

OLSON CHARLES T  
Form 4  
January 15, 2008

**FORM 4**

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

OMB APPROVAL

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**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
**OLSON CHARLES T**

(Last) (First) (Middle)

**NETGEAR, INC., 4500 GREAT AMERICA PARKWAY**

(Street)

**SANTA CLARA, CA 95054**

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol  
**NETGEAR, INC [NTGR]**

3. Date of Earliest Transaction (Month/Day/Year)  
**01/11/2008**

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

\_\_\_\_ Director \_\_\_\_\_ 10% Owner  
 Officer (give title below) \_\_\_\_\_ Other (specify below)  
**SVP, Engineering**

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
			Code	V	Amount (D) Price		
Common Stock					4,069	D	
Common Stock	01/12/2008		M		2,125 A \$ 0	D	
Common Stock	01/12/2008		S		2,125 D \$ 28.9	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

number.

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**  
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Security (Instr. 3 and 4)		
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Employee Stock Option (Right to Buy)	\$ 16.53					02/09/2005 <sup>(1)</sup>	02/09/2014	Common Stock	500
Employee Stock Option (Right to Buy)	\$ 15.35					03/11/2005 <sup>(2)</sup>	03/11/2015	Common Stock	10,000
Employee Stock Option (Right to Buy)	\$ 22.68					<sup>(3)</sup>	05/23/2016	Common Stock	9,000
Restricted Stock Units	<sup>(4)</sup>					<sup>(5)</sup>	<sup>(6)</sup>	Common Stock	3,000
Employee Stock Option (right to buy)	\$ 29.23					<sup>(7)</sup>	01/12/2017	Common Stock	15,000
Restricted Stock Units	<sup>(4)</sup>	01/12/2008		M	2,125	<sup>(8)</sup>	<sup>(6)</sup>	Common Stock	2,125
Employee Stock Option (right to buy)	\$ 28.79	01/11/2008		A	16,000	<sup>(9)</sup>	01/11/2018	Common Stock	16,000
	<sup>(4)</sup>	01/11/2008		A	8,500	<sup>(10)</sup>	<sup>(6)</sup>		8,500

Restricted  
Stock  
Units

Common  
Stock

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
OLSON CHARLES T NETGEAR, INC. 4500 GREAT AMERICA PARKWAY SANTA CLARA, CA 95054			SVP, Engineering	

## Signatures

/s/ Charles T. Olson 01/15/2008

Signature of Reporting Person Date

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
- \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) 25% of the option grant is exercisable on 02/09/2005, and 1/48 of the option grant is exercisable each month thereafter.
- (2) 100% of this option grant is exercisable on 3/11/05, the grant date. Shares underlying the option are restricted from transfer, with the restriction lapsing with respect to 25% of the shares on each subsequent anniversary of the grant date, so that all underlying shares will be free from transfer restrictions on 3/11/09.
- (3) 25% of the option grant is exercisable on 05/23/2007, and 1/48 of the option grant is exercisable each month thereafter.
- (4) Converts to common stock on a one-for-one basis.
- (5) Stock units will be paid in an equal number of shares of the Issuer's common stock upon vesting of the units. 25% of the units will cliff vest on each anniversary of 5/23/06, the vest start date, so that all of the units will have vested on 5/23/10.
- (6) Not applicable.
- (7) 25% of the option grant is exercisable on 1/12/2008, and 1/48 of the option grant is exercisable each month thereafter.
- (8) Stock units will be paid in an equal number of shares of the Issuer's common stock upon vesting of the units. 25% of the units will cliff vest on each anniversary of 1/12/2007, the vest start date, so that all of the units will have vested on 1/12/2011.
- (9) 25% of the option grant is exercisable on 1/11/2009, and 1/48 of the option grant is exercisable each month thereafter.
- (10) Stock units will be paid in an equal number of shares of the Issuer's common stock upon vesting of the units. 25% of the units will cliff vest on each anniversary of 1/11/2008, the vest start date, so that all of the units will have vested on 1/11/2012.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. SIZE="1">(dollars in thousands)20062005 Noninterest bearing demand \$ 49,190 \$ 49,369 NOW 43,864 50,638 Money market 144,292 97,601 Savings 17,533 21,205 Time deposits less than \$100,000 145,849 125,572 Time deposits \$100,000 or more 55,917 40,769 Total deposits \$ 456,645 \$ 385,154

Scheduled maturities of time deposits as of December 31, were as follows:

(dollars in thousands)	2006
2007	\$ 142,721

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<i>(dollars in thousands)</i>	<b>2006</b>
2008	32,817
2009	10,475
2010	12,573
2011	3,180
 Total time deposits	 \$ 201,766

### NOTE 9-Short-term Borrowings and Long-term Debt

The schedule below provides a summary of short-term borrowings that consist of federal funds purchased and other borrowings. Federal funds purchased from correspondent banks usually mature in one business day. Other short-term borrowings consist of credit available through the Federal Home Loan Bank of Pittsburgh (FHLBP) and the Atlantic Central Bankers Bank (ACBB). Based on the most recent analysis, total credit available from the FHLBP, for both short and long-term credit needs, is approximately \$117 million. As of December 31, 2006, total unused credit with the FHLBP was approximately \$84 million. Obligations to the FHLBP are secured by FHLB stock and qualifying collateral, principally the unpledged portion of PeoplesBank's investment securities portfolio and qualifying mortgage loan receivables. The interest rate for short-term borrowings reprices daily based on the federal funds rate or the open repo market depending on the borrowing program. As of December, 31, 2006, the Corporation maintained an unsecured line of credit of \$3 million with ACBB which is renewable annually. No funds were drawn on the ACBB line during 2006.

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A summary of aggregate short-term borrowings on December 31, is as follows:

<i>(dollars in thousands)</i>	<b>2006</b>	<b>2005</b>	<b>2004</b>
Amount outstanding at end of year	\$ 0	\$ 9,781	\$ 12,880
Weighted average interest rate at end of year	0.00%	4.22%	2.21%
Maximum amount outstanding at any month-end	\$ 16,714	\$ 12,048	\$ 12,880
Daily average amount outstanding	\$ 2,857	\$ 2,534	\$ 1,613
Approximate weighted average interest rate for the year	4.66%	2.88%	1.92%

A summary of long-term debt at December 31, is as follows:

<i>(dollars in thousands)</i>	<b>2006</b>	<b>2005</b>
PeoplesBank obligations to FHLBP		
Due 2007, 4.69%, amortizing	\$	\$ 439
Due 2007, 4.68%	7,000	7,000
Due 2009, 3.47% convertible quarterly after December 2006	5,000	5,000
Due 2010, 4.32%	6,000	6,000
Due 2011, 4.30%, amortizing	4,504	4,757
Due 2012, 4.25%, amortizing	1,998	2,319
Due 2013, 3.46%, amortizing	3,403	3,869
Due 2014, 6.43%, convertible quarterly after July 2009	5,000	5,000
Codorus Valley Bancorp, Inc. obligations		

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Due 2011, floating rate based on 1 month LIBOR plus 1.50%, amortizing	1,562	1,641
Due 2034, floating rate based on 3 month LIBOR plus 2.02%, callable quarterly after December 2009	3,093	3,093
Due 2036 floating rate based on 3 month LIBOR plus 1.54% callable quarterly after July 2011	7,217	
	44,777	39,118
Capital lease obligation	562	594
 Total long-term debt	 \$ 45,339	 \$ 39,712

PeoplesBank's obligations to FHLBP are fixed rate and fixed/floating (convertible) rate instruments. The FHLBP has the option on the convertible borrowings to convert the rate to a floating rate after the expiration of a specified period. The floating rate is based on the LIBOR index plus a spread. If the FHLBP elects to exercise the conversion option, PeoplesBank may repay the converted loan, without a prepayment penalty.

The obligation of Codorus Valley due in 2011 is secured by a mortgage on the Codorus Valley Corporate Center office building at 105 Leader Heights Road, York, Pennsylvania. In February 2004, this obligation refinanced, without interest penalty, an obligation due in 2009. To support planned growth, Codorus Valley issued trust preferred debt securities in the amount of \$3,093,000 in November 2004 and \$7,217,000 in June 2006, which are included in Tier 1 capital for regulatory capital purposes. These obligations have a 30-year maturity, but are callable at quarterly intervals after the fifth year. Maturities of total long-term debt over the next five years are as follows: \$8,198,000 in 2007, \$1,253,000 in 2008, \$6,309,000 in 2009, \$7,340,000 in 2010, \$5,611,000 in 2011 and \$16,628,000 thereafter.

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**NOTE 10-Regulatory Matters**

The Corporation is subject to restrictions on the payment of dividends to its shareholders pursuant to the Pennsylvania Business Corporation Law of 1988, as amended (BCL). The BCL prohibits dividend payments if such payment would render the Corporation insolvent or result in negative net worth. Federal and state banking regulations place certain restrictions on dividends paid and loans or advances made by PeoplesBank to the Corporation. The amount of total dividends, which may be paid at any date, is generally limited to the retained earnings of PeoplesBank. Furthermore, dividend payments would be prohibited if the effect thereof would cause PeoplesBank's capital to be reduced below applicable minimum capital requirements as discussed below. Loans and advances by PeoplesBank to affiliates, including the Corporation, are limited to 10 percent of PeoplesBank's capital stock and contributed capital on a secured basis.

The Corporation and PeoplesBank are subject to various regulatory capital requirements. Failure to meet minimum capital requirements can result in certain mandatory and possible additional discretionary actions by regulators that, if imposed, could have a material effect on the Corporation's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Corporation and PeoplesBank must meet specific capital guidelines that involve quantitative measures of assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. The capital amounts and classification are also subject to qualitative judgments by the regulators.

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Quantitative measures established by regulators to ensure capital adequacy require the Corporation and PeoplesBank to maintain minimum ratios to total and tier 1 capital as a percentage of risk-weighted assets, and of tier 1 capital to average assets (leverage ratio) as set forth below. In September 2006, PeoplesBank received the most recent notification from the Federal Deposit Insurance Corporation, which categorized PeoplesBank as well capitalized, as of June 30, 2006, under the regulatory framework for prompt corrective action. There are no conditions or events since that notification that management believes would change PeoplesBank's well capitalized category.

	Actual		Minimum for Capital Adequacy		Well Capitalized Minimum*			
	Amount	Ratio	Amount	Ratio	Amount	Ratio		
<i>(dollars in thousands)</i>								
<b>Codorus Valley Bancorp, Inc. (consolidated)</b>								
<b>December 31, 2006</b>								
Capital ratios								
Tier 1 risk-based	\$52,587	11.99	% \$17,538	4.0	% n/a	n/a		
Total risk-based	55,713	12.71	35,076	8.0	n/a	n/a		
Leverage	52,587	9.83	21,401	4.0	n/a	n/a		
<b>December 31, 2005</b>								
Capital ratios								
Tier 1 risk-based	\$41,658	10.61	% \$15,699	4.0	% n/a	n/a		
Total risk-based	44,196	11.26	31,398	8.0	n/a	n/a		
Leverage	41,658	9.57	17,420	4.0	n/a	n/a		
<b>PeoplesBank, A Codorus Valley Company</b>								
<b>December 31, 2006</b>								
Capital ratios								
Tier 1 risk-based	\$48,130	11.12	% \$17,316	4.0	% \$25,973	6.0	%	
Total risk-based	51,256	11.84	34,631	8.0	43,289	10.0		
Leverage	48,130	9.09	21,168	4.0	26,460	5.0		
<b>December 31, 2005</b>								
Capital ratios								
Tier 1 risk-based	\$37,201	9.62	% \$15,463	4.0	% \$23,194	6.0	%	
Total risk-based	39,739	10.28	30,926	8.0	38,657	10.0		
Leverage	37,201	8.66	17,184	4.0	21,480	5.0		

\*Under prompt corrective action provisions

**NOTE 11-Benefit Plans****Defined Contribution Plan**

The Corporation maintains a 401(k) savings and investment plan covering substantially all employees. Under the plan, employees can contribute a percentage of their gross salary. In 2006, 2005, and 2004, the Corporation matched 50 percent of the first 6 percent of an employee's contribution. The Corporation's expense for the 401(k) savings and investment plan was \$140,000 for 2006, \$109,000 for 2005, and \$92,000 for 2004.

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PeoplesBank maintains supplemental retirement plans for selected executives and supplemental life insurance for executive officers and directors. The supplemental life insurance plans replaced other insurance coverage. The expense associated with these plans was approximately \$204,000 for 2006, \$167,000 for 2005, and \$155,000 for 2004. The accrued liability was \$1,154,000 at December 31, 2006, \$951,000 at December 31, 2005, and \$784,000 at December 31, 2004. Investment in bank owned life insurance policies was used to finance the supplemental benefit plans, and provide a tax-exempt return to PeoplesBank.

**Dividend Reinvestment and Stock Purchase Plan**

The Corporation maintains a Dividend Reinvestment and Stock Purchase Plan (Plan). Shareholders of common stock may participate in the Plan, which allows additional shares of common stock to be purchased with reinvested dividends at prevailing market prices. For 2006, 2005 and 2004 all shares were purchased from the open market. To the extent that shares are not available in the open market, 194,412 shares of common stock are reserved and available for issuance at December 31, 2006. Open market purchases were made by an independent purchasing agent retained to act as agent for Plan participants, and the purchase price to participants was the actual price paid, excluding brokerage commissions and other expenses which were paid by the Corporation. The Plan also permits participants to make additional voluntary cash payments to purchase shares of the Corporation's common stock.

**NOTE 12-Stock-Based Compensation**

The Corporation adopted Statement of Financial Accounting Standards No. 123(R), Share-Based Payments (Statement 123R) in the first quarter of 2006, using the modified prospective method. Statement 123R requires that the fair value of equity awards to employees be recognized as compensation expense over the period during which an employee is required to provide service in exchange for such award. Compensation expense of \$54,000 net of \$0 tax effect during 2006 was included in net income and earnings per share. Comparatively, the impact on net income and earnings per share during 2005 and 2004 that would have occurred if compensation expense would have been recognized based on the estimated fair value of the options on the date of grant is as follows:

<i>(Dollars in thousands, except per share data)</i>	<b>2005</b>	<b>2004</b>
Reported net income	\$ 4,617	\$ 4,008
Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects of \$0 and \$0	(189)	(214)
<b>Pro forma net income</b>	<b>\$ 4,428</b>	<b>\$ 3,794</b>
Reported basic earnings per share	\$ 1.33	\$ 1.16
Reported diluted earnings per share	\$ 1.30	\$ 1.14
Pro forma basic earnings per share	\$ 1.27	\$ 1.10
Pro forma diluted earnings per share	\$ 1.25	\$ 1.08

The Corporation's equity awards consist of stock options granted under three stock option plans as follows: a 2000 Stock Incentive Plan (2000 Plan), a 1998 Independent Directors Stock Option Plan (1998 Plan) and a 1996 Stock Incentive Plan (1996 Plan), (collectively the Option Plans). All options

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available for grant under the 1998 and 1996 Plans have been granted. The 2000 Plan also allows for the granting of stock appreciation rights and restricted stock, none of which have been granted to date at December 31, 2006.

Shares reserved and available for issuance as of December 31, 2006, adjusted for stock dividends declared, were 134,374 for the 2000 Plan, 135,823 for the 1998 Plan, and 83,268 for the 1996 Plan. Shares reserved for future issuance under each plan are subject to adjustment in the event of specified changes in the Corporation's capital structure. Options awarded under these plans to date have been granted with an exercise price equal to the fair value of the stock on the grant date, a minimum vesting period of six months and an expiration period of ten years. Upon exercise, the Corporation has historically issued from its authorized, but unissued, common stock to satisfy the options.

The grant-date fair value, adjusted for stock dividends declared, of options granted in 2006 was \$6.95, compared to \$6.53 for 2005 and \$6.98 for 2004. The fair value of the options awarded under the Option Plans is estimated on the date of grant using the Black-Scholes valuation model, which is dependent upon certain assumptions as presented below.

	2006	2005	2004
Expected life (in years)	5.25	6.12	5.56
Risk-free interest rate	5.19%	3.89%	3.91%
Expected volatility	46.4%	48.3%	50.6%
Expected dividend yield	2.7%	2.6%	2.5%

The expected life of the options was estimated using one half of the exercise period plus the vesting period and represents the period of time that options granted are expected to be outstanding. The risk-free interest rate is the U.S. Treasury rate commensurate with the expected life of the options on the grant date. Volatility of the Corporation's stock price was based on historical volatility. Dividend yield was based on dividends for the most current year divided by the average market price for the most current year.

A summary of stock options activity from all Plans, adjusted for stock dividends declared, is shown below.

	Options	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value (\$000)
Outstanding at December 31, 2003	244,759	\$ 11.64	5.4 years	\$ 1,358
Granted	38,203	17.04		
Exercised	(8,972)	11.55		
Forfeited	(1,158)	17.06		
Outstanding at December 31, 2004	272,832	\$ 12.38	5.0 years	\$ 1,175
Granted	36,935	16.87		
Exercised	(20,833)	11.27		
Outstanding at December 31, 2005	288,934	\$ 13.03	4.7 years	\$ 1,312
Granted	525	18.00		
Exercised	(18,792)	8.75		
Outstanding at December 31, 2006	270,667	\$ 13.34	4.0 years	\$ 1,884
Exercisable at December 31, 2006	245,563	\$ 12.97	3.5 years	\$ 1,800



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Intrinsic value represents the amount by which the market price of the stock on the measurement date exceeded the exercise price of the option. The intrinsic value of options exercised during 2006 was \$188,000, 2005 was \$119,000 and 2004 was \$46,000. Cash received from such exercises during 2006 was \$164,000 and the tax benefit recognized was \$64,000, 2005 was \$235,000 and the tax benefit recognized was \$41,000, and 2004 was \$104,000 and the tax benefit recognized was \$16,000.

As of December 31, 2006, total unrecognized compensation cost related to nonvested options was \$76,000. The cost is expected to be recognized over a weighted average period of 1.6 years.

The Corporation also maintains an Employee Stock Bonus Plan, administered by nonemployee members of the Corporation's Board of Directors, under which the Corporation may issue shares of its common stock to employees as performance based compensation. As of December 31, 2006, 13,037 shares of common stock were reserved for possible issuance under this plan, subject to future adjustment in the event of specified changes in the Corporation's capital structure. Under the Employee Stock Bonus Plan, 53 shares were issued during 2006, no shares of stock were issued during 2005, and 26 shares were issued during 2004.

**NOTE 13-Income Taxes**

The provision for income taxes for the years ended December 31, consists of the following:

<i>(dollars in thousands)</i>	<b>2006</b>	<b>2005</b>	<b>2004</b>
Current tax provision:			
Federal	\$ 2,154	\$ 1,645	\$ 1,242
State	63		
Deferred tax (benefit) provision	(372)	(93)	111
<b>Total tax provision</b>	<b>\$ 1,845</b>	<b>\$ 1,552</b>	<b>\$ 1,353</b>

The differences between the effective income tax rate and the Federal statutory income tax rate are as follows:

<i>(dollars in thousands)</i>	<b>2006</b>	<b>2005</b>	<b>2004</b>
Statutory tax rate	34.0%	34.0%	34.0%
Increase (decrease) resulting from:			
Low income housing credits	(4.5)	(5.3)	(4.9)
Tax-exempt interest income	(4.5)	(2.7)	(2.9)
Disallowed interest	0.6	0.2	0.2
Bank owned life insurance income	(1.3)	(1.5)	(1.7)
State income taxes, net of federal tax benefit	0.7		
Other, net	0.7	0.5	0.4
<b>Effective income tax rate</b>	<b>25.7%</b>	<b>25.2%</b>	<b>25.2%</b>

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The provision for income taxes includes (\$27,000), (\$29,000) and \$13,000 of applicable income tax (benefit) expense related to net investment security (losses) gains in 2006, 2005 and 2004, respectively.

Significant components of the Corporation's deferred tax asset, included in other assets as of December 31, were as follows:

<i>(dollars in thousands)</i>	<b>2006</b>	<b>2005</b>
<b>Deferred tax assets</b>		
Allowance for loan losses	\$ 919	\$ 704
Deferred compensation	393	323
Partnership investment amortization	734	569
Net unrealized losses on available-for-sale securities	125	212
Tax credit carryforward		53
<b>Total deferred tax assets</b>	<b>2,171</b>	<b>1,861</b>
<b>Deferred tax liabilities</b>		
Deferred loan fees	258	211
Depreciation	189	310
Other, net	610	511
<b>Total deferred tax liabilities</b>	<b>1,057</b>	<b>1,032</b>
<b>Net deferred tax asset</b>	<b>\$ 1,114</b>	<b>\$ 829</b>

### NOTE 14-Commitments to Extend Credit

In the normal course of business, the Corporation is a party to various financial transactions that are not funded as of the balance sheet date. Off-balance sheet financial instruments, which enable bank customers to meet their financing needs, are comprised mainly of commitments to extend credit and standby letters of credit. Standby letters of credit written are conditional commitments issued by PeoplesBank to guarantee the performance of a customer to a third party. The credit and market risk involved in issuing letters of credit is essentially the same as that involved in extending other loan commitments. To manage these risks the Corporation uses the same credit policies in making commitments and conditional obligations as it does for on-balance sheet instruments and requires collateral to support these letters of credit as deemed necessary. Management believes that the proceeds obtained through a liquidation of such collateral would be sufficient to cover the maximum potential amount of future payments required under the corresponding guarantees. The current amount of the liability as of December 31, 2006 and 2005, for guarantees under standby letters of credit issued is not material. Normally, commitments to extend credit and letters of credit have fixed expiration dates or termination clauses, have specific rates and are for specific purposes. Many of the commitments are expected to expire without being extended; therefore, total commitment amounts do not necessarily represent future cash requirements.

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The following is a summary of outstanding commitments:

<i>(dollars in thousands)</i>	<b>December 31,</b>	
	<b>2006</b>	<b>2005</b>
<b>Commitments to grant loans</b>		
Fixed rate	\$ 12,389	\$ 20,009
Variable rate	16,462	22,809
<b>Unfunded commitments of existing loans</b>		
Fixed rate	\$ 21,696	\$ 10,357

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	December 31,	
Variable rate	65,665	63,698
Standby letters of credit	\$ 6,121	\$ 2,777

### NOTE 15-Contingent Liabilities

Periodically, the Corporation and its subsidiary bank may be defendants in legal proceedings relating to the conduct of their banking business. Most of such legal proceedings are a normal part of the banking business and, in management's opinion, do not materially affect the financial position or results of operations of the Corporation.

### NOTE 16-Fair Values of Financial Instruments

FASB Statement No. 107, *Disclosures About Fair Value of Financial Instruments*, requires disclosure of fair value information about financial instruments, whether or not recognized on the balance sheet, for which it is practicable to estimate that value. In cases where quoted market prices are not available, fair values are based on estimates using present value of expected future cash flows or other valuation techniques. These techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. In that regard, derived fair value estimates cannot be substantiated by comparison to independent markets and, in many cases, could not be realized in immediate settlement of the instrument. Statement No. 107 excludes certain financial instruments and all nonfinancial instruments from its disclosure requirements. Accordingly, the aggregate fair value amounts presented do not represent the underlying value of the Corporation.

The following methodologies and assumptions were used by Codorus Valley to estimate its fair value disclosures.

*Cash and cash equivalents* The fair value for total cash and cash equivalents is deemed to be the same as the carrying amount.

*Investment securities* Fair values for investment securities are based on quoted market prices. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments.

*Restricted investment in bank stocks* Fair values for Federal Home Loan Bank and Atlantic Central Bankers Bank stock approximate the carrying values based on the redemption provisions of the respective issuer.

*Loans held for sale* Fair values for loans held for sale are based on quoted market prices.

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*Loans, net of allowance* For variable rate and adjustable rate loans that reprice frequently with no significant change in credit risk, fair value is deemed to be the same as the carrying amount. Fair values for all other loans in the portfolio are estimated by discounting estimated future cash flows using comparable current interest rates at which similar loans would be made to borrowers with similar credit risk.

*Mortgage servicing rights* The fair value for mortgage servicing rights is based on observable market prices available or the present value of expected future cash flows when not available.

*Interest receivable and payable* The fair values for interest receivable and interest payable approximate their carrying amounts.

*Noninterest bearing deposits, NOW, money market and savings deposits* Fair values for noninterest bearing demand, NOW, money market and savings deposits approximate their carrying amounts.

*Time deposits* The fair value for variable rate time deposits is deemed to approximate the carrying amount. The fair value for fixed rate time deposits is estimated by discounting expected future cash flows using rates offered for deposits of similar remaining maturities at the reporting date.

*Short-term borrowings* The fair value for short-term borrowings approximates the carrying value.

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*Long-term debt* The fair value of fixed rate long-term debt is estimated by discounting estimated future cash flows using rates available to Codorus Valley, at the reporting date, for similar types of borrowings. The fair value of variable rate long-term debt approximates carrying amount.

*Off-balance sheet instruments* Fair values for off-balance sheet instruments, such as commitments to extend credit and standby letters of credit, are based on fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the counterparties' credit standing. These amounts were not considered to be material at December 31, 2006 and 2005.

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The following table summarizes the carrying amounts and fair values of financial instruments at December 31, 2006 and 2005.

<i>(dollars in thousands)</i>	2006		2005	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
<b>Financial assets</b>				
Cash and equivalents	\$ 35,372	\$ 35,372	\$ 12,085	\$ 12,085
Securities, available-for-sale	71,491	71,491	58,111	58,111
Securities, held-to-maturity	7,503	7,840	9,101	9,686
Restricted investment in bank stocks	1,932	1,932	2,452	2,452
Loans held for sale	1,687	1,714	1,522	1,551
Loans, net of allowance	402,447	396,770	365,571	360,972
Mortgage servicing rights			13	13
Interest receivable	2,614	2,614	2,238	2,238
<b>Financial liabilities</b>				
Noninterest bearing demand, NOW, money market and savings deposits	\$ 254,879	\$ 254,879	\$ 218,813	\$ 218,813
Time deposits	201,766	202,232	166,341	165,898
Short-term borrowings			9,781	9,781
Long-term debt	45,339	45,156	39,712	39,895
Interest payable	861	861	496	496

Off-balance sheet instruments

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**Note 17-Condensed Financial Information-Parent Company Only**  
**Condensed Balance Sheets**

(dollars in thousands)

	December 31,	
	2006	2005
<b>Assets</b>		
Cash and due from banks	\$ 797	\$ 224
Securities, held-to-maturity	2,950	3,529
Investment in subsidiaries	48,641	37,368
Premises and equipment, net	3,834	3,974
Other assets	406	298
Total assets	\$ 56,628	\$ 45,393
<b>Liabilities</b>		
Long-term debt	\$ 11,872	\$ 4,734
Long-term debt with subsidiary, PeoplesBank	1,819	1,896
Other liabilities	151	34
Total liabilities	13,842	6,664
<b>Shareholders equity</b>	<b>42,786</b>	<b>38,729</b>
Total liabilities and shareholders equity	\$ 56,628	\$ 45,393

**Condensed Statements of Income**

(dollars in thousands)

	Years ended December 31,		
	2006	2005	2004
<b>Income</b>			
Interest from investment securities	\$ 390	\$ 327	\$ 341
Dividends from subsidiary, PeoplesBank	1,853	1,554	1,706
Other	26		
Total income	2,269	1,881	2,047
<b>Expense</b>			
Interest expense on long-term debt	741	405	268
Occupancy of premises, net	88	92	93
Other	222	227	235
Total expense	1,051	724	596
Income before applicable income tax benefit and undistributed earnings of subsidiaries	1,218	1,157	1,451
<b>Applicable income tax benefit</b>	<b>215</b>	<b>135</b>	<b>87</b>
Income before undistributed earnings of subsidiaries	1,433	1,292	1,538
Undistributed earnings of subsidiaries	3,889	3,325	2,470
Net income	\$ 5,322	\$ 4,617	\$ 4,008

Table of Contents**Note 17-Condensed Financial Information-Parent Company Only (continued)**  
**Condensed Statements of Cash Flows**

<i>(dollars in thousands)</i>	Years ended December 31,		
	2006	2005	2004
<b>Cash flows from operating activities</b>			
Net income	\$ 5,322	\$ 4,617	\$ 4,008
Adjustments to reconcile net income to net cash provided by operations:			
Depreciation	165	171	175
Undistributed earnings of subsidiaries	(3,889)	(3,325)	(2,470)
Gain on sales of premises and equipment	(26)		
Other, net	6	(70)	56
Net cash provided by operating activities	1,578	1,393	1,769
<b>Cash flows from investing activities</b>			
Calls of securities, held-to-maturity	636		250
Additional investment in subsidiary, PeoplesBank	(7,000)		(3,500)
Investment in nonconsolidated subsidiary	(217)		(93)
Purchases of premises and equipment	(30)		(15)
Proceeds from sales of premises and equipment	32		
Net cash used in investing activities	(6,579)		(3,358)
<b>Cash flows from financing activities</b>			
Proceeds from issuance of long-term debt	7,217		4,893
Repayments of long-term debt	(156)	(158)	(1,930)
Dividends paid	(1,703)	(1,554)	(1,456)
Issuance of common stock	229	276	119
Cash paid in lieu of fractional shares	(13)	(6)	(6)
Net cash provided by (used in) financing activities	5,574	(1,442)	1,620
Net increase (decrease) in cash and cash equivalents	573	(49)	31
Cash and cash equivalents at beginning of year	224	273	242
Cash and cash equivalents at end of year	\$ 797	\$ 224	\$ 273

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**Note 18-Quarterly Results of Operations (Unaudited)**

The following is a summary of the quarterly results of operations for the years ended December 31, 2006 and 2005.

<i>(dollars in thousands, except per share data)</i>	2006 Quarter				2005 Quarter			
	Fourth	Third	Second	First	Fourth	Third	Second	First
Interest income	\$ 8,924	\$ 8,658	\$ 7,949	\$ 7,788	\$ 7,158	\$ 6,543	\$ 6,006	\$ 5,865
Interest expense	4,358	4,123	3,504	3,092	2,735	2,386	2,136	1,892
Net interest income	4,566	4,535	4,445	4,696	4,423	4,157	3,870	3,973
Provision for loan losses	150	145	145	210	250	150	175	200
Noninterest income	1,374	1,237	1,416	1,195	1,182	1,158	1,278	1,099
Gain on sales of mortgages	113	61	61	88	94	136	76	66
Noninterest expense	4,347	3,780	3,842	3,921	4,104	3,567	3,530	3,281
Income before taxes and securities (loss) gain	1,556	1,908	1,935	1,848	1,345	1,734	1,519	1,657
(Loss) gain on sales of securities	(80)						(86)	
Income before income taxes	1,476	1,908	1,935	1,848	1,345	1,734	1,433	1,657
Provision for income taxes	345	501	512	487	324	451	348	429
Net income	\$ 1,131	\$ 1,407	\$ 1,423	\$ 1,361	\$ 1,021	\$ 1,283	\$ 1,085	\$ 1,228
Net income per common share:								
Basic	\$ 0.32	\$ 0.40	\$ 0.41	\$ 0.39	\$ 0.29	\$ 0.37	\$ 0.31	\$ 0.35
Diluted	\$ 0.32	\$ 0.39	\$ 0.40	\$ 0.38	\$ 0.29	\$ 0.36	\$ 0.31	\$ 0.35

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REPORT OF INDEPENDENT REGISTERED  
PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders  
Codorus Valley Bancorp, Inc.  
York, Pennsylvania

We have audited the accompanying consolidated balance sheets of Codorus Valley Bancorp, Inc. and subsidiaries as of December 31, 2006 and 2005, and the related consolidated statements of income, changes in shareholders' equity and cash flows for each of the years in the three-year period ended December 31, 2006. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by

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management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Codorus Valley Bancorp, Inc. and subsidiaries as of December 31, 2006 and 2005, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2006, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the consolidated financial statements, Codorus Valley Bancorp, Inc. changed its method of accounting for share-based payments in 2006.

Beard Miller Company LLP  
Harrisburg, Pennsylvania  
March 5, 2007

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#### **Item 9: Changes in and disagreements with accountants on accounting and financial disclosure**

None.

#### **Item 9A: Controls and procedures**

Codorus Valley maintains controls and procedures designed to ensure that information required to be disclosed in the reports that the company files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. Based upon their evaluation of those controls and procedures performed as of December 31, 2006, the chief executive and chief financial officers of Codorus Valley concluded that Codorus Valley's disclosure controls and procedures were adequate.

Codorus Valley made no changes in its internal controls over financial reporting or in other factors that has materially affected these controls subsequent to the date of the evaluation of the controls by the chief executive and chief financial officers.

#### **Item 9B: Other Information**

On January 23, 2007, the Compensation Committee of the Board of Directors of the Corporation, after a review of performance and competitive market data, finalized the annual base salaries of the Corporation's executive officers for fiscal year 2007, which began on January 1, 2007. The compensation adjustments were effective as of January 1, 2007.

The following table sets forth the annual base salary levels of the Corporation's named executive officers for fiscal years 2006 and 2007:

	<b>Fiscal Year 2006 Base Salary</b>	<b>Fiscal Year 2007 Base Salary</b>
Larry J. Miller, President, Chief Executive Officer, and Vice Chairman of the Corporation and the Bank	\$ 230,000	\$ 250,000
Harry R. Swift, Esquire, Secretary and Vice President of the Corporation and General Counsel, Executive Vice President and Cashier of the Bank	\$ 178,000	\$ 184,000



	Fiscal Year 2006	Fiscal Year 2007
Jann Allen Weaver, CPA Treasurer/Assistant Secretary of the Corporation and Executive Vice President and Chief Financial Officer of the Bank	\$ 104,000	\$ 109,000

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### **PART III**

#### **Item 10: Directors, executive officers and corporate governance of Codorus Valley Bancorp, Inc.**

Information appearing in the Proxy Statement relating to the 2007 Annual Meeting of Shareholders to be held May 15, 2007 (Proxy Statement), under the captions Information about Nominees and Continuing Directors, Executive Officers, and Governance of the Corporation is incorporated by reference in response to this item.

The Corporation has adopted a Code of Business Conduct and Ethics (Code of Ethics) as defined in Item 406 of Regulation S-K. The Code of Ethics was filed as Exhibit 14 to a Form 8-K, filed with the SEC on September 16, 2004, and is incorporated by reference in response to this item. The Code of Ethics is also published on PeoplesBank's website at [www.peoplesbanknet.com](http://www.peoplesbanknet.com), under the Investor Relations tab.

Information regarding Section 16(a) Beneficial Ownership Reporting Compliance follows. Section 16(a) of the Securities Exchange Act of 1934, requires that the Corporation's officers and directors, and persons who own more than 10% of the registered class of the Corporation's equity securities, file reports of ownership and changes in ownership with the SEC. Officers, directors and greater than 10% shareholders are required by SEC regulation to furnish the Corporation with copies of all Section 16(a) forms they file.

Based solely on its review of the copies of Forms 3, 4 and 5 and amendments thereto received by it, or written representations from certain reporting persons that no Form 5 was required for that reporting person, the Corporation believes that during the period from January 1, 2006 through December 31, 2006, its officers and directors were in compliance with all filing requirements applicable to them.

#### **Item 11: Executive compensation**

Information appearing in the Proxy Statement, under the captions Executive Compensation, Director Compensation and Compensation Committee Report is incorporated by reference in response to this item.

#### **Item 12: Security ownership of certain beneficial owners and management and related shareholder matters**

Information appearing in the Proxy Statement, under the caption Share Ownership, Outstanding Equity Awards at Fiscal Year End and Potential Payments Upon Termination of Change in Control is incorporated by reference in response to this item.

#### **Item 13: Certain relationships and related transactions, and director independence**

Information appearing in the Proxy Statement, under the caption Related Person Transactions, is incorporated by reference in response to this item.

#### **Item 14: Principal accountant fees and services**

Information appearing in the Proxy Statement, under the caption Independent Certified Public Accountants, is incorporated by reference in response to this item.

Table of Contents**PART IV****Item 15: Exhibits and financial statement schedules**

- (a) Documents filed as part of this Form 10-K report.

1. Financial Statements

The following consolidated statements of Codorus Valley Bancorp, Inc. are incorporated by reference to Part II, Item 8 hereof:

Report of Independent Registered Public Accounting Firm  
 Consolidated Balance Sheets  
 Consolidated Statements of Income  
 Consolidated Statements of Changes in Shareholders' Equity  
 Consolidated Statements of Cash Flows  
 Notes to Consolidated Financial Statements

2. Financial Statement Schedules

Required financial statement schedules are omitted. This information is either not applicable, not required or is shown in the respective financial statements or in the notes thereto.

3. Exhibits filed as part of 10-K pursuant to Item 601 of Regulation S-K.

Exhibit Number	Description of Exhibit
-------------------	------------------------

- |       |   |
|-------|---|
| 3(i)  | Amended Articles of Incorporation (Incorporated by reference to Exhibit 3(i) to the Registrant's Current Report on Form 8-K, filed with the Commission on October 14, 2005.)  |
| 3(ii) | Amended By-laws (Incorporated by reference to Exhibit 3(ii) to the Registrant's Current Report on Form 8-K, filed with the Commission on October 14, 2005.)   |
| 4     | Rights Agreement dated as of November 4, 2005 (Incorporated by reference to Exhibit 4 to the Registrant's Current Report on Form 8-K, filed with the Commission on November 8, 2005.)   |
| 10.1  | 1996 Stock Incentive Plan (Incorporated by reference to Exhibit 99 of Registration Statement No. 333-09277 on Form S-8, filed with the Commission on July 31, 1996.)  |
| 10.2  | Employment Agreement between Codorus Valley Bancorp, Inc., PeoplesBank, A Codorus Valley Company and Larry J. Miller dated December 27, 2005. (Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed with the Commission on January 3, 2006.)             |
| 10.3  | Change of Control Agreement by and among Codorus Valley Bancorp, Inc., PeoplesBank, A Codorus Valley Company and Jann A. Weaver, dated December 27, 2005. (Incorporated by reference to Exhibit 10.7 to the Registrant's Current Report on Form 8-K, filed with the Commission on January 3, 2006.) |

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Change of Control Agreement by and among Codorus Valley Bancorp, Inc., PeoplesBank, A Codorus Valley Company and Harry R. Swift, dated December 27, 2005. (Incorporated by reference to Exhibit 10.6 to the Registrant's Current Report on Form 8-K, filed with the Commission on January 3, 2006.)

- 10.5 1998 Independent Directors Stock Option Plan (Incorporated by reference to Exhibit 4.3 of Registrant Statement No. 333-61851 on Form S-8, filed with the Commission on August 19, 1998.)
- 10.6 2000 Stock Incentive Plan (Incorporated by reference to Exhibit 4.3 of Registration Statement No. 333-40532 on Form S-8, filed with the Commission on June 30, 2000.)
- 10.7 2001 Employee Stock Bonus Plan (Incorporated by reference to Exhibit 99.1 of Registration Statement No. 333-68410 on Form S-8, filed with the Commission on August 27, 2001.)
- 10.8 Dividend Reinvestment and Stock Purchase Plan (Incorporated by reference to Exhibit 4(a) Registration Statement no. 33-46171 on Amendment No. 4 to Form S-3, filed with the Commission on July 23, 2004.)
- 10.9 Amendment to Salary Continuation Agreement by and among PeoplesBank, A Codorus Valley Company, a wholly owned subsidiary of Codorus Valley Bancorp, Inc. and Larry J. Miller dated December 27, 2005. (Incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K, filed with the Commission on January 3, 2006.)
- 10.10 Amendment to Salary Continuation Agreement by and among PeoplesBank, A Codorus Valley Company, a wholly owned subsidiary of Codorus Valley Bancorp, Inc. and Harry R. Swift dated December 27, 2005. (Incorporated by reference to Exhibit 10.4 to the Registrant's Current Report on Form 8-K, filed with the Commission on January 3, 2006.)
- 10.11 Amendment to Salary Continuation Agreement by and among PeoplesBank, A Codorus Valley Company, a wholly owned subsidiary of Codorus Valley Bancorp, Inc. and Jann A. Weaver dated December 27, 2005. (Incorporated by reference to Exhibit 10.5 to the Registrant's Current Report on Form 8-K, filed with the Commission on January 3, 2006.)
- 10.12 Form of Group Term Replacement Plan, dated December 1, 1998, as amended, including Split Dollar Policy Endorsements pertaining to senior officers of the Corporation's subsidiary, PeoplesBank, A Codorus Valley Company. (Incorporated by reference to Exhibit 10.12 to the Registrant's Annual Report on Form 10-K, filed on March 29, 2005.)
- 10.13 Sample form of Director Group Term Replacement Plan, dated December 1, 1998, including Split Dollar Policy Endorsements pertaining to non-employee directors of the Corporation's subsidiary, PeoplesBank, A Codorus Valley Company. (Incorporated by reference to Exhibit 10.13 to the Registrant's Annual Report on Form 10-K, filed on March 29, 2005.)

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- 10.14 Long Term Nursing Care Agreement between Codorus Valley Bancorp, Inc., PeoplesBank, A Codorus Valley Company and Larry J. Miller, dated December 27, 2005. (Incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K, filed with the Commission on January 3, 2006.)
- 10.15 Codorus Valley Bancorp, Inc. Change in Control and Supplemental Benefit Trust Agreement between Codorus Valley Bancorp, Inc., PeoplesBank, A Codorus Valley Company and Hershey Trust Company, dated January 25, 2006. (Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed with the Commission on January 27, 2006.)
- 10.16 Amended and Restated Declaration of Trust of CVB Statutory Trust No. 2, dated as of June 28, 2006, among Codorus Valley Bancorp, Inc., as sponsor, the Delaware and institutional trustee named therein, and the

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administrators named therein. (Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the Commission on June 30, 2006.)

- 10.17 Indenture, dated as of June 28, 2006, between Codorus Valley Bancorp, Inc., as issuer, and the trustee named therein, relating to the Junior Subordinated Debt Securities due 2036. (Incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed with the Commission on June 30, 2006.)
- 10.18 Guarantee Agreement, dated as of June 28, 2006, between Codorus Valley Bancorp, Inc. and guarantee trustee named therein. (Incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K filed with the Commission on June 30, 2006.)
- 10.19 2007 Long-Term Incentive Plan of Codorus Valley Bancorp, Inc. (Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed with the Commission on February 20, 2007.)
- 10.20 Leadership Cash Incentive Plan (Incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K, filed with the Commission on February 20, 2007.)
- 14 Code of Ethics (Incorporated by reference to Exhibit 14 to the Registrant's Current Report on Form 8-K, filed with the Commission on September 16, 2004.)
- 21 List of subsidiaries of Codorus Valley Bancorp, Inc.
- 23 Consent of Independent Registered Public Accounting Firm
- 24 Power of Attorney
- 31.1 Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

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- 31.2 Certification of Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 32 Certification of Principal Executive Officer and Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Table of Contents**Signatures**

Under the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has caused this report to be signed on its behalf by the authorized undersigned.

Codorus Valley Bancorp, Inc. (Registrant)

/s/ Larry J. Miller  
Larry J. Miller, President  
and Chief Executive Officer

Date: March 13, 2007

Under the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dated indicated.

## Signature and Capacity

/s/ Rodney L. Krebs Rodney L. Krebs	Chairman of the Board of Directors and Director	3/13/07
/s/ Larry J. Miller Larry J. Miller (Principal Executive Officer)	President, Chief Executive Officer, Vice Chairman of the Board of Directors and Director	3/13/07
/s/ D. Reed Anderson D. Reed Anderson, Esq.	Director	3/13/07
/s/ MacGregor S. Jones MacGregor S. Jones	Director	3/13/07
/s/ William H. Simpson William H. Simpson	Director	3/13/07
/s/ Dallas L. Smith Dallas L. Smith	Director	3/13/07
/s/ Donald H. Warner Donald H. Warner	Director	3/13/07
Michael L. Waugh	Director	3/13/07
/s/ Jann A. Weaver Jann A. Weaver (Principal Financial and Accounting Officer)	Treasurer and Assistant Secretary	3/13/07

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/s/ Harry R. Swift Harry R. Swift, Esq.	Vice President and Secretary	3/13/07
/s/ Diane E. Hill Diane E. Hill	Vice President	3/13/07

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### **Exhibit Index**

<u>Exhibit Number</u>	<u>Description of Exhibit</u>	<u>Page # in manually signed original Form 10-K</u>
3(i)	Amended Articles of Incorporation (Incorporated by reference to Exhibit 3(i) to the Registrant's Current Report on Form 8-K, filed with the Commission on October 14, 2005.)	
3(ii)	Amended By-laws (Incorporated by reference to Exhibit 3(ii) to the Registrant's Current Report on Form 8-K, filed with the Commission on October 14, 2005.)	
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10.6	2000 Stock Incentive Plan (Incorporated by reference to Exhibit 4.3 of Registration Statement No. 333-40532 on Form S-8, filed with the Commission on June 30, 2000.)	
10.7	2001 Employee Stock Bonus Plan (Incorporated by reference to Exhibit 99.1 of Registration Statement No. 333-68410 on Form S-8, filed with the Commission on August 27, 2001.)	

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<u>Exhibit Number</u>	<u>Description of Exhibit</u>
10.8	Dividend Reinvestment and Stock Purchase Plan (Incorporated by reference to Exhibit 4(a) Registration Statement no. 33-46171 on Amendment No. 4 to Form S-3, filed with the Commission on July 23, 2004.)
10.9	Amendment to Salary Continuation Agreement by and among PeoplesBank, A Codorus Valley Company, a wholly owned subsidiary of Codorus Valley Bancorp, Inc. and Larry J. Miller, dated December 27, 2005. (Incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K, filed with the Commission on January 3, 2006.)
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10.16	Amended and Restated Declaration of Trust of CVB Statutory Trust No. 2, dated as of June 28, 2006, among Codorus Valley Bancorp, Inc., as sponsor, the Delaware and institutional trustee named therein, and the administrators named therein. (Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the Commission on June 30, 2006.)

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<u>Exhibit Number</u>	<u>Description of Exhibit</u>
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10.17

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Indenture, dated as of June 28, 2006, between Codorus Valley Bancorp, Inc., as issuer, and the trustee named therein, relating to the Junior Subordinated Debt Securities due 2036. (Incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed with the Commission on June 30, 2006.)

10.18	Guarantee Agreement, dated as of June 28, 2006, between Codorus Valley Bancorp, Inc. and guarantee trustee named therein. (Incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K filed with the Commission on June 30, 2006.)	
10.19	2007 Long-Term Incentive Plan of Codorus Valley Bancorp, Inc. (Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed with the Commission on February 20, 2007.)	
10.20	Leadership Cash Incentive Plan (Incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K, filed with the Commission on February 20, 2007.)	
14	Code of Ethics (Incorporated by reference to Exhibit 14 to the Registrant's Current Report on Form 8-K, filed with the Commission on September 16, 2004.)	
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