

COMMUNITY BANCORP /VT
Form DEF 14A
April 22, 2008

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

SCHEDULE 14A

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

Filed by the Registrant
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 Section 240.14a-12

Community Bancorp.

(Name of Registrant as Specified in Its Charter)

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

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1) Amount Previously Paid

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

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<R>
April 22, 2008
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Dear Fellow Shareholders:

You are cordially invited to the Annual Meeting of the Shareholders of Community Bancorp., which will be held at 5:30 p.m. at the Elks Club, Derby, Vermont, on Tuesday, June 10, 2008. As in prior years, a dinner will be served following the meeting.

Our proxy materials and Annual Report for 2007 are enclosed for your review.

In addition to election of directors and ratification of the selection of the Company's external auditors, this year you will be asked to vote on four proposals to amend the Company's Articles of Association. For the reasons explained in the enclosed proxy statement, we urge you to vote in favor of all four amendment proposals.

<R>

Your participation in the voting is especially important this year as passage of three of the amendment proposals will require a 75% supermajority vote. Please be sure to sign, date and return your proxy card promptly so that your shares will be represented and can be voted at the meeting whether or not you are present in person. You may withdraw your proxy and vote in person at the meeting if you choose to do so.
</R>

As always, thank you for your continued support of Community Bancorp. I look forward to seeing you at the annual meeting.

Sincerely,

COMMUNITY BANCORP.

Richard C. White
Chairman

RCW/cb
Enclosures
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COMMUNITY BANCORP.
Derby Road
Route 5
Derby, Vermont 05829

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON JUNE 10, 2008

The annual meeting of shareholders of Community Bancorp. will be held at the Elks Club, Derby, Vermont, on Tuesday, June 10, 2008, at 5:30 p.m., for the following purposes:

1. To elect four directors to the class whose term will expire at the annual meeting of shareholders in 2011;
2. To amend and restate the Company's Amended and Restated Articles of Association;
3. To amend Article Six of the Company's Articles of Association to declassify the Board and provide for annual election of all directors;
4. To amend Article Six of the Company's Articles of Association to delete provisions relating to filling of Board vacancies, removal of directors and interpretation of the Article;
5. To amend Article Seven of the Company's Articles of Association, to eliminate the supermajority vote required to amend certain provisions of the Articles of Association and Bylaws;
6. To ratify the selection of the independent public accounting firm of Berry, Dunn, McNeil & Parker as the Company's external auditor for the fiscal year ending December 31, 2008; and

7. To transact such other business as may properly be brought before the meeting.

The close of business on April 8, 2008, has been fixed as the record date for determining shareholders entitled to notice of, and to vote at, the annual meeting.

By Order of the Board of Directors,

CHRIS BUMPS
Corporate Secretary

<R>
Derby, Vermont
April 22, 2008
</R>

YOUR PROXY IS ENCLOSED. PLEASE FILL IN, DATE, SIGN AND RETURN YOUR PROXY PROMPTLY IN THE ENCLOSED POSTAGE PAID ENVELOPE WHETHER OR NOT YOU PLAN TO BE PRESENT AT THE MEETING. YOU MAY STILL VOTE IN PERSON IF YOU ATTEND THE MEETING. IT IS IMPORTANT THAT YOU RETURN YOUR COMPLETED PROXY PROMPTLY.

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COMMUNITY BANCORP.
Derby Road
Route 5
Derby, Vermont 05829

PROXY STATEMENT
ANNUAL MEETING OF SHAREHOLDERS
June 10, 2008

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This proxy statement is furnished in connection with the solicitation of proxies by the Board of Directors of Community Bancorp. (the "**Company**") for use at the annual meeting of shareholders and any adjournments of that meeting. The annual meeting will be held on Tuesday, June 10, 2008, at 5:30 p.m. at the Elks Club in Derby, Vermont. The proxy statement and related proxy card are first being sent to shareholders on or about April 22, 2008.
</R>

GENERAL VOTING INFORMATION

Who is entitled to vote at the annual meeting?

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Only common shareholders of record on the record date for the meeting are entitled to vote. The record date is the close of business on April 8, 2008.

There are 25 shares of the Company's Series A Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock. The holders of those shares are not entitled to vote on any matter to be presented for vote of the

shareholders at the annual meeting.
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How many shares are entitled to vote at the meeting?

As of the record date for the meeting (April 8, 2008), there were 4,399,586 shares of the Company's \$2.50 par value common stock issued and outstanding, each of which is entitled to one vote with respect to each matter to be voted on at the meeting.

How many votes do I have?

Each issued and outstanding share of the Company's common stock is entitled to one vote on each matter presented for vote at the meeting.

How do I vote?

If you are a shareholder of record, you may vote by completing and returning the enclosed proxy card in the postage-paid envelope or by voting in person at the meeting. You are a shareholder of record if you own Company common stock in your own name on the stock records maintained by our transfer agent, which is currently Registrar and Transfer Company. A written ballot will be distributed at the meeting for those shareholders of record who wish to vote in person.

How do I vote if my shares are held in the name of a broker or bank?

If your shares are held by a broker or bank, you must obtain a proxy from them and follow the voting instructions on that form. This is the case because your broker or bank, not you, is the record holder of the shares for purposes of determining who is entitled to vote the shares at the meeting and is therefore the party in whose name the shares must be voted.

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How do I vote if my shares are held in the Company's 401(k) Plan?

If you are a participant in the Company stock fund under the Company's Retirement Savings 401(k) Plan, you will receive a proxy card to vote the prorated number of shares in which you own an interest indirectly through that fund, together with a postage-paid envelope to return your completed proxy card to Registrar and Transfer Company, the Company's transfer agent, which will tabulate the votes of plan participants. A single proxy card is then submitted to the Company reflecting the aggregate of the votes on all completed proxies submitted by plan participants. The Company is not informed about how individual participants voted on any item.

Can I change my vote after submitting the proxy card?

Yes. If you submit your proxy card for shares registered in your name and later decide that you wish to change or revoke your proxy, you may do so at any time before the proxy is exercised at the annual meeting, by

• giving written notice of revocation to Chris Bumps, Corporate Secretary, Community Bancorp., P.O. Box 259, Derby, Vermont 05829;

• executing a later-dated proxy card and giving written notice to the Corporate Secretary; or

• voting in person after giving written notice of revocation of your proxy to the Corporate Secretary.

If you need another proxy card to revoke an earlier proxy or if you have any questions, please call the Corporate Secretary at 802-334-7915.

The last vote you submit will supersede all your prior vote(s).

If your shares are held through a broker or other nominee and you wish to change your vote, you should contact the broker or nominee for instructions. Similarly, if your shares are held in the Company's 401(k) Plan and you wish to change your vote, you should contact Registrar and Transfer Company for instructions. Contact information for Registrar and Transfer Company is shown on the last page of this proxy statement.

What are "broker non-votes"?

Shares held in "street name" by brokers (meaning shares held in the name of brokers or their nominees but actually owned by the brokers' customers) may only be voted by the record holder. Generally, a broker may vote shares beneficially owned by its customer without seeking voting instructions from the beneficial owner only on routine matters. If a matter is not routine, but rather is considered "nondiscretionary" under ordinary brokerage industry rules and practices, the broker may not vote the shares without instructions from the beneficial owner. When a broker submits proxies voting fewer than all of the shares held of record for any reason (including with respect to non-routine matters where instructions have not been received from the beneficial owner), the "missing" votes are so-called "broker non-votes."

Proposals 1 (Election of Directors), 2 (Amendment and Restatement of the Company's Articles of Association) and 6 (Ratification of Selection of Independent Auditors) are considered routine for purposes of discretionary voting by brokers. Proposals 3 (Amendment of Article Six to Declassify the Board), 4 (Amendment of Article Six to Eliminate Certain Provisions Relating to the Board) and 5 (Amendment of Article Seven to Eliminate the 75% Vote Requirement for Certain Amendments) are considered non-routine and thus a broker may not vote shares held in street name on those proposals without instructions from the beneficial owner.

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What constitutes a quorum and how are votes counted for that purpose?

In order to convene the meeting, a quorum must be present, and in order to take action on any matter, a quorum must be present as to such matter. A majority (more than 50%) of the outstanding shares of the Company's common stock, present in person or represented by proxy and entitled to vote, will constitute a quorum to convene the meeting and to take action as to each matter to be acted upon at the meeting. Shares represented by proxies or ballots, including those marked "WITHHOLD AUTHORITY" on Proposal 1 (Election of Directors) or "ABSTAIN" on Proposals 2 (Amendment and Restatement of Articles of Association), 3 (Amendment of Article Six to Declassify the Board), 4 (Amendment of Article Six to Eliminate Certain Provisions Relating to the Board), 5 (Amendment of Article Seven to Eliminate the 75% Vote Requirement for Certain Amendments) and 6 (Ratification of Selection of Independent Auditors), will be treated as shares present or represented at the meeting and entitled to vote for purposes of determining a quorum. Broker non-votes as to non-routine matters, such as Proposals 3, 4 and 5, will not be considered present and entitled to vote for purposes of determining a quorum as to such matters because, without instructions from the beneficial owner, the broker does not have authority to represent or vote those shares at the meeting. Broker non-votes on routine matters (Proposals 1, 2 and 6) will be considered present and entitled to vote for purposes of determining a quorum on such matters.

What does it mean if I received more than one proxy card?

If you received more than one proxy card, your shares are registered in different names (for example, "John Smith" and "J. Smith") or are in more than one account. Sign and return all proxy cards to ensure that all your shares are voted. For instructions on how to register all your accounts in the same name and address, you

should contact the Corporate Secretary at 802-334-7915 or the Company's transfer agent, Registrar and Transfer Company, at the contact location shown on the last page of this proxy statement.

How are proxies being solicited and who pays the expenses?

Proxies are being solicited by mail. They may also be solicited by the Company's directors and officers and by the directors, officers and employees of the Bank. Those individuals may solicit proxies personally or by telephone or electronic communication but they will not receive any additional compensation for such efforts. In addition, the Company has arranged with brokerage houses, banks and other custodians, nominees and fiduciaries to send the proxy materials to their principals and will reimburse them for out-of-pocket expenses they incur in forwarding the materials.

How many votes are required for the election of directors (Proposal 1)?

In accordance with the Company's bylaws, in order to be elected under Proposal 1 (Election of Directors) a nominee for director must receive the affirmative vote of the holders of at least a majority of the shares present in person or represented by proxy at the meeting and entitled to vote. Broker non-votes, if any, and shares represented by proxies or ballots marked "WITHHOLD" on Proposal 1, with respect to one or more individual nominees or to the entire slate of nominees, will have the same effect on the outcome of the election as a vote against the nominees or slate of nominees, as the case may be.

How many votes are required to approve the proposed amendment and restatement of the Company's Articles of Association (Proposal 2)?

Approval of the proposal to amend and restate the Company's Articles of Association will require that more votes be cast "FOR" the proposal than "AGAINST" it. Broker non-votes, if any, and shares represented by proxies or ballots marked "ABSTAIN" on Proposal 2 will have no effect on the outcome of the vote on Proposal 2.

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How many votes are required to approve the proposal to amend Article Six, to declassify the Board of Directors (Proposal 3)?

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Approval of the proposal to amend Article Six of the Company's Articles of Association to eliminate the provisions dividing the Board into three classes having staggered three-year terms and to provide instead for annual election of all directors, will require the affirmative vote of the holders of at least 75% of all of the Company's issued and outstanding common stock. This supermajority vote is required under Article Seven of the Company's Articles of Association, which we are also proposing to amend at the annual meeting (Proposal 5). Broker non-votes and votes to "ABSTAIN" on Proposal 3, will have the same effect as a vote against the proposal.

</R>

How many votes are required to approve the proposal to amend Article Six, to eliminate certain provisions relating to the Board (Proposal 4)?

Approval of the proposal to amend Article Six of the Company's Articles of Association to eliminate certain provisions relating to the Board will require the affirmative vote of the holders of at least 75% of all of the Company's issued and outstanding common stock. This supermajority vote is required under Article Seven of the Company's Articles of Association, which we are also proposing to amend at the annual meeting (Proposal 5). Broker non-votes and votes to "ABSTAIN" on Proposal 4, will have the same effect as a vote against the

proposal.

How many votes are required to approve the proposal to amend Article Seven, to eliminate the 75% vote requirement for certain amendments (Proposal 5)?

Approval of the proposal to amend Article Seven of the Company's Articles of Association to eliminate the requirement for a 75% supermajority vote to approve certain amendments to the Company's Articles of Association and Bylaws will require the affirmative vote of the holders of at least 75% of the Company's issued and outstanding common stock. Broker non-votes and votes to "ABSTAIN" on Proposal 5, will have the same effect as a vote against the proposal.

How many votes are required to ratify the selection of Berry, Dunn, McNeil & Parker as the Company's independent auditor (Proposal 6)?

Approval of selection of the Company's independent auditor for 2008 will require that more votes are cast "FOR" than are cast "AGAINST" the proposal. Votes to "ABSTAIN" on Proposal 6 and broker non-votes, if any, are not treated as votes cast and, therefore, will have no effect on the outcome of the vote on Proposal 6.

How many votes are required to approve any other matter that may come before the meeting?

As of the date of this proxy statement, the management and directors of the Company do not know of any other matter that may be put to a vote at the meeting. If such a matter does arise, any shares represented by proxies may be voted at the discretion of the attorneys-in-fact named in the proxies, to the extent permitted by law, in accordance with the recommendations of management. Approval of any such other matter would ordinarily require that more votes be cast for the matter than against. Abstentions from voting and broker non-votes, if any, are not treated as votes cast and therefore, would have no effect on the vote to approve any such other matter.

When will the vote results be announced?

The inspectors of election appointed by the Company will count the votes on all Proposals and any other matter voted on at the meeting, and the vote results will be announced at the annual meeting by the inspectors of election.

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May shareholders submit nominations for election as directors or for consideration of other matters?

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The Company's Bylaws include a process shareholders should follow if they wish to submit director nominations or propose other action for vote by the shareholders. The deadline for submissions relating to the 2008 annual meeting was initially fixed at January 8, 2008, but was extended to the close of business on March 24, 2008 in view of the delayed annual meeting date this year. The deadline for submissions for the 2009 annual meeting is January 19, 2009. Additional information about this process is contained elsewhere in this proxy statement under the caption "SHAREHOLDER NOMINATIONS AND PROPOSALS-Bylaw Requirements for Shareholder Nominations and Proposals." This process applies whether or not the shareholder wishes to include the proposal in the Company's proxy materials.

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In addition, the Corporate Governance/Nominating Committee of the Board of Directors will consider recommendations made by shareholders for possible board nominees. Additional information about this process is contained elsewhere in this proxy statement under the caption "CORPORATE

GOVERNANCE-Board Committees-Corporate Governance/Nominating Committee."

What is the deadline to submit a shareholder proposal for inclusion in the Company's 2009 annual meeting proxy statement?

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The deadline for submitting a proposal you wish to include in the Company's proxy statement is earlier than the general deadline for providing notice to the Company under the Bylaws. For the 2008 annual meeting, the deadline was December 17, 2007. The deadline for the 2009 annual meeting is December 26, 2008. Proposals may be excluded or included based on applicable rules of the Securities and Exchange Commission ("SEC"). Additional information about this process is contained elsewhere in this proxy statement under the caption "SHAREHOLDER NOMINATIONS AND PROPOSALS-Inclusion of Shareholder Proposals in Company Proxy Materials." This process is separate from the process referred to above that is contained in the Company's Bylaws.

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SHARE OWNERSHIP INFORMATION

The following table shows the amount of common stock beneficially owned by all incumbent directors, nominees for director and executive officers of the Company individually and as a group as of April 8, 2008, the record date for the meeting. Except as otherwise indicated in the footnotes to the table, the named individuals possess sole voting and investment power over the shares listed.

	Number of Shares Beneficially Owned and Percent of Class	
	Number of Shares	Percent of Class
Directors, Nominees & Executive Officers		
Thomas E. Adams (1)	27,734	.63%
Charles W. Bucknam, Jr.	1,900	.04%
Aminta K. Conant	520	.01%
Jacques R. Couture (2)	9,248	.21%
Elwood G. Duckless (3)	154,151	3.50%
Rosemary M. Lalime	54,411	1.24%
Marcel M. Locke (4)	13,785	.31%
Stephen P. Marsh (5)	56,580	1.29%
Dorothy R. Mitchell	1,507	.03%

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	Number of Shares Beneficially Owned and Percent of Class	
	Number of Shares	Percent of Class
Anne T. Moore	23,214	.53%

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Peter J. Murphy (6)	10,304	.23%
Richard C. White (7)	64,948	1.48%
Alan A. Wing (8)	10,110	.23%

All Directors, Nominees & Executive
Officers as a Group (16 in number)

(9)	426,512	9.69%
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- (1) Includes 11,545 shares held in an IRA for Mr. Adams' benefit.
 - (2) Includes (i) 4,987 shares held by Mr. Couture jointly with his wife, as to which voting and investment power is shared; (ii) 83 shares held jointly with Mr. Couture's son; and (iii) 1,445 shares held in an IRA for Mr. Couture's benefit. Does not include 1,448 shares held in an IRA for the benefit of Mr. Couture's spouse, as to which beneficial ownership is disclaimed.
 - (3) Includes 29,797 shares held in trust for the benefit of Mrs. Duckless. Mr. Duckless has shared voting and investment power over such shares.
 - (4) Includes 6,102 shares held by Mr. Locke jointly with his wife, as to which voting and investment power is shared.
 - (5) Includes (i) 28,556 shares held by Mr. Marsh jointly with his wife, as to which voting and investment power is shared; and (ii) 27,122 shares indirectly owned by Mr. Marsh through his participation in the Community Bancorp. stock fund under the Company's Retirement Savings Plan. 29,058 of the shares listed are pledged as collateral for a loan with a nonaffiliated bank.
 - (6) Includes 8,000 shares held in trust for the benefit of Mr. Murphy's minor children.
 - (7) Includes (i) 59,152 shares indirectly owned by Mr. White through his participation in the Community Bancorp. stock fund under the Company's Retirement Savings Plan; and (ii) 5,376 shares held in an IRA for Mr. White's benefit.
 - (8) All such shares are held by Mr. Wing indirectly through his participation in the Company stock fund under the Company's Retirement Savings Plan.
 - (9) Includes 77,866 shares as to which voting and investment power is shared and 96,384 shares held indirectly, through participation in the Community Bancorp. stock fund under the Company's Retirement Savings Plan.

In addition, as of April 8, 2008, 604,446 shares (13.73%) of the Company's issued and outstanding common stock were held in fiduciary or custodial capacity by the Company's affiliated trust and investment management company, Community Financial Services Group, LLC ("CFSG"), including 346,168 shares, or 7.86%, held on behalf of the Retirement Savings (401(k)) Plan trustee and participants, including the three executive officers named in the share ownership table and three additional executive officers included in group shareholdings shown in the table. It is the practice of CFSG not to vote shares of the Company's common stock unless instructions are received from the beneficial owner.

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Except as set forth above, the Company is not aware of any individual, group, corporation or other entity owning beneficially more than 5% of the Company's outstanding common stock. The Company has no other authorized class of voting securities.

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Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's officers and directors to file reports of ownership and changes in ownership with the Securities and Exchange Commission (SEC) and to

furnish the Company with copies of all such reports. The Company has reviewed the copies of the Section 16
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reports filed by the directors and officers, or written representations from them that no Forms 5 were required to be filed for 2007. Based solely on such review, the Company believes that all Section 16 filing requirements applicable to its officers and directors for 2007 were complied with.

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PROPOSAL 1

ELECTION OF DIRECTORS

The Amended and Restated Articles of Association and the Bylaws of the Company provide for a Board of no fewer than nine and no more than twenty-five directors, to be divided into three classes, as nearly equal in number as possible, each class serving for a period of three years. The Board of Directors currently consists of twelve members and the Board has voted to fix the number of directors at twelve for the ensuing year. The incumbent directors whose terms expire at the 2008 annual meeting are Thomas E. Adams, Jacques R. Couture, Dorothy R. Mitchell and Richard C. White and each has been nominated to stand for re-election to a three-year term.

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As described below under "Proposal 3-AMENDMENT OF ARTICLE SIX TO DECLASSIFY THE BOARD," the Board is recommending that the shareholders approve an amendment to the Company's Articles of Association to eliminate the division of the Board into classes having staggered three-year terms, and to provide instead for annual election of all directors. If approved, phased implementation of the amendment would begin at the 2009 annual meeting and would be completed at the 2011 annual meeting.

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Unless authority is withheld, proxies solicited hereby will be voted in favor of the four nominees to hold office until the 2011 annual meeting of shareholders, or until their respective successors are elected and qualify. If for any reason not now known by the Company, any of such nominees should not be able to serve, proxies will be voted for a substitute nominee or nominees designated by the Board of Directors, or to fix the number of directors at fewer than twelve, as the directors in their discretion may deem advisable.

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The following table sets forth certain information concerning each of the nominees and other incumbent directors:

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Name and Age	Principal Employment (1)	Director of Community Bancorp. Since (2)
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Nominees to serve (if elected) until 2011 annual meeting:

Thomas E. Adams, Age 61	Owner, NPC Realty Co., Inc. Holland, VT	1986
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Jacques R. Couture, Age 57	Dairy Farmer/Maple Producer Westfield, VT	1992
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Dorothy R. Mitchell, Age 63	Board member, Vermont Student Assistance Corporation; and Former Co-Chair, Vermont Historical Society Capital Campaign (both community service volunteer positions) Montpelier, VT	2006
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(footnotes on page 9)

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Name and Age	Principal Employment (1)	Director of Community Bancorp. Since (2)
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Richard C. White, Age 62	Chairman and Director, Community Bancorp. and Community National Bank Derby, VT	1983
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Incumbent Directors to serve until 2010 annual meeting:

<R> Charles W. Bucknam, Age 64	Former President, Chief Executive Officer and Director LyndonBank Lyndonville, VT	2008
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Marcel M. Locke, Age 68	Former Proprietor (now retired) Parkview Garage Orleans, VT	1986
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Stephen P. Marsh, Age 60	President, Chief Executive Officer and Director, Community Bancorp. and Community National Bank Derby, VT	1998
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Peter J. Murphy, Age 49	President and Principal Murphy Realty Co., Inc. St. Johnsbury, VT	2007
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(commercial real estate
development)

Incumbent Directors to serve until 2009 annual meeting:

Aminta K. Conant, Age 54	Director of Lean Six Sigma Lydall, Inc. St. Johnsbury, VT (auto heat shield manufacturer)	2006
Elwood G. Duckless, Age 67	Past President (now retired) Newport Electric Co. Newport, VT	1987
Rosemary M. Lalime, Age 61	Principal Broker and Owner Coldwell Banker All Seasons Realty Newport, VT	1985
Anne T. Moore, Age 64	Principal Real Estate Broker Taylor Moore Agency Inc. Derby, VT (insurance and real estate)	1993

(footnotes on page 9)

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(1) Each nominee and other incumbent director has held the principal occupation shown in the table for at least the last five years, except for (i) Mr. White, who, prior to 2008, served as Chairman and CEO of both the Company and the Bank (2004-2007), and prior to 2004 served as Chairman, President and CEO of both companies; and (ii) Mr. Marsh, who, prior to becoming President and Chief Executive Officer of the Company and the Bank in 2008, served as President and Chief Operating Officer of both companies (2004-2007), and prior to that served as Vice President of the Company and Executive Vice President and Chief Financial Officer of the Bank.

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(2) Each nominee and each other incumbent director is also a director of Community National Bank. The dates indicated in the table reflect only service on the Board of Directors of the Company and not Community National Bank or its regional advisory boards.

Directors' Fees and Other Compensation

Directors of the Company also serve as Directors of the Bank. Only the outside (non-employee) directors are paid for their service on the Boards of the Company and the Bank. All fees are paid in cash. The Company and the Bank do not pay any stock-based compensation to directors.

The schedule of fees for Company and Bank Board service is as follows:

Company Director Fees

Annual Retainer	\$5,500
Board Meeting Fee	275
Committee Meeting Fee	275
Disclosure Committee Meeting Fee (1)	275

Bank Director Fees

Annual Retainer	\$5,500
Board Meeting Fee	275
Committee Meeting Fee	275
Local Advisory Board Meeting Fee (2)	275

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- (1) A member of the Audit Committee attends the meetings of the Company's Disclosure Control Committee, which reviews the Company's periodic reports filed with the SEC.
 - (2) Each Bank director attends several meetings a year of the Bank's local advisory boards. Mr. White and Mr. Marsh (the only two employee directors) also attend local advisory board meetings but do not receive any fees for doing so.

This fee structure is designed to compensate the Bank's outside directors for attendance at Board meetings as well as for the time they spend in activities directly related to their service on the Board for which they receive no additional compensation, such as attendance at the annual directors' retreat and attendance at educational seminars or programs on pertinent banking or corporate governance topics.

From time to time the directors may evaluate loan collateral for the Bank, for which they are paid at the rate of \$25 per hour.

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Directors' Deferred Compensation Plan

The directors may choose to defer current receipt of some or all of their Company or Bank director fees under the Company's Deferred Compensation Plan for Directors. Deferrals are credited to a cash account that bears interest at the rate the Bank pays on a three-year certificate of deposit, as adjusted from time to time. Payments are deferred until the director's retirement, death or disability, or at an earlier or later date elected by the director. The director may choose to receive his or her deferrals and accumulated interest in a lump sum or monthly installments. Deferred fees and accumulated interest represent a general unsecured obligation of the Company. No assets of the Company or the Bank have been segregated to satisfy the Company's obligations under the Plan.

The Company temporarily suspended deferrals under the Plan during 2005, as management evaluated the impact of Section 409A of the Internal Revenue Code, added by the federal American Jobs Creation Act of 2004. Effective January 1, 2006, the Company permitted the directors to resume deferrals. The plan will be amended by year end 2008 to comply with final IRS regulations under Section 409A. In the meantime, the Company will administer the plan in good faith compliance with Section 409A.

Directors' Retirement Plan

Outside directors who served on the Board of the Company or the Bank for at least five years are entitled to receive upon retirement a lump sum payment of \$1,000 for each year of Board service between 1994 and 2004,

inclusive. For this purpose, service as a director of the Company and of the Bank during the same year is not counted separately. Following a re-evaluation of the Company's plans affected by the American Jobs Creation Act of 2004, the Company terminated any further accruals under the plan for years after 2004 and Board fees were increased to compensate for the loss of this retirement benefit.

As of December 31, 2007, the total accrued and unpaid benefit for all directors covered by the plan was \$73,000. The participating directors are fully vested in their accrued benefits and would be entitled to payout of the full benefit upon retirement from the Board for any reason, regardless of age. Directors Adams, Couture, Duckless, Lalime, Locke and Moore each have an accumulated lump sum retirement benefit of \$11,000. Accrued benefits do not earn interest, are not adjusted for inflation and will be paid out to participants when they retire from the Board. These benefits represent a general unsecured obligation of the Company. No assets of the Company or the Bank have been segregated to satisfy the Company's obligations under the plan.

Director Compensation Table

The table below shows the total compensation for Board service paid to each person who served as an outside director of the Company or the Bank during 2007:

2007 Director Compensation

Name	Fees Earned or Paid in Cash	All Other Compensation	Total (2)
Thomas E. Adams	\$20,350		\$20,350
Aminta K. Conant	\$19,250		\$19,250
Jacques R. Couture	\$18,975	\$135(1)	\$19,110
Elwood G. Duckless	\$19,250		\$19,250
Michael H. Dunn (2)	\$14,575		\$14,575
Rosemary M. Lalime	\$19,250		\$19,250

(footnotes on following page)

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Name	Fees Earned or Paid in Cash	All Other Compensation	Total (2)
Marcel M. Locke	\$19,250	\$482(1)	\$19,732
Dorothy R. Mitchell	\$19,250		\$19,250
Anne T. Moore	\$19,250		\$19,250
Peter J. Murphy	\$13,200		\$13,200
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Dale R. Wells (3)	\$ 5,775	\$9,000	\$ 5,775
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(1) Fees paid for collateral appraisals.

(2) Deceased September, 2007.

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- (3) Retired, May, 2007. All Other Compensation for Mr. Wells represents the lump sum payment of his accrued benefit under the Company's Directors' Retirement Plan.

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The compensation shown in the table above does not include earnings on deferred directors' fees because interest on those amounts is not accrued at a preferential (above market) rate.

Vote Required

Election of a nominee for director will require the affirmative vote of a majority of the shares present in person or represented by proxy at the annual meeting and entitled to vote. A vote to "WITHHOLD AUTHORITY" as to a nominee will have the effect of a vote against such nominee.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE **FOR** ARTICLE 1.

CORPORATE GOVERNANCE

Director Independence

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Based on the information available to it, the Company's Board of Directors has determined that all nominees and other incumbent directors are independent within the meaning of the listing standards of the NASDAQ, except for employee-directors Chairman White and President and CEO Marsh, and director Jacques Couture, who is the brother of Company Treasurer and Bank Vice President and Chief Financial Officer, Louise Bonvechio.

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Under current NASDAQ standards, an independent director is a person other than an officer or employee of the Company or the Bank or any other individual having a relationship which, in the opinion of the Board of Directors, would interfere with the exercise of independent judgment in carrying out his or her responsibilities as a director. Under NASDAQ standards, a director of the Company is not considered independent if he or she:

- • has been employed in any capacity by the Company or the Bank during the past three years;
- • has accepted, or has a close family member who accepted, any payments from the Company or the Bank in excess of \$100,000 in any consecutive twelve-month period during the last three years, except for
 - • payments relating to ordinary loan or deposit relationships with the Bank
 - • compensation for Board service
 - • compensation paid to a close family member who is not an executive officer of the Company or the Bank
 - • certain retirement benefits or non-discretionary compensation and
 - • payments arising solely from investments in the Company's common stock;
- • has a close family member who during the past three years was an executive officer of the Company or the Bank;

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- • has been a principal, or has a close family member who was a principal, of any organization to which the Company made or from which it received payments, in any of the past three years, that exceeded the greater of \$200,000 or 5% of the annual consolidated gross revenues of the other entity;

•

has been an executive officer of any other entity, or has a close family member who was an executive officer of any other entity, where any of the Company's executives serves on that other entity's compensation committee; or

• has been, or had a family member who was, a partner or employee of the Company's independent auditor at any time during the last three years.

In determining whether a director or nominee for director is independent, the Board considers all relevant facts and circumstances and may consider a director or nominee not to be independent even if none of the disqualifying factors listed above applies. However, if any of the above disqualifying factors applies, a director or nominee will not be considered independent.

Board Meeting Attendance

The Company's Board of Directors held six regular meetings and eight special meetings during 2007. Except as noted below, each incumbent director attended at least 75% of the aggregate of all such Company Board meetings as well as at least 75% of the scheduled Bank Board and committee meetings during 2007. Director Aminta Conant attended approximately 71% and 65%, respectively, of such Company and Bank Board meetings, due to the temporary assignment of extraordinary duties by her employer.

Board Committees

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The Board of Directors has established three standing committees to help it in fulfilling its responsibilities: Audit; Compensation; and Corporate Governance/Nominating. Members of the committees are nominated by the Corporate Governance/Nominating Committee and appointed by the Board. All members of the three standing committees are considered to be independent under the NASDAQ standards described above other than Director Jacques Couture, the Chair of the Corporate Governance/Nominating Committee, who is not considered independent under NASDAQ standards due to his sibling relationship with Louise Bonvechio, the Company's Treasurer and the Bank's Vice President and Chief Financial Officer. Additional information about each of the three standing committees is set forth below. The committee charters are available on the Company's website at www.communitybancorpvt.com.

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Compensation Committee. The responsibilities of the Company's Compensation Committee include reviewing and making recommendations to the Board of Directors concerning the compensation of the Company's executive officers and directors, establishing performance goals under the Officer Incentive Plan and approving matters relating to other compensation plans. A report of the Committee regarding executive compensation is set forth elsewhere in this proxy statement under the caption "COMPENSATION COMMITTEE REPORT."

The members of the Compensation Committee are Rosemary Lalime (Chair), Thomas Adams, Aminta Conant, Elwood Duckless and Peter Murphy. During 2007, the Compensation Committee met three times. The Committee's charter is available on the Company's website at www.communitybancorpvt.com.

Corporate Governance/Nominating Committee. The Corporate Governance/Nominating Committee considers and makes recommendations on matters related to the practices, policies and procedures of the Board and takes a leadership role in shaping the corporate governance environment of the Company. As part of its duties, the Committee assesses the size, structure and composition of the Board and its committees, coordinates evaluation of Board and committee performance, makes recommendations as to the structure of Board meetings and flow of information to the Board, reviews Board compensation and reviews and makes recommendations as to the size, structure, composition and functions of the Bank's regional advisory boards.

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The Committee also acts as a screening and nominating committee for candidates considered for election to the Board. In this capacity it has established minimum criteria for Board nominees. The Committee believes it would be desirable for a Board candidate to possess the following characteristics:

- • have experience in the management or leadership of a substantial private business enterprise, educational, religious or not-for-profit organization, or such other professional experience as the Committee deems appropriate;
- • be a shareholder of the Company;
- • be willing and able to devote full interest and attendance to the Board and its committees;
- • bring business to the Company and its affiliate, Community Financial Services Group, including personal, business and investment accounts;
- • help develop business and promote the Company and its subsidiary and affiliate throughout our service area;
- • provide advice and counsel to the Board and senior management;
- • bring a diversity of interests to the Board as evidenced by participation in community, charitable or other similar activities;
- • have the ability to serve at least seven years before reaching the mandatory retirement age; and
- • maintain integrity and confidentiality at all times.

Evaluation of candidates occurs on the basis of materials submitted by or on behalf of the candidate. If a candidate continues to be of interest after initial consideration by the Committee, additional information about her/him will be obtained through inquiries to various sources and, if warranted, interviews.

This year Director Michael Dunn died in office while the merger with LyndonBank was pending. Before recommending a replacement, the Committee considered the advisability of adding a board member from LyndonBank given the importance of maintaining continuity and the perceived advantages of having a board member who was familiar with LyndonBank's territory, customers and employees. Accordingly, the Committee recommended and the Board approved the appointment of Charles Bucknam, LyndonBank's President and CEO, to fill the vacancy on the Board, effective following completion of the merger.

The Committee will consider prospective nominees recommended by shareholders. Any shareholder wishing to recommend a person for consideration as a Board nominee should submit to the Committee the same information that would be required under the Company's Bylaws if the shareholder sought to make a nomination from the floor at the annual meeting. The required information is described elsewhere in this proxy statement under the caption "SHAREHOLDER NOMINATIONS AND PROPOSALS-Bylaw Requirements for Shareholder Nominations and Proposals." The Committee uses the same criteria for evaluating candidates recommended by shareholders as it does for those proposed by Board members or management.

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In October, the Committee received a shareholder request to do away with our classified or staggered board and elect all directors annually. After considering this request and reviewing recent trends in corporate governance, the Committee concluded that this suggestion had merit and recommended it to the Board. The Board then considered the matter and concurred with the Committee's recommendation, authorizing the submission of relevant amendments to the Articles of Association to the shareholders at the 2008 Annual Meeting, as well as additional amendments to streamline and modernize the Articles of Incorporation.

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Following Mr. Dunn's death, the Committee also had to re-consider the composition of our committees. Rosemary Lalime was appointed to take Mr. Dunn's seat on the Audit Committee and Charles Bucknam was

appointed to replace Mrs. Lalime on the Corporate Governance/Nominating Committee, effective upon his appointment to the Board. Changes were also made to certain Bank-level committees.

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The members of the Corporate Governance/Nominating Committee are Jacques Couture (Chair), Charles Bucknam, Marcel Locke, Dorothy Mitchell and Anne Moore. During 2007, the Committee met four times. The Committee's charter is available on the Company's website at www.communitybancorpvt.com.

Audit Committee. The Audit Committee, which operates under a written charter, oversees the Company's accounting and financial reporting process, internal controls and audits, and consults with management, the internal auditors and the independent auditors on, among other items, matters related to the annual audit, the published financial statements and the accounting principles applied. As part of its duties, the Audit Committee appoints, evaluates and retains the Company's independent auditors. It has responsibility for the compensation, termination and oversight of the Company's independent auditors and evaluates the independent auditors' qualifications, performance and independence. The Committee has similar authority regarding selection and oversight of the Company's internal auditor. In addition, the Audit Committee pre-approves all services provided by the independent auditors, including both audit and permitted non-audit services. Those services and fees are described elsewhere in this proxy statement under the caption "RATIFICATION OF SELECTION OF INDEPENDENT AUDITORS-Fees Paid to Independent Auditors."

The Audit Committee has established so-called "whistleblower procedures" for the receipt, retention and treatment, on a confidential basis, of complaints received by the Company regarding accounting, internal accounting controls or auditing matters. These complaint procedures, as well as the Audit Committee's charter, are posted on the Company's website at www.communitybancorpvt.com.

Under SEC rules, companies must disclose whether at least one member of the Audit Committee qualifies as a "financial expert." As defined by the SEC, the concept of financial expert is heavily focused on individuals who have prepared or audited public company financial statements or have had similar management experience or responsibility for others p