

Lake Shore Bancorp, Inc.
Form DEF 14A
April 09, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 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

LAKE SHORE BANCORP, INC.

(Name of Registrant as Specified In Its Charter)

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

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- No fee required.
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(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

April 9, 2009

Dear Shareholder:

You are cordially invited to attend the annual meeting of shareholders of Lake Shore Bancorp, Inc., which will be held on May 20, 2009 in The Bayside Ballroom of the Clarion Hotel, 30 Lake Shore Drive East, Dunkirk, New York 14048 at 8:30 a.m., Eastern Time.

Shareholders are being asked to elect directors and to transact such other business as may properly come before the 2009 annual meeting. Your Board of Directors unanimously recommends that you vote **FOR** each of the nominees for director.

The Notice of Annual Meeting of Shareholders and Proxy Statement further describe the business to be transacted at the annual meeting. In addition to the formal items of business, management will report on the operations and activities of Lake Shore Bancorp, and you will have an opportunity to ask questions.

We are pleased to take advantage of the Securities and Exchange Commission rule allowing companies to furnish proxy materials to their shareholders over the Internet. On or about April 9, 2009, we began mailing a Notice of Internet Availability of Proxy Materials (the Notice) containing instructions on how to access our Proxy Statement and Annual Report and vote online. The Notice also explains how you may request to receive a paper copy of the Proxy Statement and Annual Report, as well as a paper proxy card.

Whether or not you are able to attend the meeting, and regardless of the number of shares you own, your vote is important and we encourage you to vote promptly. You may vote your shares via a toll-free telephone number, over the Internet or on a paper proxy card if you request one. Instructions regarding the methods of voting are contained on the Notice and proxy card. Voting by proxy will not prevent you from voting in person at the annual meeting, but will ensure that your vote is counted if you are unable to attend.

The Board of Directors and the employees of Lake Shore Bancorp, Inc. are committed to the Company's continued success and the enhancement of your investment. As President and Chief Executive Officer, I want to express my appreciation for your confidence and support.

Sincerely yours,

/s/ David C. Mancuso
David C. Mancuso
President and Chief Executive Officer

IF YOU HAVE ANY QUESTIONS, PLEASE CALL US AT (716) 366-4070.

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

Date: May 20, 2009

Time: 8:30 a.m., Eastern Time

**Place: The Bayside Ballroom of the Clarion Hotel
30 Lake Shore Drive East
Dunkirk, New York 14048**

At the annual meeting, we will ask you to:

1. Elect three Class One directors to serve for three-year terms expiring at the 2012 annual meeting of shareholders. Upon the recommendation of the Nominating and Corporate Governance Committee, the following three candidates have been nominated by our Board of Directors:

Class One Directors:

David C. Mancuso (2012)

Gary W. Winger (2012)

Nancy L. Yocum (2012)

2. Transact such other business as may properly come before the annual meeting, and any adjournment or postponement thereof. Please note that at this time we are not aware of any such business.

The Board of Directors has fixed March 25, 2009 as the record date for the determination of shareholders entitled to notice of and to vote at the annual meeting and any adjournment or postponement thereof. Only shareholders of record at the close of business on that date will be entitled to notice of and to vote at the annual meeting and any adjournment or postponement thereof.

By Order of the Board of Directors,

/s/ Beverley J. Mulkin
Beverley J. Mulkin
Secretary

Dunkirk, New York

April 9, 2009

You are cordially invited to attend the annual meeting of shareholders. It is important that your shares be represented regardless of the number of shares you own. The Board of Directors urges you to vote your shares promptly. You may vote your shares via a toll-free telephone number, over the Internet or on a paper proxy card if you request one. Voting your shares via proxy will not prevent you from voting in person if you attend the annual meeting.

LAKE SHORE BANCORP, INC.

125 East Fourth Street

Dunkirk, New York 14048

(716) 366-4070

PROXY STATEMENT FOR THE

2009 ANNUAL MEETING OF SHAREHOLDERS

To Be Held on May 20, 2009

INFORMATION ABOUT THE ANNUAL MEETING

General

The Board of Directors of Lake Shore Bancorp, Inc. (Lake Shore Bancorp, we, us or our) is soliciting proxies from the holders of Lake Shore Bancorp s issued and outstanding common stock, par value \$.01 per share, as of the close of business on March 25, 2009, for use at the upcoming annual meeting of shareholders and at any adjournment or postponement thereof. The annual meeting will be held on May 20, 2009 in The Bayside Ballroom at the Clarion Hotel, 30 Lake Shore Drive East, Dunkirk, New York 14048 at 8:30 a.m., Eastern Time.

Lake Shore Bancorp, a federally-chartered mid-tier stock holding company, was formed in April 2006 in connection with the reorganization of Lake Shore Savings and Loan Association into the federal mutual holding company form of organization. In connection with the reorganization, Lake Shore Savings and Loan Association changed its name to Lake Shore Savings Bank (Lake Shore Savings). We own all of the outstanding common stock of Lake Shore Savings and direct, plan and coordinate Lake Shore Savings business activities. As part of the reorganization, 45% of our common stock was sold to the public and the remaining 55%, was issued to Lake Shore, MHC, a federal mutual holding company. The term annual meeting, as used in this proxy statement, includes any adjournment or postponement of such meeting.

As more fully described later in this proxy statement, at the annual meeting we will ask you to elect directors and transact such other business as may properly come before the 2009 annual meeting or at any adjournment or postponement thereof.

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to be Held on May 20, 2009

On April 9, 2009, we began mailing a Notice of Internet Availability of Proxy Materials (the Notice) to all shareholders entitled to vote, which contains instructions on how to access this proxy statement and the 2008 annual report and how to vote. You may also request that a printed copy of the proxy materials be sent to you. You will not receive a printed copy of the proxy materials unless you request one in the manner set forth in the Notice. The proxy materials are all available on the internet at the following website: www.cfpproxy.com/5992. In accordance with Securities and Exchange Commission (SEC) rules, the materials on the foregoing website are searchable, readable and printable, and the website does not use cookies, track user moves or gather any personal information.

Who Can Vote

Our Board of Directors has fixed the close of business on March 25, 2009 as the record date for the determination of shareholders entitled to notice of, and to vote at, the annual meeting. Accordingly, only holders of record of shares of our common stock at the close of business on such date will be entitled to vote at the annual meeting. On March 25, 2009, there were 6,612,500 shares of our common stock issued, 6,210,748 shares outstanding and 3,636,875 of those shares, or 58.6% of our outstanding shares, are owned by Lake Shore, MHC.

Quorum

A quorum of shareholders is necessary to hold a valid meeting. If the holders of at least a majority of the total number of the outstanding shares of common stock entitled to vote are represented in person or by proxy at the annual meeting, a quorum will exist. Because Lake Shore, MHC owns greater than a majority of our outstanding shares of common stock, representation of Lake Shore, MHC at the annual meeting will constitute a quorum. We will include proxies marked as abstentions and broker non-votes to determine the number of shares present at the annual meeting.

How Many Votes You Have

Each holder of shares of common stock outstanding on March 25, 2009 will be entitled to one vote for each share held of record at the annual meeting.

How To Vote

You may vote your shares at the annual meeting in person or by proxy. To vote in person, you must attend the annual meeting and obtain and submit a ballot, which we will provide to you at the annual meeting. The Notice provides instructions on how to access your proxy card, which contains instructions on how to vote via telephone or the Internet. For those shareholders who receive a paper proxy card, instructions for voting via telephone and the Internet are set forth on the proxy card. Those shareholders who receive a paper proxy card and voting instructions by mail, and who elect to vote by mail, should sign and return the mailed proxy card in the prepaid and addressed envelope that was enclosed with the proxy materials. All properly executed proxies we receive prior to the annual meeting will be voted in accordance with the instructions marked on the proxy card. **In the event you return an executed proxy card without marking your instructions, your executed proxy will be voted FOR the proposals identified in the Notice of the Annual Meeting of Shareholders.**

If you are a shareholder whose shares are not registered in your own name, you will need appropriate documentation from your shareholder of record to vote personally at the annual meeting.

If any other matter is presented at the annual meeting, your proxy will vote the shares represented by all properly executed proxies on such matters as a majority of our Board of Directors determines. As of the date of this proxy statement, we know of no other matters that may be presented at the annual meeting, other than those listed in the Notice of Annual Meeting.

Vote by Lake Shore, MHC

As of March 25, 2009, Lake Shore, MHC owned 58.6% of the outstanding shares of our common stock. Those shares will be voted in accordance with the instructions of Lake Shore, MHC's Board of Directors. Lake Shore, MHC is expected to vote FOR the election of each of the nominees for director.

Vote Required for Election of Directors

The nominees for director who receive the most votes will be elected. So, if you do not vote for a nominee, or you indicate withhold authority for any nominee on your proxy card, your vote will not count for or against the nominee. You may not vote your shares cumulatively for the election of directors. Because Lake Shore, MHC owns more than 50% of our outstanding shares, we expect that Lake Shore, MHC will control the outcome of the vote on this proposal.

Effect of Broker Non-Votes

If your broker holds shares that you own in street name, the broker generally may vote your shares on routine matters even if the broker does not receive instructions from you. Broker non-votes are proxies received from brokers or other nominees holding shares on behalf of their clients who have not been given specific voting instructions from their clients with respect to non-routine matters. Typically, the election of directors is considered a routine matter by brokers and other nominees allowing them to have discretionary voting power to vote shares they hold on behalf of their clients for the election of directors.

If your broker returns a proxy but does not vote on a proposal, this will constitute a broker non-vote. With respect to the election of directors, a broker non-vote would have no effect on the outcome of this proposal because only a plurality of votes cast is required to elect a director.

Revocability of Proxies

You may revoke your grant of proxy at any time before it is voted by:

filing a written revocation of the proxy with our Secretary;

submitting a new proxy over the Internet or by telephone;

submitting a signed proxy card bearing a later date; or

attending the annual meeting and voting in person, but you also must file a written revocation with the Secretary of the annual meeting prior to the voting.

We are soliciting proxies only for the annual meeting. If you grant us a proxy to vote your shares, the proxy will only be exercised at the annual meeting.

Solicitation of Proxies

We will pay all costs with respect to this Proxy Statement and related materials as well as soliciting proxies from shareholders. Regular employees of Lake Shore Bancorp and Lake Shore Savings may solicit proxies in person, by mail, or by telephone, but no employee will receive any compensation for solicitation activities in addition to his or her regular compensation. Expenses may include the charges and expenses of brokerage houses, nominees, custodians, and fiduciaries for forwarding proxies and proxy materials to beneficial owners of shares.

**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND
MANAGEMENT**

Principal Shareholders

Based on filings made with the SEC under Section 13(d) and Section 13(g) of the Securities Exchange Act of 1934, as of March 25, 2009, the only persons known by us to be beneficial owners of more than 5% of our common stock are set forth in the following table. Addresses provided are those listed in the filings as the address of the person authorized to receive notices and communications. For purposes of the table below and the table set forth under *Security Ownership of Management*, in accordance with Rule 13d-3 under the Securities Exchange Act of 1934, a person is deemed to be the beneficial owner, of any shares of common stock (1) over which he or she has or shares, directly or indirectly, voting or investment power; or (2) of which he or she has the right to acquire beneficial ownership at any time within 60 days after March 25, 2009. As used herein, *voting power* is the power to vote or direct the voting of shares and *investment power* includes the power to dispose or direct the disposition of shares.

Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Common Stock, \$.01 par value	Lake Shore, MHC 125 East Fourth Street Dunkirk, NY 14048	3,636,875 ⁽¹⁾	58.6%
Common Stock, \$.01 par value	PL Capital Group 20 E. Jefferson Avenue, Suite 22 Naperville, IL 60540	390,804 ⁽²⁾	6.3%

(1) Based on information reported by Lake Shore, MHC in a Schedule 13D filing with the SEC on April 13, 2006.

(2) Based on information reported by PL Capital Group in a Schedule 13D/A filing with the SEC on December 28, 2007. Total amount of beneficial ownership includes shares beneficially owned by each of Financial Edge Fund, L.P.; Financial Edge Strategic Fund, L.P.; PL Capital, LLC; PL Capital Advisors, LLC; Goodbody/PL Capital, L.P.; Goodbody/PL Capital, LLC; John W. Palmer and Richard J. Lashley as Managing Members of PL Capital, PL Capital Advisors and Goodbody/PL LLC; Richard J. Lashley; and Dr. Robin Lashley.

Security Ownership of Management

The following table sets forth information about the shares of common stock beneficially owned by each of our directors and director nominees, each of our named executive officers identified in the *Summary Compensation Table* that appears later in this proxy statement, and all of our directors, director nominees and executive officers as a group as of March 25, 2009. Except as otherwise indicated, each person and each group shown in the table has sole voting and investment power with respect to the shares of common stock indicated.

Name of Beneficial Owner	Number of Shares Owned	Percent of Class ⁽¹⁾
Sharon E. Brautigam, Director	8,161 ⁽²⁾	*
Michael E. Brunecz, Chairman	21,874 ⁽³⁾	*
Reginald S. Corsi, Director	12,986 ⁽⁴⁾	*
James P. Foley, DDS, Director	11,509 ⁽⁵⁾	*
Rachel A. Foley, Chief Financial Officer	20,466 ⁽⁶⁾	*
Paul J. Kolkmeier, Director	72,023 ⁽⁷⁾	1.16%
David C. Mancuso, President, Chief Executive Officer and Director	62,376 ⁽⁸⁾	1.00%
Daniel P. Reininga, Vice Chairman	36,109 ⁽⁹⁾	*
Gary W. Winger, Director	14,358 ⁽¹⁰⁾	*
Nancy L. Yocum, Director	14,858 ⁽¹¹⁾	*
All directors, director nominees and named executive officers as a group (10 persons)	488,965 ⁽¹²⁾	7.90%

* Less than 1.00% of common stock outstanding.

- (1) Percentages with respect to each person or group of persons have been calculated on the basis of 6,210,748 shares of common stock, the total number of shares of common stock outstanding as of March 25, 2009.
- (2) Includes 2,320 shares of unvested restricted stock over which Ms. Brautigam has sole voting power but no investment power. Also includes 350 shares held by Ms. Brautigam's spouse.
- (3) Includes 5,161 shares held in Mr. Brunecz's individual retirement account and 3,054 shares held by Mr. Brunecz's spouse. Also includes 3,570 shares of unvested restricted stock over which Mr. Brunecz has sole voting power but no investment power.
- (4) Mr. Corsi resigned from his position as Chief Operations Officer and Executive Vice President as of March 18, 2008 and was elected as a director on May 21, 2008. In connection therewith, he forfeited 9,520 shares of restricted stock and stock options exercisable into 13,658 shares of common stock. Includes 5,000 shares held in Mr. Corsi's individual retirement account and 1,001 shares held in Lake Shore Bancorp's Employee Stock Ownership Plan. Also includes 2,023 shares of unvested restricted stock over which Mr. Corsi has sole voting power but no investment power.
- (5) Includes 2,856 shares of unvested restricted stock over which Dr. Foley has sole voting power but no investment power. Also includes 200 shares of common stock jointly held with Dr. Foley's spouse.
- (6) Includes 9,520 shares of unvested restricted stock over which Ms. Foley has sole voting power but no investment power. Also includes 200 shares of common stock jointly held with Ms. Foley's mother and 1,036 shares held in Lake Shore Bancorp's Employee Stock Ownership Plan.

- (7) Includes 70,000 shares held in Mr. Kolkmeier's individual retirement account and 2,023 shares of unvested restricted stock over which Mr. Kolkmeier has sole voting power but no investment power.
- (8) Includes 10,000 shares held in Mr. Mancuso's individual retirement account and 2,024 shares held in Lake Shore Bancorp's Employee Stock Ownership Plan. Also includes 17,850 shares of unvested restricted stock over which Mr. Mancuso has sole voting power but no investment power.
- (9) Includes 15,000 shares held by trust, 900 shares held by Mr. Reininga's spouse, 3,100 shares held by children of Mr. Reininga and 6,000 shares held by G.H. Graf Realty Corporation, Inc. Also includes 3,570 shares of unvested restricted stock over which Mr. Reininga has sole voting power but no investment power.
- (10) Includes 1,600 shares held in Mr. Winger's individual retirement account and 3,034 shares of unvested restricted stock over which Mr. Winger has sole voting power but no investment power.
- (11) Includes 500 shares held by Ms. Yocum's spouse and 3,034 shares of unvested restricted stock over which Ms. Yocum has sole voting power but no investment power.
- (12) The amount of shares for all directors and executive officers as a group includes 214,245 shares held by the Lake Shore Bancorp, Inc. Employee Stock Ownership Plan Trust that have not been allocated to eligible participants as of March 25, 2009, over which the Compensation Committee may be deemed to have sole investment power, except in limited circumstances, thereby causing each committee member to be a beneficial owner of such shares. Each member of the Compensation Committee disclaims beneficial ownership of such shares and accordingly, such shares are not attributed to the members of this committee individually. As of March 25, 2009, 23,805 shares were allocated to participants pursuant to the Employee Stock Ownership Plan.

PROPOSAL: ELECTION OF DIRECTORS

Our charter provides that we must have between five and 15 directors. The Board of Directors is currently comprised of nine members, and is divided into three classes. Our directors serve staggered three-year terms such that only one class (one-third of the directors) is elected each year.

Upon the recommendation of the Nominating and Corporate Governance Committee, our Board of Directors has nominated the three individuals listed in the table below for election as directors at the annual meeting. If you elect the nominees, they will hold office for the term set forth opposite their names or until their successors have been elected.

We know of no reason why any nominee may be unable to serve as a director. If any nominee is unable to serve, your proxy may vote for another nominee proposed by the Board of Directors.

Name	Age ⁽¹⁾	Term Expires	Class	Position(s) Held With		Director Since ⁽²⁾
				Lake Shore Bancorp		
David C. Mancuso	63	2012	One	President and Chief Executive Officer		1998
Gary W. Winger	64	2012	One	Director		1997
Nancy L. Yocum	62	2012	One	Director		1995

(1) As of March 25, 2009.

(2) Includes service as a director of Lake Shore Savings and Loan Association.

INFORMATION ABOUT OUR BOARD OF DIRECTORS**General**

The Board of Directors oversees our business and monitors the performance of our management. In accordance with our corporate governance guidelines, the Board of Directors does not involve itself in our day-to-day operations; our executive officers and management oversee our day-to-day operations. Our directors fulfill their duties and responsibilities by attending regular meetings of the Board of Directors and its committees, and also through considerable telephone contact and other communications with the Chairman and others regarding matters of concern and interest to us. Our directors also discuss business and other matters with the Chairman, other key executives, and our principal external advisors.

Business Experience of Directors

The principal occupation and business experience for the last five years of each director and director nominee is set forth below. All directors have held their current positions for five years unless otherwise indicated.

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Name	Age*	Description
Sharon E. Brautigam	52	Ms. Brautigam has served as a director since 2004, and her current term will expire at the 2010 annual meeting. She is a partner in the law firm of Brautigam & Brautigam, LLP in Fredonia, New York where her practice is concentrated in real estate transactions, estates, trusts and elder law. Ms. Brautigam's uncle, Michael E. Brunecz, is Chairman of the Board of Lake Shore Bancorp and Lake Shore Savings.
Michael E. Brunecz	71	Mr. Brunecz is the Chairman of the Board of Directors of Lake Shore Bancorp and Lake Shore Savings. Mr. Brunecz has served as a director since 1984, and his current term will expire at the 2010 annual meeting. Mr. Brunecz is the President of Office Concepts, Inc. in Dunkirk, New York, a company involved in the retailing and wholesaling of office furniture. His niece, Sharon E. Brautigam, is a director of Lake Shore Bancorp and Lake Shore Savings.
Reginald S. Corsi	67	Mr. Corsi was elected to the Board of Directors in May 2008 and his current term will expire at the 2011 annual meeting. Mr. Corsi was the Executive Vice President and Chief Operations Officer of Lake Shore Bancorp and Lake Shore Savings from 1994 until his retirement on March 18, 2008. Prior to joining Lake Shore Savings, Mr. Corsi was Vice President of M&T Bank.
James P. Foley DDS	71	Dr. Foley has served as a director since 1983 and his current term will expire at the 2011 annual meeting. Dr. Foley is a dentist in private practice in Dunkirk, New York. He is a retired commander of the U.S. Naval Reserve. Dr. Foley's daughter, Rachel A. Foley, is the Chief Financial Officer of Lake Shore Bancorp and Lake Shore Savings.
Paul J. Kolkmeier	56	Mr. Kolkmeier was elected to the Board of Directors in March 2008 and his current term will expire at the 2010 annual meeting. Mr. Kolkmeier is the President and Chief Executive Officer of Priam Enterprises, LLC, which is primarily a residential real estate investment company which purchases, rehabilitates and manages residential apartments. Mr. Kolkmeier was the former President and Chief Executive Officer of First Niagara Financial Group and its wholly owned subsidiary, First Niagara Bank from December 2003 until December 2006. He previously held multiple senior level management positions at First Niagara Financial Group, including Chief Banking Officer, Chief Financial Officer and Chief Operating Officer.

Name	Age*	Description
David C. Mancuso	63	Mr. Mancuso is the President and Chief Executive Officer of Lake Shore Bancorp and Lake Shore Savings. He has been employed in various positions by Lake Shore Savings since 1965. He became President and Chief Executive Officer of Lake Shore Savings in 1993. He has also served on the Board of Directors since 1998. He is nominated to serve as a director for a term expiring at the 2012 annual meeting. Mr. Mancuso was a member of the New York State Banking Board from 2001 until 2006.
Daniel P. Reininga	50	Mr. Reininga is Vice Chairman of the Board of Directors of Lake Shore Bancorp and Lake Shore Savings. He has served on the board since 1994, and his current term will expire at the 2011 annual meeting. Mr. Reininga is the President of G.H. Graf Realty Corporation, Inc., a real estate investment company located in Dunkirk, New York.
Gary W. Winger	64	Mr. Winger has served as a director since 1997. He is nominated to serve as a director for a term expiring at the 2012 annual meeting. Mr. Winger has been a principal of Compass Consulting, Inc. in Auburn and Jamestown, New York and Venice, Florida, a firm that provides consulting services in the area of higher education, since July 2002. From 1975 until June 2002, Mr. Winger was the Dean of Administration and Development and Chief Financial and Development Officer of Jamestown Community College in Jamestown, New York.
Nancy L. Yocum	62	Ms. Yocum has served as a director since 1995. She is nominated to serve as a director for a term expiring at the 2012 annual meeting. Ms. Yocum is a practicing certified public accountant. She is a partner in the firm of Brumfield & Associates in Fredonia, New York where her practice is concentrated in estates and trusts.

* As of March 25, 2009

Meetings of the Board of Directors

The Board of Directors held a total of 12 regular meetings during 2008. Each incumbent director attended at least 75% of the meetings of the Board of Directors held during the time in which they served as director, plus meetings of committees on which that particular director served during this period.

It is our policy that all directors and director nominees should attend the annual meeting of shareholders. In accordance with such policy, all directors attended the 2008 annual meeting of shareholders.

COMPENSATION OF DIRECTORS

Director Compensation

Meeting Fees. We pay a fee to each of the non-employee directors for attendance at each Board of Directors meeting. In 2008, directors received \$1,115 for each Board meeting attended in person and half of that amount for each Board meeting attended telephonically. The director meeting fee was increased to \$1,200 for 2009. Directors also receive fees for membership on the Board's committees. The chairman of the Executive Committee receives an annual retainer of \$23,000 and its vice chairman receives an annual retainer of \$7,500. All other non-employee members of the Executive Committee receive annual retainers of \$5,000. The chairperson of the Audit Committee receives an annual retainer of \$5,000. The chairpersons of the other committees receive annual retainers of \$4,000 and their other members receive annual retainers of \$2,500. Members of the Board of Directors who are also employees do not receive directors' fees.

Supplemental Benefit Plan for Non-Employee Directors. Lake Shore Savings entered into separate supplemental benefit plans in 1999 and 2001 with each of its then non-employee directors, except for Ms. Brautigam, Mr. Corsi and Mr. Kolkmeier. Under the 1999 plan, each participant is guaranteed monthly payments over a period of fifteen years commencing at age 70 equal to \$18,105 per year based upon 21 years of service as a director to Lake Shore Savings (or an earlier retirement age if 21 years of service is attained prior to age 70) with the annual benefit payable reduced proportionately for each year of service as a director less than 21 years attained at age 70. In 2008, Mr. Brunecz and Dr. Foley each received a distribution of \$18,105 under the 1999 plan.

Effective as of January 1, 2007, the Board of Directors of Lake Shore Savings amended the existing supplemental benefit plans entered into in 2001 with each of its then non-employee directors, except for Ms. Brautigam, Mr. Corsi and Mr. Kolkmeier, and entered into a new supplemental benefits plan with Ms. Brautigam (collectively, the 2007 Director SERPs). Under the 2007 Director SERPs, each participant is fully vested in an annual benefit (payable in monthly installments) which is equal to 2% of the director's average final pay (computed over the three years prior to termination of service) multiplied by the director's years of service to a maximum of 40% of final average pay (projected as of December 31, 2006) payable over a period of fifteen years commencing at age 72, with the annual benefit payable reduced for termination of service prior to age 72; provided, however, that a director may elect in calendar year 2007 to retire in 2008 and receive a benefit computed as if the director has served for an additional two years. In addition, in the event of a change of control, the director is treated as having attained age 72 for purposes of benefit payments.

Stock Option and Recognition and Retention Plan. Our directors are eligible to participate in the Lake Shore Bancorp, Inc. 2006 Stock Option Plan and the Lake Shore Bancorp, Inc. 2006 Recognition and Retention Plan. These benefit plans are discussed under *Executive Officer Compensation*, *2006 Stock Option Plan* and *2006 Recognition and Retention Plan* below.

Non-employee directors are granted awards under the 2006 Stock Option Plan and the 2006 Recognition and Retention Plan for the purpose of aligning non-employee directors' interests with shareholder interests and to aid in the retention of such directors. The allocation of awards to non-employee directors is made based on the director's responsibilities and years of service at the time of grant. Directors who hold the title of chairman or vice-chairman, or who were a committee chairman, receive a greater allocation of awards than those who did not hold such positions.

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The following table sets forth information regarding compensation earned by our non-employee directors during the last fiscal year.

Name ⁽¹⁾	Fees Earned or Paid in Cash (\$) ⁽²⁾	Stock Awards (\$) ⁽³⁾	Option Awards (\$) ⁽⁴⁾	Change in Pension Value and Nonqualified Deferred Compensation Earnings ⁽⁵⁾	All Other Compensation (\$) ⁽⁶⁾	Total (\$)
Sharon E. Brautigam, Director	\$ 16,598	\$ 8,901	\$ 5,374	\$ 1,935	\$ 588	\$ 33,396
Michael E. Brunecz, Chairman	\$ 36,380	\$ 13,685	\$ 8,267	\$ 34,516	\$ 904	\$ 93,752
James P. Foley, DDS, Director	\$ 15,672	\$ 10,948	\$ 6,616	\$ 23,489	\$ 724	\$ 57,449
Paul J. Kolkmeier, Director ⁽⁷⁾	\$ 11,837					\$ 11,837
Thomas E. Reed, Director ⁽⁸⁾	\$ 9,252			\$ 9,269	\$ 364	\$ 18,885
Daniel P. Reininga, Vice Chairman	\$ 26,547	\$ 13,685	\$ 8,267	\$ 13,069	\$ 904	\$ 62,472
Gary W. Winger, Director	\$ 24,047	\$ 11,638	\$ 7,028	\$ 15,600	\$ 769	\$ 59,082
Nancy L. Yocum, Director	\$ 23,932	\$ 11,638	\$ 7,028	\$ 13,750	\$ 769	\$ 57,117

- (1) Reginald S. Corsi served as Executive Vice President and Chief Operations Officer of Lake Shore Bancorp and Lake Shore Savings until March 18, 2008. Mr. Corsi was elected to the Board in May 2008. Compensation received by Mr. Corsi in 2008 in his capacity as director is included in the Summary Compensation Table below.
- (2) Includes retainer payments, meeting fees, and committee and/or chairmanship fees earned during the fiscal year, whether such fees were paid currently or deferred.
- (3) Represents the compensation cost recognized for the fiscal year in connection with restricted stock of Lake Shore Bancorp granted to the non-employee director, regardless of the year in which granted and calculated in accordance with FAS 123R for financial statement purposes. For more information concerning the assumptions used for these calculations, please refer to the discussion under the caption *Note 13 Stock-based Compensation* in the footnotes to the audited financial statements, included in the 2008 Annual Report on Form 10-K. This amount does not reflect the value of dividends paid on unvested restricted stock. As of December 31, 2008, the following restricted stock awards were vested for each director: Ms. Brautigam 1,548 shares, Messrs. Brunecz and Reininga 2,381 shares, Mr. Winger and Ms. Yocum 2,024 shares, Mr. Reed 1,012 shares and Dr. Foley 1,905 shares. Unvested restricted stock awards as of December 31, 2008 for each director are as follows: Ms. Brautigam 2,320 shares, Messrs. Brunecz and Reininga 3,570 shares, Mr. Winger and Ms. Yocum 3,034 shares and Dr. Foley 2,856 shares.

- (4) Represents the compensation cost recognized for the fiscal year for options to purchase shares of Lake Shore Bancorp common stock outstanding to the non-employee director, regardless of the year in which granted and calculated in accordance with FAS 123R for financial statement purposes. For more information concerning the assumptions used for these calculations, please refer to the discussion under the caption *Note 13 Stock-based Compensation* in the footnotes to the audited financial statements, included in the 2008 Annual Report on Form 10-K. As of December 31, 2008, the following stock options were exercisable for each director: Ms. Brautigam 3,288 shares, Messrs. Brunecz and Reininga 5,058 shares, Mr. Winger and Ms. Yocum 4,300 shares, Mr. Reed 2,150 and Dr. Foley 4,048 shares. Unvested stock options as of December 31, 2008 for each director are as follows: Ms. Brautigam 4,932 shares, Messrs. Brunecz and Reininga 7,588 shares, Mr. Winger and Ms. Yocum 6,449 shares, and Dr. Foley 6,069 shares.
- (5) Includes for each individual the increase (if any) for the fiscal year in the present value of the individual's accrued benefit (whether or not vested) under each non-qualified defined benefit plan calculated by comparing the present value of each individual's accrued benefit under each such plan in accordance with Statement of Financial Accounting Standards 87 (FAS 87) as of the plan's measurement date in such fiscal year to the present value of the individual's accrued benefit as of the plan's measurement date in the prior fiscal year.
- (6) Includes dividends paid on unallocated shares of stock awarded to the director as part of the 2006 Recognition and Retention Plan. As the dividends are paid on unallocated shares, the payment is treated as compensation to the non-employee director.
- (7) Mr. Kolkmeier was nominated to be a director in March 2008.
- (8) Mr. Reed retired as director in May 2008. In connection with his retirement, Mr. Reed forfeited 4,046 shares of restricted stock and stock options to purchase 8,599 shares of Lake Shore Bancorp common stock.

INFORMATION ABOUT OUR EXECUTIVE OFFICERS
General

Our executive officers serve at the discretion of the Board of Directors. However, one of our executive officers, our President and Chief Executive Officer, does have an employment agreement, as further described under the heading *Employment Agreements* elsewhere in this proxy statement. The name, age, length of service and principal occupation of each of our executive officers is set forth in the table below.

Name	Age⁽¹⁾	With Lake Shore Since⁽²⁾	Position(s) Held With Lake Shore Bancorp
Reginald S. Corsi ⁽³⁾	67	1994	Former Executive Vice President and Former Chief Operations Officer
Rachel A. Foley	40	1999	Chief Financial Officer
David C. Mancuso	63	1965	President, Chief Executive Officer and Director
Beverley J. Mulkin	67	1961	Secretary and Treasurer

(1) As of March 25, 2009.

(2) Includes service with Lake Shore Savings and Loan Association.

(3) Mr. Corsi retired effective March 18, 2008.

Business Experience of Executive Officers

The principal occupation and business experience for the last five years of each of our executive officers is set forth below. All executive officers have held their current positions for five years unless otherwise indicated.

Reginald S. Corsi was the Executive Vice President and Chief Operations Officer of Lake Shore Bancorp and Lake Shore Savings until March 18, 2008. He was elected in May 2008 to serve as a director of Lake Shore Bancorp and Lake Shore Savings for a term expiring at the 2011 annual meeting. Prior to joining Lake Shore Savings, Mr. Corsi was Vice President of M&T Bank.

Rachel A. Foley is the Chief Financial Officer of Lake Shore Bancorp and Lake Shore Savings. She was appointed Chief Financial Officer of Lake Shore Savings in March 2006 after serving as the Controller since March 1999. Prior to joining Lake Shore Savings, Ms. Foley was a Financial Audit Supervisor in the Internal Audit department of M&T Bank. Ms. Foley's father, Dr. James P. Foley, is a director of Lake Shore Bancorp and Lake Shore Savings.

David C. Mancuso is the President and Chief Executive Officer of Lake Shore Bancorp and Lake Shore Savings. Mr. Mancuso has been employed in various positions by Lake Shore Savings since 1965. He became President and Chief Executive Officer of Lake Shore Savings in 1993. Mr. Mancuso was a member of the New York State Banking Board from 2001 until 2006.

Beverley J. Mulkin is the Secretary/Treasurer of Lake Shore Bancorp. She has also been the Secretary of Lake Shore Savings since 1984 and its Treasurer since 2002.

CORPORATE GOVERNANCE

Our Board of Directors has adopted Corporate Governance Guidelines that contain a number of corporate governance initiatives designed to comply with NASDAQ corporate governance listing standards, the Sarbanes-Oxley Act of 2002 and the rules and regulations of the SEC. We have also adopted charters for the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee, each of which was updated in 2008 or 2009, as well as a Code of Conduct and Ethics, in order to implement these rules and standards. Current versions of the Audit, Compensation and Nominating and Corporate Governance Committee charters, the Corporate Governance Guidelines and the Code of Conduct and Ethics are available at our website, www.lakeshoresavings.com under the Governance Documents section of the Investor Relations page. The information set forth on our website should not be deemed filed with, and is not incorporated by reference into, this proxy statement or any of our other filings under the Securities Act of 1933, as amended, or the Exchange Act of 1934, as amended, except to the extent that we specifically so provide.