

Edgar Filing: EMCLAIRE FINANCIAL CORP - Form DEF 14A

EMCLAIRE FINANCIAL CORP
Form DEF 14A
March 24, 2008

SCHEDULE 14A
(Rule 14a-101)
INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No. _____)

Filed by the registrant
Filed by a party other than the registrant

Check the appropriate box:

- Preliminary Proxy Statement
 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 ss. 240.14a-11(c) or ss. 240.14a-12

Emclaire Financial Corp.

(Name of Registrant as Specified in Its Charter)

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

Payment of filing fee (Check the appropriate box):

- No fee required
 Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

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

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

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

(1) Amount previously paid:

Edgar Filing: EMCLAIRE FINANCIAL CORP - Form DEF 14A

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

(3) Filing Party:

(4) Date Filed:

EMCLAIRE FINANCIAL CORP.
612 MAIN STREET
EMLENTON, PENNSYLVANIA 16373

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TO THE SHAREHOLDERS OF EMCLAIRE FINANCIAL CORP.:

Notice is hereby given that the Annual Meeting of Shareholders of Emclaire Financial Corp. (the "Corporation") will be held at 9:00 a.m., local time, on Wednesday, April 23, 2008, at the Farmers National Bank of Emlenton, 612 Main Street, Emlenton, Pennsylvania 16373, for the following purposes:

1. To elect three (3) directors to serve for three-year terms and until their successors are duly elected and qualified;

2. To ratify the selection of Beard Miller Company LLP, Certified Public Accountants, as the independent auditors of the Corporation for the fiscal year ending December 31, 2008; and

3. To transact such other business as may properly come before the Annual Meeting and any adjournment or postponement thereof.

Only those shareholders of record at the close of business on March 3, 2008, will be entitled to notice of and to vote at the Annual Meeting.

A copy of the Corporation's Annual Report for the fiscal year ended December 31, 2007 is being mailed with this notice.

You are urged to mark, sign, date and promptly return your proxy in the enclosed envelope so that your shares may be voted in accordance with your wishes and in order that the presence of a quorum may be assured. The prompt return of your signed proxy, regardless of the number of shares you hold, will aid the Corporation in reducing the expense of additional proxy solicitation. The giving of such proxy does not affect your right to vote in person if you attend the meeting.

By Order of the Board of Directors,

/s/ David L. Cox
David L. Cox
Chairman, President and Chief Executive Officer

March 24, 2008

PROXY STATEMENT FOR THE ANNUAL MEETING OF
SHAREHOLDERS TO BE HELD APRIL 23, 2008

Edgar Filing: EMCLAIRE FINANCIAL CORP - Form DEF 14A

GENERAL

Introduction, Date, Place and Time of Meeting

This Proxy Statement is being furnished for the solicitation by the Board of Directors of Emclaire Financial Corp. (the "Corporation"), a Pennsylvania business corporation, of proxies to be voted at the Annual Meeting of Shareholders of the Corporation to be held at the main office of the Farmers National Bank of Emlenton (the "Bank"), 612 Main Street, Emlenton, Pennsylvania 16373, on Wednesday, April 23, 2008, at 9:00 a.m. local time, or at any adjournment or postponement of the annual meeting.

The main office of the Corporation is located at 612 Main Street, Emlenton, Pennsylvania 16373. The telephone number for the Corporation is (724) 867-2311. All inquiries should be directed to David L. Cox, Chairman, President and Chief Executive Officer. This Proxy Statement and the enclosed form of proxy are first being sent to shareholders of the Corporation on March 24, 2008.

Solicitation

The proxy solicited hereby, if properly signed and returned to us and not revoked prior to its use, will be voted in accordance with your instructions contained in the proxy. If no contrary instructions are given, each proxy signed and received will be voted in the manner recommended by the Board of Directors and, upon the transaction of such other business as may properly come before the annual meeting, in accordance with the best judgment of the persons appointed as proxies. Proxies solicited hereby may be exercised only at the annual meeting and any adjournment of the annual meeting and will not be used for any other meeting. Execution and return of the enclosed proxy will not affect a shareholder's right to attend the annual meeting and vote in person.

The cost of preparing, assembling, mailing and soliciting proxies will be borne by the Corporation. In addition to the use of the mail, certain directors, officers and employees of the Corporation intend to solicit proxies personally, by telephone and by facsimile. Arrangements will be made with brokerage houses and other custodians, nominees and fiduciaries to forward proxy solicitation material to the beneficial owners of stock held of record by these persons, and, upon request there for, the Corporation will reimburse them for their reasonable forwarding expenses.

Right of Revocation

A shareholder who returns a proxy may revoke it at any time before it is voted by: (1) delivering written notice of revocation to Raymond M. Lawton, Secretary, Emclaire Financial Corp., 612 Main Street, Post Office Box D, Emlenton, Pennsylvania 16373, telephone: (724) 867-2311; (2) executing a later-dated proxy and giving written notice thereof to the Secretary of the Corporation or (3) voting in person after giving written notice to the Secretary of the Corporation.

1

Voting Securities and Quorum

At the close of business on March 3, 2008, the voting record date, the Corporation had outstanding 1,267,835 shares of common stock, \$1.25 par value per share. A majority of the outstanding shares in person or by proxy will constitute a quorum at the annual meeting.

Edgar Filing: EMCLAIRE FINANCIAL CORP - Form DEF 14A

Only our shareholders of record, at the close of business on the voting record date, will be entitled to notice of and to vote at the annual meeting. On all matters to come before the annual meeting, each share of common stock is entitled to one (1) vote.

Directors are elected by a plurality of the votes cast with a quorum present. The persons receiving the greatest number of votes of the holders of common stock represented in person or by proxy at the annual meeting will be elected director. The affirmative vote of a majority of the total votes present in person or by proxy is required for approval of the proposal to ratify the appointment of the independent registered public accounting firm.

With regard to the election of directors, you may vote in favor of or withhold authority to vote for one or more nominees for director. Votes that are withheld in connection with the election of one or more nominees for director will not be counted as votes cast for such individuals and accordingly will have no effect. An abstention may be specified on the proposal to ratify the appointment of Beard Miller Company LLP as our independent registered public accounting firm for 2008. Abstentions will have the effect of a vote against this proposal. There are no proposals to be considered at the annual meeting which are considered "non-discretionary" and, as a result, there will be no "broker non-votes".

2

PRINCIPAL BENEFICIAL OWNERS OF THE CORPORATION'S COMMON STOCK

Persons and groups owning in excess of 5% of the common stock are required to file certain reports regarding such ownership pursuant to the Securities Exchange Act of 1934, as amended (the "1934 Act"). The following table sets forth, as of the voting record date, certain information as to the common stock beneficially owned by (i) persons or groups who own more than 5% of the common stock, (ii) the directors of the Corporation, (iii) certain executive officers of the Corporation named in the Summary Compensation Table, and (iv) all directors and executive officers of the Corporation and the Bank as a group. Other than as noted below, management knows of no person or group that owns more than 5% of the outstanding shares of common stock at the voting record date.

Name and Address	Shares Beneficially Owned (1)	Percent of Outstanding Common Stock Beneficially Owned
Mary E. Dascombe Raleigh, NC 27609	90,574 (2)	7.14%
Barbara C. McElhattan Emlenton, PA 16373	66,297 (3)	5.23%
Directors:		
George W. Freeman	78,940 (4)	6.23%
Ronald L. Ashbaugh	10,500 (5)	*
Brian C. McCarrier	1,294 (5)	*
Robert L. Hunter	12,494 (6)	*
John B. Mason	6,668 (7)	*

Edgar Filing: EMCLAIRE FINANCIAL CORP - Form DEF 14A

James M. Crooks	9,744 (8)	*
J. Michael King	6,098	*
Mark A. Freemer	1,400	*
David L. Cox	11,580 (9)	*
William C. Marsh	12,555 (10)	*
Executive Management		
Raymond M. Lawton	700	*
All directors and executive officers as a group (11 persons)	151,973	11.99%

(Footnotes on following page)

3

-
- (1) Based upon information provided by the respective beneficial owners and filings with the Securities and Exchange Commission ("SEC") made pursuant to the 1934 Act. For purposes of this table, pursuant to rules promulgated under the 1934 Act, an individual is considered to beneficially own shares of common stock if he or she directly or indirectly has or shares (1) voting power, which includes the power to vote or to direct the voting of the shares, or (2) investment power, which includes the power to dispose or direct the disposition of the shares. Unless otherwise indicated, an individual has sole voting power and sole investment power with respect to the indicated shares.
 - (2) Of the 90,574 shares beneficially owned by Mrs. Dascombe, 2,677 shares are owned jointly with her spouse, and 23,511 shares are owned individually by her spouse.
 - (3) Of the 66,297 shares beneficially owned by Mrs. McElhattan, 27,972 shares are owned jointly with her spouse and 4,746 shares are owned individually by her spouse.
 - (4) Of the 78,940 shares beneficially owned by Mr. Freeman, 200 shares are owned jointly with his spouse, 1,000 shares are owned jointly with his spouse in a family limited partnership and 37,805 shares are owned individually by his spouse.
 - (5) All shares owned jointly with spouse.
 - (6) Of the 12,494 shares beneficially owned by Mr. Hunter, 5,041 shares are owned individually by his spouse.
 - (7) Of the 6,668 shares beneficially owned by Mr. Mason, 653 shares are held as custodian for his daughter.
 - (8) Of the 9,744 shares beneficially owned by Mr. Crooks, 3,237 shares are owned jointly with his spouse, 939 are held as custodian for his children and 134 are held individually by his spouse.
 - (9) Of the 11,580 shares beneficially owned by Mr. Cox, 1,500 shares are held jointly with his spouse.
 - (10) Of the 12,555 shares beneficially owned by Mr. Marsh, 650 shares are owned individually by his wife.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

The common stock is registered pursuant to Section 12(g) of the 1934 Act. The officers and directors of the Corporation and beneficial owners of greater than 10% of the common stock are required to file reports on Forms 3, 4, and 5 with the SEC disclosing changes in beneficial ownership of the common stock. Other than as set forth below, based on the Corporation's review of such

Edgar Filing: EMCLAIRE FINANCIAL CORP - Form DEF 14A

ownership reports, to the Corporation's knowledge, no executive officer, director, or 10% beneficial owner of the Corporation failed to file such ownership reports on a timely basis for the fiscal year ended December 31, 2007. John B. Mason, a director, did not timely file one Form 4 with respect to one transaction during December 2007. A Form 5 was subsequently filed with the SEC.

4

INFORMATION WITH RESPECT TO NOMINEES FOR DIRECTOR, CONTINUING DIRECTORS AND EXECUTIVE OFFICERS

Election of Directors

The Corporation has a classified Board of Directors with staggered three-year terms of office. In a classified board, the directors are generally divided into separate classes of equal number. The terms of the separate classes expire in successive years. Thus, at each annual meeting of shareholders, successors to the class of directors whose term shall then expire shall be elected to hold office for a term of three years, so that the office of one class shall expire each year.

A majority of the members of our Board of Directors are independent based on an assessment of each member's qualifications by the Board, taking into consideration the Nasdaq Stock Market's requirements for independence. The Board of Directors has concluded that Messrs. King, Freemer, Crooks, Hunter, Freeman, McCarrier and Ashbaugh do not have any material relationships with the Corporation that would impair their independence. There are no arrangements or understandings between the Corporation and any person pursuant to which such person has been elected a director. Shareholders of the Corporation are not permitted to cumulate their votes for the election of directors.

No director or executive officer of the Corporation is related to any other director or executive officer of the Corporation by blood, marriage or adoption, and each of the nominees currently serve as a director of the Corporation.

Unless otherwise directed, each proxy executed and returned by a shareholder will be voted for the election of the nominees for director listed below. If the person named as nominee should be unable or unwilling to stand for election at the time of the annual meeting, the proxies will nominate and vote for one or more replacement nominees recommended by the Board of Directors. At this time, the Board of Directors knows of no reason why the nominees listed below may not be able to serve as a director if elected. Any vacancy occurring on the Board of Directors of the Corporation for any reason may be filled by a majority of the directors then in office until the expiration of the term of office of the class of directors to which he or she was appointed. The Board of Directors recommends that its nominees be elected as directors. Ages are reflected as of December 31, 2007.

Nominees for Director for Three-Year Term Expiring in 2011

Name	Age	Principal Occupation For Past Five Years	Director Since Bank/Corporation
James M. Crooks	55	Owner, Crooks Clothing Company, Inc., Retail Sales	2004/2004
Robert L. Hunter	66	Truck Dealer; President of: Hunter Truck Sales & Service, Inc.; Hunter Leasing, Inc.; Hunter Keystone Peterbilt, LLP; Hunter Erie Truck Sales LLP; Hunter Jersey Peterbilt,	1974/1989

Edgar Filing: EMCLAIRE FINANCIAL CORP - Form DEF 14A

LLC

John B. Mason 59 President, H. B. Beels & Son, Inc. 1985/1989

5

Members of the Board Continuing in Office

Directors Whose Terms Expire in 2010

Name	Age	Principal Occupation For Past Five Years	Director Since Bank/Corporation
J. Michael King	60	Senior Attorney, Lynn, King & Schreffler, P.C., Attorneys at Law Prior to 2005 - President, Lynn, King & Schreffler, P.C., Attorneys at Law Prior to 2003 - Senior Partner of Lynn, King & Schreffler, Attorneys at Law	1988/1989
David L. Cox	57	Since July 1, 2007, Chairman of the Bank and Chairman, President and Chief Executive Officer of the Corporation. Prior to July 1, 2007, Chairman, President and Chief Executive Officer of the Bank and Corporation since 1997.	1991/1991
Mark A. Freemer	48	Partner, Clyde, Ferraro & Co., LLP, Certified Public Accountants	2004/2004

Directors Whose Terms Expire in 2009

Name	Age	Principal Occupation For Past Five Years	Director Since Bank/Corporation
Ronald L. Ashbaugh	72	Retired, former President of the Bank and the Corporation.	1971/1989
George W. Freeman	77	Owner of Freeman's Tree Farm.	1964/1989
William C. Marsh	41	Since July 1, 2007, President and Chief Executive Officer of the Bank; and Treasurer and Chief Financial Officer of the Corporation; from June 2006 through June 2007, Executive Vice President and Chief Financial Officer of the Corporation and the Bank; from February 2006 through June 2006, Executive Vice President and Chief Financial Officer of Allegheny Valley Bancorp, Inc. and Allegheny Valley Bank of Pittsburgh; from March 2005 through February 2006, Chief Financial Officer of InterTECH Security, LLC; from October 2003 through February 2005, Senior Vice President and Chief Financial Officer of NSD Bancorp, Inc. and North Side Bank; and from August 2001 through October 2003, Senior Vice President and Chief Financial Officer of the Corporation and the Bank. Mr.	2006/2006

Edgar Filing: EMCLAIRE FINANCIAL CORP - Form DEF 14A

Marsh is a certified public accountant.

Brian C. McCarrier 44 President, Interstate Pipe and Supply Company 1997/1997

6

Director's Attendance at Annual Meetings

All directors are expected to attend the Corporation's annual meeting of shareholders. Nine of the ten directors of the Corporation at the time attended the Corporation's 2007 annual meeting of shareholders.

Committees and Meetings of the Corporation and the Bank

During 2007, the Board of Directors of the Corporation held five regular meetings and three special meetings and the Board of Directors of the Bank held 13 regular meetings. Each of the directors attended at least seventy-two percent (72%) of the combined total number of meetings of the Corporation's and Bank's Board of Directors and of the committees on which they serve.

Membership on Certain Board Committees. The Board of Directors of the Corporation has established an audit committee, executive committee and a human resources committee. The human resources committee functions as the Corporation's compensation committee. The Corporation does not have a standing nominating committee and, instead, director nominations are considered by the entire Board. The Corporation's director nomination process is described below.

The following table sets forth the membership of such committees as of the date of this proxy statement.

Directors	Audit	Executive	Human Resources
J. Michael King.....		*	*
David L. Cox.....		*	
Mark A. Freemer.....	**	*	*
James M. Crooks.....	*		
Robert L. Hunter	*	*	**
John B. Mason.....			*
Ronald L. Ashbaugh.....	*	*	
George W. Freeman.....		*	*
William C. Marsh.....		*	
Brian C. McCarrier.....	*		

* Member
** Chairman

Audit Committee. The audit committee of the Board is composed of five members and operates under a written charter adopted by the Board of Directors. During 2007, the audit committee consisted of Messrs. Freemer (Chairman), Ashbaugh, Hunter, McCarrier and Crooks. The Board of Directors has identified Mark A. Freemer as an audit committee financial expert. The audit committee met five times in 2007. The Board of Directors has determined that each committee member is "independent," as defined by Corporation policy, SEC rules and the NASDAQ listing standards.

The audit committee charter adopted by the Board sets out the responsibilities, authority and specific duties of the audit committee. The full text of the audit committee charter is available on our website at www.emclairefinancial.com. Pursuant to the charter, the audit committee has the following responsibilities:

- o To monitor the preparation of quarterly and annual financial reports;
- o To review the adequacy of internal control systems and financial reporting procedures with management and independent auditors; and
- o To review the general scope of the annual audit and the fees charged by the independent auditors.

Human Resources Committee. The human resources committee of the Board functions as the compensation committee and has the responsibility to evaluate the performance of and determine the compensation for the Chairman of the Board, the President and Chief Executive Officer of the Bank, to approve the compensation structure for senior management, to review the Bank's salary administration program, and to review and administer the Corporation's bonus plans, including the management incentive program.

The human resources committee, composed entirely of independent directors, administers the Corporation's executive compensation program. The members of the human resources committee, Messrs. Hunter (Chairman), Freeman, Freemer, King and Mason, meet all of the independence requirements under the listing requirements of the Nasdaq Stock Market. None of the members is a current or former officer or employee of the Corporation or any of its subsidiaries.

The human resources committee is committed to high standards of corporate governance. The human resources committee's charter reflects the foregoing responsibilities and commitment, and the human resources committee and the Board will periodically review and revise the charter, as appropriate. The full text of the human resources committee charter is available on our website at www.emclairefinancial.com. The human resources committee's membership is determined by the Board. There were five meetings of the full human resources committee in 2007.

The human resources committee has exercised exclusive authority over the compensation paid to the Corporation's Chairman of the Board, President and Chief Executive Officer and reviews and approves salary increases and bonuses for the Corporation's other executive officers as prepared and submitted to the human resources committee by the Chairman of the Board, President and Chief Executive Officer. Although the human resources committee does not delegate any of its authority for determining executive compensation, the human resources committee has the authority under its charter to engage the services of outside advisors, experts and others to assist the human resources committee.

Nomination Process. The goal of the Board of Directors has been, and continues to be, to identify nominees for service on the Board of Directors who will bring a variety of perspectives and skills from their professional and business experience. Depending upon the current needs of the Board of Directors and the Corporation, certain factors may be weighed more or less heavily. The Board of Directors identifies nominees by first evaluating, on an informal basis, the current members of the Board of Directors willing to continue in service. Current members of the Board of Directors with skills and experience that are relevant to the Corporation's business and/or unique situation who are willing to continue in service are considered for re-nomination, balancing the value of continuity of service by existing members of the Board of Directors with that of obtaining a new perspective or skill set. If any member of the Board of Directors does not wish to continue in service or if the Board of Directors decides not to re-nominate a member for re-election, the Board of Directors will then determine if there is a need to replace that director or reduce the number of directors serving on the Board of Directors, in accordance with the Corporation's bylaws. If the Board of Directors determines a need to replace a non-continuing director, it identifies the desired skills and

Edgar Filing: EMCLAIRE FINANCIAL CORP - Form DEF 14A

experience in light of the criteria set forth above. Current members of the Board of Directors are polled for suggestions as to individuals meeting those criteria, and research may also be performed to identify qualified individuals. To date, the Board of Directors has not formally engaged third parties to assist in identifying or evaluating potential nominees, although the Board of Directors reserves the right to do so in the future.

8

Section 10.1 of the Corporation's bylaws contains provisions addressing the process by which a shareholder may nominate an individual to stand for election to the Board of Directors at the Corporation's Annual Meeting. Historically, the Corporation has not had a formal policy concerning shareholder recommendations for nominees. Given the size of the Corporation, the Board of Directors does not feel that such a formal policy is warranted at this time. The absence of such a policy, however, does not mean that a reasonable shareholder recommendation will not be considered, in light of the particular needs of the Corporation and the policies and procedures set forth above. The Board of Directors will reconsider this matter at such time as it believes that the Corporation's circumstances, including its operations and prospects, warrant the adoption of such a policy.

Executive Officer Who is Not a Director

Set forth below is information with respect to the principal occupations during at least the last five years for the current executive officer of the Corporation and the Bank who does not serve as a director. All executive officers of the Corporation and the Bank are elected annually by the Board of Directors and serve at the discretion of the Board. There are no arrangements or understandings between the executive officer and the Corporation and any person pursuant to which such person has been selected an officer. Age is reflected as of December 31, 2007.

Raymond M. Lawton, age 53. Mr. Lawton is Senior Vice President, Chief Lending Officer and Secretary of the Corporation. Mr. Lawton has been Senior Vice President and Secretary since 2003 and Chief Lending Officer since 2002 and Chief Credit Officer since 1999.

EXECUTIVE COMPENSATION

Summary Compensation Table

The following table sets forth a summary of certain information concerning the compensation awarded to or paid by the Corporation or its subsidiaries for services rendered in all capacities during 2007 to our principal executive officer as well as our two other highest compensated executive officers.

9

Name and Principal Position	Year	Salary	Bonus (1)	Option Awards (2)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (3)	All Other Compensation
David L. Cox, Chairman,	2007	\$168,000	\$50,400	\$ 7,489	\$44,011	\$19,120 (4)

Edgar Filing: EMCLAIRE FINANCIAL CORP - Form DEF 14A

President and Chief Executive Officer	2006	\$160,000	\$ --	\$ --	\$42,702	\$17,597	\$
William C. Marsh, Treasurer and Chief Financial Officer	2007	\$142,000	\$42,600	\$ 5,617	\$21,280	\$18,080 (4)	\$
	2006	\$75,202	\$ --	\$ --	\$23,611	\$8,925	\$
Raymond M. Lawton, Senior Vice President and Chief Lending Officer	2007	\$105,000	\$26,250	\$ 3,744	\$26,758	\$4,200	\$
	2006	\$100,000	\$ --	\$ --	\$26,153	\$3,680	\$

-
- (1) Bonuses were paid in 2008 for 2007 performance pursuant to the Corporation's Management Incentive Program.
 - (2) Reflects the dollar amount recognized for financial statement reporting purposes for 2007 in accordance with FAS 123(R) of awards pursuant to the 2007 Stock Incentive Plan and Trust adopted in 2007.
 - (3) Reflects the increase in the actuarial present value of the named executive officer's accumulated benefits under the Corporation's defined benefit pension plan and supplemental executive retirement plan at the relevant measurement date used for financial reporting purposes for 2007 compared to 2006 and for 2006 compared to 2005.
 - (4) Includes director's fees from the Corporation and the Bank totaling \$12,000 and matching amounts under the Corporation's 401(k) plan.

Pension Plan

The Bank maintains a defined benefit pension plan for all eligible employees. An employee becomes vested in the plan after five years. Upon retirement at age 65, a terminated participant is entitled to receive a monthly benefit. Prior to a 2002 amendment to the plan, the benefit formula was 1.1% of average monthly compensation plus .4% of average monthly compensation in excess of six hundred seventy five (\$675) multiplied by years of service. In 2002, the plan was amended to change the benefit structure to a cash balance formula under which the benefit payable is the actuarial equivalent of the hypothetical account balance at normal retirement age. However, the benefits already accrued by the employees prior to the amendment were not reduced. In addition, the prior benefit formula continues through December 31, 2012, as a minimum benefit. In 2007, the Bank contributed \$360,000 to the pension plan.

401(k) Plan

The Bank provides a match of an employee's contribution to the 401(k) plan up to 4% of the participant's salary.

10

Supplemental Retirement Agreements

In October 2002, following Board of Director approval, the Bank entered into supplemental retirement agreements with Messrs. Cox and Lawton and in June 2006 with Mr. Marsh ("Supplemental Agreements"). The Supplemental Agreements are non-qualified defined benefit plans and are unfunded. The Supplemental Agreements have no assets, and the benefits payable under the Supplemental Agreements are not secured. The Supplemental Agreement participants are general creditors of the Corporation in regards to their vested Supplemental Agreement benefits. The Supplemental Agreements provide for retirement benefits upon reaching age 65, and participants are fully vested five years after the inception of the Supplemental Agreements. Upon attaining the age of 65, Messrs.

Edgar Filing: EMCLAIRE FINANCIAL CORP - Form DEF 14A

Cox, Marsh and Lawton would be entitled to \$520,000, \$1.1 million and \$720,000, respectively, over a 20 year period under their Supplemental Agreements. The Corporation accrued \$18,360, \$9,240 and \$16,800 in expense for the Supplemental Agreements for Messrs. Cox, Marsh and Lawton, respectively, for the year ended December 31, 2007.

Each of the Supplemental Agreements provides that in the event of a change of control of the Corporation (as defined in the agreements), the officer (i) if he has not yet qualified for retirement benefits, shall have the right to demand his withdrawal benefits (which is an amount equal to the present value of the normal retirement benefit, using a 7% discount rate and monthly compounding of interest) in a single lump sum payment, or (ii) if he has qualified for retirement benefits or has begun receiving a retirement benefit under the Supplemental Agreement, shall have the right to demand his benefits in a single lump sum payment in an amount equal to the normal retirement benefit. In the event of a change in control on December 31, 2007, Messrs. Cox, Marsh, and Lawton could have been entitled to lump sum payments of \$163,655, \$113,882 and \$171,399, respectively. Such payments could be limited if they are deemed "parachute payments" under Section 280G of the Internal Revenue Code, as amended.

Outstanding Equity Awards at Fiscal Year-End

The following table sets forth, with respect to the executive officers named in the Summary Compensation Table, information with respect to the number of options held as of December 31, 2007. All options were granted pursuant to the Corporation's 2007 Stock Incentive Plan and Trust adopted in 2007 and approved by shareholders at the 2007 annual meeting. No restricted stock awards were granted under the 2007 Stock Incentive Plan in 2007.

Option Awards				

Number of				
Securities Underlying				
Unexercised Options				

Name	Exercisable	Unexercisable(1)	Exercise Price	Option Expiration Date
----	-----	-----	-----	-----
David L. Cox.....	--	20,000	\$26.00	06/23/2017
William C. Marsh.....	--	15,000	\$26.00	06/23/2017
Raymond M. Lawton.....	--	10,000	\$26.00	06/23/2017

 (1) Options become fully vested and exercisable on June 23, 2010.

Employment and Change of Control Agreements

Effective July 1, 2007, the Corporation and the Bank entered into employment agreements with Messrs. Cox and Marsh. These agreements replace prior change in control agreements with such individuals. The agreements have an initial term ending on June 30, 2010, provided that such terms shall be automatically renewed for successive one-year periods each July 1 unless notice to the contrary is provided at least 30 days prior to the renewal. The agreements also provide that if the individual is terminated by the Corporation or the Bank for other than cause, disability, retirement or the individual's

Edgar Filing: EMCLAIRE FINANCIAL CORP - Form DEF 14A

death or the individual terminates employment for good reason (as defined in the agreements) after a change in control of the Corporation, the individual will be entitled to the payment of a cash severance amount equal to three times the individual's average annual compensation and the maintenance of insurance and other benefits, provided that such payments will be limited if they are deemed "parachute payments" under Section 280G of the Internal Revenue Code, as amended.

In addition, effective July 1, 2007, the Corporation and the Bank entered into a change in control agreement with Raymond M. Lawton, Senior Vice President of the Corporation and the Bank. The agreement with Mr. Lawton replaces his prior change in control agreement with the Bank. The agreement has an initial term ending on June 30, 2009, provided that such term shall be automatically renewed for successive one-year periods each July 1 unless notice to the contrary is provided at least 30 days prior to the renewal. The agreement also provides that if the individual is terminated by the Corporation or the Bank (or any successor) within 24 months subsequent to a change in control of the Corporation for other than cause, disability, retirement or the individual's death or the individual terminates employment for good reason (as defined in the agreement) after a change in control of the Corporation, the individual will be entitled to the payment of a cash severance amount equal to two times the individual's average annual compensation and the maintenance of insurance and other benefits, provided that such payments will be limited if they are deemed "parachute payments" under Section 280G of the Internal Revenue Code, as amended.

Certain Transactions

Other than as set forth below, there have been no material transactions, proposed or consummated, between the Corporation and the Bank with any director or executive officer of the Corporation or the Bank, or any associate of the foregoing persons.

The Bank, like many financial institutions, has followed a written policy of granting various types of loans to officers, directors, and employees and under such policy grants a discount of 100 basis points on loans extended to all employees, including executive officers. With the exception of such policy, all loans to executive officers and directors of the Corporation and the Bank have been made in the ordinary course of business and on substantially the same terms and conditions, including interest rates and collateral, as those prevailing at the time for comparable transactions with the Bank's other customers, and do not involve more than the normal risk of collectibility nor present other unfavorable features. All of such loans are approved by the board of directors. The following table presents a summary of the only loan in excess of \$120,000 extended by the Bank to any of the Corporation's directors, nominees for director, executive officers or immediate family members of such individuals.

Name and Position	Type	Year Made	Highest	Balance 12/31/07	Amount Paid		Interest Rate
			Principal During		-----	-----	
David L. Cox Chairman, President and Chief Executive Officer	Residential Mortgage	2003	\$145,761	\$138,854	\$7,503	\$8,041	5.63%

Edgar Filing: EMCLAIRE FINANCIAL CORP - Form DEF 14A

Director Compensation

During 2007, directors received \$1,000 per month for their services as a director of the Bank regardless of attendance at board meetings. The Chairman of the Audit Committee received an additional \$100 per month for his services as Audit Committee Chairman. No additional compensation is paid for service as a director of the Corporation. In addition, outside directors received \$225 for each Bank committee meeting that they attended during 2007. During 2007, total fees paid to all non-employee directors amounted to \$133,567.

The following table sets forth information concerning compensation paid or accrued by the Corporation and the Bank to each non-officer member of the Board of Directors during the year ended December 31, 2007.

Name	Fees Earned or Paid in Cash	Option Awards(1)	Total
Ronald L. Ashbaugh	\$17,625	\$ 749	\$18,374
James M. Crooks	13,800	749	14,549
George W. Freeman	17,400	749	18,149
Mark A. Freemer	15,725	749	16,474
Robert L. Hunter	13,800	749	14,549
J. Michael King	16,500	749	17,249
John B. Mason	18,075	749	18,824
Brian C. McCarrier	14,650	749	15,399

(1) Reflects the dollar amount recognized for financial statement reporting purposes for 2007 in accordance with FAS 123(R) of awards pursuant to the 2007 Stock Incentive Plan and Trust.

RELATIONSHIP WITH INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The audit committee of the Board of Directors appointed Beard Miller Company LLP as the independent registered public accounting firm to audit the Corporation's financial statements for the year ending December 31, 2008. The audit committee considered the compatibility of the non-audit services provided to the Corporation by Beard Miller Company LLP in 2007 described below on the independence of Beard Miller Company LLP from the Corporation in evaluating whether to appoint Beard Miller Company LLP to perform the audit of the Corporation's financial statements for the year ending December 31, 2008.

The following table sets forth the aggregate fees paid by us to Beard Miller Company LLP for professional services rendered by Beard Miller Company LLP in connection with the audit of the Corporation's consolidated financial statements for 2007 and 2006, as well as the fees paid by us to Beard Miller Company LLP for audit-related services, tax services and all other services rendered by Beard Miller Company LLP to us during 2007 and 2006.

13

	2007	2006
Audit fees(1)	\$51,100	\$51,783
Audit-related fees (2)	6,000	5,800
Total	\$57,200	\$57,583

-
- (1) The audit fees include only fees that are customary under generally accepted auditing standards and are the aggregate fees the Corporation incurred for professional services rendered for the audit of the Corporation's annual financial statements for fiscal years 2007 and 2006 and the reviews of the financial statements included in the Corporation's Quarterly Reports on Forms 10-Q for fiscal years 2007 and 2006.
 - (2) In both years, the audit-related services included audits of the Corporation's benefit plans and student loans. These audit-related services are assurance and related services that are reasonably related to the performance of the audit or review of the Corporation's financial statements.

The audit committee selects the Corporation's independent registered public accounting firm and separately pre-approves all audit services to be provided by it to the Corporation. The audit committee also reviews and separately pre-approves all audit-related, tax and all other services rendered by our independent registered public accounting firm in accordance with the audit committee's charter and policy on pre-approval of audit-related, tax and other services. In its review of these services and related fees and terms, the audit committee considers, among other things, the possible effect of the performance of such services on the independence of our independent registered public accounting firm.

Since May 6, 2003, the effective date of SEC rules stating that an auditor is not independent of an audit client if the services it provides to the client are not appropriately approved, each new engagement of Beard Miller Company LLP was approved in advance by the audit committee, and none of those engagements made use of the de minimus exception to pre-approval contained in the SEC's rules.

REPORT OF THE AUDIT COMMITTEE

In discharging its oversight responsibility, the audit committee has met and held discussions with management and Beard Miller Company LLP, the independent auditors for the Corporation. Management represented to the audit committee that all consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States of America, and the audit committee has reviewed and discussed the consolidated financial statements with management and the independent auditors.

In addition, the audit committee has discussed with the independent auditors the auditors' independence from management and the Corporation, and has received and discussed with the independent auditors the matters in the written disclosures required by the Independence Standards Board and as required under the Sarbanes-Oxley Act of 2002, including considering the permissibility of nonaudit services with the auditors' independence.

The audit committee also obtained from the independent auditors a formal written statement describing all relationships between the Corporation and Beard Miller Company LLP that bear on the auditors' independence consistent with Independence Standards Board Standard No. 1, Independence Discussions with Audit Committee. The audit committee discussed with the independent auditors any relationships that may impact the firm's objectivity and independence and satisfied itself as to the auditors' independence.

Based on these discussions and reviews, the audit committee recommended that the Board of Directors approve the inclusion of the Corporation's audited consolidated financial statements in its Annual Report on Form 10-K for the year

Edgar Filing: EMCLAIRE FINANCIAL CORP - Form DEF 14A

ended December 31, 2007, for filing with the SEC.

Respectfully submitted by the members of the audit committee of the Board of Directors:

Mark A. Freemer, Chairman
Ronald L. Ashbaugh
James M. Crooks
Robert L. Hunter
Brian C. McCarrier

RATIFICATION OF INDEPENDENT PUBLIC ACCOUNTANTS

Unless instructed to the contrary, it is intended that votes will be cast pursuant to the proxies for the ratification of the selection of Beard Miller Company LLP, Certified Public Accountants, of Wexford, Pennsylvania, as the Corporation's independent public accountants for its fiscal year ending December 31, 2008. The Corporation has been advised by Beard Miller Company LLP that none of its members have any financial interest in the Corporation. Ratification of Beard Miller Company LLP will require an affirmative vote of a majority of the shares of common stock cast at the Annual Meeting.

In addition to performing customary audit services related to the audit of the Corporation's financial statements, Beard Miller Company LLP will assist the Corporation with the preparation of its federal and state tax returns and will perform required retirement plan audits, charging the Corporation for such services at its customary hourly billing rates.

Representatives of Beard Miller Company LLP will be present at the annual meeting, will be available to respond to your questions and will be able to make such statements as they desire.

The Board of Directors recommends that the shareholders vote FOR the ratification of the selection of Beard Miller Company LLP as the auditors for the Corporation for the year ending December 31, 2008.

It is understood that even if the selection of Beard Miller Company LLP is ratified, the Board of Directors, in its discretion, may direct the appointment of a new independent auditing firm at any time during the year if the Board of Directors determines that such a change would be in the best interest of the Corporation and its shareholders.

ANNUAL REPORT

A copy of the Corporation's Annual Report for its fiscal year ended December 31, 2007, is being mailed with this Proxy Statement. Such Annual Report is not to be treated as part of the proxy solicitation material or having been incorporated herein by reference.

15

SHAREHOLDER PROPOSALS

Any shareholder who, in accordance with and subject to the provisions of the proxy rules of the SEC, wishes to submit a proposal for inclusion in the Corporation's proxy statement for its 2008 Annual Meeting of Shareholders must deliver such proposal in writing to the Secretary of Emclaire Financial Corp. at the principal executive offices of the Corporation at 612 Main Street, Post Office Box D, Emlenton, Pennsylvania 16373, no later than Tuesday, November 25, 2008.

Edgar Filing: EMCLAIRE FINANCIAL CORP - Form DEF 14A

Under the Corporation's current bylaws, business proposal nominations for directors other than those to be included in the Corporation's proxy materials following the procedures described in Rule 14a-8 under the 1934 Act, may be made by shareholders entitled to vote at the meeting if notice is timely given and if the notice contains the information required by the bylaws. Nominations must be received no less than sixty (60) days prior to the annual meeting.

In the event the Corporation received notice of a shareholder proposal to take action at next year's annual meeting of shareholders that is not submitted for inclusion in the Corporation's proxy material, or is submitted for inclusion but is properly excluded from the proxy material, the persons named in the proxy sent by the Corporation to its shareholders intend to exercise their discretion to vote on the shareholder proposal in accordance with their best judgment.

SHAREHOLDER COMMUNICATION WITH THE BOARD

The Corporation does not have a formal procedure for shareholder communication with its Board of Directors. In general, officers are easily accessible by telephone or mail. Any matter intended for the Board, or for any individual member or members of the Board, should be directed to the President with a request to forward the same to the intended recipient. In the alternative, shareholders can send correspondence to the Board to the attention of the Board Chairman, David L. Cox, or to the attention of the Chairman of the Audit Committee, Mark A. Freemer, in care of the Corporation at the Corporation address. All such communications will be forwarded unopened.

OTHER MATTERS

The Board of Directors does not know of any matters to be presented for consideration other than the matters described in the Notice of Meeting, but if any matters are properly presented, it is the intention of the persons named in the accompanying proxy to vote on such matters in accordance with their judgment.

ADDITIONAL INFORMATION

Upon written request, a copy of the Corporation's Annual Report on Form 10-K may be obtained, without charge from William C. Marsh, Executive Vice President and Chief Financial Officer, Emclaire Financial Corp., 612 Main Street, Post Office Box D, Emlenton, Pennsylvania 16373. In addition, the Corporation files reports with the SEC. Free copies can be obtained from the SEC website at www.sec.gov.