

Citizens Community Bancorp Inc.  
Form DEF 14A  
January 23, 2008

January 15, 2008

Dear Fellow Shareholder:

On behalf of the Board of Directors and management of Citizens Community Bancorp, Inc. we cordially invite you to attend the 2007 annual meeting of shareholders. The meeting will be held at 4:00 p.m. local time, on February 21, 2008 at the Chippewa Falls branch office of Citizens Community Federal offices located at 427 West Prairie View Road, Chippewa Falls, Wisconsin.

The matters expected to be acted upon at the meeting are described in the attached proxy statement. In addition, we will report on our progress during the past year and entertain your questions and comments.

We encourage you to attend the meeting in person. Whether or not you plan to attend, however, please read the enclosed proxy statement and then complete, sign and date the enclosed proxy card and return it in the accompanying postpaid return envelope provided as promptly as possible. This will save us the additional expense in soliciting proxies and will ensure that your shares are represented at the annual meeting.

Your Board of Directors and management are committed to the continued success of Citizens Community Bancorp, Inc. and the enhancement of your investment. As President, I want to express my appreciation for your confidence and support.

Sincerely,

[SIGNATURE CUT]

James G. Cooley

President and Chief Executive Officer

CITIZENS COMMUNITY BANCORP, INC.

2174 EastRidge Center

Eau Claire, Wisconsin 54701

(715) 836-9994

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To be held on February 21, 2008

Notice is hereby given that the annual meeting of shareholders of Citizens Community Bancorp, Inc. will be held at the Chippewa Falls branch office of Citizens Community Federal located at 427 West Prairie View Road, Chippewa Falls, Wisconsin, on February 21, 2008, at 4:00 p.m. local time.

A proxy card and a proxy statement for the annual meeting are enclosed.

The annual meeting is for the purpose of considering and voting on the following proposals:

- Proposal 1. Election of two directors of Citizens Community Bancorp, Inc. for three-year terms;
- Proposal 2. Approval of the Citizens Community Bancorp, Inc. 2008 Equity Incentive Plan; and
- Proposal 3. Ratification of the appointment of Wipfli LLP as Citizens Community Bancorp, Inc.'s independent auditors for the fiscal year ending September 30, 2008.

Shareholders also will transact such other business as may properly come before the annual meeting, or any adjournment or postponement thereof. As of the date of this notice, we are not aware of any other business to come before the annual meeting.

The Board of Directors has fixed the close of business on January 4, 2008, as the record date for the annual meeting. This means that shareholders of record at the close of business on that date are entitled to receive notice of and to vote at the meeting and any adjournment thereof. To ensure that your shares are represented at the meeting, please take the time to vote by signing, dating and mailing the enclosed proxy card which is solicited on behalf of the Board of Directors. The proxy will not be used if you attend and vote at the annual meeting in person. Regardless of the number of shares you own, your vote is very important. Please act today.

BY ORDER OF THE BOARD OF DIRECTORS

[SIGNATURE CUT]

James G. Cooley

President and Chief Executive Officer

Eau Claire, Wisconsin

January 15, 2008

Important: The prompt return of proxies will save us the expense of further requests for proxies to ensure a quorum at the annual meeting. A pre-addressed envelope is enclosed for your convenience. No postage is required if mailed within the United States.

Citizens Community Bancorp, Inc.

2174 EastRidge Center  
Eau Claire, Wisconsin 54701  
(715) 836-9994

PROXY STATEMENT

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ANNUAL MEETING OF SHAREHOLDERS

To be held on February 21, 2008

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Citizens Community Bancorp, Inc.'s Board of Directors is using this proxy statement to solicit proxies from the holders of Citizens Community Bancorp, Inc. common stock for use at our annual meeting of shareholders. We are first mailing this proxy statement and the enclosed form of proxy to our shareholders on or about January 15, 2008. Certain of the information provided herein relates to Citizens Community Federal, a wholly owned subsidiary of Citizens Community Bancorp, Inc. Citizens Community Federal may also be referred to from time to time as the "Bank." References to "Citizens Community Bancorp, Inc.", "we", "us" and "our" refer to Citizens Community Bancorp, Inc. and, as the context requires, Citizens Community Federal.

INFORMATION ABOUT THE ANNUAL MEETING

Time and Place of the Annual Meeting.

Our annual meeting will be held as follows:

Date: February 21, 2008  
Time: 4:00 p.m., local time  
Place: Citizens Community Federal office located at  
427 West Prairie View Road  
Chippewa Falls, Wisconsin

Matters to be Considered at the Annual Meeting.

At the meeting, shareholders of Citizens Community Bancorp, Inc. are being asked to consider and vote upon the following proposals:

- Proposal 1. Election of two directors of Citizens Community Bancorp, Inc. for three-year terms;
- Proposal 2. Approval of the Citizens Community Bancorp, Inc. 2008 Equity Incentive Plan; and
- Proposal 3. Ratification of the appointment of Wipfli LLP as Citizens Community Bancorp, Inc.'s independent auditors for the fiscal year ending September 30, 2008.

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The shareholders also will transact any other business that may properly come before the annual meeting. As of the date of this proxy statement, we are not aware of any other business to be presented for consideration at the annual meeting other than the matters described in this proxy statement.

Who is Entitled to Vote?

We have fixed the close of business on January 4, 2008, as the record date for shareholders entitled to notice of and to vote at the Citizens Community Bancorp, Inc. annual meeting. Only holders of

record of Citizens Community Bancorp, Inc. common stock on that record date are entitled to notice of and to vote at the annual meeting. You are entitled to one vote for each share of Citizens Community Bancorp, Inc. common stock you own. On January 4, 2008, 6,815,989 shares of Citizens Community Bancorp, Inc. common stock were outstanding and entitled to vote at the annual meeting.

#### What if My Shares are Held in "Street Name" by a Broker?

If you are the beneficial owner of shares held in "street name" by a broker, your broker, as the record holder of the shares, is required to vote the shares in accordance with your instructions. If you do not give instructions to your broker, your broker may nevertheless vote the shares with respect to "discretionary" items, but will not be permitted to vote your shares with respect to "non-discretionary" items, pursuant to current industry practice. In the case of non-discretionary items, the shares not voted will be treated as "broker non-votes." The proposals to elect directors and ratify auditors described in this proxy statement are considered "discretionary" items under the Nasdaq Stock Market rules.

#### How Will My Shares of Common Stock Held in the Employee Stock Ownership Plan be Voted?

We maintain an employee stock ownership plan ("ESOP") which owns 8.35% of Citizens Community Bancorp, Inc. common stock. Employees of Citizens Community Bancorp, Inc. and Citizens Community Federal participate in the ESOP. Each ESOP participant instructs the trustee of the plan how to vote the shares of Citizens Community Bancorp, Inc. common stock allocated to his or her account under the ESOP. If an ESOP participant properly executes the voting instruction card distributed by the ESOP trustee, the ESOP trustee will vote the participant's shares in accordance with the participant's instructions. Shares of Citizens Community Bancorp, Inc. common stock held in the ESOP, but not allocated to any participant's account, and allocated shares for which no voting instructions are received from participants, will be voted by the trustee in the same proportion as shares for which the trustees have received voting instructions.

#### How Many Shares Must Be Present to Hold the Meeting?

A quorum must be present at the meeting for any business to be conducted. The presence at the meeting, in person or by proxy, of at least a majority of the shares of Citizens Community Bancorp, Inc. common stock entitled to vote at the annual meeting as of the record date will constitute a quorum. Proxies received but marked as abstentions or broker non-votes will be included in the calculation of the number of shares considered to be present at the meeting.

#### What If a Quorum Is Not Present at the Meeting?

If a quorum is not present at the scheduled time of the meeting, a majority of the shareholders present or represented by proxy may adjourn the meeting until a quorum is present. The time and place of the adjourned meeting will be announced at the time the adjournment is taken, and no other notice will be given unless the adjourned meeting is set to be held after May 14, 2008. An adjournment will have no effect on the business that may be conducted at the meeting.

#### Vote Required to Approve Proposal I: Election of Directors.

Directors are elected by a plurality of the votes cast, in person or by proxy, at the annual meeting by holders of Citizens Community Bancorp, Inc. common stock. Pursuant to our charter, stockholders are not permitted to cumulate their votes for the election of directors. Votes may be cast for or withheld from each nominee. Our Board of Directors unanimously recommends that you vote "FOR" the election of each of management's director nominees.

Vote Required to Approve Proposal II: Approval of Citizens Community Bancorp, Inc. 2008 Equity Incentive Plan.

Approval of the Citizens Community Bancorp, Inc. 2008 Equity Incentive Plan requires the affirmative vote of the majority of shares cast, in person or by proxy, at the annual meeting by holders of Citizens Community Bancorp, Inc. Common Stock. Our board of directors unanimously recommends that you vote "FOR" the proposal to approve the 2008 Equity Incentive Plan.

Vote Required to Approve Proposal III: Ratification of the Appointment of Our Independent Auditors.

Ratification of the appointment of Wipfli LLP as our independent auditors for the fiscal year ending September 30, 2008, requires the affirmative vote of the majority of shares cast, in person or by proxy, at the annual meeting by holders of Citizens Community Bancorp, Inc. common stock. Our Board of Directors unanimously recommends that you vote "FOR" the proposal to ratify Wipfli LLP as our independent auditors for the fiscal year ending September 30, 2008.

How Do I Vote at the Annual Meeting?

Proxies are solicited to provide all shareholders of record on the voting record date an opportunity to vote on matters scheduled for the annual meeting and described in these materials. Shares of Citizens Community Bancorp, Inc. common stock can only be voted if the shareholder is present in person at the annual meeting or by proxy. To ensure your representation at the annual meeting, we recommend you vote by proxy even if you plan to attend the annual meeting. You can always change your vote at the meeting if you are a shareholder of record.

Voting instructions are included on your proxy card. Shares of Citizens Community Bancorp, Inc. common stock represented by properly executed proxies will be voted by the individuals named on the proxy card in accordance with the shareholder's instructions. Where properly executed proxies are returned to Citizens Community Bancorp, Inc. with no specific instruction as to how to vote at the annual meeting, the persons named in the proxy will vote the shares "FOR" the election of each of management's director nominees, "FOR" the proposal to approve the Citizens Community Bancorp, Inc. 2008 Equity Incentive Plan and "FOR" ratification of the appointment of Wipfli LLP as our independent auditors for the fiscal year ending September 30, 2008. Should any other matters be properly presented at the annual meeting for action, the persons named in the enclosed proxy and acting thereunder will have the discretion to vote on these matters in accordance with their best judgment. No other matters are currently expected by the Board of Directors to be properly presented at the annual meeting.

You may receive more than one proxy card depending on how your shares are held. For example, you may hold some of your shares individually, some jointly with your spouse and some in trust for your children--in which case you will receive three separate proxy cards to vote.

May I Revoke My Proxy?

You may revoke your proxy before it is voted by:

- submitting a new proxy with a later date;
- notifying the Corporate Secretary of Citizens Community Bancorp, Inc. in writing before the annual meeting that you have revoked your proxy; or
- voting in person at the annual meeting.

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If you plan to attend the annual meeting and wish to vote in person, we will give you a ballot at the annual meeting. However, if your shares are held in the name of your broker, bank or other nominee, you must bring a validly executed proxy from the nominee indicating that you have the right to vote your shares.



Proxy Solicitation Costs.

We will pay the cost of soliciting proxies. In addition to this mailing, our directors, officers and employees may also solicit proxies personally, electronically or by telephone. We will also reimburse brokers and other nominees for their expenses in sending these materials to you and obtaining your voting instructions.

Citizens Community Bancorp, Inc. has retained Regan & Associates, Inc. as its proxy solicitor in connection with the annual meeting. The anticipated cost of this engagement is approximately \$6,000.

STOCK OWNERSHIP OF CITIZENS COMMUNITY BANCORP, INC. COMMON STOCK

Stock Ownership of Directors and Executive Officers and Five-Percent Owners.

The following table sets forth, as of the January 4, 2008 voting record date, information regarding share ownership of:

- those persons or entities (or groups of affiliated persons or entities) known by management to beneficially own more than five percent of Citizens Community Bancorp, Inc. common stock other than directors and executive officers;
  - each director and director nominee of Citizens Community Bancorp, Inc.;
- each current executive officer of Citizens Community Bancorp, Inc. named in the Summary Compensation Table appearing under "Executive Compensation" below; and
  - all current directors and executive officers of Citizens Community Bancorp, Inc. as a group.

The address of each of the beneficial owners, except where otherwise indicated, is the same address as Citizens Community Bancorp, Inc. An asterisk (\*) in the table indicates that an individual beneficially owns less than one percent of the outstanding common stock of Citizens Community Bancorp, Inc.

Beneficial ownership is determined in accordance with the rules of the United States Securities and Exchange Commission (the "SEC"). As of the record date, there were 6,815,989 shares of Citizens Community Bancorp, Inc. common stock outstanding. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, shares of common stock subject to outstanding options that are currently exercisable or exercisable within 60 days after January 4, 2008, are included in the number of shares beneficially owned by the person and are deemed outstanding for the purpose of calculating the person's percentage ownership. These shares, however, are not deemed outstanding for the purpose of computing the percentage ownership of any other person.

Beneficial Owners	Number of Shares Beneficially Owned(1)	Percent of Common Stock Outstanding
Beneficial Owners of More Than Five Percent Other than Directors and Named Executive Officers		
Citizens Community Bancorp, Inc. Employee Stock Ownership Plan Trust(2) 2174 EastRidge Center, Eau Claire, Wisconsin 54701	568,942	8.35%
Directors and Named Executive Officers		
Directors:		
Richard McHugh(3)	200,724	2.94
Thomas C. Kempen(4)	24,491	*
Brian R. Schilling(4)	10,556	*
Donna E. Talmage(4)	11,013	*
David B. Westrate(4)	108,287	1.59
James G. Cooley(5)	173,980	2.54
Named Executive Officers:		
John D. Zettler(6)	24,670	*
Timothy J. Cruciani(7)	48,914	*
Rebecca M. Johnson(8)	25,581	*
Directors and executive officers of Citizens Community Bancorp, Inc. as a group (9 persons)	628,216	9.06%

1. Except as otherwise noted in these footnotes, the nature of beneficial ownership for shares reported in this table is sole voting and investment power. Included in the shares beneficially owned by the directors and named executive officers are currently exercisable options to purchase shares of Citizens Community Bancorp, Inc. common stock as follows:
2. Represents shares held by the ESOP. Of these shares, 67,962 have been allocated to accounts of participants. Pursuant to the terms of the ESOP, each ESOP participant has the right to direct the voting of shares of Citizens Community Bancorp, Inc. common stock allocated to his or her account.
3. Includes 34,048 shares held by Mr. McHugh's spouse. Amount also includes 5,696 shares of restricted stock granted pursuant to Citizens Community Bancorp's 2004 Restricted Stock Plan and 8,544 shares subject to options which are exercisable within 60 days of January 4, 2008, granted pursuant to Citizens Community Bancorp's 2004 Stock Option and Incentive Plan.
4. Amount includes 2,277 shares (5,696 shares with respect to Director Westrate) of restricted stock granted pursuant to Citizens Community Bancorp's 2004 Restricted Stock Plan and 8,544 shares subject to options which are exercisable within 60 days of January 4, 2008, granted pursuant to Citizens Community Bancorp's 2004 Stock Option and Incentive Plan.

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5. Amount includes 19,106 shares held by Mr. Cooley's spouse and 9,553 shares held by children living with Mr. Cooley. Amount also includes 22,785 shares of restricted stock granted pursuant to Citizens Community Bancorp's 2004 Restricted Stock Plan and 42,717 shares subject to options which are exercisable within 60 days of January 4, 2008, granted pursuant to Citizens Community Bancorp's 2004 Stock Option and Incentive Plan.
  6. Amount includes 3,645 shares of restricted stock granted pursuant to Citizens Community Bancorp's 2004 Restricted Stock Plan and 6,835 shares subject to options which are exercisable within 60 days of January 4, 2008, granted pursuant to Citizens Community Bancorp's 2004 Stock Option and Incentive Plan.
  7. Amount includes 10,252 shares of restricted stock granted pursuant to Citizens Community Bancorp's 2004 Restricted Stock Plan and 15,375 shares subject to options which are exercisable within 60 days of January 4, 2008, granted pursuant to Citizens Community Bancorp's 2004 Stock Option and Incentive Plan.
  8. Amount includes 4,556 shares of restricted stock granted pursuant to Citizens Community Bancorp's 2004 Restricted Stock Plan and 6,835 shares subject to options which are exercisable within 60 days of January 4, 2008, granted pursuant to Citizens Community Bancorp's 2004 Stock Option and Incentive Plan.
- \* Less than one percent ownership.

## Section 16(a) Beneficial Ownership Reporting Compliance.

Section 16(a) of the Securities Exchange Act of 1934 requires Citizens Community Bancorp, Inc.'s directors and executive officers, and persons who own more than ten percent of Citizens Community Bancorp, Inc.'s common stock to report their initial ownership of Citizens Community Bancorp, Inc.'s common stock and any subsequent changes in that ownership to the SEC. Specific due dates for these reports have been established by the SEC and Citizens Community Bancorp, Inc. is required to disclose in this proxy statement any late filings or failures to file.

Citizens Community Bancorp, Inc. believes, based solely on a review of the copies of reports furnished to us and written representations relative to the filing of certain forms, that no late reports occurred during the fiscal year ended September 30, 2007. All Section 16(a) filing requirements applicable to our executive officers, directors and greater than ten percent beneficial owners were complied with.

## PROPOSAL I -- ELECTION OF DIRECTORS

Our Board of Directors consists of six members. Approximately one-third of the directors are elected annually to serve for a three-year period or until their respective successors are elected and qualified. The table below sets forth information regarding each director of Citizens Community Bancorp, Inc. and each nominee for director, including his or her age, position on the board and term of office. The Board of Directors selects nominees for election as directors. All of our nominees currently serve as Citizens Community Bancorp, Inc. directors or have been appointed by the Board to serve in such capacity. Each nominee has consented to being named in this proxy statement and has agreed to serve if elected. If a nominee is unable to stand for election, the Board of Directors may either reduce the number of directors to be elected or select a substitute nominee. If a substitute nominee is selected, the proxy holders will vote your shares for the substitute nominee, unless you have withheld authority. At this time, we are not aware of any reason why a nominee might be unable to serve if elected. Except as disclosed in this proxy statement, there are no arrangements or understandings between any nominee and any other person pursuant to which such nominee was selected. The Board of Directors recommends you vote "FOR" each of the director nominees.

Name	Age(1)	Position(s) Held with Citizens Community Bancorp, Inc. and Citizens Community Federal	Director Since(2)	Term to Expire
Director Nominees				
Richard McHugh	64	Chairman	1985	2011
Thomas C. Kempen	66	Vice-Chairman	1982	2011
Directors Continuing in Office				
Brian R. Schilling	53	Director	1987	2009
David B. Westrate	63	Director	1991	2009
Donna E. Talmage	81	Director	1984	2010
James G. Cooley	60	President and Chief Executive Officer	1993	2010

(1) At September 30, 2007.

(2) Includes service as a director of Citizens Community Federal and its predecessors.

Set forth below is the principal occupation of each director of Citizens Community Bancorp, Inc. and of each of the nominees for director. All directors and nominees have held their present positions for at least five years unless otherwise indicated.

Richard McHugh. Mr. McHugh is the Owner/President of Choice Products, USA.

Thomas C. Kempen. Mr. Kempen is the owner of T. C. Kempen Landscaping Supplies & Consulting.

Brian R. Schilling. Mr. Schilling is the Managing Partner of W.J. Bauman Associates, LTD, a certified public accounting firm.

David B. Westrate. Mr. Westrate currently serves as planning supervisor for Sterling Education Services, Co., a position he has held for three years. Prior to that time, he was not employed.

Adonis E. ("Donna ") Talmage. Ms. Talmage is currently retired. Prior to her retirement, she was an accountant and data processor for Consumers Co-Op Association.

James G. Cooley. Mr. Cooley is President and Chief Executive Officer of Citizens Community Federal, a position he has held since 1987.

## BOARD OF DIRECTORS MEETINGS, BOARD COMMITTEES

### AND CORPORATE GOVERNANCE MATTERS

#### Meetings

The Board of Directors of Citizens Community Bancorp, Inc. generally meets on a monthly basis, holding additional special meetings as needed. During fiscal 2007, the Board of Directors of Citizens Community Bancorp, Inc. held twelve regular meetings and two special meetings. Meetings of the Board of Directors of Citizens Community Federal are also generally held on a monthly basis. In 2007, the Board of Directors of Citizens Community Federal held twelve regular meetings and one special meeting. No director of Citizens Community Bancorp, Inc. or of the Bank attended fewer than 75% of the Board meetings and meetings of the committees on which they served during the period they were directors.

#### Committees