

LAKELAND BANCORP INC
Form PRE 14A
March 15, 2005

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

SCHEDULE 14A INFORMATION

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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Rule 14a-12

Confidential, for Use of the Commission only (as permitted by Rule 14a-6(e)(2))

LAKELAND BANCORP, INC.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

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.. Fee computed on table below per Exchange Act Rules 14a-6(i)(4) 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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(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

LAKELAND BANCORP, INC.
250 OAK RIDGE ROAD
OAK RIDGE, NEW JERSEY 07438

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held May 10, 2005

Notice is hereby given that the Annual Meeting of Stockholders of Lakeland Bancorp, Inc. will be held at Perona Farms, 350 Andover Sparta Road, Andover, New Jersey 07821 on Tuesday, May 10, 2005 at 5:00 p.m. for the following purposes:

1. To elect seven directors (five directors for three year terms and two directors for two year terms).
2. To adopt Lakeland Bancorp, Inc.'s Amended and Restated 2000 Equity Compensation Program (the Stock Option Plan), which increases the number of authorized shares of Common Stock under the Stock Option Plan to 1,950,000 and permits the grant of Restricted Shares.
3. To amend Lakeland Bancorp, Inc.'s Certificate of Incorporation to limit the personal liability of officers for monetary damages under the circumstances permitted by law and to clarify that the Company may pay expenses incurred by an officer in advance of a final disposition of a legal proceeding as permitted by New Jersey law.
4. To transact such other business as may properly come before the meeting.

In accordance with the Bylaws of Lakeland Bancorp, Inc., the close of business on March 31, 2005, has been fixed as the record date for the determination of stockholders entitled to receive notice of, and to vote at, the Annual Meeting of Stockholders or any adjournment or adjournments thereof.

Enclosed are the Proxy Statement and a form of Proxy. You will also be receiving an Annual Report. You are cordially invited to attend this meeting. It is important that your shares be represented, regardless of the number you own. Whether or not you plan to attend the meeting, please return the Proxy, duly signed, as promptly as possible, in the envelope provided to you.

By Order of the Board of Directors

ARTHUR L. ZANDE

SECRETARY

Oak Ridge, New Jersey

April 8, 2005

LAKELAND BANCORP, INC.

PROXY STATEMENT

Annual Meeting of Stockholders: May 10, 2005

Approximate Mailing Date: April 8, 2005

SOLICITATION OF PROXY

General

THE ENCLOSED PROXY IS SOLICITED BY AND ON BEHALF OF THE BOARD OF DIRECTORS OF LAKELAND BANCORP, INC. (hereinafter called "Lakeland" or the "Company") for use in connection with the Annual Meeting of Stockholders to be held at Perona Farms, 350 Andover Sparta Road, Andover, New Jersey 07821 on Tuesday, May 10, 2005 at 5:00 p.m., and at any adjournments thereof. The matters to be considered and acted upon at such meeting are referred to in the enclosed notice of such meeting and are more fully discussed below.

Only stockholders of record at the close of business on March 31, 2005, the record date fixed by the Board of Directors, will be entitled to notice of, and to vote at, the Annual Meeting. If the enclosed Proxy is properly executed and returned to Lakeland and not revoked before its exercise, all shares represented thereby will be voted as specified in the form of Proxy. If the Proxy is signed but no specification is given, the shares will be voted in favor of the Board's nominees for election to the Board, in favor of adoption of the Amended and Restated 2000 Equity Compensation Program (the "Stock Option Plan") and in favor of the amendment to the Company's Certificate of Incorporation. The Proxy will enable you to assure that your shares are voted and to aid in securing a quorum at the meeting.

In order to reduce the number of annual reports being sent to one address, only one annual report is being delivered to multiple security holders sharing an address unless Lakeland has received contrary instructions from one or more of the security holders. This is called "householding". Lakeland will deliver a separate copy of the annual report to any security holder who requests a copy in writing or by telephone. If you wish to receive a separate copy of the 2004 annual report, or if you wish to receive a separate copy of future annual reports, please contact Mr. Harry Cooper at Lakeland Bancorp, Inc., 250 Oak Ridge Road, Oak Ridge, New Jersey 07438 (toll-free telephone 866-284-1291). If you are currently receiving multiple copies of the annual report at the same address, and wish to have one annual report sent to multiple security holders sharing that address in the future, please contact Mr. Harry Cooper at the above address and telephone number.

The entire cost of this solicitation will be borne by Lakeland. Officers and regular employees of Lakeland may also, but without additional compensation, solicit proxies by further mailings, personal conversations, telephone, telegraph, facsimile or e-mail. Lakeland will make arrangements with brokerage houses, custodians, nominees and fiduciaries for the forwarding of proxy solicitation materials to beneficial owners of shares held of record by these brokerage houses, custodians, nominees and fiduciaries and Lakeland will reimburse these brokerage houses, custodians, nominees and fiduciaries for their reasonable expenses incurred in connection with the solicitation.

All share information, including stock option information, contained in this proxy statement has been adjusted to reflect Lakeland's 5% stock dividends.

Voting your Shares

Lakeland shareholders will have four alternative ways to vote:

by traditional paper proxy card;

by telephone;

via the Internet; or

in person at the Annual Meeting.

Please take a moment to read the instructions, choose the way to vote that you find most convenient and cast your vote as soon as possible.

Voting by Proxy Card. If proxy cards in the accompanying form are properly executed and returned, the shares represented thereby will be voted in the manner specified therein. If you vote by proxy card but make no specification on your proxy card that you have otherwise properly executed, your shares will be voted FOR the election of the Board's nominees for director, FOR adoption of the Amended and Restated Stock Option Plan and FOR the amendment to the Company's Certificate of Incorporation.

Voting by Telephone. If you wish to vote by telephone and you are a shareholder of record of Lakeland, use a touch-tone telephone to call toll-free 1-800-PROXIES and follow the instructions. If you vote by telephone, you must have your control number and the proxy card available when you call.

Voting by the Internet. If you wish to vote through the Internet and you are a shareholder of record of Lakeland, you can access the web page at www.voteproxy.com and follow the on-screen instructions. If you vote through the Internet, you must have your control number and the proxy card available when you access the web page.

If your shares are registered in the name of a broker or other nominee, your nominee may be participating in a program provided through ADP Investor Communication Services that allows you to vote by telephone or the Internet. If so, the voting form your nominee sent you will provide telephone and Internet voting instructions.

The deadline for voting by telephone or through the Internet as a shareholder of record of Lakeland is 11:59 p.m., EST, on May 9, 2005. For shareholders whose shares are registered in the name of a broker or other nominee, please consult the voting instructions provided by your broker for information about the deadline for voting by phone or through the Internet.

Voting in Person. If you attend the Annual Meeting, you may deliver your completed proxy card in person or you may vote by completing a ballot, which will be available at the meeting.

Changing your Vote

You will be able to change your vote as many times as you wish and the last vote received chronologically by any means will supersede your prior vote(s). Please note, however, that if you vote by the Internet, the maximum number of times that you can access the website using any one control number is limited to five times per day.

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Any Lakeland shareholder may revoke a proxy at any time before or at the Annual Meeting in one or more of the following ways:

Delivering a written notice of revocation, bearing a later date than the proxy, at any time prior to the vote at the Annual Meeting to Arthur L. Zande, Corporate Secretary of Lakeland; or

Submitting a later-dated proxy card; or

Submitting a new proxy via telephone or the Internet.

A Lakeland shareholder should send any written notice of revocation or subsequent proxy card to Lakeland Bancorp, Inc., Attention: Arthur L. Zande, Corporate Secretary, 250 Oak Ridge Road, Oak Ridge, New Jersey 07438, or hand deliver the notice of revocation or subsequent proxy card to Mr. Zande before the taking of the vote at the Annual Meeting. Attendance at the Annual Meeting will not by itself constitute a revocation of a proxy.

CAPITAL STOCK OUTSTANDING

At the close of business on March 31, 2005, there were _____ shares of Lakeland's common stock, no par value (the "Common Stock"), outstanding and entitled to vote at the Annual Meeting. Each share will be entitled to one vote on all matters properly coming before the meeting. Provided that a quorum is present, directors will be elected by a plurality vote (there is no right to vote stock cumulatively), approval of the Amended and Restated Stock Option Plan will require the affirmative vote of a majority of the votes cast with respect to such proposal and approval of the amendment to the Certificate of Incorporation will require the affirmative vote of a majority of the votes cast with respect to such proposal. A majority of the shares of Common Stock outstanding on the record date will constitute a quorum for purposes of the Annual Meeting. For purposes of determining the votes cast with respect to any matter presented for consideration at the Annual Meeting, only those votes cast for or against are included. Abstentions and broker non-votes are counted only for the purpose of determining whether a quorum is present at the Annual Meeting.

To Lakeland's knowledge, no person beneficially owned more than 5% of the outstanding voting securities of Lakeland as of December 31, 2004.

PROPOSAL 1

ELECTION OF DIRECTORS

Unless a shareholder either indicates "withhold authority" on his proxy or indicates on his proxy that his shares should not be voted for certain nominees, it is intended that the persons named in the proxy will vote for the election as directors of the seven persons named in Table I below to serve until the expiration of their respective terms and thereafter until their successors shall have been duly elected and shall have qualified. If elected, five of the nominees will serve for three year terms and two of the nominees will serve for two year terms. Discretionary authority is also solicited to vote for the election of a substitute for any of said nominees who, for any reason presently unknown, cannot be a candidate for election.

Table I sets forth the names and ages of the nominees for election to the Board of Directors, the positions and offices presently held by each such person within Lakeland, the period during which each such person has served on Lakeland's Board of Directors, the expiration of their respective terms, the principal occupations and employment of each such person during the past five years, and the number of shares of Lakeland Common Stock which they beneficially owned as of January 15, 2005. Table II sets forth comparable information with respect to those directors whose terms of office will continue beyond the date of the Annual Meeting. Unless otherwise indicated, positions have been held for more than five years. Unless otherwise stated in the footnotes following the tables, the nominees and other directors listed in the tables have sole power to vote and dispose of the shares which they beneficially owned as of January 15, 2005. Shares covered by stock options are included in the tables below only to the extent that such options may be exercised by March 15, 2005.

All of the persons named in both tables have been directors of Lakeland and Lakeland Bank for at least five years, except as follows: (a) Stephen R. Tilton, Sr. was appointed to the Board of Lakeland on October 1, 2001, (b) Robert B. Nicholson, III was appointed to the Board of Lakeland Bank in July 2003 and of Lakeland in December 2003, and (c) Robert E. McCracken, Paul G. Viall, Jr. and Janeth C. Hendershot were appointed to the Board of Lakeland on July 14, 2004, upon the consummation of the acquisition of Newton Financial Corp. Mark J. Fredericks is John W. Fredericks' son.

TABLE I

NOMINEES FOR ELECTION AS DIRECTORS

Name and Age	Director Since	Expiration of Term if Elected	Business Experience	Shares Beneficially Owned as of January 15, 2005	
				Number of Shares	Percent of Class
Robert B. Nicholson, III Age 40	December 2003	2008	President and Chief Executive Officer, Eastern Propane Corporation (1988 to present); President and Chief Executive Officer, Eastern Propane Energy Corporation (1993 to present); General Partner, Eastern Properties, L.P. (1999 to present)	26,913(a)	.1%
Roger Bosma Age 62	June, 1999	2008	President and CEO, Lakeland Bancorp, Inc. (6/1/99 to present); President and CEO, Lakeland Bank (1/1/02 to present); Executive Vice President, Hudson United Bancorp (5/97 to 6/99); President and CEO of Independence Bank of New Jersey (prior years to 5/97)	152,864(b)	.7%
Mark J. Fredericks Age 44	1994	2008	President of Keil Oil Company, Riverdale, NJ; President of Fredericks Fuel & Heating Service, Oak Ridge, NJ (1/1/02 to present)	328,996(c)	1.6%
George H. Guptill, Jr. Age 66	1999	2008	Chairman (1/1/04 to present) and President (1/1/90 to 1/1/04), Franklin Mutual Insurance Company, Branchville, NJ; Chairman (1/1/04 to present) and President	609,557(d)	2.9%

Name and Age	Director Since	Expiration of Term if Elected	Business Experience	Shares Beneficially Owned as of January 15, 2005	
				Number of Shares	Percent of Class
			(1/1/94 to 1/1/04), FMI, Inc., FMI Insurance Company and Fidelity Mohawk Insurance Company, Branchville, NJ		
Janeth C. Hendershot Age 50	2004	2008	Senior Vice President (8/02 to present), Munich-American RiskPartners (reinsurance company); Vice President (1/00 to present), American Re-Insurance Company	43,986(e)	.2%
Robert E. McCracken Age 47	2004	2007	Sole managing member and owner (11/98 to present), REM, LLC (a real estate and investment company), Newton, NJ; owner/manager (1/00 to present), Wood Funeral Home, Branchville, NJ; owner/manager (10/90 to present), Smith-McCracken Funeral Home, Newton, NJ	65,494(f)	.3%
Paul G. Viall, Jr. Age 58	2004	2007	Vice Chairman (11/18/03 to present), Newton Trust Company; Vice Chairman (11/18/03 to 7/1/04), Newton Financial Corp.; President and Chief Executive Officer (1997 to present), Ridgecrest Holding LLC (venture capital; management consulting); President and Chief Executive Officer (1993 to 1997), Lime Crest Corporation (mining manufacturing)	70,700(g)	.3%

TABLE II
CONTINUING DIRECTORS

Name and Age	Director Since	Expiration of Term	Business Experience	Shares Beneficially Owned as of January 15, 2005	
				Number of Shares	Percent of Class
Arthur L. Zande Age 70	1989	2006	Secretary, Lakeland Bancorp, Inc. and Lakeland Bank (3/10/04 to present); Retired (1/1/02 to present); Vice President and Treasurer, Lakeland Bancorp, Inc. (6/1/99 to 12/31/01); President and CEO, Lakeland Bank (6/1/99 to 12/31/01); Executive Vice President and CEO, Lakeland Bancorp, Inc. (5/19/89 to 5/31/99); Executive Vice President and CEO, Lakeland Bank (10/1/72 to 5/31/99)	54,261(h)	.3%
Bruce G. Bohuny Age 72	1989	2006	Vice Chairman, Lakeland Bancorp, Inc. (5/2003 to present); Vice Chairman, Lakeland Bank (5/2003 to present); Senior Vice President Real Estate, Lakeland Bancorp, Inc. (6/1/99 to 5/2003); Secretary, Lakeland Bancorp, Inc. (5/19/89 to 5/2003); Secretary, Lakeland Bank (5/19/69 to 5/2003); President, Chelsea Group LLC (4/01 to present) (real estate investment company); President, Brooks Ltd.-Bergen (3/01 to present) (real estate investment company); President, Brooks Limited (prior years to 3/01) (a real estate development corporation), Wyckoff, NJ	184,140(i)	.9%
Mary Ann Deacon Age 53	1995	2006	Secretary/Treasurer of Deacon Homes, Inc. and Deacon Development Corp. (real estate development), Sparta, NJ	153,664(j)	.7%
Joseph P. O Dowd Age 58	1998	2006	President and Owner of O Dowd Advertising of Montville, NJ (4/14/82 to present); partner of O Dowd Associates (real estate holding company) (7/1/86 to present) and O Dowd Realty (7/1/86 to present)	47,053(k)	.2%

Name and Age	Director Since	Expiration of Term	Business Experience	Shares Beneficially Owned as of January 15, 2005	
				Number of Shares	Percent of Class
Stephen R. Tilton, Sr. Age 59	2001	2007	Chairman and Chief Executive Officer, Tilton Securities LLC (investment trader) (10/98 to present); Chairman and Chief Executive Officer, Chaumont Holdings, Inc. (real estate holding company) (9/92 to present); Chairman and Chief Executive Officer, Fletcher Holdings, LLC (commercial real estate company) (10/98 to present); President, Garban PLC (wholesale investment broker) and President, Garvin Guy Butler Ltd. (domestic money broker) (prior years to 10/98)	582,183(l)	2.7%
John W. Fredericks Age 68	1989	2007	Chairman, Lakeland Bancorp, Inc. (6/1/99 to present); Chairman, Lakeland Bank (6/1/99 to present); President, Lakeland Bancorp, Inc. (5/19/89 to 5/31/99); President, Lakeland Bank (5/19/69 to 5/31/99); Chairman and Owner (1/1/02 to 11/1/04) and President and Owner (prior years to 1/1/02), Fredericks Fuel and Heating Service, Oak Ridge, NJ	544,164(m)	2.6%
Paul P. Lubertazzi Age 70	1998	2007	Secretary, Lakeland Bancorp, Inc. (5/03 to 3/10/04); Secretary, Lakeland Bank (5/03 to 3/10/04); Retired; President and CEO, Metropolitan State Bank (6/88 to 1/31/00); Chairman, Metropolitan State Bank (4/96 to 1/31/00)	78,455(n)	.4%
Charles L. Tice Age 71	1999	2007*	Chairman, High Point Financial Corp. (5/21/96 to 7/14/99); Retired since 1993	81,273(o)	.4%

* While Mr. Tice's elected term expires in 2007, it is anticipated that he will resign from the Board in January 2006, when he reaches age 72. Included in the amounts beneficially owned listed in the tables, the directors of Lakeland held the following interests:

- (a) Includes 10,000 shares issuable upon the exercise of stock options.
- (b) Includes 5,671 shares held jointly by Roger Bosma and his wife; 10,663 shares held by the Lakeland Bank Employee Profit Sharing Plan of which Mr. Bosma is a trustee; and 97,687 shares issuable upon the exercise of stock options.
- (c) Includes 30,700 shares owned by Mr. Fredericks' wife; 101,317 shares held by Mark J. Fredericks as custodian for his children; 23,865 shares held by Keil Oil Employee Profit Sharing Plan; 46,981 shares held by Mark J. Fredericks as Trustee for Fredericks Fuel and Heating Service Profit Sharing Plan; 17,550 shares held by Fredericks Fuel and Heating Service of which Mark Fredericks is President; and 24,310 shares issuable upon the exercise of stock options.

- (d) Includes 538,647 shares held in the name of the Franklin Mutual Insurance Co., of which Mr. Guptill is Chairman and 19,310 shares issuable upon the exercise of stock options. Mr. Guptill does not have the power to vote or dispose of the shares held by the Franklin Mutual Insurance Co.
- (e) Includes 11,750 shares issuable upon the exercise of stock options.
- (f) Includes 28 shares owned jointly by Mr. McCracken and his wife; 39,502 shares held by REM, LLC of which Mr. McCracken is Managing Partner; 10,663 shares held by Lakeland Bank Employee Profit Sharing Plan of which Mr. McCracken is a trustee; and 8,375 shares issuable upon the exercise of stock options.
- (g) Includes 49,950 shares owned jointly by Mr. Viall and his wife; 9,000 shares held by Ridgecrest Holdings LLC of which Mr. Viall is President; and 11,750 shares issuable upon the exercise of stock options.
- (h) Includes 2,675 shares held by Mr. Zande's wife and 22,052 shares issuable upon the exercise of stock options.
- (i) Includes 20,528 shares held by Mr. Bohuny's wife; 1,375 shares held by Brooks Ltd.-Bergen of which Mr. Bohuny is President; and 30,387 shares issuable upon the exercise of stock options.
- (j) Includes 64,194 shares held in the name of the Mary Ann Deacon Limited Partnership, 436 shares held in the name of Mary Ann Deacon's husband; 52,934 shares held in the name of the Philip Deacon Limited Partnership; 10,663 shares held by the Lakeland Bank Employee Profit Sharing Plan of which Ms. Deacon is a trustee; and 14,310 shares issuable upon the exercise of stock options.
- (k) Includes 17,625 shares owned jointly by Joseph O Dowd and his wife; and 29,077 shares issuable upon the exercise of stock options.
- (l) Includes 6,772 shares held by his wife; 2,625 shares held by Chaumont Holdings, Inc. of which Mr. Tilton is Chairman and Chief Executive Officer; 22,878 shares held by the Tilton Securities LLC Profit Sharing Plan of which Mr. Tilton is the beneficiary; and 23,152 shares issuable upon the exercise of stock options.
- (m) Includes 148,212 shares owned by Mr. Fredericks' wife; and 125,345 shares held in the name of Edward J. Fredericks and John W. Fredericks Trustees U/W Wilbur Fredericks Trust.
- (n) Includes 28,136 shares owned jointly by Paul Lubertazzi and his wife; 1,208 shares held jointly by Paul Lubertazzi and his children; and 20,000 shares issuable upon the exercise of stock options.
- (o) Includes 28,132 shares held by Charles Tice and Mark Cummins, co-trustees U/W of Gale A. Tice; 10,663 shares held by the Lakeland Bank Employee Profit Sharing Plan of which Mr. Tice is a trustee; and 6,079 shares issuable upon the exercise of stock options.

Security Ownership of Management

The following table sets forth information regarding the beneficial ownership of Lakeland's Common Stock as of January 15, 2005 by (i) the five Named Officers (as defined below under "Executive Compensation") who are not directors of Lakeland and (ii) all current executive officers and directors of Lakeland as a group. Unless otherwise indicated, each of the named stockholders possesses sole voting and investment power with respect to the shares beneficially owned. For information concerning the beneficial ownership of Lakeland's Common Stock by directors and nominees for director, see the tables above under "Election of Directors". Shares covered by stock options are included in the table below only to the extent that such options may be exercised by March 15, 2005.

<u>Stockholder</u>	<u>Shares Beneficially Owned as of January 15, 2005</u>	
	<u>Number</u>	<u>Percent</u>
Joseph F. Hurley	30,475(A)	.1%
Louis E. Luddecke	46,184(B)	.2%
Robert A. Vandenberg	70,700(C)	.3%
Jeffrey J. Buonforte	41,296(D)	.2%
Steven Schachtel	15,012(E)	.1%
All current executive officers and directors as a group (22 persons)	3,261,066(F)	15.4%

- (A) Includes 27,739 shares issuable upon the exercise of stock options.
 (B) Includes five shares held by Mr. Luddecke's wife and 23,325 shares issuable upon the exercise of stock options.
 (C) Includes 4,815 shares held jointly by Robert Vandenberg and his wife, 11,539 shares which have been allocated to Mr. Vandenberg in the ESOP and 43,719 shares issuable upon the exercise of stock options.
 (D) Includes 2,100 shares held jointly by Jeffrey Buonforte and his wife and 33,671 shares issuable upon the exercise of stock options.
 (E) Includes 1,215 shares held jointly by Mr. Schachtel and his wife and 13,797 shares issuable upon the exercise of stock options.
 (F) Includes an aggregate of 489,490 shares issuable upon the exercise of stock options and 11,539 shares which have been allocated under the ESOP.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder require Lakeland's directors, executive officers and 10% shareholders to file with the SEC certain reports regarding such persons' ownership of Lakeland's securities. Lakeland is required to disclose any failures to file such reports on a timely basis. Based solely upon a review of the copies of the forms or information furnished to Lakeland, Lakeland believes that during 2004, all filing requirements applicable to its directors and officers were satisfied on a timely basis.

Executive Compensation

The following table sets forth, for the years ended December 31, 2004, 2003 and 2002, the cash compensation paid by Lakeland and its subsidiaries, as well as certain other compensation paid or accrued by such entities for those years, to Lakeland's Chief Executive Officer and the other five most highly compensated executive officers of Lakeland during 2004 (the "Named Officers"), for services rendered in all capacities as an executive officer during such period.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Annual Compensation(A)		Long-Term Compensation Awards	
		Salary	Bonus(B)	Securities Underlying Options/SARs(#)	All Other Compensation(C)
Roger Bosma					
President and	2004	\$ 450,000	\$ 125,000	40,000	\$ 45,420
Chief Executive Officer	2003	430,000	100,000	40,000	42,806
	2002	390,000	0	42,000	25,686
Steven Schachtel					
President, Lakeland Bank	2004	\$ 181,563	\$ 36,500	10,000	\$ 32,084
Equipment Leasing Division	2003	171,154	10,000	5,000	32,370
	2002	150,000	84,320	5,250	16,462
Joseph F. Hurley					
Executive Vice President and	2004	\$ 197,125	\$ 40,000	10,000	\$ 23,437
Chief Financial Officer	2003	190,000	38,000	10,000	18,053
	2002	175,000	0	10,500	11,810
Robert A. Vandenberg					
Executive Vice President and	2004	\$ 197,125	\$ 40,000	10,000	\$ 30,756
Chief Lending Officer	2003	190,000	38,000	10,000	24,657
	2002	175,000	0	10,500	17,972
Louis E. Luddecke					
Executive Vice President and	2004	\$ 166,000	\$ 35,000	10,000	\$ 26,578
Chief Operations Officer	2003	160,000	32,000	10,000	21,973
	2002	146,000	0	10,500	11,332
Jeffrey J. Buonforte					
Executive Vice President and	2004	\$ 166,000	\$ 35,000	10,000	\$ 23,717
Chief Retail Officer	2003	160,000	32,000	10,000	18,263
	2002	146,000	0	10,500	13,229

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- (A) During the three years ended December 31, 2004, no Named Officer received perquisites (i.e., personal benefits) in excess of 10% of such person's reported salary and bonus.
- (B) For 2004, represents bonuses earned in 2004 and paid in 2005. For 2003, represents bonus earned in 2003 and paid in 2004. For 2002, represents bonuses earned in 2002 and paid in 2003.
- (C) All other compensation for each of the Named Officers for 2004 consisted of the following: Mr. Bosma, an annual contribution of \$3,168 made by Lakeland Bank for annual premiums for term life insurance in excess of \$50,000, the fair market value of the personal use of a company car of \$8,893, an annual contribution to Lakeland Bank's profit sharing plan on behalf of Mr. Bosma of \$22,724 and a net increase to Mr. Bosma's profit sharing plan account of \$10,635 reflecting his allocated portion of plan earnings and forfeitures; Mr. Schachtel, an annual contribution of \$615 made by Lakeland Bank for annual premiums for term life insurance in excess of \$50,000, an annual automobile expense allowance of \$14,400, an annual contribution to Lakeland Bank's profit sharing plan on behalf of Mr. Schachtel of \$12,944 and a net increase in Mr. Schachtel's profit sharing plan account of \$4,125, reflecting his allocated portion of plan earnings and forfeitures; Mr. Hurley, an annual contribution of \$952 made by Lakeland Bank for annual premiums for term life insurance in excess of \$50,000, the fair market value of the personal use of a company car of \$4,187, an annual contribution to Lakeland Bank's profit sharing plan on behalf of Mr. Hurley of \$14,153 and a net increase to Mr. Hurley's profit sharing plan account of \$4,145, reflecting his allocated portion of

plan earnings and forfeitures; Mr. Vandenberg, an annual contribution of \$1,531 made by Lakeland Bank for annual premiums for term life insurance in excess of \$50,000 and premiums paid by Lakeland Bank for a split dollar life insurance policy, the fair market value of the personal use of a company car of \$10,539, an annual contribution of Lakeland Bank's profit sharing plan on behalf of Mr. Vandenberg of \$14,494 and a net increase to Mr. Vandenberg's profit sharing plan account of \$4,192, reflecting his allocated portion of plan earnings and forfeitures; Mr. Luddecke, an annual contribution of \$1,445 made by Lakeland Bank for annual premiums for term life insurance in excess of \$50,000, the fair market value of the personal use of a company car of \$7,290, an annual contribution to Lakeland Bank's profit sharing plan on behalf of Mr. Luddecke of \$12,236 and a net increase in Mr. Luddecke's profit sharing plan account of \$5,607, reflecting his allocated portion of plan earnings and forfeitures; and Mr. Buonforte, an annual contribution of \$778 made by Lakeland Bank for annual premiums for term life insurance in excess of \$50,000, the fair market value of the personal use of a company car of \$7,307, an annual contribution to Lakeland Bank's profit sharing plan on behalf of Mr. Buonforte of \$12,176 and a net increase in Mr. Buonforte's profit sharing plan account of \$3,456, reflecting his allocated portion of plan earnings and forfeitures.

Employment Agreements and Other Arrangements with Executive Officers

Lakeland and Lakeland Bank entered into an employment agreement (the "Employment Agreement") with Mr. Bosma as of January 1, 2000 whereby he serves as the President and Chief Executive Officer of Lakeland. The initial term of the Employment Agreement was three years, and is automatically renewable for one year on each anniversary date thereof unless a majority of the directors of Lakeland vote not to extend the term. The Board determined in December 2004 that the term of Mr. Bosma's employment agreement would not be extended past December 31, 2007. The Employment Agreement provides that Mr. Bosma will receive an annual base salary of at least \$250,000. Mr. Bosma is also entitled to use of a Lakeland Bank-supplied automobile, Lakeland Bank paid membership in a country club approved by the Board and supplemental life insurance equal to two times base salary. If Mr. Bosma's employment is terminated by Lakeland other than for cause (as defined in the Employment Agreement), and a change in control (as defined in the Employment Agreement) has not occurred, he will receive his then current base salary, an annual bonus equal to the average annual bonus paid him during the three most recent fiscal years preceding his termination, and applicable perquisites and benefits for the balance of the term. The Employment Agreement contains confidentiality and non-compete covenants from Mr. Bosma in favor of Lakeland.

In the event of a change in control, the term of the Employment Agreement becomes fixed for a period of three years from the date of such event. During such period, Mr. Bosma is to be employed as President and Chief Executive Officer of Lakeland and is entitled to a base salary that is no less than the salary in effect as of the change in control, an annual bonus equal to the average annual bonus paid him during the three most recent fiscal years prior to the change in control, and continuation of other benefits and perquisites in effect as of the change in control. If following a change in control, Mr. Bosma's employment is terminated without cause, or he resigns within 90 days for good reason (as defined in the Employment Agreement) or after such 90 day period for any reason, he will be entitled to continued life and health insurance benefits for three years and a lump sum cash payment equal to three times the sum of his pre-change in control salary and the average annual bonus paid him during the three most recent fiscal years prior to the change in control. To the extent that the amount payable to Mr. Bosma on account of a change in control is subject to an excise tax under Section 4999 of the Code, Mr. Bosma will also receive an additional payment equal to 10% of such amount; provided, however, that if the net amount retained by Mr. Bosma after payment of such excise tax is less than the maximum amount which could be paid him without triggering the excise tax, then the amount and benefits otherwise payable or to be provided to Mr. Bosma will be reduced to such maximum amount. For purposes of the Employment Agreement, the term "change in control" has the same meaning as under Lakeland's Stock Option Plan.

During 1996, High Point Financial Corp.'s subsidiary bank entered into a salary continuation agreement with Mr. Vandenberg, which entitles him to certain payments upon his retirement. As part of the Lakeland/High

Point merger, Lakeland placed in trust an amount equal to the present value of the amount that would be owed to Mr. Vandenberg upon his retirement. This amount is \$381,000. Lakeland has no further obligation to pay additional amounts pursuant to this agreement.

In connection with Lakeland's acquisition of Metropolitan State Bank in 1998, Lakeland agreed to (1) provide to Mr. Lubertazzi an additional annuity comparable to the annuity provided to him by Metropolitan at a cost to Lakeland of \$278,000 and (2) provide to Mr. Lubertazzi certain retiree medical benefits at a cost to Lakeland of \$45,000. Mr. Lubertazzi retired on January 31, 2000. He will receive an annual distribution of \$35,000 for 15 years pursuant to this annuity, beginning with the year 2000. Lakeland is not required to incur any additional costs to fund this obligation.

Mr. Lubertazzi previously entered into a separate agreement with Metropolitan State Bank which was assumed by Lakeland. Pursuant to that agreement, Lakeland is required to pay Mr. Lubertazzi or his beneficiary an aggregate of \$525,000 payable in 15 annual installments beginning on his retirement date (January 31, 2000) or date of death. In order to fund this obligation, Metropolitan obtained a variable life insurance policy, which had a cash surrender value of approximately \$195,000 as of December 31, 2004. Although no assurance can be given, Lakeland does not expect to expend additional significant amounts to fund this obligation.

Lakeland and Lakeland Bank also entered into agreements, dated March, 2001 and as amended by agreements dated March 10, 2003, with each of Messrs. Hurley, Vandenberg, Luddecke and Buonforte (each, an Executive) providing for certain terms and conditions of their employment in the event of a change in control (each a Change in Control Agreement). Under such Change in Control Agreements, the term of each Executive's employment becomes fixed for a period (the contract period) ending on the earlier of the Executive&