

S Y BANCORP INC
Form DEF 14A
March 13, 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 X

Filed by a Party other than the Registrant O

Check the appropriate box:

- Preliminary Proxy Statement
 Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
 Definitive Proxy Statement
 Definitive Additional Materials
 Soliciting Material Pursuant to §240.14a-12

S.Y. BANCORP, INC.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.
 Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
- | | |
|-----|---|
| (1) | Title of each class of securities to which transaction applies: |
| (2) | Aggregate number of securities to which transaction applies: |
| (3) | Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined): |
| (4) | Proposed maximum aggregate value of transaction: |
| (5) | Total fee paid: |
- Fee paid previously with preliminary materials.
 Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
- | | |
|-----|---|
| (1) | Amount Previously Paid: |
| (2) | Form, Schedule or Registration Statement No.: |
| (3) | Filing Party: |
| (4) | Date Filed: |
-

S.Y. Bancorp, Inc.

1040 East Main Street
Louisville, Kentucky 40206
502.582.2571

March 19, 2008

Dear Shareholder:

We cordially invite you to attend the 2008 Annual Meeting of Shareholders of S.Y. Bancorp, Inc., which will be held at 10:00 a.m., Eastern Time, on Wednesday, April 23, 2008, at The Olmsted, 3701 Frankfort Avenue, Louisville, Kentucky 40207. The Olmsted is located on the campus of the Masonic Widows and Orphans Home, and there is a map on the back cover for your reference.

The enclosed Notice and Proxy Statement contain complete information about matters to be considered at the Annual Meeting, at which we will also review S.Y. Bancorp's business and operations. Only shareholders and their proxies are entitled to vote at the Annual Meeting.

We hope you will attend the meeting. Your vote is important. Whether or not you plan to attend, we urge you to complete, sign and return the enclosed proxy card, so that your shares will be represented and voted at the Annual Meeting.

Sincerely yours,

/s/ David P. Heintzman

David P. Heintzman
Chairman, President, and Chief Executive Officer

S.Y. Bancorp, Inc.

1040 East Main Street
Louisville, Kentucky 40206

NOTICE OF THE
2008 ANNUAL MEETING OF SHAREHOLDERS

March 19, 2008

To our Shareholders:

The Annual Meeting of Shareholders of S.Y. Bancorp, Inc., a Kentucky corporation, will be held on Wednesday, April 23, 2008 at 10:00 a.m., Eastern Time, at The Olmsted, 3701 Frankfort Avenue, Louisville, Kentucky 40207 for the following purposes:

- (1) To approve the action of the Board of Directors fixing the number of directors at twelve;
- (2) To approve amendments to Article IX of the Company's Articles of Incorporation to declassify the Board of Directors so that each director will stand for re-election on an annual basis and revise provisions relating to the vote required to change provisions of Article IX;
- (3) To elect eleven (11) directors to serve until the next Annual Meeting of Shareholders and until their respective successors are duly elected and qualified, in the event the proposal at (2) above is approved;
- (4) Alternatively, to elect four (4) directors to serve until their terms expire at the 2011 Annual Meeting of Shareholders and until their respective successors are duly elected and qualified, in the event the proposal at (2) above is not approved; and
- (5) To transact such other business as may properly come before the meeting.

The record date for the determination of the shareholders entitled to vote at the meeting or at any adjournment thereof is the close of business on March 7, 2008.

Edgar Filing: S Y BANCORP INC - Form DEF 14A

We hope you will be represented at the meeting. Please sign and return the enclosed proxy card in the accompanying envelope as promptly as possible, whether or not you expect to be present in person. Your vote is important. The Board of Directors of Bancorp appreciates the cooperation of shareholders in directing proxies to vote at the meeting.

By Order of the Board of Directors

/s/ David P. Heintzman

David P. Heintzman
Chairman, President and Chief Executive Officer

**WE URGE SHAREHOLDERS TO MARK, SIGN AND RETURN
PROMPTLY THE ACCOMPANYING PROXY CARD**

S.Y. Bancorp, Inc.

1040 East Main Street
Louisville, Kentucky 40206

PROXY STATEMENT
FOR THE 2008 ANNUAL MEETING OF SHAREHOLDERS

About the Annual Meeting

Why have I received these materials?

We are mailing the accompanying proxy to shareholders on or about March 19, 2008. The proxy is solicited by the Board of Directors of S.Y. Bancorp, Inc. (referred to throughout this Proxy Statement as S.Y. Bancorp, the Company or we or our) in connection with our Annual Meeting of Shareholders that will take place on Wednesday, April 23, 2008. We cordially invite you to attend the Annual Meeting and request you to vote on the proposals described in this Proxy Statement.

What am I voting on?

- Approving the action of the Board of Directors fixing the number of directors at twelve;

- Approving the amendments to Article IX of the Company's Articles of Incorporation (Articles) to declassify the Board of Directors so that each director will stand for re-election on an annual basis and revise provisions relating to the vote required to change provisions of Article IX;

- Electing eleven (11) directors to serve until the next Annual Meeting of Shareholders and until their respective successors are duly elected and qualified in the event the Articles are amended; and

- Alternatively, if the Articles are not amended, electing four (4) directors to serve until the 2011 Annual Meeting of Shareholders and until their respective successors are elected and qualified.

Where can I find more information about these voting matters?

- Information about the amendments to the Articles of Incorporation is contained in ITEM 2.
- Information about nominees for election or reelection is contained in ITEM 3 and ITEM 4.

What is the relationship of S.Y. Bancorp and Stock Yards Bank & Trust Company?

S.Y. Bancorp is the holding company for Stock Yards Bank & Trust Company (referred to throughout this Proxy Statement as the Bank). S.Y. Bancorp owns 100% of Stock Yards Bank & Trust Company. Because S.Y. Bancorp has no operations of its own, its business and that of Stock Yards Bank & Trust Company are essentially the same.

Who is entitled to vote at the Annual Meeting?

Holders of record of common stock (Common Stock) of S.Y. Bancorp as of the close of business on March 7, 2008 will be entitled to vote at the Annual Meeting. On March 7, 2008, there were 13,405,765 shares of Common Stock outstanding and entitled to one vote on all matters presented for vote at the Annual Meeting.

How do I vote my shares?

If you are a record shareholder of Common Stock (that is, if you hold Common Stock in your own name in S.Y. Bancorp's stock records maintained by our transfer agent, Stock Yards Bank & Trust Company), you may complete and sign the accompanying proxy card and return it to S.Y. Bancorp or deliver it in person. Shares will be voted as you instruct. If you return your proxy card and do not mark your voting instructions on your signed card, David Heintzman and Kathy Thompson as proxies named on the proxy card, will vote FOR the proposed amendments to the Articles and, depending upon the outcome of the voting on the proposed amendments to the Articles, FOR the election of the eleven director nominees or four director nominees.

Street name shareholders of Common Stock (that is, shareholders who hold Common Stock through a broker, bank or other nominee) who wish to vote at the Annual Meeting will need to obtain a proxy form from the institution that holds your shares and to follow the voting instructions on such form.

If you are a participant in the Stock Yards Bank & Trust Company 401(k) and Employee Stock Ownership Plan, are still employed by the Bank and have a Bank email address, you will receive an electronic version of the proxy card for the shares that you own through that savings plan. If you are a participant no longer employed by the Bank or for another reason do not have a Bank email address, you will receive a paper version of the proxy card via postal mail. In either case, that proxy card will serve as a voting instruction card for the trustee of the plan. If you own shares through the plan and do not vote, the plan trustees will vote the plan shares in the same proportion as shares for which instructions were received under the plan.

Can I change my vote after I return my proxy card?

Yes. After you have submitted a proxy, you may change your vote at any time before the proxy is exercised by submitting a notice of revocation to the Secretary of S.Y. Bancorp or a replacement proxy bearing a later date. Or you may attend the annual meeting, revoke your proxy and vote in person. In each event, the later submitted vote will be recorded and the earlier vote revoked. Your attendance at the Annual Meeting will not revoke your proxy unless you provide written notice of revocation.

What constitutes a quorum for purposes of the Annual Meeting?

The presence at the Annual Meeting in person or by proxy of the holders of a majority of the voting power of all outstanding shares of Common Stock entitled to vote shall constitute a quorum for the transaction of business. Proxies marked as abstaining (including proxies containing broker non-votes) on any matter to be acted upon by shareholders will be treated as present at the meeting for purposes of determining a quorum but will not be counted as votes cast on such matters.

What vote is required to approve each item?

The proposal to fix the number of directors at twelve will pass if votes cast for it exceed votes cast against it.

The proposal to amend the Articles of Incorporation will pass if holders of 66 2/3% of all outstanding shares vote for the amendments.

Directors will be elected by a plurality of the total votes cast at the Annual Meeting for the election of directors. Assuming eleven directors are to be elected, a plurality means that the eleven nominees receiving the highest number of FOR votes will be deemed elected.

Edgar Filing: S Y BANCORP INC - Form DEF 14A

Any other item to be voted upon at the Annual Meeting will pass if votes cast for it exceed votes cast against it.

Who counts the votes?

Judges appointed for the meeting will tabulate votes cast in person or by proxy at the Annual Meeting. These judges are independent inspectors who certify the results of the voting and will also determine whether a quorum is present at the meeting.

How are abstentions and broker non-votes treated?

A shareholder entitled to vote for the election of directors may withhold authority to vote for all nominees for directors or may withhold authority to vote for certain nominees for directors. A shareholder may also abstain from voting on the proposals to fix the number of directors and amend the Articles of Incorporation. The judges will treat votes withheld from the election of any nominee for director and abstentions from any other proposal as shares that are present and entitled to vote for purposes of determining the presence of a quorum, but will not be counted in the number of votes cast for or against any matter. If a broker does not receive voting instructions from the beneficial owner of shares on a particular matter and indicates on the proxy that it does not have discretionary authority to vote on that matter, the judges will treat these shares as present at the meeting for purposes of determining a quorum but will not be counted as votes cast on the matter.

What information do I need to attend the Annual Meeting?

We do not use tickets for admission to the Annual Meeting. If you are voting in person, we may ask for photo identification.

How does the Board recommend that I vote my shares?

The Board recommends a vote FOR the Directors' proposal to fix the number of directors at twelve, FOR the Directors' proposal to amend the Articles of Incorporation to declassify the Board of Directors and change the 66 2/3% voting requirement, and FOR each of the nominees for Director set forth in this document.

With respect to any other matter that properly comes before the Annual Meeting, the proxy holders will vote as recommended by the Board of Directors or, if no recommendation is given, in their own discretion in the best interests of S.Y. Bancorp. At the date this Proxy Statement went to press, the Board of Directors had no knowledge of any business other than that described herein that would be presented for consideration at the Annual Meeting.

Who will bear the expense of soliciting proxies?

S.Y. Bancorp will bear the cost of soliciting proxies in the form enclosed. In addition to the solicitation by mail, proxies may be solicited personally or by telephone, facsimile or electronic transmission by our employees. We reimburse brokers holding Common Stock in their names or in the names of their nominees for their expenses in sending proxy materials to the beneficial owners of such Common Stock.

Is there any information that I should know about future annual meetings?

Any shareholder who intends to present a proposal at the 2009 Annual Meeting of Shareholders (the 2009 Annual Meeting) must deliver the proposal to the Corporate Secretary at 1040 East Main Street, Louisville, Kentucky 40206 not later than November 21, 2008, if the proposal is submitted for inclusion in our proxy materials for that meeting pursuant to Rule 14a-8 under the Securities Exchange Act of 1934. In addition, S.Y. Bancorp's Bylaws impose certain advance notice requirements on a shareholder nominating a director or submitting a proposal to an Annual Meeting. Such notice must be submitted to the secretary of S.Y. Bancorp no later than January 25, 2009. The notice must contain information prescribed by the Bylaws, copies of which are available from the secretary. These requirements apply even if the shareholder does not desire to have his or her nomination or proposal included in S.Y. Bancorp's proxy statement.

ITEM 1. FIXING THE NUMBER OF DIRECTORS

Directors' Proposal to Fix the Number of Directors

The articles of incorporation and bylaws of S.Y. Bancorp provide that the Board of Directors be composed of nine to twenty-five members. Each year the Board of Directors recommends the number for the coming year and presents a resolution to be adopted by the shareholders at the Annual Meeting. The Board of Directors has recommended that the number of directors constituting the Board be fixed at twelve for the ensuing year, subject to approval by shareholders at the Annual Meeting. If the individuals nominated are elected, there will be eleven individuals serving on the Board following the 2008 Annual Meeting. The Board of Directors may appoint individuals to fill vacancies or elect an additional director to serve until elected by shareholders at the next Annual Meeting.

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR THE PROPOSAL TO FIX THE NUMBER OF DIRECTORS AT TWELVE

ITEM 2. PROPOSAL TO AMEND ARTICLES OF INCORPORATION

Directors Proposal to Amend the Articles of Incorporation to Declassify the Board of Directors

The Board of Directors has proposed three amendments to Article IX of the Company's Articles of Incorporation. One amendment is to Section 2 and, in accordance with changes to Kentucky law, removes language about cumulative voting with regard to removal of directors. A second change is to Section 1 and will declassify the Board of Directors and provide for the annual election of all directors. The third amendment is to Section 3 so that, as amended, the 66 2/3 % voting requirement to alter, amend or repeal any provision of Article IX will apply only to Section 2.

The Board of Directors deems the amendments to declassify the Board and change the 66 2/3% voting requirement desirable and in the best interests of the Company and its shareholders. If approved by the shareholders, the proposal to amend the Articles of Incorporation will be effective at the Annual Meeting or as soon as practicable following the Annual Meeting, subject to the filing of articles of amendment to the Articles of Incorporation with the Kentucky Secretary of State, which the Company anticipates would be done as soon as practicable following an affirmative vote on this Item 2 at the Annual Meeting.

Article IX of the Articles of Incorporation currently requires the Board of Directors to be divided into three classes as nearly equal in number as possible. Each class of directors serves staggered, three-year terms, with the term of office of one class expiring each year. It also requires the affirmative vote of holders of at least 66 2/3% of the outstanding shares to change any provision of Article IX. Appendix A sets forth Article IX with proposed changes highlighted, and in its entirety as it is proposed to be amended.

Background and Reasons for Declassification Proposal

This proposal to amend the Company's Articles of Incorporation to declassify the Board of Directors is intended to increase director accountability to shareholders and continue to enhance the Company's corporate governance policies and procedures. Classified boards have been widely adopted by companies and have a long history in corporate law. Those supporting classified boards assert that they promote the independence of directors in that directors elected for multi-year terms are less subject to outside influence. Advocates of classified boards also believe that they provide continuity and stability in the management of the business and affairs of a company since a majority of directors will have prior experience as directors of the company. Supporters further assert that classified boards may enhance shareholder value by motivating an entity seeking control of a target company with a classified board to initiate arms-length discussions with the board of the target company because the entity would be unable to replace the entire board in a single election.

Some investors have, however, come to view classified boards as having the effect of insulating directors from being accountable to a corporation's shareholders. A classified board of directors, for example, limits the ability of shareholders to elect all directors on an annual basis and exercise influence over a company, and may discourage proxy contests in which shareholders have an opportunity to vote for a competing slate of nominees. The election of directors is the primary means for shareholders to influence the business and affairs of the Company and to hold directors accountable for implementation of policies.

After careful consideration of the various arguments for and against a classified board, the Board of Directors proposes declassifying the Board. This determination by the Board furthers our goal of ensuring that the Company's corporate governance policies establish director accountability

Edgar Filing: S Y BANCORP INC - Form DEF 14A

to the Company's shareholders and will allow shareholders the opportunity each year to act upon their views on the performance of the Board of Directors by electing all directors annually.

The Board of Directors has unanimously approved the proposed amendment declassifying the organization of the Board of Directors and, if approved by the requisite vote of the shareholders as set forth below, the Articles of Incorporation will be amended to declassify the Board of Directors.

Effect of Voting Outcomes

If this proposal is approved and the amendments to Article IX of the Articles of Incorporation become effective at the 2008 Annual Meeting of Shareholders, the annual election of all directors would begin with the 2008 annual meeting. Consequently, all directors would stand for re-election in 2008 pursuant to Item 2 and each would be elected to a one-year term. Directors who would normally be subject to re-election in 2009 and 2010 have agreed to

resign and to stand for reelection in 2008 if this Item 2 is approved and the amendment to Article IX of the Articles of Incorporation becomes effective at the 2008 annual meeting.

If this Item 2 is not approved, pursuant to the Company's current Articles of Incorporation, the Board of Directors will remain classified and approximately one-third of the Board will stand for election in any given year. In such a case, the four directors standing for election in 2008 pursuant to Item 4 would be elected to three-year terms, and the current staggered terms of directors would continue.

Vote Required

The proposal to amend the Articles of Incorporation will pass if holders of 66 2/3% of all outstanding shares vote FOR the amendments.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR APPROVAL OF THE AMENDMENTS TO THE ARTICLES OF INCORPORATION.

ITEM 3. ELECTION OF ELEVEN DIRECTORS

The Board of Directors presently consists of eleven (11) members and, prior to the adoption of the proposed amendment to the Company's Articles of Incorporation, is divided into three (3) classes as equal in size as possible. The term of each class is three years, with terms staggered so that the term of one class expires at such annual meeting. Directors hold office until the annual meeting for the year in which his or her term expires and until his or her successor is elected and a qualified, subject to his or her prior death, resignation, retirement, removal or disqualification.

If the shareholders approve the proposed amendment to the Company's Articles of Incorporation to declassify the Board of Directors and such amendment becomes effective at the 2008 annual meeting, all eleven (11) members of the Board will be up for election at the 2008 annual meeting. However, if the shareholders do not approve the proposed amendment or the amendment does not become effective at the 2008 annual meeting, then the term of office of the current directors whose term expire at the 2008 annual meeting will stand for re-election, and directors with terms expiring in 2009 and 2010 will continue.

If the shareholders approve the proposed amendment pursuant to Item 2 above and the amendment becomes effective at the 2008 annual meeting, the eleven (11) directors nominated by the Nominating and Governance Committee of the Board of Directors for election this year to hold office until the 2009 annual meeting and until their respective successors are elected and qualified are:

**Name, Age and Year
Individual Became Director (1)**

**Principal Occupation;
Certain Directorships (2) (3)**

Edgar Filing: S Y BANCORP INC - Form DEF 14A

David H. Brooks Age 65 Director since 1985	Retired; Former Chairman and Chief Executive Officer, S.Y. Bancorp, Inc. and Stock Yards Bank & Trust Company
--	--

James E. Carrico Age 66 Director since 1978	Senior Vice President, Wells Fargo Insurance Services of Kentucky, Inc.
---	--

Charles R. Edinger, III Age 58 Director since 1984	President, J. Edinger & Son, Inc.
--	-----------------------------------

David P. Heintzman Age 48 Director since 1992	President, Chairman and Chief Executive Officer, S.Y. Bancorp, Inc. and Stock Yards Bank & Trust Company
---	---

Carl G. Herde Age 47 Director since 2005	Vice President and Chief Financial Officer, Baptist Healthcare System, Inc.
Richard A. Lechleiter Age 47 Director since 2007	Executive Vice President and Chief Financial Officer Kindred Healthcare, Inc.
Bruce P. Madison Age 57 Director since 1989	President and Chief Executive Officer, Plumbers Supply Company, Inc.
Nicholas X. Simon Age 49 Director since 2002	President and Chief Executive Officer, Publishers Printing Company LLC
Norman Tasman Age 56 Director since 1995	President, Tasman Industries, Inc. and Tasman Hide Processing, Inc.
Robert L. Taylor Age 68 Director since 2003	Professor of Management and Dean Emeritus, College of Business, University of Louisville
Kathy C. Thompson Age 46 Director since 1994	Senior Executive Vice President, S.Y. Bancorp, Inc. and Stock Yards Bank & Trust Company

(1) Ages listed are as of December 31, 2007. Mr. Lechleiter was elected as a director of Bancorp and the Bank at the meetings of the respective Board of Directors held in May, 2007.

(2) Each director and nominee has been engaged in his or her chief occupation for five years or more with the exception of Messrs Brooks and Heintzman. In 2005 Mr. Brooks retired from the position of Chairman and CEO of Stock Yards Bank & Trust Company and S.Y. Bancorp, Inc. Also in 2005 Mr. Heintzman was appointed Chairman and CEO of Stock Yards Bank & Trust Company and S.Y. Bancorp, Inc.

(3) No director or nominee holds any directorship in a company with a class of securities registered pursuant to Section 12 of the Securities Exchange Act of 1934 or subject to the requirements of Section 15(d) of such act or any company registered as an investment company under the Investment Company Act of 1940.

Our Board of Directors has determined that Messrs. Carrico, Edinger, Herde, Lechleiter, Madison, Simon and Tasman and Dr. Taylor satisfy the independence requirements of the NASDAQ. As a recently retired Chairman and CEO, Mr. Brooks does not satisfy these requirements nor do Mr. Heintzman and Ms. Thompson who are employees of the Bank.

If elected, we expect that all of the aforementioned nominees will serve as directors and hold office until the 2009 annual meeting of shareholders and until their respective successors have been elected and qualified. Based on the recommendation of the Nominating and Governance Committee, all of the aforementioned nominees are standing for reelection except for Mr. Lechleiter who is standing for election by

shareholders for the first time.

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR THE ELECTION OF THESE NOMINEES

6

ITEM 4. ELECTION OF FOUR DIRECTORS