PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES
EXCHANGE ACT OF 1934

Filed by the Registrant

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 Section 240.14a-11c or Section 240.14a-12

EVANS BANCORP, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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

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

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

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Edgar Filing: EVANS BANCORP INC - Form DEF 14A

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

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

March 21, 2003

To Our Shareholders:

On behalf of the Board of Directors, I cordially invite you to attend the 2003 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 TUESDAY, APRIL 22, 2003 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 2003 Annual Meeting. The Board of Directors of the Company recommends a vote "FOR" the re-election of LaVerne G. Hall, Robert G. Miller, Jr., James Tilley, as Directors for a three year term, the election of John R. O'Brien as a Director for a three year term, and the election of Nancy W. Ware as Director for a two year term. Mr. O'Brien has been nominated as a new Director, and Mrs. Ware has been nominated to complete the term of Mr. Koch who passed away in December of 2002. The Board of Directors of the Company also recommends a vote "FOR" the approval of the amendment to the Evans Bancorp, Inc. 1999 Stock Option and Long-Term Incentive Plan and "FOR" the approval of the Evans Bancorp, Inc. Employee Stock Purchase Plan.

TO VOTE:

The vote of each shareholder is important, regardless of whether or not you attend the Annual Meeting. I urge you to sign, date, and return the enclosed Proxy Card as promptly as possible. In this way, you can be sure that your shares will be voted at the meeting. Simply remove the white Proxy Card from the bottom of the mailing form and return it in the postage-paid envelope provided. If you are voting "FOR" the election of the nominated directors, "FOR" the approval of the amended Evans Bancorp, Inc. 1999 Stock Option and Long-Term Incentive Plan, and "FOR" the approval of the Evans Bancorp, Inc. Employee Stock Purchase Plan, you need only sign the Proxy Card.

VOTING IS TABULATED BY AN INDEPENDENT FIRM; THEREFORE, TO ENSURE THAT YOUR

Edgar Filing: EVANS BANCORP INC - Form DEF 14A

VOTE IS RECEIVED IN A TIMELY MANNER, PLEASE MAIL THE WHITE PROXY CARD IN THE ENVELOPE PROVIDED - DO NOT RETURN THE PROXY CARD TO THE BANK.

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 yellow postage-paid reservation card that is included with your proxy material and return it to the Bank.

IF YOU WILL BE ATTENDING THE ANNUAL MEETING, THE YELLOW RESERVATION POSTCARD MUST BE RETURNED TO THE BANK.

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,

/s/ James Tilley
James Tilley

EVANS BANCORP, INC.
14 - 16 North Main Street
Angola, New York 14006

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

APRIL 22, 2003

The Fifteenth Annual Meeting of Shareholders of Evans Bancorp, Inc., a New York corporation (the "Company"), will be held on Tuesday, April 22, 2003 at 9:00 a.m. at Romanello's South, 5793 South Park Avenue, Hamburg, New York, for the following purposes:

- (1) To elect five Directors of the Company, four such Directors to hold office for the term of three years and until the election and qualification of their successors; and one such Director to hold office for the term of two years and until the election and qualification of his successor.
- (2) To approve the amended Evans Bancorp, Inc. 1999 Stock Option and Long-Term Incentive Plan.
- (3) To approve the Evans Bancorp, Inc. Employee Stock Purchase Plan.
- (4) To act upon such other business as may properly come before the meeting or any adjournment thereof.

Edgar Filing: EVANS BANCORP INC - Form DEF 14A

The Board of Directors has fixed the close of business on March 5, 2003 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 is enclosed for your reference.

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

By Order of the Board of Directors

/s/ Robert W. Allen

Robert W. Allen
Secretary

Angola, New York
March 21, 2003

EVANS BANCORP, INC.
14 - 16 North Main Street
Angola, New York 14006

PROXY STATEMENT
Dated March 21, 2003

For the Annual Meeting of Shareholders
to be Held April 22, 2003

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 Fifteenth Annual Meeting of Shareholders (the "Annual Meeting") to be held at Romanello's South, 5793 South Park Avenue, Hamburg, New York, on TUESDAY, APRIL 22, 2003 at 9:00 A.M. and at any adjournments thereof. The enclosed proxy is being solicited by the Board of Directors of the Company.

If a proxy in the accompanying form is duly executed and returned, the shares represented thereby will be voted and, where a specification is made by the shareholder as provided therein, will be voted in accordance with such specification. A shareholder giving the enclosed proxy has the power to revoke it at any time before it is exercised by giving written notice to the Company bearing a later date than the proxy, by the execution and delivery to the Company of a subsequently dated proxy, or by voting in person at the Annual Meeting. Any shareholder may vote in person at the Annual Meeting, whether or not he or she has previously given a proxy.

This Proxy Statement and the enclosed proxy are first mailed to shareholders on or about March 21, 2003.

VOTING SECURITIES

Edgar Filing: EVANS BANCORP INC - Form DEF 14A

Only holders of shares of Common Stock of record at the close of business on March 5, 2003 will be entitled to notice of and to vote at the meeting and at all adjournments thereof. At the close of business on March 5, 2003, the Company had outstanding 2,333,869 shares of Common Stock. For all matters to be voted on at the Annual Meeting, holders of Common Stock have one vote per share. A majority of such shares, present in person or represented by proxy, shall constitute a quorum for the transaction of business at the Annual Meeting. Broker non-votes will be counted as being present or represented at the meeting for purposes of establishing a quorum.

Shares of Common Stock represented by the proxies in the form enclosed, properly executed, will be voted in the manner designated, or if no instructions are indicated, in favor of the Directors named therein and for the other proposals. 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.

Under the Company's by-laws and the laws of the State of New York, directors of the Company are elected by a plurality of the votes cast in the election. Any other matters to be considered as set forth in the Notice for the Annual Meeting are to be decided by the vote of the holders of a majority of the votes

1

represented by the shares present in person or represented by proxy at the Annual Meeting.

With regard to the election of directors, votes may be cast in favor or withheld; votes that are withheld will be excluded entirely from the vote and will have no effect. Accordingly, abstentions and broker non-votes will not affect the outcome of the election.

The affirmative vote of a majority of the shares of Common Stock represented at the Annual Meeting and entitled to vote is required for (i) approval of the amended Evans Bancorp, Inc. 1999 Stock Option and Long-Term Incentive Plan and (ii) approval of the Evans Bancorp, Inc. Employee Stock Purchase Plan. An abstention with respect to either proposal will be counted as present for purposes of establishing a quorum, but will have the practical effect of a negative vote as to that proposal.

SECURITY OWNERSHIP OF MANAGEMENT AND CERTAIN BENEFICIAL OWNERS

The following table sets forth, as of February 20, 2003, the number (rounded to the nearest whole share) of outstanding shares of Common Stock beneficially owned by (i) each shareholder known by the Company to beneficially own more than 5% of the Company's Common Stock, (ii) all directors and nominees of the Company individually, and (iii) by all executive officers and directors as a group:

Name (and Address of Beneficial	Nature and Amount of	Percent of
---------------------------------	----------------------	------------

Edgar Filing: EVANS BANCORP INC - Form DEF 14A

Owner Owning More Than 5%) -----	Beneficial Ownership -----	Class -----
Robert W. Allen (1)	39,984	1.71%
William F. Barrett (2) 8685 Old Mill Run Angola, NY 14006	203,435	8.72%
James E. Biddle, Jr.	840	0.04%
Phillip Brothman (3)	28,637	1.23%
LaVerne G. Hall (4)	68,484	2.93%
Robert G. Miller, Jr. (5)	60,914	2.93%
John R. O'Brien	450	0.02%
David M. Taylor (6)	5,629	0.24%
James Tilley (7)	892	0.04%
Nancy W. Ware	450	0.02%
Thomas H. Waring, Jr.	716	0.03%
Directors and Officers as a Group (13 persons) (1) (2) (3) (4) (5) (6) (7) (8) (9) (10)	412,163	17.66%

- (1) Includes 3,725 shares owned by Mr. Allen's wife.
- (2) Includes 57,473 shares owned by Mr. Barrett's wife.
- (3) Includes 2,081 shares owned by Mr. Brothman's wife and 1,204 shares owned by Merrill Lynch as

2

custodian for Phillip Brothman IRA account.

- (4) Includes 26,551 shares owned by Mr. Hall's wife.
- (5) Includes 12,098 shares held for Mr. Miller's benefit under an escrow agreement dated September 1, 2000 entered into in connection with the acquisition of the assets and business of M&W Group, Inc. by the Company; 139 shares owned by Mr. Miller's son, as to which he disclaims beneficial ownership; and 280 shares owned by Mr. Miller's daughter, to which he disclaims beneficial ownership.
- (6) Includes 393 shares owned jointly by Mr. Taylor and his wife.
- (7) Includes 2 shares held by Mr. Tilley's wife, 13 shares held by Mr. Tilley in trust for his grandson, and 106 shares owned jointly by Mr. Tilley and his mother.

Edgar Filing: EVANS BANCORP INC - Form DEF 14A

- (8) Includes 1,312 shares owned by Mr. William Glass, Treasurer of Evans Bancorp, Inc., held jointly with Mr. Glass's wife.
- (9) Includes 420 shares owned by Mr. DeBacker, Chief Financial Officer of Evans National Bank.
- (10) Excludes 36,078 shares owned by the Estate of David C. Koch, his wife, and his son. Mr. Koch was a director until his death on December 13, 2002.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's executive officers and directors, and persons who beneficially own more than ten percent of the Company's stock, to file initial reports of ownership and reports of changes in ownership with the Securities and Exchange Commission. Executive 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 executive officers and directors, the Company believes that during 2002 all Section 16(a) filing requirements applicable to its executive officers, directors and greater than ten percent beneficial owners were complied with by such persons, except that Mr. Hall filed one late report in 2002.

PROPOSAL 1.

ELECTION OF DIRECTORS

It is intended that proxies solicited by the Board of Directors will, unless otherwise directed, be voted to elect the five nominees for Directors who are: LaVerne G. Hall, Robert G. Miller, Jr., James Tilley, and John R. O'Brien for a term of three years, and Nancy W. Ware for a term of two years.

Messrs. Hall, Miller, and Tilley are currently members of the Board.

Messrs. Hall, Miller, Tilley, and Mr. O'Brien, if elected as Directors, will hold office for three years until the Annual Meeting of Shareholders in 2006 and until their successors are duly elected and qualified.

3

Mrs. Ware, if elected as Director, will hold office for two years until the Annual Meeting of Shareholders in 2005 and until her successor is duly elected and qualified. In the event that any nominee for Director becomes unavailable and a vacancy exists, it is intended that the persons named in the proxy may vote for a substitute who will be recommended by the remaining Directors.

INFORMATION REGARDING DIRECTORS

The following table sets forth the names, ages, and positions of the nominees for Director and continuing Directors of the Company.

NOMINEES FOR DIRECTORS:

Edgar Filing: EVANS BANCORP INC - Form DEF 14A

NAME	AGE	POSITION	TERM EXPIRES
LaVerne G. Hall	65	Director	2003
Robert G. Miller, Jr.	46	Director	2003
John R. O'Brien	53	Director	N/A
James Tilley	61	President/CEO, Director	2003
Nancy W. Ware	46	Director	N/A

DIRECTORS:

NAME	AGE	POSITION	TERM
Robert W. Allen	77	Secretary, Director	2005
William F. Barrett	61	Director	2005
James E. Biddle, Jr.	41	Director	2005
Phillip Brothman	65	Chairman of the Board, Director	2004
David M. Taylor	52	Director	2004
Thomas H. Waring, Jr.	45	Vice Chairman of the Board, Director	2004

Each Director is elected to hold office for a three year term and until his successor is elected and qualified.

DIRECTORS:

Mr. Allen has been a Director since 1960. He was the Executive Vice President of the Bank until

4

his retirement in 1988.

Mr. Barrett has been a Director since 1971. He has been a property developer and real estate manager since 1986.

Mr. Biddle has been a Director since 2001 and is the Chairman of Mader Construction Co., Inc.

Mr. Brothman has been a Director since 1976 and is a partner in the law

Edgar Filing: EVANS BANCORP INC - Form DEF 14A

firm of Hurst, Brothman & Yusick. He was elected Chairman of the Board by the Board of Directors in January, 2001.

Mr. Hall has been a Director since 1981. He has been retired since 1997.

Mr. Miller has been a Director since 2001. He is the President of M&W Agency, Inc. and ENB Associates, Inc., subsidiaries of Evans National Bank. From January 1, 1994 to September 1, 2000, he was the President of M&W Group, Inc., an insurance agency.

Mr. Taylor has been a Director since 1986 and is President of Concord Nurseries, Inc.

Mr. Tilley has been a Director since 2001 and is the President and Chief Executive Officer of Evans Bancorp, Inc. and Evans National Bank. From January 1988 until January, 2001, he was the Senior Vice President of the Company.

Mr. Waring has been a Director since 1998. He is the principal of Waring Financial Group, an insurance and financial services firm. He was elected Vice Chairman of the Board by the Board of Directors in January 2001.

NOMINEES FOR DIRECTOR:

Mrs. Ware has been nominated by the Board of Directors to be elected as a Director to fill the vacancy resulting from the death of David C. Koch. She is the President of EduKids, Inc. Early Childhood Centers.

Mr. O'Brien has been nominated by the Board of Directors to be elected as a Director. He is the Executive Director of Financial Administration for the Diocese of Buffalo.

BOARD OF DIRECTOR COMMITTEES

The committees of Evans Bancorp, Inc., which are nominated by the Chairman of the Board and approved by the Board of Directors, are as follows:

PLANNING COMMITTEE:

LaVerne G. Hall, Chairman	William F. Barrett	Phillip Brothman
Robert G. Miller, Jr.	James Tilley	Thomas H. Waring, Jr.

The Planning Committee met 2 times in 2002. The Planning Committee is responsible for reviewing the strategic plan of the Bank and actions taken to obtain those objectives.

AUDIT COMMITTEE:

David M. Taylor, Chairman	James E. Biddle, Jr.
---------------------------	----------------------

The Audit Committee met 7 times in 2002. The function of the Audit Committee is to assist the Board of Directors in fulfilling its responsibilities for oversight of the quality and integrity of the accounting, auditing, and reporting practices of the Company and other such duties as directed by the Board. The members of the Audit Committee receive and review with the internal

Edgar Filing: EVANS BANCORP INC - Form DEF 14A

auditor a quarterly report which describes findings for the prior quarter. In addition, the Audit Committee recommends to the Board of Directors the services of a reputable independent accounting firm. The Audit Committee reviews with management and the independent accountants the Company's quarterly Form 10-Q and annual Form 10-K prior to filing. The Committee also receives and reviews the reports of the independent accountants, discusses them with management and the independent accountants, and presents them to the Board of Directors with comments and recommendations. See "Audit Committee Report".

INSURANCE COMMITTEE:

William F. Barrett, Chairman Robert W. Allen Phillip Brothman
Robert G. Miller, Jr. James Tilley

The Insurance Committee met once in 2002. This committee reviews the coverage of insurance policies of the Company and monitors costs.

HUMAN RESOURCE COMMITTEE:

Thomas H. Waring, Jr., Chairman William F. Barrett Phillip Brothman
LaVerne G. Hall James Tilley

The Human Resource Committee met 3 times in 2002. Its purpose is to review management's recommendation as it relates to job classification, salary ranges and annual merit increases, and reviews fringe benefits. The Human Resource Committee also establishes the compensation of the Executive Officers of the Company. See "Human Resource Committee Report on Executive Compensation".

NOMINATING COMMITTEE:

William F. Barrett Phillip Brothman LaVerne G. Hall

The Nominating Committee met 2 times in 2002. This committee identifies and recommends qualified individuals for election to the Board of Directors, filling either unexpired or new three year terms. A slate of directors for election by the shareholders is recommended by the Committee to the full Board annually, or as necessary. Additionally, the committee recommends appointments to the Regional Community Advisory Boards.

In addition, the committees of Evans National Bank, which are nominated by the Chairman of the Board and approved by the Board of Directors, are as follows:

6

EXECUTIVE COMMITTEE:

Phillip Brothman James Tilley Thomas H. Waring, Jr.

The Executive Committee met 12 times during 2002. The Executive Committee provides a liaison between the Board of Directors and Company management. The Committee acts in two capacities: as a Bank Executive Committee monitoring the

Edgar Filing: EVANS BANCORP INC - Form DEF 14A

day-to-day functions of the Bank and its wholly owned subsidiaries, and as the Executive Committee of the Board of Directors to act on behalf of the Board in an emergency situation or time-sensitive situation between regularly scheduled Board meetings, or as authorized by the Board on specific issues.

LOAN COMMITTEE:

William F. Barrett, Chairman	Robert W. Allen	Phillip Brothman
Robert G. Miller, Jr.	James Tilley	

The Loan Committee met 12 times during 2002. Its purpose is to review and approve loans exceeding \$500,000 or loans that are non-conventional.

LOAN REVIEW COMMITTEE:

Phillip Brothman, Chairman	James E. Biddle, Jr.	LaVerne G. Hall
David M. Taylor	James Tilley	

The Loan Review Committee met 4 times during 2002. Its purpose is to review the Bank's provision and reserve for credit losses. The Loan Review Committee meets quarterly with the Bank's Loan Review Officer, who independently conducts the loan review. As a result of her recommendations, loans are graded based upon payment history, credit strength of borrower and other factors. This information is then aggregated to determine the overall adequacy of the credit loss reserve.

The Board of Directors of Evans National Bank met 12 times during 2002. The Board of Directors of Evans Bancorp, Inc. met 3 times during 2002. Each incumbent director of the Company, except for Mr. Koch, attended at least 75% of the aggregate of all the meetings of the Board of Directors and the Committees of which they were members.

David C. Koch was a member of the Board of Directors of the Bank and the Company, as well as the Loan Committee, Planning Committee, Audit Committee, and Human Resource Committee until the time of his death on December 13, 2002.

COMPENSATION OF DIRECTORS

For the year 2002, members of the Board of Directors were compensated at the rate of \$950 per meeting, with the Secretary receiving \$1,050 per meeting. Total directors' fees during 2002 amounted to \$215,560 (including committee fees and \$47,810 of deferred compensation). In addition to monthly Director fees, Mr. Brothman received \$35,000 in 2002 for serving as the Chairman of the Board of Directors of the Company and the Bank. Effective January 1, 2003, Mr. Brothman will receive \$38,500 as an annual fee for serving as the Chairman of the Board of Directors of the Company and the Bank in addition to the monthly Director fees. If the amended Evans Bancorp, Inc. 1999 Stock Option and Long-Term Incentive Plan is approved by the Shareholders, Mr. Brothman and the other non-employee Directors will also receive the Director Options provided by the amended plan.

7

EXECUTIVE COMPENSATION

There is shown below information concerning the annual and long-term compensation of the following named executive officers for service in all capacities to the Company for the years 2002, 2001, and 2000: President and Chief Executive Officer; Senior Vice President of the Loan Division; Senior Vice

Edgar Filing: EVANS BANCORP INC - Form DEF 14A

President and Chief Financial Officer; and President of M&W Agency, Inc. No other executive officer earned in excess of \$100,000.

SUMMARY COMPENSATION TABLE

NAME OF AND PRINCIPAL POSITION	YEAR	ANNUAL COMPENSATION			LONG-TERM COMPENSATION	
		SALARY	BONUS	OTHER (1)	AWARDS STOCK OPTION (SHARES)	PAYOUTS LONG-TERM INCENTIVE PAYOUTS
James Tilley President & CEO	2002	\$172,692	\$23,000	\$3,454	-0-	-0-
	2001	\$143,301	\$15,000	\$2,866	-0-	-0-
	2000	\$122,412	\$12,500	\$2,448	-0-	-0-
William R. Glass Senior Vice President	2002	\$132,500	\$18,000	\$2,650	-0-	-0-
	2001	\$124,264	\$15,000	\$2,485	-0-	-0-
	2000	\$115,022	\$12,500	\$2,300	-0-	-0-
Mark DeBacker Senior Vice President & Chief Financial Officer	2002	\$99,615	\$11,000	\$1,077	-0-	-0-
	2001	\$53,711	-0-	-0-	-0-	-0-
Robert G. Miller, Jr. President M&W Agency, Inc. ENB Associates, Inc.	2002	\$170,886	\$68,293	\$3,908	-0-	-0-
	2001	\$161,569	\$25,000	\$3,231	-0-	-0-
	2000	\$40,752	-0-	-0-	-0-	-0-

(1) Includes the Bank's contribution to the Employee Savings Plan made for the benefit of Mr. Tilley of \$3,454 in 2002, \$2,866 in 2001, and \$2,448 in 2000; for the benefit of Mr. Glass of \$2,650 in 2002, \$2,485 in 2001, and \$2,300 in 2000; for the benefit of Mr. DeBacker of \$1,077 in 2002; and for the benefit of Mr. Miller of \$3,908 in 2002, and \$3,231 in 2001. See "EMPLOYEE SAVINGS PLAN". Does not include personal benefits which did not exceed 10% of Mr. Tilley's, Mr. Glass', Mr. DeBacker's or Mr. Miller's salary and bonus in any year.

EMPLOYMENT AGREEMENTS

Mr. James Tilley, Mr. William Glass, and Mr. Mark DeBacker have each entered into an Employment Agreement with the Bank which runs through December 31, 2007. Each Employment Agreement provides that salary will be set annually by the Board of Directors. If the Bank terminates the Employment Agreement without cause, the Bank is obligated to continue to pay base salary for the longer of three months or the remainder of the term of the Employment Agreement.

Edgar Filing: EVANS BANCORP INC - Form DEF 14A

Mr. Miller has entered into an Employment Agreement with M&W Agency, Inc. which runs through December 31, 2005. The Employment Agreement provides that he receive an annual salary of \$150,000, subject to increases as may be approved from time to time by the Board of Directors, plus a bonus based upon the earnings before interest and taxes of M&W Agency, Inc. in excess of specific target amounts, up to \$100,000 annually. If M&W Agency, Inc. terminates the Employment Agreement without cause, it is obligated to pay his salary, plus benefits, for the longer of three months or the remainder of the term of the Employment Agreement.

PENSION PLAN

The Bank maintains a defined benefit pension plan for all eligible employees, including employees of its subsidiaries. An employee becomes vested in a pension benefit after five years of service. Upon retirement at age 65, vested participants are entitled to receive a monthly benefit. Prior to a May 1, 1994 amendment to the plan, the monthly benefit under the pension plan was 3% of average monthly compensation multiplied by years of service up to a maximum of fifteen years of service. In 1994, the pension plan was amended to change the benefit to 1% of average monthly compensation multiplied by years of service up to a maximum of thirty years of service. However, the benefits already accrued by employees prior to this amendment were not reduced by the amendment. Mr. Tilley, Mr. Glass, and Mr. Miller are participants in the pension plan, and as of December 31, 2002, Mr. Tilley had thirteen years of credited service and his average monthly compensation under the plan was \$12,059; Mr. Glass had nine years of credited service and his average monthly compensation under the plan was \$10,739; Mr. DeBacker had one year of credited service and his average monthly compensation under the plan was \$8,301; and Mr. Miller had two years of credit service and his average monthly compensation under the plan was \$14,894.

SUPPLEMENTAL EXECUTIVE RETIREMENT PLANS

The Bank maintains Supplemental Executive Retirement Plans (SERPs) with Mr. Tilley and Mr. Glass. During 2002, the Bank amended its existing SERP with Mr. Glass. Under the SERPs, as amended, Mr. Tilley and Mr. Glass are entitled to additional annual pension payments of \$66,943 and \$42,517, respectively, for 20 years after retirement at age 65, unless their employment is terminated earlier. The SERPs, as amended, also provide death benefits in the same annual amounts in the event the executive dies prior to age 65, which are payable over 20 years. The Bank has purchased life insurance policies on Mr. Tilley and Mr. Glass to assist in funding its obligations under their SERPs.

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 one year of service, provided they have completed 1,000 hours of service. Eligible employees can contribute up to the maximum amount allowable under the Internal Revenue Code (\$11,000 in 2002). An automatic 1% of base pay contribution is made by the Bank and in addition, the Bank makes a matching contribution at a rate of 25% of the first 4% contributed by a participant. Participants are always 100% vested in their own contributions and the Bank's matching contribution is also 100% vested.

Individual account earnings will depend on the performance of the investment funds in which the participant invests. Specific guidelines govern adjustments to contribution levels, investment decisions and withdrawals from

Edgar Filing: EVANS BANCORP INC - Form DEF 14A

the plan. The benefit is paid as an annuity unless the employee elects one of the optional forms of payment available under the plan. See "Summary Compensation Table" for a summary of the amounts contributed by the Bank to this Plan for the benefit of Mr. Tilley, Mr. Glass, Mr. DeBacker, and Mr.

9

Miller.

EQUITY COMPENSATION PLAN INFORMATION

The following table sets forth information as of December 31, 2002 with respect to compensation plans under which the Company's equity securities are authorized for issuance, and does not reflect the amendment proposed and described in this Proxy Statement to the Company's 1999 Stock Option and Long-Term Incentive Plan and the proposed Evans Bancorp, Inc. Employee Stock Purchase Plan described in this Proxy Statement.

Plan Category	Number of Securities To be Issued upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans [Excluding Securities Reserved for Column (c)]
-----	-----	-----	-----
	(a)	(b)	(c)
Equity Compensation Plans Approved by Security Holders	None	\$ N/A	106,2
Equity Compensation Plans Not Approved by Security Holders	None	\$ N/A	N/A
Total	None	\$ N/A	106,2

HUMAN RESOURCE COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

The Human Resource Committee of the Board of Directors serves as the Human Resource Committee of the Company. The members of the Human Resource Committee are: Phillip Brothman, LaVerne G. Hall, William F. Barrett, James Tilley, and Thomas H. Waring, Jr. Mr. Tilley is President and Chief Executive Officer of the Company and the Bank, Mr. Brothman is Chairman of the Board, and is a partner of the law firm of Hurst, Brothman & Yusick which served as general counsel to the Company and received legal fees, and Mr. Waring, owner of Waring Financial Group, receives commissions on certain life insurance premiums paid by the Company. See "Certain Transactions."

Edgar Filing: EVANS BANCORP INC - Form DEF 14A

There are no Human Resource Committee Interlocks required to be disclosed in this Proxy Statement.

HUMAN RESOURCE COMMITTEE REPORT ON EXECUTIVE COMPENSATION

The Human Resource Committee has the responsibility of reviewing the overall compensation

10

policies for the employees of the Bank and also establishes the compensation of Mr. Tilley, Mr. Glass, and Mr. DeBacker, the Named Executives of the Company. Mr. Miller's compensation was negotiated and approved at the time the Company acquired the business and assets of M&W Group, Inc.

The Bank uses a base salary/hourly rate and a bonus program to compensate its employees, including the Named Executives.

The Bank uses a system of salary grades and corresponding salary ranges to set base salary/hourly rates. Positions are assigned a salary grade on the basis of job descriptions and comparisons to benchmark positions in the industry. Annually, the Bank participates in a number of salary surveys provided by or endorsed by various bank trade association groups. The surveys summarize compensation information on a national, regional and local basis, with data furnished based upon bank asset size and geographic region. In January of each year, management presents recommendations to the Human Resource Committee to adjust the salary ranges based upon this information, as well as recommended salary adjustments for the employees. Compensation recommendations are determined based upon individual job performance, experience, and position within the salary range. Mr. Tilley, as the President, makes recommendations for the compensation levels of the Senior Vice-President, Mr. Glass, and the Chief Financial Officer/Sr. Vice President, Mr. DeBacker. The Human Resource Committee (excluding Mr. Tilley) develops recommendations for Mr. Tilley's salary based upon the same approach.

Also, in January of each year, the Human Resource Committee establishes a bonus pool for the Bank's employees based upon the financial performance of the Bank for the previous year, including such factors as the operating results compared to the operating budget, net income, the return on average assets, the return on average equity and the earnings per share, growth in loans, and growth in deposits. The Human Resource Committee (excluding Mr. Tilley) then determines what amount of the bonus pool will be paid to each of Mr. Tilley and the Senior Vice Presidents, Mr. Glass and Mr. DeBacker, based upon their evaluation of each person's performance and contributions to the financial results of the Bank for the prior year. Management then allocates the remainder of the bonus pool among other employees of the Bank based upon management's evaluation of individual job performance and contributions to the Bank.

HUMAN RESOURCE COMMITTEE

Thomas H. Waring, Jr., Chairman
William F. Barrett
Phillip Brothman

LaVerne G. Hall
James Tilley

The report of the Human Resource Committee, Audit Committee, and the Performance Graph shall not be deemed to be incorporated by reference as a

Edgar Filing: EVANS BANCORP INC - Form DEF 14A

result of any general incorporation by reference of this proxy statement or any part thereof in the Company's Annual Report on Form 10-K.

CERTAIN TRANSACTIONS

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 others, and do not involve more than a normal risk of collectibility or present other unfavorable features.

Mr. Phillip Brothman is a partner of the law firm of Hurst, Brothman & Yusick which served as general counsel to the Company and received legal fees.

11

In 2002, the Company paid approximately \$190,560 in life insurance premiums to Massachusetts Mutual. Thomas H. Waring, Jr. received renewal commissions on such premium payments.

M&W Agency, Inc., a subsidiary of Evans National Bank, leases certain of its offices from Millpine Enterprises, a partnership of Robert G. Miller, Jr., his father, and his brother.

PERFORMANCE GRAPH

The following Performance Graph compares the Company's cumulative total stockholder return on its Common Stock for a five-year period (December 31, 1997 to December 31, 2002) with the cumulative total return of the Standard & Poor's 500 ("S & P 500") stock index and Standard & Poors Banks (Major Regional)-500 Stock Index ("Banks (Major Regional)-500"). The Company's stock began trading on the Nasdaq National Market on July 9, 2001. Prior to that date, the Company's stock was not traded on an exchange, and the price information used is based upon stock prices in private transactions as disclosed to the Company for the periods indicated. The comparison for each of the periods assumes that \$100 was invested on December 31, 1997 in each of the Company's common stock, the stocks included in the Standard & Poors Banks (Major Regional-500) Index, and the stocks included in the S & P 500 Index and that all dividends were reinvested without commissions. The Company data gives effect to all stock splits and stock dividends, including the most recent stock dividend payable to shareholders of record as of December 2, 2002. This table does not forecast future performance of our Common Stock.

	1997	1998	1999	2000	2001	2002
EVANS BANCORP, INC.	100.00	119.45	126.04	127.44	65.56	87.36
S&P GROUP INDEX	100.00	106.04	91.41	108.83	108.85	107.74
S&P 500 INDEX	100.00	128.58	155.64	141.46	124.65	97.10

AUDIT COMMITTEE REPORT

The Audit Committee of the Company operates under a written charter adopted by the Board of Directors of the Company. The Audit Committee is comprised entirely of independent directors, as defined in the Marketplace Rules of the Nasdaq Stock Market. The composition of the Audit Committee, the attributes of its members, and the responsibilities of the Committee, as reflected in its charter, are intended to be in accordance with applicable requirements for corporate audit committees. The Audit Committee reviews and assesses the adequacy of its charter on an annual basis.

As described more fully in its charter, the purpose of the Audit Committee is to assist the Board of Directors in its general oversight of the Company's financial reporting, internal control, and audit functions. Management is responsible for the preparation, presentation, and integrity of the Company's financial statements, account and financial reporting principles, internal controls, and procedures designed to ensure compliance with accounting standards, applicable laws, and regulations. Deloitte & Touche LLP, the Company's independent auditing firm, is responsible for performing an independent audit of the consolidated financial statements in accordance with generally accepted auditing standards.

The Audit Committee members are not professional accountants or auditors, and their functions are not intended to duplicate or to certify the activities of management and the independent auditor, nor can the Audit Committee certify that the independent auditor is "independent" under applicable rules. The Committee serves a board-level oversight role in which it provides advice, counsel, and direction to management and the auditors on the basis of the information it receives, discussions with management and the auditors, and the experience of the Audit Committee's members in business, financial, and accounting matters.

Among other matters, the Audit Committee monitors the activities and performance of the Company's internal and external auditors, including the audit scope, external audit fees, auditor independence matters, and the extent to which the independent auditor may be retained to perform non-audit services. The Audit Committee and the Board have ultimate authority and responsibility to select, evaluate, and when appropriate, replace the Company's independent auditor. The Audit Committee also reviews the results of the internal and external audit work with regard to the adequacy and appropriateness of the Company's financial, accounting, and internal controls. Management and independent auditor presentations to and discussions with the Audit Committee also cover various topics and events that may have significant financial impact or are the subject of discussions between management and the independent auditor. In addition, the Audit Committee generally oversees the Company's internal compliance programs.

The Audit Committee has reviewed and discussed the consolidated financial statements with management and the independent auditor, management represented to the Audit Committee that the Company's consolidated financial statements were prepared in accordance with generally accepted accounting principles, and the independent auditor represented that its presentations included the matters required to be discussed with the independent auditor by Statement on Auditing Standards No. 61, as amended, "Communication with Audit Committees."

The Company's independent accountants also provided to the Audit Committee

Edgar Filing: EVANS BANCORP INC - Form DEF 14A

the written disclosures required by Independence Standards Board Standard No. 1 (Independence Discussions With Audit Committees), and the Audit Committee discussed with the independent accountants that firm's independence.

Following the Audit Committee's discussion with management and the independent accountants, the Audit Committee's review of the representation of management and the report of the independent accountants to the Audit Committee, the Audit Committee recommended that the Board of Directors include

13

the audited consolidated financial statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2002 filed with the Securities and Exchange Commission.

AUDIT COMMITTEE

David M. Taylor, Chairman

James E. Biddle, Jr.

INDEPENDENT AUDITORS

The Board of Directors has not yet appointed independent auditors to conduct the audit of the Company's books and records for the year ending December 31, 2003, due to the fact that the Audit Committee is in the process of soliciting proposals of firms to perform such work. Deloitte & Touche LLP served as the Company's independent auditors for the year ended December 31, 2002. Representatives of that firm 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.

AUDIT FEES

The aggregate fees billed by Deloitte & Touche LLP for the professional services rendered, including the audit of the Company's annual financial statements, and reviews of the financial statements included in the Company's quarterly reports on Form 10-Q were approximately \$80,500 for the year ended December 31, 2002.

FINANCIAL INFORMATION SYSTEMS DESIGN AND IMPLEMENTATION FEES

There were no fees billed by Deloitte & Touche LLP for professional services rendered for information technology services relating to financial information systems design and implementation for the year ended December 31, 2002.

ALL OTHER FEES

The aggregate fees billed by Deloitte & Touche LLP for services rendered to the Company, other than the services described above under "Audit Fees" and "Financial Information Systems Design and Implementation Fees", for the year ended December 31, 2002 were \$27,531, and can be sub-categorized as follows:

Attestation Fees. The aggregate fees for attestation services rendered by Deloitte & Touche LLP for matters such as audit of employee benefit plan, agreed-upon procedures, and internal audit assistance was \$18,203 for the year

Edgar Filing: EVANS BANCORP INC - Form DEF 14A

ended December 31, 2002.

Other Fees. The aggregate fees for all other services, such as tax compliance and planning was \$9,328 for the year ended December 31, 2002.

The Audit Committee has considered whether the provision of non-audit services is compatible with maintaining the principal accountant's independence.

14

PROPOSAL 2.

PROPOSAL TO APPROVE AMENDED EVANS BANCORP, INC. 1999 STOCK OPTION AND LONG-TERM INCENTIVE PLAN

GENERAL

The Evans Bancorp, Inc. 1999 Stock Option and Long-Term Incentive Plan (the "1999 Plan") was adopted by the Board of Directors on January 19, 1999 and approved by the Company's shareholders on April 27, 1999. The 1999 Plan provides a means for the Company to grant to eligible persons options to acquire shares of the Company's Common Stock, stock appreciation rights or an opportunity to purchase shares of Common Stock subject to restrictions. The purpose of the 1999 Plan is to enable the Company and its subsidiaries to continue to attract, retain and reward eligible persons by offering them an opportunity to have greater ownership interest in and closer identity with the Company and with its financial success. Although no options or awards have been issued under the 1999 Plan since its initial adoption, the Company does anticipate that it will grant awards under the 1999 Plan during 2003.

PROPOSED AMENDMENTS TO THE 1999 PLAN

On January 27, 2003, the Board of Directors approved, subject to shareholder approval, an Amendment to the 1999 Plan which increases the number of shares of Common Stock which may be issued under the 1999 Plan to 250,000 shares of Common Stock and also provides for the annual grant of Director Options (as defined in the 1999 Plan) to the Non-Employee Directors of the Company.

The Company believes that the Director Options will enhance the Company's ability to provide Non-Employee Directors with a more direct stake in the future welfare of the Company and will encourage additional qualified persons to serve as Directors which will benefit the Company and its shareholders. The recent passage of the Sarbanes-Oxley legislation and other events during the past year have increased the responsibilities of the Non-Employee Directors of the Company. The Director Options will provide additional compensation for these responsibilities.

The 1999 Plan initially was authorized to issue a maximum of 85,000 shares of Common Stock, prior to the 5 for 4 stock split in 2001 and the stock dividend in 2002. The increase in the number of authorized shares in the proposed amended 1999 Plan to 250,000 shares would further increase the number of shares available under the Plan to accommodate the Director Options and also to reflect the increase in the number of eligible employees of the Company since the 1999 Plan was initially adopted.

Edgar Filing: EVANS BANCORP INC - Form DEF 14A

SUMMARY OF MATERIAL FEATURES OF THE 1999 PLAN, AS AMENDED

The following is a summary of the material features of the 1999 Plan, as amended. The full text of the 1999 Plan, as amended, is attached to this Proxy Statement as Exhibit A. This summary of the material terms of the 1999 Plan is qualified in all respects by the terms of the 1999 Plan. Please refer to Exhibit A for more complete and detailed information regarding the 1999 Plan.

ELIGIBLE PARTICIPANTS. The Committee appointed to administer the 1999 Plan consists of Messrs. Barrett and Hall. The Committee has authority to determine which employees and consultants, if any, of the Company will receive options or other awards under the 1999 Plan in addition to the Director Options. Except for Director Options, the Committee also has the authority to determine the amount, terms and conditions of any stock options or other awards granted under the 1999 Plan. The Company and its subsidiaries currently have 143 employees who fall within the definition of eligible employees under the

15

1999 Plan and 9 Non-Employee Directors will receive Director Options following the 2003 Annual Meeting if all of the persons nominated by the Board of Directors are elected at such meeting. The number of consultants who might be eligible to receive options or awards under the 1999 Plan is unknown.

MAXIMUM NUMBER OF SHARES. Up to 250,000 shares of Common Stock of Evans Bancorp, Inc. may be granted under the 1999 Plan. This number will be adjusted for future changes in the Company's capital structure, such as a stock split. Shares delivered under the 1999 Plan may be in the form of authorized and unissued shares or treasury shares.

TYPES OF AWARDS. The 1999 Plan permits the granting of the following types of awards:

- Stock options.
- Restricted stock.
- Stock appreciation rights.
- Director Options.

STOCK OPTIONS. Except for Director Options, the Committee will determine the exercise or purchase price per share of any stock option granted under the 1999 Plan, but the exercise price may not be less than 100% of the fair market value of the Common Stock on the date of the grant. Options granted may be either incentive stock options ("ISOs") or nonqualified stock options ("NSOs"). The Committee will fix the term of each option. Options will be exercisable at such time or times as determined by the Committee, and will expire no later than ten years from the date the option is granted. Options may be exercised by paying the purchase price and applicable withholding taxes, either in cash, or in stock of the Company, at the discretion of the Committee. The Committee may provide that optionee who surrender shares of Common Stock in payment of an option shall be granted a new nonqualified stock option covering a number of shares equal to the number so surrendered.

STOCK APPRECIATION RIGHTS. The Committee is authorized to grant stock appreciation rights, which entitle recipients to receive payments in cash, shares or a combination, or an amount representing the appreciation in the market value of a specified number of shares of Common Stock from the date of grant until the date of exercise.

Edgar Filing: EVANS BANCORP INC - Form DEF 14A

RESTRICTED STOCK AWARDS. The Committee is also authorized to sell or grant to participants, either alone or in addition to other awards granted under the 1999 Plan, shares of restricted Common Stock of the Company, subject to such restrictions and other conditions as the Committee may designate.

The Committee is authorized to determine the persons to whom Restricted Stock Awards are to be made, the times at which such awards are to be made, the number of shares to be sold or granted under such awards and all other terms, restrictions and conditions of such awards. The provisions of Restricted Stock Awards are not required to be uniform with respect to all recipients. Stock granted as Restricted Stock Awards may be issued for no cash consideration or for such consideration as may be determined by the Committee.

DIRECTOR OPTIONS. If the Amended 1999 Plan is approved, each Director of the Company who is not an employee of the Company or an employee of a subsidiary of the Company annually will be granted an option to purchase shares of Common Stock under the 1999 Plan. Director Options will be granted to those Non-Employee Directors serving following the 2003 Annual Meeting and each Annual Meeting thereafter during the term of the 1999 Plan. If the Non-Employee Director is Chairman of the Board of Directors, he or she will receive an option to purchase 2,500 shares. If the Non-Employee Director is Vice-Chairman of the Board of Directors, he or she will receive an option to purchase 1,500 shares. Each other Non-Employee Director will receive an option to purchase 1,000 shares.

The exercise price of the Director Options will be the fair market value of the shares of Common

16

Stock at the time the Director Option is granted. The Director Options will vest 6 months after the date of grant, unless compliance with such holding period is not required under Section 16 of the Securities Exchange Act of 1934. The term of the Director Options will be 10 years, except that if the Director is removed for cause, the Director Option will expire 30 days after the date he or she is no longer a Director. If the Director ceases to serve as a Director for any other reason, including death or disability, then the Director Option shall expire at the earlier of 3 years from such date or the expiration of the original 10 year term of the Director Option. The Director Options will be treated as NSOs.

TAX CONSEQUENCES OF THE PLAN. The grant of a stock option will not result in taxable income at the time of the grant for the optionee or the Company. If the optionee satisfies the applicable holding period requirements, the optionee will have no taxable income upon exercising an ISO (except that the alternative minimum tax may apply), and the Company will receive no deduction when an ISO is exercised. Upon exercising a NSO, the optionee will generally recognize ordinary income in the amount by which the fair market value exceeds the option price; the Company will be entitled to a deduction for the same amount. The treatment to an optionee of a disposition of shares acquired through the exercise of an option is dependent upon the length of time the shares have been held and on whether such shares were acquired by exercising an ISO or a nonqualified stock option. Generally, there will be no tax consequences to the Company in connection with the disposition of shares acquired under an option except that the Company may be entitled to a deduction in the case of a disposition of shares acquired upon exercise of an ISO before the applicable ISO holding periods have been satisfied.

Edgar Filing: EVANS BANCORP INC - Form DEF 14A

With respect to other awards granted under the 1999 Plan that are settled either in cash or in stock or other property that is either transferable or not subject to a substantial risk or forfeiture, the participant must recognize ordinary income equal to the cash or fair market value of the shares or other property received. The Company will be entitled to a deduction for the same amount. For awards that are settled in stock or other property that is restricted as to the transferability and subject to substantial risk of forfeiture, the participant must recognize ordinary income equal to the fair market value of the share or other property received at the first time the shares or other property become transferable or not subject to substantial risk of forfeiture, whichever occurs earlier; the Company will be entitled to a deduction for the same amount.

AMENDMENTS. The Board and the Committee are authorized to amend the 1999 Plan, except that shareholder approval is required for any amendment that would (1) materially increase the number of shares available under the 1999 Plan, (2) allow stock options to be granted at less than 100 percent of a fair market value on the date of grant or (3) materially change the terms of the Director Options.

FUTURE GRANTS AND AWARDS. If all of the Directors nominated by the Board of Directors are elected at the 2003 Annual Meeting, Director Options to purchase a total of 11,000 shares of Common Stock will be issued following the meeting including an option to purchase 2,500 shares to Mr. Brothman, an option to purchase 1,500 shares to Mr. Waring and options to purchase 1,000 shares each to Messrs. Allen, Barrett, Biddle, Hall, O'Brien and Taylor and Mrs. Ware. It is not possible to determine, as of the date of this Proxy Statement, the benefits that will be received by the Executive Officers and other employees of the Company under the 1999 Plan because the granting of stock options or other awards (other than Director options) is within the discretion of the Committee. At the present time, the Committee does not have any definitive plans for granting other options or awards under the 1999 Plan. The Company may use funds received from the sale of Common Stock under the 1999 Plan for any corporate purpose.

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR THE APPROVAL OF THE AMENDED EVANS BANCORP, INC. 1999 STOCK OPTION AND LONG-TERM INCENTIVE PLAN.

PROPOSAL 3.

17

APPROVAL OF ADOPTION OF THE EVANS BANCORP, INC. EMPLOYEE STOCK PURCHASE PLAN

On February 18, 2003, the Board of the Company adopted the Evans Bancorp, Inc. Employee Stock Purchase Plan (the "Stock Purchase Plan"), subject to shareholder approval at the Annual Meeting. The Stock Purchase Plan is intended to give eligible employees an opportunity to acquire shares of Common Stock and to continue to promote the Company's best interests and enhance its long-term performance. The Stock Purchase Plan is intended to qualify as an "employee stock purchase plan" under Section 423 of the Internal Revenue Code of 1986, as amended (the "Code"), and thus to permit participants to receive favorable tax treatment with respect to shares acquired under the Stock Purchase Plan, as described below.

Edgar Filing: EVANS BANCORP INC - Form DEF 14A

The following summary describes the material terms of the Stock Purchase Plan and is qualified in all respects by reference to the terms of the Stock Purchase Plan, which is attached as Exhibit B to this Proxy Statement. You should refer to the Stock Purchase Plan for more complete and detailed information.

SHARES RESERVED FOR THE STOCK PURCHASE PLAN

The aggregate number of shares of Common Stock which may be purchased under the Stock Purchase Plan may not exceed 100,000 shares, although the number of shares issuable under the Stock Purchase Plan and the terms of purchase rights, or "options," are subject to adjustment in the event of mergers, consolidations, stock dividends, stock splits, reverse stock splits or other changes in the Company's outstanding Common Stock in accordance with Plan terms. Shares issued under the Stock Purchase Plan may be authorized but unissued shares, treasury shares or shares purchased on the open market or by private purchase.

ADMINISTRATION; AMENDMENT AND TERMINATION

The Stock Purchase Plan will be administered by the Board, or, upon its delegation, by the Human Resources Committee of the Board. (For the purposes of this summary, references to the "Committee" include the Committee and the Board.) The Committee may appoint one or more agents to assist in the administration of the Stock Purchase Plan and may delegate all or part of its responsibilities or powers as it considers appropriate. The Committee's interpretation and construction of the Stock Purchase Plan will be final and conclusive.

The Committee has full authority to take any action with respect to the Stock Purchase Plan, including, without limitation, the authority to: (i) establish, amend and rescind rules and regulations for the administration of the Stock Purchase Plan; (ii) prescribe the form or forms of any agreements or other instruments used in connection with the Stock Purchase Plan; (iii) determine the terms and provisions of the options granted under the Stock Purchase Plan; and (iv) construe and interpret the Stock Purchase Plan, options, the rules and regulations, and the agreements or other written instruments, and to make all other determinations deemed necessary or advisable for administering the Stock Purchase Plan.

The Stock Purchase Plan and options may be amended or terminated at any time by the Board, subject to the following: (i) shareholder approval is required of any amendment to the extent required under Section 423 of the Code or other applicable law or rule; and (ii) no amendment may materially and adversely affect any outstanding option without the participant's consent (except to the extent otherwise provided in the Stock Purchase Plan).

EFFECTIVE DATE

18

If adopted by the shareholders, the effective date of the Stock Purchase Plan will be April 22, 2003. The Stock Purchase Plan will have a 10-year term, unless terminated earlier pursuant to the terms of the Stock Purchase Plan.

ELIGIBLE PARTICIPANTS

Edgar Filing: EVANS BANCORP INC - Form DEF 14A

Generally, an employee is eligible to participate in the Stock Purchase Plan if, prior to a purchase period, he has been employed one year or more, works for more than five months per year and is employed on the offer date for the purchase period. However, employees who own stock or outstanding options possessing 5% or more of the total combined voting power or value of the Company's stock are not eligible to participate in the Stock Purchase Plan. As of January 31, 2003, approximately 113 employees were eligible to participate in the Stock Purchase Plan, although this number may change from time to time.

MATERIAL FEATURES OF THE EMPLOYEE STOCK PURCHASE PLAN

If the Stock Purchase Plan is approved by the shareholders, beginning on or about July 1, 2003, the Company will grant options on January 1 and July 1 of each year that the Stock Purchase Plan is in effect or on such other date as the Company may designate. Each purchase period will last for six months ending on June 30 or December 31 immediately following the grant of options, or on such date(s) as the Committee determines.

Each eligible employee who has elected to participate in the Stock Purchase Plan will be entitled on the purchase date (the last day of the purchase period) to purchase shares of Common Stock at an option price equal to the lesser of 85% of the fair market value of the Common Stock on the date of grant or 85% of the fair market value on the date of exercise.

Payment for shares of Common Stock purchased under the Stock Purchase Plan will be made by authorized payroll deductions from a participant's compensation or by other methods authorized by the Committee. Compensation generally means a participant's regular base pay (including commissions, overtime pay and shift premiums, but excluding incentive compensation, incentive payments, bonuses and other similar compensation), as determined as of each pay day.

An eligible employee who elects to participate in the Stock Purchase Plan will designate a stated whole percentage between 1% and 15% of compensation to be credited to the participant's account under the Stock Purchase Plan. On the offer date for each purchase period, a participant will be granted an option to purchase such number of shares as is determined by dividing the amount of the participant's payroll deductions which had accumulated on the purchase date by the applicable option price. A participant may elect to suspend his payroll contributions or withdraw all (but not less than all) of his payroll deductions and shares credited to his account during the purchase period in accordance with the terms of the Stock Purchase Plan. If a participant's employment with the Company terminates for any reason (or if the participant ceases to be an eligible employee under the Stock Purchase Plan), his participation in the Stock Purchase Plan will terminate and all remaining payroll deductions and shares held in his account will be delivered to him. Unless a participant withdraws or suspends participation in the Stock Purchase Plan or terminates employment before the purchase date in accordance with the terms of the Stock Purchase Plan, the option will be exercised automatically for the purchase of the full number of shares subject to the option.

The Company will maintain an account for each participant to reflect the shares of Common Stock purchased under the Stock Purchase Plan by each participant. No participant in the Stock Purchase Plan is permitted to purchase Common Stock under the Stock Purchase Plan at a rate that exceeds \$25,000 in fair market value of the Common Stock, determined at the time options are granted, for each calendar year, and additional restrictions may apply to the purchase of shares based on the terms of the Stock Purchase Plan and

Section 423 of the Code.

The Company may use funds received from the sale of Common Stock under the Stock Purchase Plan for any corporate purpose.

NEW PLAN BENEFITS

Because benefits under the Stock Purchase Plan depend on participants' elections to participate and the fair market value of the Common Stock at various future dates, it is not possible as of the date of this Proxy Statement to determine future benefits that will be received by executive officers and other employees if the Stock Purchase Plan is approved by the shareholders. Non-employee directors are not eligible to participate in the Stock Purchase Plan. The closing sales price of the Company's Common Stock on the Nasdaq Stock Market on January 31, 2003 was \$23.00 per share.

FEDERAL TAX CONSEQUENCES

As noted above, the Stock Purchase Plan is intended to qualify as an employee stock purchase plan within the meaning of Section 423 of the Code. Under the Code, an employee who elects to participate in the Stock Purchase Plan will not recognize income and we will not receive a deduction at the time an option is granted or when the shares purchased under the Stock Purchase Plan are transferred to him, although participants will receive the benefit of the discounted price at the time of purchase.

Participants will, however, recognize income when they sell or dispose of the shares. If an employee disposes of such shares after two years from the date of grant of the option and after one year from the date the purchase of such shares (or if the employee dies), the employee will recognize ordinary income for the year in which such disposition occurs (or the employee's taxable year ending with his or her death) in an amount equal to the lesser of:

- the excess of the fair market value of such shares at the time of disposition (or death) over the purchase price, or
- the excess of the fair market value of the stock at the time of the grant of the option over the option price on the date of the option grant.

Except in the case of the employee's death, the employee's basis in the shares disposed of will be increased by an amount equal to the amount so includable in his income as compensation. Any additional gain or loss will be a capital gain or loss, either short-term or long-term, depending on the holding period for such shares.

If any employee disposes of the shares purchased under the Stock Purchase Plan within such two- year or one-year periods, the employee will recognize ordinary income for the year in which such disposition occurs in an amount equal to the excess of the fair market value of such shares on the date of purchase over the purchase price. The employee's basis in such shares disposed of will be increased by an amount equal to the amount includable in his income as compensation, and any gain or loss computed with reference to such adjusted basis which is recognized at the time of disposition will be a capital gain or loss, either short- term or long-term, depending on the holding period for such shares. In the event of a disposition within such two-year or one-year periods, the participant's employer will be entitled to a tax deduction equal to the amount the employee is required to include in income as a result of such disposition.

Edgar Filing: EVANS BANCORP INC - Form DEF 14A

The discussion above is only a summary of federal (and not state and local) income consequences to the Company and participating employees. The summary is general in nature and is not intended to cover

20

all the tax consequences that may apply to a particular employee or to the Company. The provisions of the Code and regulations thereunder relating to these matters are complicated, and their impact in any one case may depend upon the particular circumstances.

THE BOARD RECOMMENDS THAT YOU VOTE FOR THE APPROVAL OF THE EVANS BANCORP, INC. EMPLOYEE STOCK PURCHASE PLAN.

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.

It is not contemplated or expected that any business other than that pertaining to the subjects referred to in this Proxy Statement will be brought up for action at the meeting. At the time this Proxy Statement went to press, the Board of Directors did not know of any other matter which may properly be presented for action at the meeting.

DEADLINE FOR SHAREHOLDER PROPOSALS FOR 2004 ANNUAL MEETING

In accordance with the rules established by the SEC, any shareholder proposal submitted pursuant to Rule 14a-8 intended for inclusion in the proxy statement for next year's annual general meeting of shareholders, which is anticipated to be held during April, 2004, must be received by the Company no later than November 22, 2003. Such proposals should be sent to the Secretary, Evans Bancorp, Inc., 14-16 North Main Street, Angola, New York 14006. To be included in the proxy statement, the proposal must comply with the requirements as to form and substance established by the SEC and must be a proper subject for shareholder action under New York law. If a shareholder intends to present a proposal at the 2004 Annual Meeting, but has not sought the inclusion of such proposal in the Company's proxy materials, such proposal must be received by the Company prior to February 5, 2004, or the Company's management proxies for the 2004 Annual Meeting will be entitled to use their discretionary voting authority to vote on such proposal, without any discussion of the matter in the Company's proxy materials. In accordance with the Company's By-Laws, shareholder nominations for directors to be elected at an annual meeting of shareholders 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 shall 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 shall 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

Edgar Filing: EVANS BANCORP INC - Form DEF 14A

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. Under the current bylaws of the Company, in order to serve as a new director of the Company, the proposed nominee must hold at least \$10,000 aggregate market value of stock of the Company and be less than 70 years of age. Nominations not made in accordance with the bylaws of the Company may, in his/her discretion, be disregarded by the presiding officer of the meeting, and upon his/her instruction, the vote tellers may disregard all votes cast for each such nominee. In the event that the same person is nominated by more than one shareholder, the nomination shall be honored, and all shares of Common Stock of the Company shall be counted if at least one nomination for that person complies with the provisions of the bylaws of the Company.

21

By Order of the Board of Directors,

EVANS BANCORP, INC.

/s/ Robert W. Allen

Robert W. Allen
Secretary

Angola, New York
March 21, 2003

22

EXHIBIT A

EVANS BANCORP, INC. 1999 STOCK OPTION
AND LONG-TERM INCENTIVE PLAN
(AS AMENDED AND RESTATED JANUARY 27, 2003)

Proposed Additions are Marked as [BOLD]
Proposed Deletions are Marked as <>

Edgar Filing: EVANS BANCORP INC - Form DEF 14A

1. PURPOSE.

Evans Bancorp, Inc., a New York corporation (the "Corporation"), has adopted the Evans Bancorp, Inc. Stock Option and Long-Term Incentive Plan, effective as of January 19, 1999.

The purpose of the Evans Bancorp, Inc. Stock Option and Long-Term Incentive Plan (the "Plan") is to enable the Corporation and its subsidiaries to attract, retain, and reward employees [NON-EMPLOYEE DIRECTORS] and consultants ("Eligible Persons") by offering them an opportunity to have a greater proprietary interest in and closer identity with the Corporation and with its financial success. An option granted under the Plan to an Eligible Person to purchase shares of the Corporation's common stock, \$.50 par value ("Common Stock"), may be an incentive stock option ("ISO") as defined in Section 422 of the Internal Revenue Code of 1986 as heretofore or hereafter amended ("Code") or a nonqualified stock option ("NSO") (collectively referred to as "Options") and may be accompanied by stock appreciation rights ("SARs"). An Option that is not an ISO shall be an NSO. Shares of Common Stock ("Restricted Stock") may be granted or offered for sale to Eligible Persons either separately from or in tandem with the grant of an Option. Grants of Options and SARs, and grants of Restricted Stock to Eligible Persons, shall be collectively referred to as "Awards." Proceeds received by the Corporation from the sale of Restricted Stock, or shares of Common Stock pursuant to Options granted under the Plan, shall be used for general corporate purposes.

2. ADMINISTRATION.

The Plan shall be administered by a committee ("Committee") appointed by the Board. The Committee shall be composed of not fewer than two members.