

BRYN MAWR BANK CORP  
Form DEF 14A  
March 13, 2006  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the**  
**Securities Exchange Act of 1934**  
**(Amendment No. \_\_)**

Filed by the Registrant  Filed by a Party other than the Registrant

Check the appropriate box:

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

**Bryn Mawr Bank Corporation**

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(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1. Title of each class of securities to which transaction applies:

2. Aggregate number of securities to which transaction applies:

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

4. Proposed maximum aggregate value of transaction:

5. Total fee paid:

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

1. Amount previously paid:

2. Form, Schedule or Registration Statement No.:

3. Filing Party:

4. Date Filed:

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**BRYN MAWR BANK CORPORATION**

**801 Lancaster Avenue**

**Bryn Mawr, PA 19010-3396**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**TO BE HELD ON TUESDAY, APRIL 25, 2006**

To OUR SHAREHOLDERS:

Notice is hereby given that the Annual Meeting of Shareholders of Bryn Mawr Bank Corporation (the Corporation) will be held at The Gregg Conference Center at The American College, 270 S. Bryn Mawr Avenue, Bryn Mawr, PA on Tuesday, April 25, 2006, at 2:00 P.M., for the following purposes:

1. To elect one (1) Class IV director to serve a four (4) year term until his successor is duly elected and takes office.
2. To elect one (1) Class III director to serve the remaining three (3) years of the term of a Class III director until his successor is duly elected and takes office.
3. Such other business as may properly come before the meeting or any adjournment thereof.

In their discretion, the proxies are authorized to act upon such other matters as may properly come before the meeting. Reference is made to the accompanying Proxy Statement for details with respect to the foregoing matters. Only shareholders of record at the close of business on March 8, 2006, are entitled to notice of, and to vote at, the Annual Meeting and any adjournment or postponement thereof. Such shareholders may vote in person or by proxy.

By Order of the Board of Directors  
of Bryn Mawr Bank Corporation

ROBERT J. RICCIARDI  
*Secretary*

Bryn Mawr, PA

March 17, 2006

**IMPORTANT NOTICE**

**To assure your representation at the Annual Meeting, please complete, date, sign, and promptly mail the enclosed proxy card in the return envelope. No postage is necessary if mailed in the United States. Any shareholder giving a proxy has the power to revoke it at any time prior to its use for any purpose. Any shareholder who is present at the meeting may withdraw their proxy prior to its use for any purpose and vote in person.**

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**PROXY STATEMENT**

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**PROXY STATEMENT  
FOR THE ANNUAL MEETING OF  
BRYN MAWR BANK CORPORATION  
TO BE HELD ON  
APRIL 25, 2006**

**INFORMATION REGARDING THE ANNUAL MEETING**

**Matters to be Considered at the Annual Meeting of Shareholders**

This Proxy Statement is being furnished to shareholders of Bryn Mawr Bank Corporation (the Corporation) in connection with the solicitation of proxies by the Corporation for use at the Corporation's Annual Meeting of Shareholders to be held on Tuesday, April 25, 2006, at 2:00 P.M., or any adjournment or postponement thereof (the Annual Meeting). At the Annual Meeting, the shareholders will consider and vote upon (i) the election of one (1) Class IV director to serve a four (4) year term until his successor is duly elected and takes office, and (ii) the election of one (1) Class III director to serve the remaining three (3) years of the term of a Class III director until his successor is duly elected and takes office. The proxies are authorized to transact such other business as may properly come before the Annual Meeting or any adjournment or postponement thereof. The approximate date upon which this Proxy Statement and the proxy are to be mailed to shareholders is March 17, 2006. The address of the executive office of the Corporation is 801 Lancaster Avenue, Bryn Mawr, PA 19010-3396.

**Date, Time and Place of Annual Meeting**

The Annual Meeting will be held on Tuesday, April 25, 2006, at 2:00 P.M., at The Gregg Conference Center at The American College, 270 S. Bryn Mawr Avenue, Bryn Mawr, PA.

**Record Date, Voting and Voting Procedures**

The Board of Directors of the Corporation has fixed the close of business on March 8, 2006, as the date for determining holders of record of the Corporation's Common Stock, par value \$1.00 per share, entitled to notice of and to vote at the Annual Meeting or any adjournment or postponement thereof. Each holder of record is entitled to one vote per share on the matters to be considered at the Annual Meeting.

The holders of a majority of the outstanding shares of the Corporation's Common Stock, present either in person or by proxy, will constitute a quorum for the transaction of business at the Annual Meeting. As of March 8, 2006, there were 8,586,292 shares of the Corporation's Common Stock outstanding.

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Shares represented by properly executed proxies will be voted in accordance with the directions indicated in the proxies unless such proxies have previously been revoked. Each properly executed proxy on which no voting directions are indicated will be voted in favor of the adoption of the proposals recommended by the Board of Directors of the Corporation, and in the discretion of the proxy agents as to any other matters which may properly come before the Annual Meeting. A proxy may be revoked by a shareholder at any time prior to its use for any purpose by giving written notice of such revocation to Robert J. Ricciardi, the Secretary of the Corporation, at 801 Lancaster Avenue, Bryn Mawr, PA 19010-3396 or by appearing in person at the Annual Meeting and asking to withdraw the proxy prior to its use for any purpose so that the shareholder can vote in person. A later dated proxy revokes an earlier dated proxy.

The Corporation does not know at this time of any business, other than that stated in this Proxy Statement, which will be presented for consideration at the Annual Meeting. If any unanticipated business is properly brought before the Annual Meeting, the proxy agents will vote in accordance with their best judgment.

For purposes of the Annual Meeting, the affirmative vote of the majority of the shares of the Corporation's Common Stock present in person or represented by proxy at the Annual Meeting for a particular matter



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(including the election of Directors) is required for the matter to be deemed an act of the shareholders. With respect to abstentions, the shares are considered present at the Annual Meeting for purposes of the proposal. However, they are not votes for approval of the proposal, so they will have the same effect as votes cast against the proposal. With respect to broker non-votes, the shares are not considered present at the Annual Meeting for the proposal as to which the broker withheld authority. Consequently, broker non-votes are not counted with regard to the proposal, but they reduce the number of affirmative votes required to approve the proposal by reducing the total number of shares present or represented (from which a majority is calculated).

**Other Matters**

The Corporation will bear the entire cost of soliciting proxies for the Annual Meeting. In addition to the use of the mails, proxies may be solicited by personal interview, telephone, telefax and e-mail, by the directors, officers and employees of the Corporation and by the Corporation's wholly-owned subsidiaries, including The Bryn Mawr Trust Company (the Bank). Arrangements have been made with brokerage houses and other custodians, nominees and fiduciaries for forwarding proxy material to beneficial owners of the Corporation's Common Stock held of record by such persons, and the Corporation will reimburse them for their expenses in doing so.

**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS**

The following table sets forth certain information known to the Corporation, as of January 31, 2006(1) with respect to the only persons or entities to the Corporation's knowledge, who may be beneficial owners of more than 5% of the Corporation's Common Stock.

<b>Name and Address of Beneficial Owner</b>	<b>Amount and Nature of Beneficial Ownership of Corporation Common Stock</b>	<b>Percentage of Outstanding Corporation Common Stock Owned</b>
George W. Connell 121 Cheswold Lane Haverford, PA 19041	1,582,200	18.47%
Thomas J. Carroll Patrickswell Post Office Box 488 Middleburg, VA 22117	836,486	9.77%
The Bryn Mawr Trust Company Wealth Management Division 10 S. Bryn Mawr Avenue, Bryn Mawr, PA 19010	441,376	5.15%

(1) As of January 31, 2006, there were 8,565,455 shares of the Corporation's Common Stock outstanding.

**THE CORPORATION'S AND BANK'S**

**BOARDS OF DIRECTORS**

The By-Laws of the Corporation provide that the Corporation's business shall be managed by a Board of Directors of not less than eight and not more than thirteen directors. The Corporation's Board, as provided in the By-Laws, is divided into four classes of directors, with each class being as nearly equal in number as possible. The Board of Directors has fixed the number of directors at eleven, with two members in Class I, three members in Class II, three members in Class III, and three members in Class IV. There will be two vacancies in Class IV due to the retirement of William Harral, III from the Board of Directors at the end of his current term in April

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2006 and an existing vacancy in Class IV, both of which may be filled by the Board of Directors as provided in the next paragraph. There will also be a vacancy in Class II due to the resignation of James J. Smart effective January 19, 2006 which may be filled by the Board of Directors as provided in the next paragraph.

Under the Corporation's By-Laws, persons elected by the Board of Directors to fill a vacancy on the Board serve as directors for a term expiring with the next annual meeting of shareholders, unless the directors are elected by the Board after the record date for that meeting, in which case the person serves as a director until the annual meeting of shareholders following that meeting. The directors in each class serve terms of four years each, unless elected to fill an unexpired term of office, and until their successors are elected and take office.

The Boards of Directors of the Corporation and the Bank meet at least quarterly. Board meetings of the Corporation and the Bank will occur in January, April, July and October of 2006. The Risk Management Committees and Executive Committees meet in those months when the Boards of Directors do not meet. The Executive Committees act in the stead of the Boards of Directors of the Corporation and the Bank. The Audit Committees of the Boards and the Trust Committee of the Bank meet at least quarterly. The Risk Management Committees review and manage the material business risks which confront the Corporation and the Bank. The Compensation Committees meet at least once a year. The Nominating Committees meet at least once a year.

## **Director Independence**

The Boards of Directors of the Corporation and the Bank have determined that all of its members are independent and meet the independence requirements of The NASDAQ Stock Market ( NASDAQ ), except for Frederick C. Peters, II. Because Mr. Peters is the President and Chief Executive Officer of the Corporation and the Bank, he is not considered independent as defined by NASDAQ. Mr. Peters also serves as Chairman of the Corporation and the Bank.

## **Lead Independent Director**

The Boards of Directors of the Corporation and the Bank created the position of Lead Director. Thomas A. Williams was appointed as the Boards' Lead Director, to serve a one (1) year term expiring at the Corporation's 2006 Annual Meeting. The Lead Director presides at Board meetings when the Chairman is not present, including executive sessions of the independent directors, and acts as the liaison between the Boards and the CEO. The Lead Director has oversight responsibilities for corporate governance procedures and committee charters and has the authority to call meetings of the independent directors. In addition, the Lead Director coordinates the process of evaluating the effectiveness of the Boards and their Committees and consults with the Boards and the CEO regarding those evaluations.

## **Communications with Directors**

Shareholders may communicate directly with any member or committee of the Board of Directors of the Corporation or the Bank by writing to Bryn Mawr Bank Corporation, Board of Directors, P.O. Box 351, Bryn Mawr, PA, 19010-3396.

**Policy for Attendance at Annual Meeting**

The Corporation has adopted a policy requiring all of the directors to attend the Corporation's annual meeting. All of the Corporation's Directors attended the annual meeting held on April 19, 2005.

**Code of Business Conduct and Ethics**

The Corporation has a Code of Business Conduct and Ethics (the Code). The Code is available on the Corporation's website at [www.bmtc.com](http://www.bmtc.com) under the Code of Ethics caption and printed copies are available to

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any shareholder upon request. The Code meets the requirements for a code of ethics for the Corporation's principal executive officer, principal financial officer or persons performing similar functions under Item 406 of Regulation S-K of the Securities and Exchange Commission (SEC). Any amendments to the Code, or any waivers of the Code for directors or executive officers will be disclosed promptly on a Form 8-K filed with the SEC or by any other means approved by the SEC.

### **Executive Sessions of Independent Directors**

The independent members of the Corporation's and Bank's Boards of Directors will continue their practice of holding scheduled executive sessions on a regular basis but, in any event, not less than twice a year. During 2005, four executive sessions were held.

### **General Information About the Corporation's and Bank's Boards of Directors**

The Corporation's Board of Directors was scheduled to meet at least quarterly and during 2005 held five meetings, including the Corporation's organization meeting in April of 2005. The Bank's Board of Directors was scheduled to meet at least quarterly and during 2005 held five meetings. Appointments to the Committees of the Boards of Directors are made shortly after the Corporation's annual meeting. The information set forth below with respect to the Committees of the Corporation's Board of Directors and the Bank's Board of Directors list the current members of those Committees. For information regarding the composition of those Committees for the period January 1, 2005 through the Corporation's 2005 Annual Meeting, see the Corporation's 2005 Proxy Statement. Also, in October, 2005, James J. Smart resigned from the Audit Committees, both as a member and chairman, to avoid the appearance of any conflict of interest in connection with a business transaction his company was pursuing. William Harral, III became the Audit Committee Chair and the Audit Committee financial expert as defined by SEC Regulations. David E. Lees joined the Board in July, 2005 and was appointed to the Risk Management Committee of the Bank and the Corporation and the Trust Committee of the Bank at that time. Also, in October, 2005, David E. Lees became a member of the Audit Committees.

### **Information About Committees of the Corporation's Board of Directors**

The Committees of the Corporation's Board of Directors are the Executive, Nominating, Risk Management, Audit and Compensation Committees.

The Executive Committee, currently comprised of Thomas A. Williams (Chair), Wendell F. Holland, Frederick C. Peters II and B. Loyall Taylor, Jr., meets to discuss and act upon matters which require action prior to the next meeting of the Corporation's Board of Directors and exercises the authority and powers of the Board of Directors at intervals between meetings of the Board of Directors insofar as may be permitted by law. During 2005, the Executive Committee held eight meetings.

The Nominating Committee, currently comprised of Thomas A. Williams (Chair), Andrea F. Gilbert and B. Loyall Taylor, Jr., has responsibility for identifying and evaluating candidates for director and recommending the nomination of directors to the full Board of Directors. The Nominating Committee has a charter which is available on the Corporation's website at [www.bmtc.com](http://www.bmtc.com) on the Investor Relations page under the heading BMBC Nominating Committee Charter. Each member of the Nominating Committee is independent as defined by NASDAQ. During 2005, the Nominating Committee held four meetings.

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The Nominating Committee considers candidates for nominees for director from various sources including other directors, clients of the Bank and other relevant constituencies, and may also engage, if it deems appropriate, a professional search firm. In the case of incumbent directors whose terms of office are set to expire, the Nominating Committee reviews the directors' overall service to the Corporation during their term, including the number of meetings attended, level of participation, quality of performance and their respective contributions towards advancing the Corporation and enhancing shareholder value. In the case of a new director candidate, the

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Nominating Committee reviews the candidate's biographical information and qualifications and may check the candidate's references, if applicable. The Nominating Committee may obtain any additional information which it deems necessary. A qualified nominee is interviewed by all members of the Nominating Committee, if practicable. Serious candidates may meet with all members of the Board. Using the input from such interviews and information obtained by the Nominating Committee, the Committee evaluates whether a prospective candidate is qualified to serve as a director and whether the Nominating Committee should recommend to the Board that the Board nominate (or elect to fill a vacancy) the prospective candidate.

The Nominating Committee will use a similar process to evaluate nominees recommended by shareholders, provided that the shareholder complies with the procedures set forth below.

The Nominating Committee will consider written proposals from shareholders for nominees for director. Any such nomination should be addressed to the Chairman, Nominating Committee, Board of Directors, Bryn Mawr Bank Corporation, P.O. Box 351, Bryn Mawr, PA 19010 and must include the following information: (a) the name and address, as they appear on the Corporation's books, of the shareholder nominating such candidate; (b) the number of shares of the Corporation which are beneficially owned by the shareholder (and if the shares are held in street name, the name of the brokerage firm holding the shares); (c) the name, age, business address and residence address of each nominee proposed; (d) the principal occupation or employment of the proposed nominee; (e) the number of shares of the Corporation's stock beneficially owned by the proposed nominee, if any; (f) a description of all arrangements or understandings between the shareholder and each proposed nominee and any other persons pursuant to which the shareholder is making the nomination, and (g) any other information required to be disclosed in solicitation of proxies for election of directors or other information required pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended, relating to any person that the shareholder proposes to nominate for election or re-election as a director, including the proposed nominee's written consent to being named in the proxy statement as a nominee and to serving as a director if elected.

All shareholder nominations must be received not less than one hundred and twenty (120) days before the date the Corporation's Proxy Statement was released to shareholders in connection with the previous year's annual meeting.

In evaluating candidates for nominees for director, the Nominating Committee considers the needs of the Corporation with respect to the particular talents and experience of its directors and seeks to insure that at least a majority of the directors are independent under the NASDAQ rules and that members of the Corporation's Audit Committee meet the financial literacy requirements under the NASDAQ rules and at least one of them qualifies as an Audit Committee financial expert under the rules of the SEC. Members of the Board of Directors should also be of the highest ethical character; share the values of the Corporation; have reputations, both personal and professional, consistent with the image and reputation of the Corporation; be active or former leaders of organizations; possess knowledge in the fields of financial services and wealth management and an understanding of the Bank's marketplace; have relevant expertise and experience which will be useful in offering advice and guidance to the chief executive officer; be independent of any particular constituency and be able to represent all shareholders of the Corporation. Nominees for director must also be willing to commit the necessary time to devote to board activities and to enhance their knowledge of the financial services industry and be willing to assume broad fiduciary responsibility. Nominees for director should also have a commitment to enhancing shareholder value, including assisting in business development activities where appropriate. In considering nominees for director, the Nominating Committee also considers the Corporation's desire to be a diverse body with diversity reflecting gender, ethnic background and professional experience. A nominee for director must also be or become a shareholder of the Corporation upon joining the Board of Directors. Application of the above criteria may vary according to the particular areas of expertise desired as a compliment to the existing composition of the Board of Directors.

The Risk Management Committee, currently comprised of William Harral, III (Chair), Andrea F. Gilbert, David E. Lees, Francis J. Leto and Frederick C. Peters, II, meets to review and manage the material business





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risks which confront the Corporation by establishing and monitoring policies and procedures designed to lead to an understanding of and to identify, control, monitor and measure the Corporation's material business risks. During 2005, the Risk Management Committee held eight meetings.

The Audit Committee currently comprised of William Harral, III (Chair), Wendell F. Holland, David E. Lees and Thomas A. Williams, meets at least quarterly. The Audit Committee, pursuant to the Audit Committee Charter which is attached to this Proxy Statement as Appendix A, has general oversight responsibilities regarding the Corporation's financial reporting process and internal controls. The Audit Committee selects and evaluates the qualifications and performance of the independent registered public accounting firm. The Audit Committee meets with the internal auditor to review audit programs and the results of audits of specific areas, as well as other regulatory compliance issues. In addition, the Audit Committee meets with the independent registered public accountant to review the results of the annual audit and other related matters. See Audit Committee Report for additional information about the responsibilities of the Audit Committee. Each member of the Audit Committee is independent and financially literate as defined by NASDAQ. The Board of Directors of the Corporation has determined that William Harral, III is a financial expert as defined by SEC regulations. The Audit Committee held five meetings in 2005.

The Compensation Committee, currently comprised of Nancy J. Vickers (Chair), William Harral, III, Francis J. Leto and Thomas A. Williams, meets to discuss compensation matters. The Compensation Committee oversees the Corporation's compensation policies and their specific application to the directors and executive officers of the Corporation and its subsidiaries. The Committee also reviews, and recommends to the full Board of Directors, the compensation and benefits for non-employee Directors. The Compensation Committee also determines the number of stock options to be distributed pursuant to the Corporation's Stock Option Plans. Each member of the Compensation Committee is independent as defined by NASDAQ. During 2005, the Compensation Committee held five meetings.

The total number of meetings of the Corporation's Board of Directors that were held in 2005 was five. All of the incumbent directors, who were directors during 2005, (i) attended at least seventy-five percent (75%) of the total number of meetings of the Board of Directors, and (ii) all directors attended at least seventy-five percent (75%) of the aggregate of the total number of meetings held by all committees of the Board on which the directors served.

## **Information About Committees of the Bank's Board of Directors**

The Committees of the Bank's Board of Directors are the Executive, Risk Management, Audit, Trust, Compensation and Nominating Committees.

The Executive Committee, currently comprised of Thomas A. Williams (Chair), Wendell F. Holland, Frederick C. Peters II and B. Loyall Taylor, Jr., meets to ratify certain of the Bank's loans to customers and to exercise the authority and powers of the Bank's Board of Directors at intervals between meetings of the Board of Directors insofar as may be permitted by law. The Executive Committee held eight meetings during 2005.

The Risk Management Committee, currently comprised of William Harral, III (Chair), Andrea F. Gilbert, David E. Lees, Francis J. Leto and Frederick C. Peters II, meets to review and manage the material risks which confront the Bank by establishing and monitoring policies and procedures designed to lead to an understanding of and to identify, control, monitor and measure loan quality and concentration, interest rate and market risk, as well as liquidity risk and other material business risks. During 2005, the Risk Management Committee held eight meetings.

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The Audit Committee currently comprised of William Harral, III (Chair), Wendell F. Holland, David E. Lees and Thomas A. Williams, meets at least quarterly. The Audit Committee, pursuant to the Audit Committee Charter, has general oversight responsibilities regarding the Bank's financial reporting process and internal

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controls. The Audit Committee selects and evaluates the qualifications and performance of the independent registered public accounting firm. The Audit Committee meets with the internal auditor to review audit programs and the results of audits of specific areas, as well as other regulatory compliance issues. In addition, the Audit Committee meets with the independent registered public accountant to review the results of the annual audit and other related matters. Each member of the Audit Committee is independent and financially literate as defined by NASDAQ. The Audit Committee held five meetings in 2005.

The Trust Committee, currently comprised of B. Loyall Taylor, Jr. (Chair), Andrea F. Gilbert, David E. Lees, Francis J. Leto, Frederick C. Peters II and Nancy J. Vickers, meets quarterly and has general oversight over the Wealth Management Division and over that Division's investments. The Trust Committee held seven meetings during 2005.

The Compensation Committee, currently comprised of Nancy J. Vickers (Chair), William Harral, III, Francis J. Leto and Thomas A. Williams, meets to discuss compensation matters. The Bank Compensation Committee is responsible for recommending to the full Board the Bank's compensation policies and for administering those policies. The Compensation Committee of the Bank, in conjunction with the Compensation Committee of the Corporation, annually reviews and approves corporate goals and objectives relevant to CEO compensation, evaluates the CEO's performance in light of those goals and objectives and determines and approves the compensation and benefits to be paid or provided to the CEO and the other executive officers. Each member of the Compensation Committee is independent as defined by NASDAQ. During 2005, the Compensation Committee held five meetings.

The Nominating Committee, currently comprised of Thomas A. Williams (Chair), Andrea F. Gilbert and B. Loyall Taylor, Jr., has responsibility for identifying and evaluating candidates for director and recommending the nomination of new directors to the full Board of Directors. Each member of the Nominating Committee is independent as defined by NASDAQ. During 2005, the Nominating Committee held four meetings.

## **Meetings of Bank's Board and its Committees**

The total number of meetings of the Bank's Board of Directors which were held in 2005 was five. All incumbent directors (i) attended at least seventy-five percent (75%) of the total number of meetings of the Board of Directors, and (ii) attended at least seventy-five percent (75%) of the aggregate of the total number of meetings held by all committees of the Board on which the directors served.

## **BOARDS OF DIRECTORS COMPENSATION**

### **Directors Fees**

Each non-employee director, other than David E. Lees, who joined the Board on July 1, 2005, was paid an annual retainer of \$10,000 in the Corporation's Common Stock, at the market value of the stock on April 21, 2005. Mr. Lees was paid a retainer of \$7,500 in the Corporation's Common Stock, at the market value of the stock on June 30, 2005. In addition each non-employee director was paid a fee of \$1,000 for attending each Board meeting, \$1,000 for attending the Corporation's organization meeting and for attending each Executive Committee and Risk Management Committee meeting and a fee of \$500 for attending each Committee meeting which is not held on a Board meeting day. A separate fee is not paid to directors for attending a Corporation Board meeting held on a Bank Board meeting day. From time to time, the Corporation may reimburse directors for travel expenses associated with attendance at Board or Committee meetings. A \$5,000 additional annual cash retainer was paid to the Audit Committee Chair in 2005 and an additional annual cash retainer of \$5,000 was paid to the Lead Director in 2005.

In January, 2006, the Compensation Committee recommended and the Board of Directors approved, effective as of April 25, 2006, an increase in the annual retainer paid in the form of the Corporation's common

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stock from \$10,000 to \$12,500. In addition, the Lead Director's fee was increased from \$5,000 to \$10,000 and the Audit Committee Chair's annual fee was increased from \$5,000 to \$7,500 and each committee chair will receive an annual payment of \$2,500 for their services, except for the Lead Director if he/she is the chairperson of the Nominating Committee or Executive Committee. In addition, the committee meeting fees for the Audit Committee, Compensation Committee, Nominating Committee and the Bank's Trust Committee were increased from \$500 to \$1,000.

**Stock Options**

In May, 2005, each non-employee director, other than Mr. Lees and Mr. Holland, received 3,500 options to purchase shares of the Corporation's common stock at a purchase price equal to the fair market value of the stock on May 11, 2005. Mr. Lees, who joined the Board on July 1, 2005, was granted options to purchase 2,625 shares of the Corporation's stock at a purchase price equal to the fair market value of the stock on June 30, 2005. Mr. Holland declined to accept any stock options to avoid the appearance of any conflict of interest because of his position with the Pennsylvania Public Utility Commission.

In December, 2005, each non-employee director, other than Mr. Holland, received 3,500 options to purchase shares of the Corporation's common stock at a purchase price equal to the fair market value of the stock on December 9, 2005. Mr. Holland declined to accept any stock options to avoid the appearance of any conflict of interest because of his position with the Pennsylvania Public Utility Commission. The stock options awarded in December, 2005, rather than in April, 2006, were fully vested so that the Corporation could save compensation expense associated with those options in future periods in its consolidated statements of income upon adoption of FASB Statement 123R (Share Based Payment). The Corporation does not anticipate granting any stock options to its current directors during 2006.

**Directors' Deferred Payment Plans**

Under the Deferred Payment Plans for Directors (the "Plans") a director may defer receipt of a portion or all of the fees paid for service as a director of the Corporation and Bank. The Plans are non-qualified plans and the Plans' funds are held in a trust administered by the Bank's Wealth Management Division. Under the Plans, a participating director may elect to invest the deferred director's fees in one or more different investment funds, including an investment in the Corporation's Common Stock. The right to receive future payments under the Plans is an unsecured claim against the general assets of the Corporation.

**BIOGRAPHICAL INFORMATION ABOUT CORPORATION'S DIRECTORS**

The following table sets forth certain biographical information for each of the Corporation's directors. Other than as indicated below, each of the persons named below has been employed in their present principal occupation for the past five years.

<b>Name, Principal Occupation and Business Experience For Past Five Years</b>	<b>Age as of February 27, 2006</b>	<b>Director Since(1)</b>
CONTINUING DIRECTORS		

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Class I

The terms of the following directors expire in 2007:

1. Nancy J. Vickers 61 1998

President, Bryn Mawr College since July, 1997

2. Thomas A. Williams 70 1992

Vice President, Secretary/Treasurer, Houghton International, Inc., a specialty chemical company until retirement in July 2000

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<b>Name, Principal Occupation and Business Experience For Past Five Years</b>	<b>Age as of February 27, 2006</b>	<b>Director Since(1)</b>
CONTINUING DIRECTORS Class II		
The terms of the following directors expire in 2008:		
1. B. Loyall Taylor, Jr.	59	1986
President, Taylor Gifts, Inc., mail order catalog sales		
2. Andrea F. Gilbert	52	2004
President of Bryn Mawr Hospital since June, 2002; previously Senior Vice President from June, 2000; Chief Executive Officer of City Avenue Hospital of the Tenet Health System from November, 1998 to June, 2000		
CONTINUING DIRECTORS Class III		
The terms of the following directors expire in 2009:		
1. Wendell F. Holland	54	1997
Chairman, Pennsylvania Public Utility Commission since September 30, 2004 and previously Commissioner from September, 2003; Counsel to the law firm of Obermayer, Rebmann, Maxwell & Hippel, LLP from January, 2000 until September, 2003(2)		
2. Frederick C. Peters II	56	2001
Chairman of the Corporation and the Bank since August, 2002; President and Chief Executive Officer of the Corporation and the Bank since January, 2001; President 1st Main Line Bank from May, 1995 to January, 2001		
NOMINEE FOR DIRECTOR Class III		
3. David E. Lees(3)	44	2005
Senior Partner, myCIO Wealth Partners, LLC since July, 2005; Partner and National Director of Ernst & Young's Wealth Advisory Service Practice from December, 1996 to June 30, 2005; Partner, Renaissance Equity Fund since August, 2005; Adjunct Professor of Finance & Portfolio Management in Villanova University's Commerce & Finance Department from January, 2000 to May, 2005		
NOMINEE FOR DIRECTOR Class IV		
The term of the following director expires in 2006, and if elected to a new term will expire in 2010:		
1. Francis J. Leto	46	2002
Attorney-at-law, Celli and Leto, LLP; President, Brandywine Abstract Company, L.P. since May, 1988		

**FOOTNOTE INFORMATION CONCERNING DIRECTORS**

(1) Reference to service on the Boards of Directors refers to the Bank only prior to 1986 and to the Bank and Corporation since 1986. Mr. Williams previously served as a director from 1984 until 1990.

(2) Mr. Holland was a director of Allegheny Energy, Inc. until September 16, 2003.

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- (3) Mr. Lees was recommended by a non-management director and was appointed by the Board of Directors to fill an existing vacancy in July, 2005.

None of the directors is a party to any contract, arrangement or understanding with respect to any of the Corporation's Common Stock, other than in connection with the Corporation's Stock Option Plans.



**Table of Contents****BENEFICIAL OWNERSHIP OF STOCK BY DIRECTORS AND EXECUTIVE OFFICERS**

The following table lists the beneficial ownership of shares of the Corporation's Common Stock as of March 8, 2006, for each of the Corporation's directors and the executive officers of the Corporation and the Bank. The table also shows the total number of shares owned by the directors and executive officers as a group.

<u>Name</u>	<u>Common Stock(1)</u>	<u>Exercisable Stock Options(2)</u>	<u>Percent of Outstanding Stock</u>
<b>Current Directors</b>			
Andrea F. Gilbert	4,841	9,250	*
William Harral, III	25,989(3)	16,667	*
Wendell F. Holland	4,858	16,667	*
David E. Lees	4,739(4)	6,125	*
Francis J. Leto	5,706(5)	14,667	*
Frederick C. Peters II	37,328(6)	150,667	2.06%
B. Loyall Taylor, Jr.	67,029(7)	28,667	1.05%
Nancy J. Vickers	9,174(8)	17,667	*
Thomas A. Williams	20,257	28,667	*
<b>Certain Executive Officers</b>			
Alison E. Gers	1,406(9)	59,000	*
Joseph G. Keefer	4,595(10)	63,200	*
Frederick C. Peters II	**	**	**
John Pickering	1,730(11)	34,500	*
Robert J. Ricciardi	20,145(12)	67,000	*
J. Duncan Smith, CPA	525	27,000	
<b>All Current Directors and Executive Officers as a Group</b>	208,322	539,744	8.20%***

\* Less than one percent.

\*\* Mr. Peters is also a Director; see listing above.

\*\*\* Calculated by adding the Common Stock owned plus exercisable options and dividing by the actual number of shares outstanding on March 8, 2006, 8,586,292, plus the shares subject to the exercisable options.

(1) Stock ownership information is given as of March 8, 2006, and includes shares that the individual has the right to acquire (other than by exercise of stock options) within sixty (60) days of March 8, 2006, except for shares held in the Deferred Payment Plans for Directors, the Executive Deferred Bonus Plan and the Thrift and Savings Plan which were determined as of December 31, 2005. For each director, the number of shares owned includes 100 shares which each director must own to qualify as a director of the Corporation. Unless otherwise indicated, each director and each such executive officer holds sole voting and investment power over the shares listed. Each director holds sole investment power over shares held for such director in the Bank's or Corporation's Deferred Payment Plans for Directors. Each executive officer holds sole investment power over shares held for such executive officer in the Corporation's Thrift and Savings Plan or in the Corporation's Executive Deferred Bonus Plan. The Bank as the Plan Administrator and/or Plan Trustee holds sole voting power over such shares.

- (2) For purposes of this Table, options are exercisable if they may be exercised within sixty (60) days of March 8, 2006, regardless of whether they are in-the-money. On June 16, 2005, the Corporation accelerated the vesting of certain unvested and out-of-the-money stock options including options to

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purchase approximately 55,667 shares held by the Corporation's directors and executive officers on that date which are included in this table. Options to purchase 100,000 shares of common stock were granted to the directors and executive officers in December, 2005. The purpose of the acceleration of the options and the granting of the options in December, 2005, rather than in April, 2006, was to enable the Corporation to save compensation expense associated with those options in future periods in its consolidated statements of income, after adoption of FASB Statement No. 123R (Share Based Payment).

- (3) Includes 6,589 shares held by Mr. Harral based on his interest in the Deferred Payment Plans for Directors. Mr. Harral, at his own election, is retiring from the Board of the Directors at the end of his current term as a Class IV Director.
- (4) Includes 347 shares held for Mr. Lees in the Deferred Payment Plans for Directors.
- (5) Includes 182 shares owned by Mr. Leto's spouse as to which he disclaims beneficial ownership.
- (6) Includes 2,853 shares held for Mr. Peters in the Thrift and Savings Plan and 175 shares held for Mr. Peters in the Executive Deferred Bonus Plan.
- (7) Includes 6,476 shares held in trust for his children over which Mr. Taylor has sole voting and investment power; 2,088 shares held in the One Outer Bridge Circle Trust over which Mr. Taylor as Co-Trustee has joint voting and investment power, and 56,706 shares held by Mr. Taylor based on his interest in the Deferred Payment Plans for Directors.
- (8) Includes 5,974 shares held by Ms. Vickers based on her interest in the Deferred Payment Plans for Directors.
- (9) All shares are held for Ms. Gers in the Thrift and Savings Plan.
- (10) All shares are held for Mr. Keefer in the Thrift and Savings Plan.
- (11) All shares are held for Mr. Pickering in the Thrift and Savings Plan.
- (12) All shares are held for Mr. Ricciardi in the Thrift and Savings Plan.

**Table of Contents****CORPORATION S AND BANK S EXECUTIVE OFFICERS**

The following table sets forth certain information with respect to the current executive officers of the Corporation and Bank as of March 1, 2006:

<b><u>Name, Principal Occupation and Business Experience For Past 5 Years</u></b>	<b><u>Age as of March 1, 2006</u></b>	<b><u>Office with the Corporation and/or Bank</u></b>
Frederick C. Peters II	56	Chairman, President and Chief Executive Officer and Director of Corporation and Bank
Alison E. Gers	48	Executive Vice President of Bank Retail Banking, Marketing and Support Division
Joseph G. Keefer	47	Executive Vice President of Bank Chief Lending Officer
John Pickering(1)	50	Executive Vice President of Bank Wealth Management Division
Robert J. Ricciardi	57	Secretary of Corporation and Executive Vice President and Secretary of Bank Chief Credit Policy Officer
J. Duncan Smith, CPA (2)	47	Treasurer of Corporation and Treasurer and Executive Vice President of Bank Chief Financial Officer

FOOTNOTE INFORMATION CONCERNING EXEC