

ISABELLA BANK CORP  
Form DEF 14A  
April 08, 2011

**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    
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**ISABELLA BANK CORPORATION**

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**ISABELLA BANK CORPORATION**  
**401 N. Main St.**  
**Mt. Pleasant, Michigan 48858**

**NOTICE OF THE ANNUAL MEETING OF SHAREHOLDERS**  
**To Be Held May 3, 2011**

Notice is hereby given that the Annual Meeting of Shareholders of Isabella Bank Corporation will be held on Tuesday, May 3, 2011 at 5:00 p.m. Eastern Standard Time, at the Comfort Inn, 2424 S. Mission Street, Mt. Pleasant, Michigan. The meeting is for the purpose of considering and acting upon the following items of business:

1. The election of five directors.
2. To hold an advisory, non-binding vote on executive compensation of named executive officers.
3. To hold an advisory, non-binding vote on how frequently advisory votes on the executive compensation of named executive officers should be held.
4. To transact such other business as may properly come before the meeting, or any adjournment or adjournments thereof.

The Board of Directors has fixed April 1, 2011 as the record date for determination of shareholders entitled to notice of, and to vote at, the meeting or any adjournments thereof.

Your vote is important. Even if you plan to attend the meeting, please date and sign the enclosed proxy form, indicate your choice with respect to the matters to be voted upon, and return it promptly in the enclosed envelope. Note that if stock is held in more than one name, all parties should sign the proxy form.

By order of the Board of Directors

Debra Campbell, Secretary

Dated: April 8, 2011

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**ISABELLA BANK CORPORATION**  
**401 N. Main St**  
**Mt. Pleasant, Michigan 48858**

**PROXY STATEMENT**

**General Information**

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors of Isabella Bank Corporation (the Corporation) a Michigan financial holding company, to be voted at the Annual Meeting of Shareholders of the Corporation to be held on Tuesday, May 3, 2011 at 5:00 p.m. at the Comfort Inn, 2424 S. Mission Street, Mt. Pleasant, Michigan, or at any adjournment or adjournments thereof, for the purposes set forth in the accompanying Notice of Annual Meeting of Shareholders and in this Proxy Statement.

This Proxy Statement has been mailed on April 8, 2011 to all holders of record of common stock as of the record date. If a shareholder's shares are held in the name of a broker, bank or other nominee, then that party should give the shareholder instructions for voting the shareholder's shares.

**Voting at the Meeting**

The Board of Directors of the Corporation has fixed the close of business on April 1, 2011 as the record date for the determination of shareholders entitled to notice of, and to vote at, the Annual Meeting of Shareholders and any adjournment thereof. The Corporation has only one class of common stock and no preferred stock. As of April 1, 2011, there were 7,546,866 shares of common stock of the Corporation outstanding. Each outstanding share entitles the holder thereof to one vote on each separate matter presented for vote at the meeting. Shareholders may vote on matters that are properly presented at the meeting by either attending the meeting and casting a vote or by signing and returning the enclosed proxy. If the enclosed proxy is executed and returned, it may be revoked at any time before it is exercised at the meeting. All shareholders are encouraged to date and sign the enclosed proxy, indicate their choice with respect to the matters to be voted upon, and return it to the Corporation.

The Corporation will hold the Annual Meeting of Shareholders if holders of a majority of the Corporation's shares of common stock entitled to vote are represented in person or by proxy at the meeting. If a shareholder signs and returns the proxy, those shares will be counted to determine whether the Corporation has a quorum, even if the shareholder abstains or fails to vote on any of the proposals listed on the proxy.

A shareholder's broker may not vote on the election of directors, the advisory vote to approve the named executive officers' compensation or the advisory vote on the frequency of the vote on named executive officers' compensation if the shareholder does not furnish instructions for such proposals. A shareholder should use the voting instruction card provided by the institution that holds his or her shares to instruct the broker to vote the shares or else the shareholder's shares will be considered broker non-votes.

Broker non-votes are shares held by brokers or nominees as to which voting instructions have not been received from the beneficial owners or the persons entitled to vote those shares and the broker or nominee does not have discretionary voting power under rules applicable to broker-dealers. Under these rules, proposals one, two and three are not items on which brokerage firms may vote in their discretion on behalf of their clients if such clients have not furnished voting instructions.

At this year's annual meeting, shareholders will elect five directors to serve for a term of three years. In voting on the election of directors, a shareholder may vote in favor of the nominees, vote against or withhold votes as to all nominees, or vote against or withhold votes as to specific nominees. Directors are elected by a plurality of the votes cast at the annual meeting. This means that the nominees receiving the greatest number of votes will be elected. Shares not voted, including broker non-votes, have no effect on the election of directors.

In voting on the advisory, nonbinding proposal to approve the executive compensation described in this proxy statement, a shareholder may vote in favor of the advisory proposal, vote against the advisory proposal or abstain from voting. A majority of the shares represented at the annual meeting and entitled to vote on this advisory proposal must be voted in favor of the proposal for it to pass. While this vote is required by law, it will neither be

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binding on the Board of Directors, nor will it create or imply any change in the fiduciary duties of, or impose any additional fiduciary duty on the Board of Directors. In counting votes on the advisory, nonbinding proposal to approve executive compensation matters, abstentions will have the same effect as a vote against the proposal and broker non-votes will have no effect on the outcome of the vote.

In voting on the advisory, nonbinding proposal on how frequently a shareholder vote on executive compensation matters should be held, a shareholder may vote in favor of holding such a vote once every year, once every two years or once every three years, or may abstain from voting. Generally, approval of any proposal presented to the Corporation's shareholders requires the affirmative vote of a majority of the shares represented at the meeting and entitled to vote on the proposal. However, because this vote is advisory and nonbinding, if none of the vote frequency options receives the affirmative vote of a majority of the shares represented at the meeting and entitled to vote on the proposal, the vote frequency option receiving the greatest number of votes will be considered the frequency option recommended by the Corporation's shareholders. Even though this vote will not be binding on the Board of Directors, and it will not create or imply any change in the fiduciary duties of, or impose any additional fiduciary duty on, the Board of Directors, the Board of Directors will take into account the outcome of this vote in making a determination on the frequency that advisory votes on the Corporation's executive compensation will be included in the Corporation's proxy statements. In counting votes on the advisory, nonbinding proposal on how frequently the shareholder vote on the Corporation's executive compensation should be held, abstentions and broker non-votes will have no effect on the outcome of the vote.

### **Proposal 1-Election of Directors**

The Board of Directors currently consists of thirteen (13) members and is divided into three classes, with the directors in each class being elected for a term of three years. On December 31, 2010, in accordance with the Corporation's bylaws, William J. Strickler and Theodore W. Kortes retired as members of the Corporation's Board of Directors and the number of directors was reduced to thirteen (13). At the 2011 Annual Meeting of Shareholders five directors, Dennis P. Angner, Jeffrey J. Barnes, G. Charles Hubscher, David J. Maness, and W. Joseph Manifold, whose terms expire at the annual meeting, have been nominated for election through 2014 for the reasons described below.

Except as otherwise specified in the proxy, proxies will be voted for election of the five nominees. If a nominee becomes unable or unwilling to serve, proxies will be voted for such other person, if any, as shall be designated by the Board of Directors. However, the Corporation's management now knows of no reason to anticipate that this will occur. The five nominees for election as directors who receive the greatest number of votes cast will be elected directors. Each of the nominees has agreed to serve as a director if elected.

Nominees for election and current directors are listed below. Also shown for each nominee and each current director is his or her principal occupation for the last five or more years, age and length of service as a director of the Corporation.

**The Board of Directors unanimously recommends that shareholders vote FOR the election of each of the five director nominees nominated by the Board of Directors.**

### **Director's Qualifications**

The members of the Corporation's Board of Directors (the Board) are all well qualified to serve on the Board and represent our shareholders' best interest. As described below, under the caption "Nominating and Corporate Governance Committee" the Board and Nominating and Corporate Governance Committee (the "Nominating Committee") select nominees to the Board to establish a Board that is comprised of members who:

Have extensive business leadership

Bring a diverse perspective and experience

Are independent and collegial

Have high ethical standards and have demonstrated sound business judgment

Are willing and able to commit the significant time and effort to effectively fulfill their responsibilities

Are active in and knowledgeable of their respective communities

Each director nominee along with the other directors brings these qualifications to the Board. They provide a diverse complement of specific business skills, experience, and knowledge including extensive financial and accounting experience, knowledge of banking, small business operating experience, and specific knowledge of customer market segments, including agriculture, oil and gas, health care, food and beverage, manufacturing, and retail.

The following describes the key qualifications each director brings to the Board, in addition to the general qualifications described above and the information included in the biographical summaries provided below.

Director	Professional Expertise in Standing or Chosen Field	Audit Committee	Leadership and Team Building Skills	Diversity by Race, Gender, Cultural or Graphical Diversity	Entrepreneurial Skills	Bank Business Segment
David J. Maness	X		X	X	X	X
Dennis P. Angner	X	X	X	X	X	X
Jeffrey J. Barnes	X		X	X	X	X
Richard J. Barz	X	X	X	X	X	X
Sandra L. Caul	X		X	X	X	X
James C. Fabiano	X		X	X	X	X
G. Charles Hubscher	X	X	X	X	X	X
Thomas L. Kleinhardt	X		X	X	X	X
Joseph LaFramboise	X		X	X	X	X
W. Joseph Manifold	X	X	X	X	X	X
W. Michael McGuire	X	X	X	X	X	X
Dianne C. Morey	X		X	X	X	X
Dale D. Weburg	X		X	X	X	X

The following table identifies the individual members of our Board serving on each of these standing committees:

Director	Audit	Nominating and Corporate Governance	Compensation and Human Resource
David J. Maness	X <sub>o</sub>	X <sub>o</sub>	X <sub>c,o</sub>
Dennis P. Angner			
Jeffrey J. Barnes	X		X
Richard J. Barz			
Sandra L. Caul		X	X
James C. Fabiano		X	X
G. Charles Hubscher	X		X
Thomas L. Kleinhardt			X



Joseph LaFramboise	X		X
W. Joseph Manifold	X <sub>c</sub>	X	X
W. Michael McGuire	X	X	X
Dianne C. Morey			X
Dale D. Weburg		X <sub>c</sub>	X
C Chairperson			
O Ex-Officio			

**Director Nominees for Terms Ending in 2014**

*Dennis P. Angner* (age 55) has been a director of the Corporation and Isabella Bank (the Bank) since 2000. Mr. Angner has been principally employed by the Corporation since 1984 and has served as President of the Corporation since December 30, 2001 and CFO since January 1, 2010. Mr. Angner served as Chief Executive Officer of the Corporation from December 30, 2001 through December 31, 2009. He is the past Chair of the Michigan Bankers Association and is currently serving as vice chairman of its taxation committee, is a member of

the American Bankers Association Government Relations Council, and has served on the Central Michigan American Red Cross board for over 20 years.

*Dr. Jeffrey J. Barnes* (age 48) has been a director of the Bank since September 2007 and was appointed to the Corporation's Board of Directors effective January 1, 2010. Dr. Barnes is a physician and co-owner of Central Eye Consultants. He is a former member of the Central Michigan Community Hospital Board of Directors.

*G. Charles Hubscher* (age 57) has been a director of the Bank since May 2004 and was appointed to the Corporation's Board of Directors effective January 1, 2010. Mr. Hubscher is the President of Hubscher and Son, Inc., a sand and gravel producer. He is a director of the National Stone and Gravel Association, the Michigan Aggregates Association, serves on the Board of Trustees for the Mt. Pleasant Area Community Foundation, and is a member of the Zoning Board of Appeals for Deerfield Township.

*David J. Maness* (age 57) has been a director of the Bank since 2003 and of the Corporation since 2004. Mr. Maness was elected chairman of the board for the Corporation and the Bank in 2010. He is President of Maness Petroleum, a geological and geophysical consulting services company. Mr. Maness is currently serving as a director for the Michigan Oil & Gas Association, and he previously served on the Mt. Pleasant Public Schools Board of Education.

*W. Joseph Manifold* (age 59) has been a director of the Corporation since 2003 and of the Bank since January 1, 2010. Mr. Manifold is a Certified Public Accountant and CFO of Federal Broach Holdings LLC, a holding company which operates several manufacturing companies. Previously, he was a senior manager with Ernst & Young Certified Public Accounting firm working principally on external bank audits and was CFO of the Delfield Company. Prior to joining the Board, Mr. Manifold also served on the Isabella Community Credit Union Board and was Chairman of the Mt. Pleasant Public Schools Board of Education.

#### **Current Directors with Terms Ending in 2012**

*Richard J. Barz* (age 62) has been a director of the Bank since 2000 and of the Corporation since 2002. Mr. Barz has been employed by the Corporation since 1972 and has been Chief Executive Officer of the Corporation since January 1, 2010 and President and CEO of the Bank since December 2001. Prior to his appointment as President and CEO, he served as Executive Vice President of the Bank. Mr. Barz has been very active in community organizations and events. He is the past chairman of the Central Michigan Community Hospital Board of Directors, is the current chairman of the Middle Michigan Development Corporation Board of Directors, and serves on several boards and committees for Central Michigan University and various volunteer organizations throughout mid-Michigan.

*Sandra L. Caul* (age 67) has been a director of the Bank since 1994 and of the Corporation since 2005. Ms. Caul is Vice Chairperson of the Central Michigan Community Hospital Board of Directors, Chairperson of the Mid Michigan Community College Advisory Board and board member for Central Michigan Community Mental Health Facilities. She also sits on the board of the Central Michigan American Red Cross. Ms. Caul retired in January 2005 as a state representative of the Michigan State House of Representatives. Ms. Caul is a registered nurse.

*W. Michael McGuire* (age 61) has been a director of the Corporation since 2007 and of the Bank since January 1, 2010. He is a director of the Farwell Division of the Bank. Mr. McGuire is currently an attorney and the Director of the Office of the Corporate Secretary and Assistant Secretary of The Dow Chemical Company, a manufacturer of chemicals, plastics and agricultural products, headquartered in Midland, Michigan.

*Dianne C. Morey* (age 64) has been a director of the Bank since December 2000 and was appointed to the Corporation's Board of Directors effective January 1, 2010. Mrs. Morey is an owner of Bandit Industries, Inc., a forestry equipment manufacturer. She serves as a Trustee for the Mt. Pleasant Area Community Foundation.

**Current Directors with Terms Ending in 2013**

*James C. Fabiano* (age 67) has been a director of the Bank since 1979 and of the Corporation since 1988. He served as the Corporation's chair from 2004 to 2010. Mr. Fabiano is Chairman and CEO of Fabiano Brothers, Inc., a wholesale beverage distributor operating in several counties throughout Michigan. Mr. Fabiano is a past recipient of

the Mt. Pleasant Area Chamber of Commerce Citizen of the Year award. He is also a past Chairman of the Central Michigan University Board of Trustees.

*Thomas L. Kleinhardt* (age 56) has been a director of the Bank since October 1998 and was appointed to the Corporation's Board of Directors effective January 1, 2010. Mr. Kleinhardt is President of McGuire Chevrolet, is active in the Clare Kiwanis Club, and coaches girls Junior Varsity Basketball team at Clare High School.

*Joseph LaFramboise* (age 61) has been a director of the Bank since September 2007, and was appointed to the Corporation's Board of Directors effective January 1, 2010. He is a retired Sales and Marketing Executive of Ford Motor Company. Mr. LaFramboise is Ambassador of Eagle Village in Ewart, Michigan.

*Dale D. Weburg* (age 67) has served as a director of the Breckenridge Division of the Bank since 1987 and of the Bank and Corporation since 2000. Mr. Weburg is President of Weburg Farms, a cash crop farm operation. Mr. Weburg also serves as a trustee of the Board of Directors of Gratiot Health System.

Each of the directors has been engaged in their stated professions for more than five years.

#### **Other Named Executive Officers**

*Timothy M. Miller* (age 60), President of the Breckenridge Division of the Bank and a member of its Board of Directors, has been an employee of the Corporation since 1985. Steven D. Pung (age 61), Chief Operations Officer of the Bank and a member of the Board of Directors of Financial Group Information Services (a wholly owned subsidiary of the Corporation) has been employed by the Corporation since 1978. David J. Reetz (age 50), Senior Vice President and Chief Lending Officer of the Bank, has been employed by the Corporation since 1987.

All officers of the Corporation serve at the pleasure of the Corporation's Board of Directors.

#### **Proposal 2-Advisory Vote On Executive Compensation**

The compensation of the Corporation's principal executive officer, principal financial officer, and three other most highly compensated executive officers (named executive officers) is described below under the headings

Compensation Discussion and Analysis and Executive Officers. Shareholders are urged to read these sections of this proxy statement, which discusses the Corporation's compensation policies and procedures with respect to its named executive officers.

In accordance with recently adopted changes to Section 14A of the Securities Exchange Act of 1934 (the Exchange Act), shareholders will be asked at the annual meeting to provide their support with respect to the compensation of the Corporation's named executive officers by voting on the following advisory, non-binding resolution:

**RESOLVED, that the shareholders of Isabella Bank Corporation approve, on an advisory basis, the compensation paid to the Corporation's named executive officers, as disclosed pursuant to the compensation disclosure rules of the Securities and Exchange Commission, SEC including the Compensation Discussion and Analysis, compensation tables and narrative discussion, for purposes of Section 14A (a) of the Securities Exchange Act of 1934.**

This advisory vote, commonly referred to as a say-on-pay advisory vote, is non-binding on the Board of Directors. Although non-binding, the Board of Directors and the Compensation and Human Resource Committee value constructive dialogue on executive compensation and other important governance topics with the Corporation's shareholders and encourage all shareholders to vote their shares on this matter. The Board of Directors and the

Compensation and Human Resource Committee will review the voting results and take them into consideration when making future decisions regarding executive compensation programs. The Board believes shareholders should consider the following in determining whether to approve this proposal:

The Corporation is not required to provide any severance or termination pay or benefits to any named executive officer;

Each member of the Compensation and Human Resource Committee is independent under the applicable standards of the NASDAQ Marketplace Rules;

The Compensation and Human Resource Committee continually monitors the Corporation's performance and adjusts compensation practices accordingly; and

The Compensation and Human Resource Committee with the assistance of an independent compensation consulting firm regularly assesses the Corporation's individual and total compensation programs against peer companies, the general marketplace and other industry data points.

**Unless otherwise instructed, validly executed proxies will be voted FOR this resolution.**

**The Board of Directors unanimously recommends that shareholders vote FOR the nonbinding advisory resolution approving the executive compensation of the Corporation's named executive officers.**

### **Proposal 3-Frequency of Advisory Votes On Executive Compensation**

In accordance with recently adopted changes to Section 14A of the Exchange Act, the Corporation is providing a shareholder advisory vote to approve the compensation of our named executive officers (the say-on-pay advisory vote in Proposal 2 above) this year and will do so at least once every three years thereafter. Pursuant to recently adopted changes to Section 14A of the Exchange Act, at the 2011 Annual Meeting, the Corporation is also asking shareholders to vote on whether future say-on-pay advisory votes on executive compensation should occur every year, every two years or every three years.

After careful consideration, the Board of Directors recommends that future shareholder say-on-pay advisory votes on executive compensation be conducted every three years. Although the Board of Directors recommends a say-on-pay vote every three years, shareholders will be able to specify one of four choices for this proposal on the proxy card: one year, two years, three years or abstain. Shareholders are not voting to approve or disapprove the Board of Directors recommendation.

Although this advisory vote regarding the frequency of say-on-pay votes is non-binding on the Board of Directors, the Board of Directors and the Compensation and Human Resource Committee will review the voting results and take them into consideration when deciding how often to conduct future say-on-pay shareholder advisory votes.

**Unless otherwise instructed, validly executed proxies will be voted FOR the Three Year frequency option.**

**The Board of Directors unanimously recommends that shareholders vote FOR the Three Year frequency option.**

## **Corporate Governance**

### **Director Independence**

The Corporation has adopted the director independence standards as defined under Rule 5605(a)(2) of the NASDAQ Marketplace Rules. The Board has determined that James C. Fabiano, Dale D. Weburg, David J. Maness, W. Joseph Manifold, Sandra L. Caul, W. Michael McGuire, Thomas L. Kleinhardt, Joseph LaFramboise, Jeffrey J. Barnes, Dianne C. Morey, and G. Charles Hubscher are independent directors. Dennis P. Angner is not independent as he is employed as President and Chief Financial Officer of the Corporation. Richard J. Barz is not independent as he is

employed as Chief Executive Officer of the Corporation.

**Board Leadership Structure and Risk Oversight**

The Corporation's Governance policy provides that only directors who are deemed to be independent as set forth by NASDAQ and SEC rules are eligible to hold the office of Chairman of the Board. Additionally, the chairpersons of Board established committees must also be independent directors. It is the Board's belief that

having a separate Chairman and Chief Executive Officer best serves the interest of the shareholders. The Board of Directors elects its chairperson at the first Board meeting following the annual meeting. Independent members of the Board of Directors meet without insider directors at least twice per year.

Management is responsible for the Corporation's day to day risk management and the Board's role is to engage in informed oversight. The Board utilizes committees to oversee risks associated with compensation, financial, and governance. Financial Group Information Services, the Corporation's information processing subsidiary is responsible for overseeing risks associated with information technology. The Isabella Bank Board of Directors is responsible for overseeing credit, investment, interest rate, and trust risks. The chairpersons of the respective boards or committees report on their activities on a regular basis.

The Audit Committee is responsible for the integrity of the consolidated financial statements of the Corporation; the independent auditors' qualifications and independence; the performance of the Corporation's, and its subsidiaries' internal audit function and independent auditors; the Corporation's system of internal controls; the Corporation's financial reporting and system of disclosure controls; and the compliance by the Corporation with legal and regulatory requirements and with the Corporation's Code of Business Conduct and Ethics.

#### **Committees of the Board of Directors and Meeting Attendance**

The Board met 14 times during 2010. All incumbent directors attended 75% or more of the meetings held in 2010. The Board has an Audit Committee, a Nominating and Corporate Governance Committee, and a Compensation and Human Resource Committee.

#### ***Audit Committee***

The Audit Committee is composed of independent directors who meet the requirements for independence as defined in Rule 5605(a)(2) of the NASDAQ Marketplace Rules. Information regarding the functions performed by the Committee, its membership, and the number of meetings held during the year, is set forth in the Report of the Audit Committee included elsewhere in this annual proxy statement. The Audit Committee is governed by a written charter approved by the Board. The Audit Committee Charter is available on the Bank's website, [www.isabellabank.com](http://www.isabellabank.com), under the Investor Relations tab.

In accordance with the provisions of the Sarbanes-Oxley Act of 2002, directors Manifold and McGuire meet the requirements of Audit Committee Financial Expert and have been so designated by the Board. The Committee also consists of directors Barnes, Hubscher, LaFramboise, and Maness.

#### ***Nominating and Corporate Governance Committee***

The Corporation has a standing Nominating and Corporate Governance Committee consisting of independent directors who meet the requirements for independence as defined in Rule 5605(a)(2) of NASDAQ Marketplace Rules. The Committee consists of directors Caul, Fabiano, Maness, Manifold, McGuire, and Weburg. The Nominating and Corporate Governance Committee held one meeting in 2010, with all directors attending the meeting. The Board has approved a Nominating and Corporate Governance Committee Charter which is available on the Bank's website [www.isabellabank.com](http://www.isabellabank.com) under the Investor Relations tab.

The Nominating and Corporate Governance Committee is responsible for evaluating and recommending individuals for nomination to the Board for approval. The Committee in evaluating nominees, including incumbent directors and any nominees put forth by shareholders, considers business experience, skills, character, judgment, leadership experience, and their knowledge of the geographical markets, business segments or other criteria the Committee



deems relevant and appropriate based on the current composition of the Board. The Committee considers diversity in identifying members with respect to geographical markets served by the Corporation and the business experience of the nominee.

The Nominating and Corporate Governance Committee will consider as potential nominees, persons recommended by shareholders. Recommendations should be submitted in writing to the Secretary of the Corporation, 401 N. Main St., Mt. Pleasant, Michigan 48858 and include the shareholder's name, address and number of shares of the Corporation owned by the shareholder. The recommendation should also include the name, age, address and

qualifications of the recommended candidate for nomination. Recommendations for the 2012 Annual Meeting of Shareholders should be delivered no later than December 9, 2011. The Nominating and Corporate Governance Committee does not evaluate potential nominees for director differently based on whether they are recommended to the Nominating and Corporate Governance Committee by a shareholder or otherwise.

***Compensation and Human Resource Committee***

The Compensation and Human Resource Committee of the Corporation is responsible for reviewing and recommending to the Corporation's Board the compensation of the Chief Executive Officer and other executive officers of the Corporation, benefit plans and the overall percentage increase in salaries. The committee consists of independent directors, who meet the requirements for independence as defined in Rule 5605(a) (2) of the NASDAQ Marketplace Rules. The Committee consists of directors Maness, Barnes, Caul, Fabiano, Hubscher, Kleinhardt, LaFramboise, Manifold, McGuire, Morey, and Weburg. The Committee held one meeting during 2010 with all directors attending the meeting. This Committee is governed by a written charter approved by the Board that is available on the Bank's website [www.isabellabank.com](http://www.isabellabank.com) under the Investor Relations tab.

***Communications with the Board***

Shareholders may communicate with the Corporation's Board of Directors by sending written communications to the Corporation's Secretary, Isabella Bank Corporation, 401 N. Main St., Mt. Pleasant, Michigan 48858. Communications will be forwarded to the Board of Directors or the appropriate committee, as soon as practicable.

***Code of Ethics***

The Corporation has adopted a Code of Business Conduct and Ethics that is applicable to the Corporation's Chief Executive Officer and the Chief Financial Officer. The Corporation's Code of Business Conduct and Ethics is available on the Bank's website [www.isabellabank.com](http://www.isabellabank.com) under the Investor Relations tab.

## Report of the Audit Committee

The Audit Committee oversees the Corporation's financial reporting process on behalf of the Board. The 2010 Committee consisted of directors Barnes, Hubscher, LaFramboise, Maness, Manifold and McGuire.

The Audit Committee is responsible for pre-approving all auditing services and permitted non-audit services for the Corporation by its independent auditors or any other auditing or accounting firm if those fees are reasonably expected to exceed 5.0% of the current year agreed upon fee for independent audit services, except as noted below. The Audit Committee has established general guidelines for the permissible scope and nature of any permitted non-audit services in connection with its annual review of the audit plan and reviews the guidelines with the Board of Directors.

Management has the primary responsibility for the consolidated financial statements and the reporting process including the systems of internal controls. In fulfilling its oversight responsibilities, the Audit Committee reviewed the audited consolidated financial statements in the Annual Report with management including a discussion of the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments, and the clarity of disclosures in the consolidated financial statements. The Audit Committee also reviewed with management and the independent auditors, management's assertion on the design and effectiveness of the Corporation's internal control over financial reporting as of December 31, 2010.

The Audit Committee reviewed with the Corporation's independent auditors, who are responsible for expressing an opinion on the conformity of those audited consolidated financial statements with accounting principles generally accepted in the United States of America, their judgments as to the quality, not just the acceptability, of the Corporation's accounting principles and such other matters as are required to be discussed with the Audit Committee by the standards of the Public Company Accounting Oversight Board (United States), including those described in AU Section 380 Communication with Audit Committees, as may be modified or supplemented. In addition, the Audit Committee has received the written disclosures and the letter from the independent accountants required by PCAOB Rule 3526, Communication with Audit Committees Concerning Independence, as may be modified or supplemented, and has discussed with the independent accountant the independent accountants' independence.

The Audit Committee discussed with the Corporation's internal and independent auditors the overall scope and plans for their respective audits. The Audit Committee meets with the internal and external independent auditors, with and without management present, to discuss the results of their examinations, their evaluations of the Corporation's internal controls and the overall quality of the Corporation's financial reporting process. The Audit Committee held six meetings during 2010, and all committee members attended 75% or more of the meetings.

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors (and the Board has approved) that the audited consolidated financial statements be included in the Annual Report on Form 10-K for the year ended December 31, 2010 for filing with the Securities and Exchange Commission. The Audit Committee has appointed Rehmann Robson as the independent auditors for the 2011 audit.

Respectfully submitted,

W. Joseph Manifold, Audit Committee Chairperson  
Jeffrey J. Barnes  
G. Charles Hubscher  
Joseph LaFramboise  
David J. Maness  
W. Michael McGuire



## **Compensation Discussion and Analysis**

The Compensation and Human Resource Committee (the Committee) is responsible for the compensation and benefits for the Chief Executive Officer, President, and executive officers of the Corporation. The Committee evaluates and approves the executive officer and senior management compensation plans, policies and programs of the Corporation and its affiliates. The Chief Executive Officer, Richard J. Barz, conducts annual performance reviews for Named Executive Officers, excluding himself. Mr. Barz recommends an appropriate salary to the Committee based on the performance review and the officer's years of service along with competitive market data.

### **Compensation Objectives**

The Committee considers asset growth with the safety and soundness objectives and earnings per share to be the primary ratios in measuring financial performance. The Corporation's philosophy is to maximize long-term return to shareholders consistent with safe and sound banking practices, while maintaining the commitment to superior customer and community service. The Corporation believes that the performance of executive officers in managing the business should be the basis for determining overall compensation. Consideration is also given to overall economic conditions and current competitive forces in the market place. The objectives of the Committee are to effectively balance salaries and potential compensation to an officer's individual management responsibilities and encourage them to realize their potential for future contributions to the Corporation. The objectives are designed to attract and retain high performing executive officers who will lead the Corporation while attaining the Corporation's earnings and performance goals.

### **What the Compensation Programs are Designed to Reward**

The Corporation's compensation programs are designed to reward dedicated and conscientious employment with the Corporation, loyalty in terms of continued employment, attainment of job related goals and overall profitability of the Corporation. In measuring an executive officer's contributions to the Corporation, the Committee considers numerous factors including, among other things, the Corporation's growth in terms of asset size and increase in earnings per share. In rewarding loyalty and long-term service, the Corporation provides attractive retirement benefits.

### **Review of Risks Associated with Compensation Plans**

Based on an analysis conducted by management and reviewed by the Committee, management does not believe that the Corporation's compensation programs for employees are reasonably likely to have a material short or long term adverse effect on the Corporation's Results of Operation.

### **Use of Consultants**

In 2010, the Committee directly engaged the services of Blanchard Chase, an outside compensation consulting firm, to assist with a total compensation review for the top two executive officers of the Corporation (CEO and President). Blanchard Chase is an independent consulting firm and does not perform any additional services for the Corporation or senior management. In addition, Blanchard Chase does not have any other personal or business relationships with any Board member or any officer of the Corporation. The Committee is continuing to work with Blanchard Chase on proxy support in 2011. During 2009, the Committee did not employ any services of outside compensation or benefit consultants to assist it in compensation-related initiatives.

### **Elements of Compensation**

The Corporation's executive compensation program has consisted primarily of base salary and benefits, annual cash bonus incentives, director fees for insider directors, and participation in the Corporation's retirement plans.

**Why Each of the Elements of Compensation is Chosen**

*Base Salary and Benefits* are set to provide competitive levels of compensation to attract and retain officers with strong motivated leadership. Each officer's performance, current compensation, and responsibilities within the Corporation are considered by the Committee when establishing base salaries. The Corporation also believes it is best to pay sufficient base salary because it believes an over-reliance on equity incentive compensation could

potentially skew incentives toward short-term maximization of shareholder value as opposed to building long-term shareholder value. Base salary encourages management to operate the Corporation in a safe and sound manner even when incentive goals may prove unattainable.

*Annual Performance Incentives* are used to reward executive officers for the Corporation's overall financial performance. This element of the Corporation's compensation programs is included in the overall compensation in order to reward employees above and beyond their base salaries when the Corporation's performance and profitability exceed established annual targets. The inclusion of a modest incentive compensation encourages management to be more creative, diligent and exhaustive in managing the Corporation to achieve specific financial goals without incurring inordinate risks.

Performance incentives paid under the Executive Incentive Plan in 2010 were determined by reference to seven performance measures that related to services performed in 2009. The maximum award that may be granted under the Executive Incentive Plan to each eligible employee equals 10% of the employee's base salary (the Maximum Award). The payment of 35% of the Maximum Award was conditioned on the eligible employee accomplishing personal performance goals that were established by such employee's supervisor as part of the employee's annual performance review. Each of the employees who were eligible to participate in the Executive Incentive Plan in 2009 accomplished his or her personal performance goals and was accordingly paid 35% of the 2009 Maximum Award. The payment of the remaining 65% of the Maximum Award was conditioned on the achievement of Corporation-wide targets in the following six categories: (1) earnings per share (weighted 40%); (2) net operating expenses to average assets (weighted 15%); (3) Fully Taxable Equivalent FTE net interest margin, excluding loan fees (weighted 15%); (4) in-market deposit growth (weighted 10%); (5) loan growth (weighted 10%); and (6) exceeding peer group return on average assets (weighted 10%). The following chart provides the 2009 target for each of the foregoing targets that were used to determine bonus awards that were paid in 2010, as well as the performance obtained for each target.

#### Executive Incentive Plan

Target	2009 Targets				2009 Performance
	25.00%	50.00%	75.00%	100.00%	
Earning per share	\$ 0.90	\$ 0.93	\$ 0.96	\$ 0.99	\$ 1.04
Net operating expenses to average assets	1.66%	1.65%	1.64%	1.63%	1.71%
FTE Net Interest Margin	3.71%	3.73%	3.75%	3.77%	3.86%
In market deposit growth	4.50%	5.00%	5.50%	6.00%	1.87%
Loan growth	5.50%	6.00%	6.50%	7.00%	8.28%
Exceeding peer group return on average assets	-0.26%	-0.25%	-0.25%	-0.24%	0.91%

*Retirement Plans.* The Corporation's retirement plans are designed to assist executives in providing themselves with a financially secure retirement. The retirement plans include: a frozen defined benefit pension plan; a 401(k) plan; and a non-leveraged employee stock ownership plan (ESOP), which is frozen to new participants; and a retirement bonus plan.

#### How the Corporation Chose Amounts for Each Element

The Committee's approach to determining the annual base salary of executive officers is to offer competitive salaries in comparison with other comparable financial institutions. The Committee utilizes both an independent compensation

consultant, Blanchard Chase and a survey prepared by the Michigan Bankers Association of similar sized Michigan based institutions. The independent compensation consultant established a benchmark peer group of 20 mid-west financial institutions in non urban areas whose average assets size, number of branch locations, return on average assets and nonperforming assets that were comparable to Isabella Bank Corporation. The Michigan Bankers Association 2010 compensation survey was based on the compensation information provided by these organizations for 2009. Specific factors used to decide where an executive officer's salary should be within the established range include the historical financial performance, financial performance outlook, years of service, and job performance.



The annual performance incentive is based on the achievement of goals set for each individual. An analysis is conducted by the Chief Executive Officer. The Chief Executive Officer makes a recommendation to the Committee for the appropriate amount for each individual executive officer. The Committee reviews, modifies if necessary, and approves the recommendations of the Chief Executive Officer. The Committee reviews the performance of the Chief Executive Officer. The Committee uses the following factors as quantitative measures of corporate performance in determining annual cash bonus amounts to be paid:

- Peer group financial performance compensation
- 1 and 5 year shareholder returns
- Earnings per share and earnings per share growth
- Budgeted as compared to actual annual operating performance
- Community and industry involvement
- Results of audit and regulatory exams
- Other strategic goals as established by the board of directors

While no particular weight is given to any specific factor, the Committee gives at least equal weight to the subjective analyses as described above.

Total compensation in 2010 was based on the Committee targeting its Chief Executive Officer's and President & Chief Financial Officer's compensation to approximate the median of the range provided by the independent compensation consultant. Compensation for other named executive officers was based on the ranges provide by the Michigan Bankers Association surveys.

*Retirement plans.* The Corporation has a 401(k) plan in which substantially all employees are eligible to participate. Employees may contribute up to 50% of their compensation subject to certain limits based on federal tax laws. As a result of the curtailment of the defined benefit plan noted below, the Corporation increased the contributions to the 401(k) plan effective January 1, 2007. The Corporation makes a annual 3.0% safe harbor contribution for all eligible employees and matching contributions equal to 50% of the first 4.0% of an employee's compensation contributed to the Plan during the year. Employees are 100% vested in the safe harbor contributions and are 0% vested through their first two years of employment and are 100% vested after 6 years through a laddered vesting schedule of service for matching contributions.

The Corporation maintains a non-leveraged employee stock ownership plan (ESOP) which covers substantially all of its employees. The plan was frozen effective December 31, 2006 to new participants. Contributions to the plan are discretionary and approved by the Board of Directors.

The retirement bonus plan is a nonqualified plan of deferred compensation benefits for eligible employees effective January 1, 2007. An initial amount has been credited for each eligible employee as of January 1, 2007. Subsequent amounts will be credited on each allocation date thereafter as defined in the plan. The amount of the initial allocation and the annual allocation are determined pursuant to the payment schedule adopted at the sole and exclusive discretion of the Board of Directors, as set forth in the plan.

In December 2006, the Board of Directors voted to curtail the defined benefit plan effective March 1, 2007. The effect of the curtailment was recognized in the first quarter of 2007 and the current participants' accrued benefits were frozen as of March 1, 2007. Participation in the plan was limited to eligible employees as of December 31, 2006.

*Other Benefits and Perquisites.* Executive officers are eligible for all of the benefits made available to full-time employees of the Corporation (such as the 401(k) plan, employee stock purchase plan, health insurance, group term life insurance and disability insurance) on the same basis as other full-time employees and are subject to the same sick leave and other employee policies. The Corporation also provides its executive officers with certain additional benefits and perquisites, which it believes are appropriate in order to attract and retain the proper quality of talent for these positions and to recognize that similar executive benefits and perquisites are commonly offered by comparable financial institutions.

A description and the cost to the Corporation of these perquisites are included in footnote two in the Summary Compensation Table appearing on page 14.

The Corporation believes that benefits and perquisites provided to its executive officers in 2010 represented a reasonable percentage of each executive's total compensation package and was not inconsistent, in the aggregate, with perquisites provided to executive officers of comparable competing financial institutions.

The Corporation maintains a plan for qualified officers to provide death benefits to each participant. Insurance policies, designed primarily to fund death benefits, have been purchased on the life of each participant with the Corporation as the sole owner and beneficiary of the policies.

### **How Elements Fit into Overall Compensation Objectives**

The elements of the Corporation's compensation are structured to reward past and current performance, continued service and motivate its leaders to excel in the future. The Corporation's salary compensation has generally been used to retain and attract motivated leadership. The Corporation intends to continually ensure salaries are sufficient to attract and retain exceptional officers. The Corporation's cash bonus incentive rewards current performance based upon personal and corporate goals and targets. The Corporation offers the Isabella Bank Corporation and Related Companies Deferred Compensation Plan for Directors (the Directors' Plan) to motivate its eligible officers to enhance value for shareholders by aligning the interests of management with those of its shareholders.

As part of its goal of attracting and retaining quality team members, the Corporation has developed competitive employee benefit plans. Management feels that the combination of all of the plans listed above makes the Corporation's total compensation packages attractive.

### **Compensation and Human Resource Committee Report**

The following Report of the Compensation and Human Resource Committee does not constitute soliciting material and should not be deemed filed or incorporated by reference into any other Corporation filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent the Corporation specifically incorporates this Report by reference therein.

The Compensation and Human Resource Committee, which includes all of the independent directors of the Board, has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of SEC Regulation S-K with management, and based on such review and discussion, the Compensation and Human Resource Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement and the Annual Report on Form 10-K.

Submitted by the Compensation and Human Resource Committee of Isabella Bank Corporation's Board of Directors:

David J. Maness, Chairperson  
Jeffrey J. Barnes  
Sandra L. Caul  
James C. Fabiano  
G. Charles Hubscher  
Thomas L. Kleinhardt  
Joseph LaFramboise  
W. Joseph Manifold  
W. Michael McGuire

Dianne C. Morey  
Dale D. Weburg

### Executive Officers

Executive Officers of the Corporation are compensated in accordance with their employment with the applicable entity. The following table shows information on compensation earned from the Corporation or its subsidiaries for each of the last three fiscal years ended December 31, 2010, for the Chief Executive Officer, the Chief Financial Officer, and the Corporation's three other most highly compensated executive officers.

#### Summary Compensation Table

Name and principal position	Year	Salary (\$)(1)	Bonus (\$)	Change in pension Value and Non-Qualified Deferred Compensation		All Other Compensation (\$)(3)	Total (\$)
				Earnings (\$)(2)			
Richard J. Barz CEO Isabella Bank Corporation	2010	\$ 357,600	\$ 24,706	\$ 116,364	\$ 34,856	\$ 533,526	
President and CEO Isabella Bank	2009	354,250	9,625	90,184	30,568	484,627	
Dennis P. Angner President and CFO	2008	333,275	9,100	110,559	22,697	475,631	
Isabella Bank Corporation	2010	\$ 352,600	\$ 24,706	\$ 103,340	\$ 27,922	\$ 508,568	
Timothy M. Miller President of the Breckenridge Division of Isabella Bank	2009	359,425	9,800	79,623	25,252	474,100	
Steven D. Pung Sr. Vice President and COO	2008	336,095	9,450	83,957	18,453	447,955	
Isabella Bank	2010	\$ 161,220	\$ 12,370	\$ 9,000	\$ 32,798	\$ 215,388	
David J. Reetz(4) Sr. Vice President and CLO	2009	174,600	7,319	6,000	17,323	205,242	
Isabella Bank	2008	166,860	3,200	11,000	14,127	195,187	
Isabella Bank	2010	\$ 143,632	\$ 10,572	\$ 62,288	\$ 32,886	\$ 249,378	
Isabella Bank	2009	127,100	6,003	48,518	18,468	200,089	
Isabella Bank	2008	118,225	3,785	65,111	13,169	200,290	
Isabella Bank	2010	\$ 123,910	\$ 9,165	\$ 36,429	\$ 13,694	\$ 183,198	

- (1) Includes compensation voluntarily deferred under the Corporation's 401(k) plan. Directors fees are also included, for calendar years 2010, 2009 and 2008 respectively as follows: Richard J. Barz \$52,600, \$59,250, and \$58,275; Dennis P. Angner \$52,600, \$59,425, and \$56,095; Timothy M. Miller \$11,300, \$26,900, and \$24,160; and Steven D. Pung \$900, \$900, and \$1,125.
- (2) Represents the aggregate change in the actuarial present value of the noted executive's accumulated benefit under the Isabella Bank Corporation Pension Plan and the Isabella Bank Corporation Retirement Bonus Plan.
- (3) For all noted executives all other compensation includes 401(k) matching contributions. For Richard J. Barz, Steven D. Pung, and David J. Reetz this also includes club dues and auto allowance. For Dennis P. Angner and Timothy M. Miller, this also includes auto allowance.
- (4) Not a named executive officer prior to 2010.



**2010 Pension Benefits**

The following table indicates the present value of accumulated benefits as of December 31, 2010 for each named executive in the summary compensation table.

Name	Plan name	Number of	Present	Payments
		Years of	Value of	
		Service as	Accumulated	During
		of	Benefit	Last
		01/01/11	Benefit	Fiscal
		(#)	(\$)	Year
Richard J. Barz	Isabella Bank Corporation Pension Plan	39	\$ 762,000	\$
	Isabella Bank Corporation Retirement Bonus Plan	39	270,931	
Dennis P. Angner	Isabella Bank Corporation Pension Plan	27	382,000	
	Isabella Bank Corporation Retirement Bonus Plan	27	275,533	
Timothy M. Miller	Isabella Bank Corporation Pension Plan	10	79,000	
Steven D. Pung	Isabella Bank Corporation Pension Plan	32	384,000	
	Isabella Bank Corporation Retirement Bonus Plan	32	145,630	
David J. Reetz	Isabella Bank Corporation Pension Plan	24	119,000	
	Isabella Bank Corporation Retirement Bonus Plan	24	90,378	

*Defined benefit pension plan.* The Corporation sponsors the Isabella Bank Corporation Pension Plan, a frozen defined benefit pension plan. In December 2006, the Board of Directors voted to curtail the defined benefit plan effective March 1, 2007. The curtailment froze the current participant's accrued benefits as of March 1, 2007 and limited participation in the plan to eligible employees as of December 31, 2006. Due to the curtailment of the plan, the number of years of credited service was frozen. As such, the years of credited service for the plan may differ from the participant's actual years of service with the Corporation.

Annual contributions are made to the plan as required by accepted actuarial principles, applicable federal tax laws, and expenses of operating and maintaining the plan. The amount of contributions on behalf of any one participant cannot be separately or individually computed.

Pension plan benefits are based on years of service and the employees' five highest consecutive years of compensation out of the last ten years of service, effective through December 31, 2006.

A participant may earn a benefit for up to 35 years of accredited service. Earned benefits are 100 percent vested after five years of service. Benefit payments normally start when a participant reaches age 65. A participant with more than five years of service may elect to take early retirement benefits anytime after reaching age 55. Benefits payable under

early retirement are reduced actuarially for each month prior to age 65 in which benefits begin.

Dennis P. Angner, Richard J. Barz, Timothy M. Miller, and Steven D. Pung are eligible for early retirement under the Isabella Bank Corporation Pension Plan. Under the provisions of the Plan, participants are eligible for early retirement after reaching the age of 55 with at least 5 years of service. The early retirement benefit amount is the accrued benefit payable at normal retirement date reduced by 5/9% for each of the first 60 months and 5/18% for each of the next 60 months that the benefit commencement date precedes the normal retirement date.

*Retirement bonus plan.* The Corporation sponsors the Isabella Bank Corporation Retirement Bonus Plan. The Retirement Bonus Plan is a nonqualified plan of deferred compensation benefits for eligible employees effective January 1, 2007. This plan is intended to provide eligible employees with additional retirement benefits. To be eligible, the employee needed to be employed by the Corporation on January 1, 2007, and be a participant in the Corporation's frozen Executive Supplemental Income Agreement. Participants must also be an officer of the Corporation with at least 10 years of service as of December 31, 2006. The Corporation has sole and exclusive discretion to add new participants to the plan by authorizing such participation pursuant to action of the Corporation's Board of Directors.

An initial amount has been credited for each eligible employee as of January 1, 2007. Subsequent amounts shall be credited on each allocation date thereafter as defined in the Plan. The amount of the initial allocation and the



annual allocation shall be determined pursuant to the payment schedule adopted by the sole and exclusive discretion of the Board, as set forth in the Plan.

Dennis P. Angner, Richard J. Barz, Timothy M. Miller, and Steven D. Pung are eligible for early retirement under the Isabella Bank Corporation Retirement Bonus Plan. Under the provisions of the plan, participants are eligible for early retirement upon attaining 55 years of age. There is no difference between the calculation of benefits payable upon early retirement and normal retirement.

### 2010 Nonqualified Deferred Compensation

Name	Executive Contributions in Last FY (\$)	Aggregate Earnings in Last FY (\$)	Aggregate Balance at Last FYE (\$)
Richard J. Barz	\$ 30,650	\$ 3,501	\$ 97,379
Dennis P. Angner	44,400	4,836	134,713
Timothy M. Miller	3,500	839	21,990
Steven D. Pung	900	181	4,799
David J. Reetz	N/A	N/A	N/A

The directors of the Corporation and its subsidiaries are required to defer at least 25% of their earned board fees into the Directors' Plan and may defer up to 100% of their earned fees based on their annual election. These amounts are reflected in the 2010 nonqualified deferred compensation table above. Under the Directors' Plan, these deferred fees are converted on a quarterly basis into shares of the Corporation's common stock based on the fair market value of shares of the Corporation's common stock at that time. Shares credited to a participant's account are eligible for stock and cash dividends as payable.

Distribution from the Directors' Plan occurs when the participant retires from the Board, attains age 70 or upon the occurrence of certain other events. Distributions must take the form of shares of the Corporation's common stock. Any Corporation common stock issued under the Directors' Plan will be considered restricted stock under the Securities Act of 1933, as amended.

### Potential Payments Upon Termination or Change in Control

The estimated payments payable to each named executive officer upon severance from employment, retirement, termination upon death or disability or termination following a change in control of the Corporation are described below. For all termination scenarios, the amounts assume such termination took place as of December 31, 2010.

#### Any Severance of Employment

Regardless of the manner in which a named executive officer's employment terminates, he or she is entitled to receive amounts earned during his or her term of employment. Such amounts include:

Amounts accrued and vested through the Defined Benefit Pension Plan.

Amounts accrued and vested through the Retirement Bonus Plan.

Amounts deferred in the Directors' Plan.

Unused vacation pay.

**Retirement**

In the event of the retirement of an executive officer, the officer would receive the benefits identified above.

As of December 31, 2010, the named executive officers listed had no unused vacation days.

**Death or Disability**

In the event of death or disability of an executive officer, in addition to the benefits listed above, the executive officer will also receive payments under the Corporation's life insurance plan or benefits under the Corporation's disability plan as appropriate.

In addition to potential payments upon termination available to all employees, the estates for the executive officers listed below would receive the following payments upon death:

Name	While an Active Employee	Subsequent to Retirement
Richard J. Barz	\$ 610,000	\$ 305,000
Dennis P. Angner	600,000	300,000
Timothy M. Miller	299,800	149,900