

CAMDEN NATIONAL CORP
Form DEF 14A
March 10, 2006

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
 Definitive proxy statement
 Definitive additional materials
 Soliciting material pursuant to Rule 14a-11(c) or Rule 14a-12

CAMDEN NATIONAL CORPORATION

(Name of Registrant as Specified in Its Charter)

Registrant

(Name of Person(s) Filing Proxy Statement)

Payment of filing fee (Check the appropriate box):

- No fee required.
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(1) Title of each class of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11:

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(1) Amount previously paid:

(2) Form, schedule or registration statement no.:

(3) Filing party:

(4) Date filed:

Dear Shareholders:

You are cordially invited to attend the 2006 Annual Meeting of Shareholders of Camden National Corporation, a Maine corporation (the Company), to be held on Tuesday, April 25, 2006, at 3:00 p.m., local time, at the Camden National Corporation Hanley Center, Fox Ridge Office Park, Route One, Rockport, Maine 04856 (together with any adjournments or postponements thereof, the Annual Meeting). The Notice of Annual Meeting, Proxy Statement and Proxy Card are enclosed, as is the Company's 2005 Summary Annual Report.

At the Annual Meeting, you will be asked to elect three (3) directors to the Company's Board of Directors for three-year terms. In addition, you will be asked to ratify the selection of Berry, Dunn, McNeil & Parker, as the Company's independent registered public accounting firm for 2006, and to consider and act upon such other business, matters or proposals as may properly come before the Annual Meeting.

The Company's Board of Directors recommends that you vote **FOR** the election of each nominee to the Board of Directors listed in the Proxy Statement and **FOR** the selection of Berry, Dunn, McNeil & Parker as the Company's independent registered public accounting firm for 2006.

Your vote is extremely important. Therefore, even if you do not plan to attend the Annual Meeting in person, we ask that you complete, sign and return your completed Proxy Card in the enclosed envelope as soon as possible and in any case no later than 5:00 p.m., local time, on Monday, April 24, 2006. Shareholders of record of the Company's common stock who attend the Annual Meeting may vote in person, even if they have previously delivered a signed Proxy Card.

As always, your continued support is greatly appreciated.

Sincerely,

Rendle A. Jones

Chairman of the Board

Robert W. Daigle

President and Chief Executive Officer

March 24, 2006

Notice of Annual Meeting of Shareholders

To be held April 25, 2006

NOTICE IS HEREBY GIVEN that the 2006 Annual Meeting of Shareholders of Camden National Corporation, a Maine corporation, (the Company) will be held on Tuesday, April 25, 2006 at 3:00 p.m., local time, at the Camden National Corporation Hanley Center, Fox Ridge Office Park, Route One, Rockport, Maine 04856 (together with any adjournments or postponements thereof, the Annual Meeting) for the following purposes:

1. To elect three directors. The Company s Board of Directors has nominated each of Ann W. Bresnahan, Robert W. Daigle and Rendle A. Jones to serve as directors of the Company until the 2009 Annual Meeting and until their respective successors are duly elected and qualified;
2. To ratify the selection of Berry, Dunn, McNeil & Parker, as the Company s independent registered public accounting firm for 2006; and

3. To consider and act upon such other business, matters or proposals as may properly come before the Annual Meeting. The Board of Directors has fixed the close of business on March 15, 2006 as the record date for determining the shareholders of the Company entitled to receive notice of, and to vote at, the Annual Meeting (the Record Date). Only shareholders of record of the Company s common stock at the close of business on the Record Date are entitled to receive notice of and to vote at the Annual Meeting. The Company will make available for inspection by any shareholder a list of shareholders entitled to receive notice of, and to vote at, the Annual Meeting during ordinary business hours at the Company s principal office, located at Two Elm Street, Camden, Maine 04843, for ten days prior to the Annual Meeting. Only business within the purposes described in this notice may be conducted at the Annual Meeting.

The Board of Directors unanimously recommends that you vote FOR each of the three nominees as directors on the Company s Board of Directors and FOR the selection of Berry, Dunn, McNeil & Parker as the Company s independent registered public accounting firm for 2006.

The Board of Directors requests that you complete, sign and date the enclosed Proxy Card and mail it promptly in the enclosed postage-paid envelope. Any proxy that you deliver may be revoked prior to the Annual Meeting by a writing delivered to the Company, Attention: John W. Holmes, Secretary, Two Elm Street, Camden, Maine 04843, stating that your proxy is revoked or by delivering a later dated proxy. Shareholders of record of the Company s common stock who attend the Annual Meeting may vote in person, even if they have previously delivered a signed Proxy Card.

By Order of the Board of Directors

John W. Holmes

Secretary

March 24, 2006

PROXY STATEMENT

Annual Meeting of Shareholders

to be held April 25, 2006

GENERAL INFORMATION

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors of Camden National Corporation, a Maine corporation (the "Company"), for use at the 2006 Annual Meeting of Shareholders of the Company to be held on Tuesday, April 25, 2006 at 3:00 p.m., local time, at the Camden National Corporation Hanley Center, Fox Ridge Office Park, Route One, Rockport, Maine 04856 and any adjournments or postponements thereof (the "Annual Meeting"). Only shareholders of record as of March 15, 2006 (the "Record Date") will be entitled to notice of, and to vote at, the Annual Meeting. Each share is entitled to cast one vote for each of the three nominees to the Company's Board of Directors and to cast one vote on each of the other matters to be voted on at the Annual Meeting. Cumulative voting is not permitted. As of the Record Date, 7,519,629 shares of the Company's common stock, no par value ("Common Stock"), were outstanding and entitled to vote at the Annual Meeting.

The Company will bear the cost of soliciting proxies. In addition to use of the mails, proxies may be solicited personally or by telephone or telegraph by the Company's directors and officers who will not be specially compensated for such solicitation. The Company has engaged American Stock Transfer and Trust Company ("AST&T"), its transfer agent, to solicit proxies held by brokers and nominees for a fee of \$300 plus reimbursement for reasonable out-of-pocket expenses in the solicitation of proxies. Brokerage firms and other custodians, nominees and fiduciaries will be requested to forward these soliciting materials to their principals and the Company will, upon request, reimburse them for their reasonable expenses of doing so. AST&T's transfer books will remain open between the Record Date and the date of the Annual Meeting.

The Notice of Annual Meeting, Proxy Statement and Proxy Card were first mailed to the Company's shareholders on or about March 24, 2006 to solicit proxies for the Annual Meeting. Any shareholder giving a proxy has the right to revoke it at any time before it is exercised; therefore, the delivery of an executed Proxy Card will not in any way affect a shareholder's right to attend the Annual Meeting and vote in person. Revocation may be made prior to the Annual Meeting by written revocation or duly executed Proxy Card bearing a later date sent to the Company, Attention: John W. Holmes, Secretary, Two Elm Street, Camden, Maine 04843; or a proxy may be revoked personally at the Annual Meeting prior to the voting of the proxy. In the absence of specific instructions to the contrary, shares represented by properly executed proxies received by the Company, including unmarked proxies, will be voted to (a) elect the nominees to the Company's Board of Directors described herein, (b) ratify the selection of Berry, Dunn, McNeil & Parker as the Company's independent registered public accounting firm for 2006 and (c) consider and act upon such other business, matters or proposals as may properly come before the Annual Meeting.

The holders of one-third of the total number of outstanding shares of Common Stock, present in person or by proxy, are required for a quorum at the Annual Meeting. If a quorum is present at the Annual Meeting, a simple majority of shares voted is required to elect each of the three directors and to ratify the selection of Berry, Dunn, McNeil & Parker as the Company's independent registered public accounting firm for 2006. The inspector of election will treat abstentions as shares that are present and entitled to vote for purposes of determining the presence of a quorum, but not for purposes of voting with respect to determining the approval of any matter submitted to the shareholders for a vote. If a broker indicates on the Proxy Card that it does not have discretionary authority as to certain shares to vote on a particular matter, those shares will be considered as present for purposes of determining a quorum but not for purposes of voting with respect to that matter.

PRINCIPAL SHAREHOLDERS

As of the Record Date, there were 7,519,629 shares of Common Stock outstanding, held of record by approximately 967 shareholders. Only shareholders of record as of the Record Date shall be entitled to vote at the Annual Meeting and each share is entitled to one vote.

The following table sets forth information with respect to the beneficial ownership of the Common Stock as of the Record Date by (i) each person known by the Company to own beneficially more than five percent of Common Stock, (ii) each current director of the Company and each nominee for director on the Company's Board of Directors, (iii) the Company's named executive officers (as defined on page 8, under the heading "Executive Compensation"), and (iv) all executive officers and directors of the Company as a group. Except as otherwise indicated below, each of the Company's directors, executive officers and shareholders owning more than five percent of Common Stock has sole voting and investment power with respect to all shares of stock beneficially owned by him or her as set forth opposite his or her name.

	Number of Shares Held	Percentage of Shares Outstanding
5% or Greater Shareholders:		
Kenneth C. & Prudence G. Dickey P.O. Box 188 Camden, Maine 04843	643,361	8.56%
Directors, Nominees and named executive officers:		
Laurel J. Bouchard	6,130 ⁽¹⁾	*
Ann W. Bresnahan	23,940 ⁽²⁾	*
Joanne T. Campbell	5,464 ⁽³⁾	*
Robert J. Campbell	24,000	*
Robert W. Daigle	24,139 ⁽⁴⁾	*
Sean G. Daly	1,757 ⁽⁵⁾	*
Gregory A. Dufour	13,269 ⁽⁶⁾	*
David C. Flanagan	1,736	*
Ward I. Graffam	3,825	*
Rendle A. Jones	332,835 ⁽⁷⁾	4.43%
John W. Holmes	9,000	*
Theodore C. Johanson	14,960	*
Winfield F. Robinson	49,753 ⁽⁸⁾	*
Robin A. Sawyer, CPA	415 ⁽⁹⁾	*
<i>All nominees, continuing directors and executive officers as a group (15 persons):</i>	<i>516,509</i>	<i>6.85%</i>

* Less than 1%.

- (1) Includes 4,350 shares underlying stock options exercisable within 60 days.
- (2) Includes 5,940 shares over which voting and dispositive power are shared jointly with Ms. Bresnahan's spouse.
- (3) Includes 4,900 shares underlying stock options exercisable within 60 days. Also includes 550 shares over which voting and dispositive power are shared jointly with Ms. Campbell's spouse.
- (4) Includes 400 shares owned by Mr. Daigle's spouse, as to which Mr. Daigle disclaims any beneficial interest and 18,720 shares over which voting and dispositive power are shared jointly with Mr. Daigle's spouse.
- (5) Includes 1,500 shares underlying stock options exercisable within 60 days.
- (6) Includes 5,000 shares underlying stock options exercisable within 60 days.
- (7) Includes 282,785 shares owned by various trusts of which Mr. Jones acts as trustee, as to which shares he disclaims any beneficial interest. Also includes 1,950 shares owned by Mr. Jones's spouse, as to which Mr. Jones disclaims any beneficial interest.
- (8) Includes 33,193 shares owned by Mr. Robinson's spouse, as to which Mr. Robinson disclaims any beneficial interest.
- (9) Includes 415 shares over which voting and dispositive power are shared jointly with Ms. Sawyer's spouse.

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 own more than 10% of a registered class of the Company's equity securities (collectively, "Section 16 Persons") to file initial reports of ownership and reports of changes of ownership with the Securities Exchange Commission ("Commission") and the American Stock Exchange. Section 16 Persons are required by Commission regulations to furnish the Company with copies of all Section 16(a) forms they file. Based solely on a review of copies of such reports and written representations that all other filings required to be made by the Section 16 Persons during the fiscal year ended December 31, 2005, were timely made, the Company believes that all Section 16 Persons filed the reports required to be filed under Section 16(a) on a timely basis.

PROPOSAL 1 - ELECTION OF DIRECTORS***Directors and Executive Officers***

The Company's Board of Directors currently consists of 10 members and is divided into three categories. Directors serve for three-year terms with only one category of directors being elected by the Company's shareholders at each Annual Meeting. At the Annual Meeting, three directors will be elected to serve until the 2009 Annual Meeting of shareholders and until each such director's successor is duly elected and qualified. Pursuant to the rules of the American Stock Exchange, the Governance Committee has nominated Ann W. Bresnahan, Robert W. Daigle and Rendle A. Jones for election as directors. For more information on our nominations procedures, see the description of our Governance Committee contained later in this Proxy Statement. The proxies will be voted, unless authority to do so is expressly withheld, in favor of the three nominees nominated by the Board of Directors. The Board of Directors recommends voting **FOR** the election of each nominee as director of the Company.

Set forth below is a list of the nominees for directors of the Company, including their age and positions with the Company and its subsidiaries (i.e. Camden National Bank, UnitedKingfield Bank, and Acadia Trust, N.A.), each as of December 31, 2005.

Nominees	Age	Position with the Company	Current Term of Directorship	Positions with Subsidiaries
Ann W. Bresnahan	54	Director	2006	Director, Camden National Bank
Robert W. Daigle	56	Director, President Chief Executive Officer	2006	Director, Camden National Bank Director, UnitedKingfield Bank Director & Chairman, Acadia Trust, N.A.
Rendle A. Jones	63	Director & Chairman	2006	Director & Chairman, Camden National Bank Director, UnitedKingfield Bank

Set forth below is a list of the Company's Directors not currently standing for election to the Board of Directors and the executive officers of the Company, including their age and positions with the Company and its subsidiaries (i.e., Camden National Bank, UnitedKingfield Bank, and Acadia Trust, N. A.), each as of December 31, 2005.

Other Directors and Officers	Age	Position with the Company	Term of Directorship	Positions with Subsidiaries
Robert J. Campbell	57	Director	2008	Director, Acadia Trust, N.A.
David C. Flanagan	52	Director	2007	Director, Camden National Bank
Ward I. Graffam	65	Director	2008	Director, Acadia Trust, N.A.
John W. Holmes	60	Director	2008	Director, Camden National Bank
Theodore C. Johanson	68	Director	2007	Director, UnitedKingfield Bank
Robin A. Sawyer, CPA	38	Director	2007	
Winfield F. Robinson	68	Director	2008	Director & Chairman UnitedKingfield Bank
Laurel J. Bouchard	50	Chief Administrative Officer		
Joanne T. Campbell	43	Senior Vice President Risk Management Officer		
Sean G. Daly	38	Chief Financial Officer		
Gregory A. Dufour	45	Chief Banking Officer		President & Chief Executive Officer, Camden National Bank Director, Camden National Bank
Susan M. Westfall	49	Senior Vice President, Clerk & Corporate Controller		

All of the executive officers listed above will hold office at the discretion of the Company's Board of Directors. There are no arrangements or understandings between any of the directors, or officers or any other persons pursuant to which any of the above directors have been selected as directors, or any of the above officers have been selected as officers. There are no family relationships among the above directors and officers, as the Securities and Exchange Commission defines that term.

The principal occupation and business experience for at least the last five years for each executive officer, director and nominee for director is set forth below. None of the organizations in the descriptions below except Camden National Bank, UnitedKingfield Bank, and Acadia Trust, N.A. are affiliated with the Company.

Nominees for Election as Directors

Ann W. Bresnahan. Ms. Bresnahan has been a Director of the Company and Camden National Bank since 1990. She has been a full-time volunteer and civic leader since 1970.

Robert W. Daigle. Mr. Daigle is President and Chief Executive Officer of the Company. He has been a Director of the Company and Camden National Bank since 1996, after being named President and Chief Executive Officer of Camden National Bank effective January 8, 1996, a position he held until January 1, 2004. Mr. Daigle was also a Director of Trust Company of Maine, Inc., until its merger with Acadia Trust, N.A. in December 2002. In October 2003 he became a Director of Acadia Trust, N.A. and currently serves as Chairman. Mr. Daigle was a Director of United Bank from June 1999 until its merger with Kingfield Savings Bank in February 2000, at which time he became a Director of UnitedKingfield Bank.

Reddle A. Jones. Mr. Jones has been a Director of the Company and Camden National Bank since 1988, and became Chairman of the Company in 1998 and Chairman of Camden National Bank in 1999. Mr. Jones was a Director of United Bank from 1996 until its merger with Kingfield Savings Bank in February 2000, at which time he became a Director of UnitedKingfield Bank. Mr. Jones is a partner in the law firm of Harmon, Jones, & Sanford, LLP in Camden, Maine, where he has worked since 1968.

Continuing Directors

Robert J. Campbell. Mr. Campbell joined the Company's Board of Directors in November 1999. He has also been a Director of Acadia Trust, N.A. since its acquisition in July 2001. He has been a partner in the investment management firm of Beck, Mack & Oliver in New York, New York, since 1991.

David C. Flanagan. Mr. Flanagan joined the Company's Board of Directors in September 2005. He has also been a Director of Camden National Bank since 1998. Mr. Flanagan is President of Viking Lumber, Inc. a family-owned lumber and building supply business with five locations in mid-coast Maine, a position he has held since 1978.

Ward I. Graffam. Mr. Graffam joined the Company's Board of Directors in November 1999. He has also been a Director of Acadia Trust, N.A. since its acquisition in July 2001. Mr. Graffam is a former co-owner of Wayfarer Marine Corporation in Camden, Maine. Previously, Mr. Graffam spent 30 years in various legal and executive positions with UNUM Corporation and retired as President and Managing Director of UNUM European Holding Company. He is a member of several for-profit and non-profit boards of directors and a consultant to various businesses on strategic issues.

John W. Holmes. Mr. Holmes has been a Director of the Company and Camden National Bank since 1988. Mr. Holmes is also President and majority owner of Consumers Fuel Company in Belfast, Maine, a position he has held since 1977.

Theodore C. Johanson. Previously a Director of KSB, Mr. Johanson became a Director of the Company concurrent with its acquisition of KSB Bancorp, Inc. (KSB) in December 1999. Mr. Johanson was a Director of KSB and Kingfield Savings Bank from October 1996 until the Company acquired KSB in December 1999 and Kingfield Savings Bank's merger with United Bank in February 2000, at which time Mr. Johanson became a Director of UnitedKingfield Bank. Mr. Johanson is currently the Managing Director of Harbor Wharf, LLC. Formerly, Mr. Johanson was the President of Falcon Shoe Company in Lewiston, Maine from 1963 until 2000.

Robin A. Sawyer, CPA. Ms. Sawyer joined the Company's Board of Directors in July 2004. Ms. Sawyer is Vice President, Corporate Controller at Fairchild Semiconductor a position she has held since November 2002. In addition, since October 2005, she has also served as interim Co-Chief Financial Officer and as the Principal Financial Officer at Fairchild Semiconductor. She joined Fairchild Semiconductor in 2000 as Manager of Financial Planning and Analysis. From 1998 to 2000 Ms. Sawyer was employed by Cornerstone Brands, Inc., as Director of Financial Planning and Reporting. Prior to that Ms. Sawyer worked at Baker, Newman & Noyes, LLC and its predecessor firm Ernst & Young.

Winfield F. Robinson. Previously Chairman and a Director of KSB, Mr. Robinson became a Director of the Company concurrent with its acquisition of KSB in December 1999. Mr. Robinson served as Chairman of the Board of KSB since its formation in 1993. He also served as a Director of Kingfield Savings Bank from 1976 and was elected its Chairman of the Board in 1986 until the Company acquired KSB in December 1999. Upon the merger of Kingfield Savings Bank with United Bank in February 2000, Mr. Robinson became a Director and Chairman of UnitedKingfield Bank. Mr. Robinson is currently President of Flagstaff Ventures, LLC. Formerly Mr. Robinson was President of Timber Resource Group LLC, a forest products firm based in Farmington, Maine from 1998 until 2002.

Executive Officers

Laurel J. Bouchard. Ms. Bouchard joined the Company in May 1999 as Vice President, Corporate Sales and Marketing, was promoted to Senior Vice President, Corporate Administration in January 2001, and then to Chief Administrative Officer in January 2004. Prior to joining the Company, Ms. Bouchard worked 17 years for Merrill Trust Company/Fleet Bank, having served as Senior Vice President and District Manager at the time of her departure.

Joanne T. Campbell. Ms. Campbell became Vice President & Residential Real Estate Administration Officer for the Company in January 2000, after having served in the same capacity for Camden National Bank since March 1996. She was promoted to Senior Vice President in January 2001. In June 2002, Ms. Campbell assumed new responsibilities in the areas of Compliance, Audit & CRA. In January 2004 she was promoted to Risk Management Officer. From 1994 until joining Camden National Bank, she was a Regional Sales Manager for Salem Five Mortgage Company.

Sean G. Daly. Mr. Daly joined the Company in February 2005 as Chief Financial Officer. Prior to joining the Company, Mr. Daly was Chief Operating Officer at QGO, LLC and Director of Business Development at its related company, QC2, LLC in Rhode Island. In addition to his experience at QGO, Mr. Daly has held various financial management positions with FleetBoston Corporation, Citizens Financial Group, Putnam Investments and Melville Corporation. Mr. Daly started his career at KPMG in Providence, Rhode Island.

Gregory A. Dufour. Mr. Dufour joined the Company in April 2001 as Senior Vice President of Finance. In August of 2002 he assumed additional responsibility for Operations and Technology. In January 2004, Mr. Dufour was named Chief Banking Officer for the Company and President and Chief Operating Officer for Camden National Bank, and then in January 2006 became President and Chief Executive Officer for Camden National Bank. Prior to this, Mr. Dufour was Managing Director of Finance and a member of the Executive Operating Group for IBEX Capital Markets in Boston, Massachusetts. In addition to his experience at IBEX, Mr. Dufour held various financial management positions with FleetBoston Corporation and its affiliates including Vice President and Controller of Debt Capital Markets, Controller of Investment Banking and Banking Group Controller.

Susan M. Westfall. Ms. Westfall was named Vice President & Corporate Controller for the Company in January 1996, having held numerous positions of increasing responsibility with Camden National Bank since 1979. In 1997 her responsibilities were expanded to include those of Clerk and she was promoted to Senior Vice President in January 2005.

For a summary of the business experience and biographical information for Mr. Daigle, please see the [Continuing Directors](#) sections above.

Board of Directors and its Committees

Board of Directors. During the major portion of 2005, the Company was managed by an 11-member board, a majority of whom meet the independence standards established by the American Stock Exchange. The Board of Directors of the Company held 12 regular meetings, and one Annual Meeting during 2005. Each of the directors attended at least 75% of the total number of meetings of the Company's Board and meetings of the committees of the Company Board that he or she was eligible to attend. Although we do not have a formal policy regarding attendance by members of the Board of Directors at Annual Meetings of stockholders, we expect that our directors will attend, even though we recognize that directors occasionally may be unable to attend for personal or professional reasons. We generally hold a meeting of the Board on the same date as the annual stockholders meeting. In 2005 ten directors, and in 2004 nine directors attended our annual stockholders meeting.

The Company's Board of Directors has standing Audit, Retirement Plan Administration, Compensation, Capital Planning, and Governance committees.

Audit Committee. The members of the Company's Audit Committee are Robin A. Sawyer, CPA, Chairman; Robert J. Campbell; and John W. Holmes. Robin A. Sawyer, CPA was appointed Chairman after the death of Richard N. Simoneau, CPA, in November 2005. This committee met nine times during 2005. The Company's Audit Committee receives and reviews reports on examinations and accounting audits of the Company, and works to ensure the adequacy of operating practices, procedures and controls. The Audit Committee operates under a written charter, a copy of which is available on the Company's websites at www.camdenational.com and www.unitedkingfield.com.

Retirement Plan Administration Committee. The members of the Company's Retirement Plan Administration Committee are John W. Holmes, Chairman; Robert W. Daigle; Ward I. Graffam; Theodore C. Johanson and Winfield F. Robinson. This committee reviews all matters relating to the retirement plans offered to the employees of the Company and each of its subsidiaries.

Compensation Committee. The members of the Company's Compensation Committee are Ward I. Graffam, Chairman; John W. Holmes; Rendle A. Jones; and Winfield F. Robinson. This committee met nine times during 2005. Mr. Graffam, in his roles as Chairman of MEMIC and executive committee member of Northeast Health, serves those organizations on compensation matters in a similar manner. None of the other members of this committee served on a similar committee for any other company besides subsidiaries of the Company. The Committee discharges the Board's responsibilities relating to compensation of the Company's directors and executives, and oversees the Company's overall compensation programs. The Compensation Committee operates under a written charter, a copy of which is available on the Company's websites at www.camdenational.com and www.unitedkingfield.com.

Capital Planning. The Company's Capital Planning Committee members are Robert J. Campbell, Chairman; Robert W. Daigle; and Rendle A. Jones. This Committee oversees capital adequacy for the Company and its affiliates, and coordinates capital generation and deployment activities.

Governance Committee. The Governance Committee is responsible for making recommendations to the Board of Directors of persons to serve as directors of the Company and as chairs and members of committees of the Board of Directors. The Governance Committee is also responsible for certain corporate governance practices, including the development of ethical conduct standards for our directors, officers and employees and an annual evaluation to determine whether the Board of Directors and its committees are functioning effectively. The Governance Committee operates under a written charter, a copy of which is available on the Company's websites at www.camdenational.com and www.unitedkingfield.com.

The members of the Governance Committee are Rendle A. Jones, Chairman; David C. Flanagan; Ward I. Graffam; and Theodore C. Johanson, each of whom the Board of Directors has determined to be independent under the new listing standards adopted by the American Stock Exchange. The Governance Committee held two meetings during 2005.

The Governance Committee expects to identify nominees to serve as directors of the Company primarily by accepting and considering the suggestions and nominations made by directors, management and stockholders. To date, the Governance Committee has not engaged any third parties to assist in identifying candidates for the Board of Directors. The Governance Committee has established minimum qualifications for recommended nominees that include evaluating nominees for directors based on their integrity, judgment, independence, financial and business acumen, relevant experience and their ability to represent and act on behalf of all stockholders, as well as the needs of the Board of Directors. In general, the Governance Committee would expect to re-nominate incumbent directors who express an interest in continuing to serve on the Board.

Executive Compensation

The following table sets forth, for each of the Company's last three fiscal years, the annual compensation awarded to the Company's Chief Executive Officer and the four most highly compensated executive officers who earned in excess of \$100,000 during the year-ended December 31, 2005 (the named executive officers).

Summary Compensation Table

Name	Year	Annual Compensation			Long-Term Compensation			
		Salary ⁽¹⁾	Bonus ⁽²⁾	Annual Compensation ⁽³⁾	Restricted Stock Awards	Securities Underlying Options #	All Other Compensation ⁽⁴⁾	
								Other
Robert W. Daigle	2005	\$ 310,000	\$ 102,300	\$ 12,985	\$ 50,082	0	\$ 14,700	
<i>President and Chief Executive Officer</i>	2004	310,000	100,000	0	0	0	14,350	
	2003	309,600	182,400	0	0	0	12,000	
Gregory A. Dufour	2005	\$ 165,000	\$ 55,000	\$ 4,621	\$ 26,637	0	\$ 14,350	
<i>Chief Banking Officer</i>	2004	165,000	40,000	0	0	0	14,350	
	2003	120,000	75,000	0	0	0	9,060	
Sean G. Daly	2005 ⁽⁵⁾	\$ 125,577	\$ 30,000	0	0	7,500	\$ 45,600 ⁽⁶⁾	
<i>Chief Financial Officer</i>	2004 ⁽⁷⁾	0	0	0	0	0	0	
	2003 ⁽⁷⁾	0	0	0	0	0	0	
Laurel J. Bouchard	2005	\$ 140,000	\$ 45,000	\$ 7,494	\$ 22,601	0	\$ 12,950	
<i>Chief Administrative Officer</i>	2004	140,000	45,000	0	0	0	14,350	
	2003	110,000	65,000	0	0	0	8,520	
Joanne T. Campbell	2005	\$ 100,000	\$ 25,000	\$ 2,490	0	1,500	\$ 8,750	
<i>Senior Vice President & Risk Management Officer</i>	2004	100,000	25,000	0	0	0	10,769	
	2003	90,000	50,000	0	0	0	6,912	

- (1) In addition to the salaries, amounts include (i) compensation deferred pursuant to the Company's 401(k) Plan, which allows employees of the Company and its participating subsidiaries to defer up to the maximum amount allowed by federal tax laws, subject to applicable limitations in Section 401(k) of the Internal Revenue Code of 1986, as amended, (ii) compensation deferred pursuant to the Company's non-qualified deferred compensation plan, which allows executive officers of the Company to defer up to 100% of base salary and incentive compensation, and (iii) fees paid for services as directors for 2003.
- (2) Bonuses were earned under the Company's annual Executive Incentive Plan in the year indicated and paid early in the following year.
- (3) Amounts listed include the difference between the price paid for Company stock under the Management Stock Purchase Plan and fair market value on the date of purchase, and the value of the financial planning benefit used.
- (4) Pursuant to the Company's Retirement Savings Plan, amounts listed include 401(k) matching contributions by the Company, as well as 3% profit sharing allocations for 2005 and 2004 and a 2% profit sharing allocation for 2003. Also included in this column are employer discretionary contributions to the Executive Deferred Compensation Program.
- (5) This amount includes \$15,000 in compensation for the time that Mr. Daly worked as a consultant for the Company, until his employment as Chief Financial Officer on February 7, 2005.
- (6) This amount includes \$36,810 for relocation expenses.
- (7) Mr. Daly became an employee of the Company in February 2005.

Stock Options and Similar Awards

During 2005, the Company granted stock options as detailed in the table below.

Individual Options Grants in Fiscal Year 2005

Name	Number of Securities Underlying Options Granted (#)	Percent of total options granted to Employees in fiscal year	Exercise of base Price (\$/share)	Expiration Date	Potential realizable value at assumed annual rates of stock price appreciation for option term	
					5%(\$)	10%(\$)
Sean G. Daly	7,500	17.1%	\$ 35.84	02/2015	\$ 169,050	\$ 428,400
Joanne T. Campbell	1,500	3.4%	36.69	01/2015	34,605	87,705

Aggregated Option Exercises in Fiscal Year 2005 and

Fiscal Year-End 2005 Option Values

Name	Shares Acquired On Exercise (#)	Value Realized(\$)(1)
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