

CODORUS VALLEY BANCORP INC  
Form DEF 14A  
April 10, 2007

**DEFINITIVE PROXY STATEMENT**

**SCHEDULE 14A INFORMATION**

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934 (Amendment No. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14A-6(E)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Section 240.14a-11(c) or Section 240.14a-12

Cordorus Valley Bancorp, Inc.

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(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

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- (1) Amount Previously Paid:
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- (3) Filing Party:
- (4) Date Filed:

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April 10, 2007

Dear Fellow Shareholders of Codorus Valley Bancorp, Inc.:

On behalf of the Corporation's Board of Directors, I am pleased to invite you to attend Codorus Valley Bancorp, Inc.'s Annual Meeting of Shareholders to be held on Tuesday, May 15, 2007, at 9:00 a.m., prevailing time. The location of the Annual Meeting is the Codorus Valley Corporate Center, 105 Leader Heights Road, York, Pennsylvania 17403. At the Annual Meeting, you will have the opportunity to ask questions and to make comments. Enclosed with the Proxy Statement and Notice of Meeting is your proxy and Codorus Valley Bancorp, Inc.'s 2006 Annual Report to Shareholders on Form 10-K.

The principal business of the meeting is to elect three Class B directors, each to serve for a term of three years, to approve the 2007 Codorus Valley Bancorp, Inc. Employee Stock Purchase Plan, to approve the 2007 Codorus Valley Bancorp, Inc. Long-Term Incentive Plan and to transact any other business that is properly presented at the Annual Meeting. The Notice of Meeting and Proxy Statement accompanying this

letter describe the specific business to be acted upon in more detail.

I am delighted that you have invested in Codorus Valley Bancorp, Inc., and I hope that, whether or not you plan to attend the Annual Meeting, you will vote as soon as possible by completing, signing and returning the enclosed proxy in the envelope provided. The prompt return of your proxy will save Codorus Valley Bancorp, Inc. expenses involved in further communications. Your vote is important. Voting by written proxy will ensure your representation at the Annual Meeting if you do not attend in person.

I look forward to seeing you on May 15, 2007 at the Corporation's Annual Meeting.

Sincerely,

Larry J. Miller

Vice Chairman, President, and Chief Executive Officer

Codorus Valley Corporate Center, 105 Leader Heights Road, P.O. Box 2887, York, PA 17405-2887

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## **CODORUS VALLEY BANCORP, INC.**

**NASDAQ TRADING SYMBOL: CVLY**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**AND**

**PROXY STATEMENT**

**2007**

*www.peoplesbanknet.com*

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**PROXY STATEMENT**

Dated and to be mailed on or about April 10, 2007

**Codorus Valley Bancorp, Inc.**

**Codorus Valley Corporate Center**

105 Leader Heights Road

York, Pennsylvania 17403

ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD ON MAY 15, 2007

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**CODORUS VALLEY BANCORP, INC.**

**CODORUS VALLEY CORPORATE CENTER**

**105 LEADER HEIGHTS ROAD**

**YORK, PENNSYLVANIA 17403**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**TO BE HELD ON MAY 15, 2007**

TO THE SHAREHOLDERS OF CODORUS VALLEY BANCORP, INC.:

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NOTICE IS HEREBY GIVEN that the Annual Meeting of the Shareholders of Codorus Valley Bancorp, Inc. will be held at the Codorus Valley Corporate Center, 105 Leader Heights Road, York, Pennsylvania, on Tuesday, May 15, 2007, at 9:00 a.m., prevailing time, for the purpose of considering and voting upon the following matters:

1. To elect three Class B directors, each to serve for a three-year term and until their successors are elected and qualified;
2. To approve the 2007 Codorus Valley Bancorp, Inc. Employee Stock Purchase Plan;
3. To approve the 2007 Codorus Valley Bancorp, Inc. Long-Term Incentive Plan; and
4. To transact such other business as may properly come before the meeting and any adjournment or postponement thereof.

Only those shareholders of record at the close of business on March 1, 2007 are entitled to notice of and to vote at the meeting.

Please promptly complete, date, and sign the enclosed proxy and return it in the enclosed postpaid envelope. We cordially invite you to attend the meeting. Your proxy is revocable, and you may withdraw it at any time. You may deliver notice of revocation or deliver a later dated proxy to the Secretary of the Corporation before the vote at the meeting.

We enclose, among other things, a copy of the 2006 Annual Report on Form 10-K of Codorus Valley Bancorp, Inc.

BY ORDER OF THE BOARD OF DIRECTORS

Harry R. Swift, Esquire

Secretary

York, Pennsylvania

April 10, 2007

**YOUR VOTE IS IMPORTANT.**

**PLEASE COMPLETE, SIGN, DATE, AND RETURN YOUR PROXY CARD.**

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### PROXY STATEMENT

#### Introduction

This Proxy Statement is furnished in connection with the solicitation of proxies by Codorus Valley Bancorp, Inc. (the Corporation), on behalf of the Board of Directors (the Board), for the 2007 Annual Meeting of Shareholders. This Proxy Statement and the related proxy card are being distributed on or about April 10, 2007.

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The Corporation will bear the expense of soliciting proxies. In addition to the use of the mail, directors, officers, and employees of the Corporation and its subsidiaries may, without additional compensation, solicit proxies in person, by telephone, e-mail, or facsimile.

The Annual Meeting of Shareholders will be held on Tuesday, May 15, 2007, at 9:00 a.m. at the Codorus Valley Corporate Center, 105 Leader Heights Road, York, Pennsylvania. Shareholders of record at the close of business on March 1, 2007 are entitled to vote at the meeting.

At the annual meeting, shareholders will vote to:

Elect three Class B directors, each to serve for a three-year term;

Approve the 2007 Codorus Valley Bancorp, Inc. Employee Stock Purchase Plan;

Approve the 2007 Codorus Valley Bancorp, Inc. Long-Term Incentive Plan; and

Transact any other business that may properly come before the meeting and any adjournment or postponement of the meeting.

### Proxies and Voting Procedures

You can vote your shares by completing and returning a written proxy card. You can also vote in person at the meeting. Submitting your voting instructions by returning a proxy card will not affect your right to attend the meeting and will in no way limit your right to vote at the annual meeting if you later decide to attend in person.

If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the beneficial owner of shares held in street name, and these proxy materials are being forwarded to you by your broker or nominee, who is considered, with respect to those shares, the shareholder of record. As the beneficial owner, you have the right to direct your broker how to vote, and you are also invited to attend the meeting. However, because you are not the shareholder of record, you may not vote your street-name shares in person at the meeting, unless you obtain a proxy executed in your favor from the holder of record. Your broker or nominee has enclosed a voting instruction card for you to use in directing the broker or nominee how to vote your shares.

By properly completing a proxy, you appoint Robert L. Jackson, George E. McCullough, and Bernard F. Young as proxy holders to vote your shares as indicated on the proxy card. Any

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signed proxy card not specifying to the contrary will be voted **FOR** election of the nominees identified in this Proxy Statement; **FOR** approval of the 2007 Codorus Valley Bancorp, Inc. Employee Stock Purchase Plan and **FOR** approval of the 2007 Codorus Valley Bancorp, Inc. Long-Term Incentive Plan.

You may revoke your written proxy by delivering written notice of revocation to Harry R. Swift, Esquire, Secretary of the Corporation, or by executing a later dated proxy and giving written notice of the revocation to Mr. Swift at any time before the proxy is voted at the meeting. Proxy holders will vote shares represented by proxies, if properly signed and returned to the Secretary, in accordance with instructions of shareholders.

Although the Board of Directors knows of no other business to be presented, in the event that any other matters are properly brought before the meeting, any proxy given pursuant to this solicitation will be voted in accordance with the recommendations of the Board of Directors.

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If you are also a participant in the Codorus Valley Bancorp, Inc. Dividend Reinvestment and Stock Purchase Plan, the enclosed proxy will serve as a voting instruction card for your shares held in the Plan. Wells Fargo Bank, N.A., the Plan administrator, will vote your shares held in the Dividend Reinvestment and Stock Purchase Plan in the same manner as you indicate on your proxy card.

At the close of business on February 28, 2007, Codorus Valley Bancorp, Inc. had 3,502,919 shares of common stock, par value \$2.50 per share, issued and outstanding. Codorus Valley Bancorp, Inc.'s Articles of Incorporation authorize the Corporation to issue up to 10,000,000 shares of common stock, par value \$2.50 per share. In addition to the common stock, Codorus Valley Bancorp, Inc. has 1,000,000 shares of preferred stock authorized, no shares of which are issued and outstanding. Each common share is entitled to one vote on all matters submitted to a vote of the shareholders.

### Quorum

A majority of the outstanding shares of common stock, represented in person or by proxy, constitutes a quorum for the conduct of business. Under Pennsylvania law and Codorus Valley Bancorp, Inc.'s Bylaws, the presence of a quorum is required for each matter to be acted upon at the meeting. Votes withheld and abstentions, while not votes cast, will be counted as present for purposes of determining the presence of a quorum. Shares of common stock represented by broker non-votes (i.e., shares of common stock held in record name by brokers or nominees as to which (i) instructions have not been received from the beneficial owners or persons entitled to vote, (ii) the broker or nominee does not have discretionary voting power under applicable rules of the National Association of Securities Dealers, Inc. or the instrument under which it serves in such capacity, and (iii) the record holder has indicated on the proxy or otherwise notified Codorus Valley Bancorp, Inc. that it does not have authority to vote such shares on that matter) will be counted as present for purposes of determining the presence of a quorum.

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### Required Vote

In the case of the election of directors, the candidates receiving the highest number of votes are elected. Thus, an abstention or broker non-vote has no effect with respect to the election of directors. All other matters to be voted upon by the shareholders require the affirmative vote of a majority of the votes cast at the annual meeting, except in cases where the vote of a greater number of shares is required by law or under Codorus Valley Bancorp, Inc.'s Articles of Incorporation or Bylaws. Thus, a majority of the votes cast is required to approve and adopt the 2007 Codorus Valley Bancorp, Inc. Employee Stock Purchase Plan ( ESPP ) and the 2007 Codorus Valley Bancorp, Inc. Long-Term Incentive Plan ( LTIP ). Although abstentions and broker non-votes will be counted as shares that are present at the meeting, they will not be counted as votes cast on approval of either the ESPP or the LTIP. Therefore, an abstention or broker non-vote has no effect with respect to approval of the ESPP or the LTIP.

### GOVERNANCE OF THE CORPORATION

Our Board of Directors believes that the purpose of corporate governance is to ensure that we maximize shareholder value in a manner consistent with legal requirements and the highest standards of integrity. The Board has adopted and adheres to corporate governance practices that the Board and executive management believe promote this purpose, are sound and represent best practices. We continually review these governance practices, Pennsylvania law (the state in which we are incorporated), the rules and listing standards of NASDAQ and Securities Exchange Commission ( SEC ) regulations, as well as best practices suggested by recognized governance authorities.

Currently, our Board of Directors has eight members. Under applicable NASDAQ and SEC standards for director independence, seven of our eight directors meet the standards for independence: Rodney L. Krebs, Chairman, D. Reed Anderson, Esquire, MacGregor S. Jones, William H. Simpson, Dallas L. Smith, Donald H. Warner, and Michael L. Waugh.

### Meetings and Committees of the Board of Directors

The Board of Directors of the Corporation has an Audit Committee, a Compensation Committee, and a Corporate Governance and Nominating Committee.

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**Audit Committee.** The Audit Committee of the Board of Directors is comprised solely of directors who meet the applicable NASDAQ and SEC standards for independence of audit committee members and possess the requisite knowledge or experience under those standards to serve on the Audit Committee. The Audit Committee operates under a written charter adopted by the Board of Directors on February 10, 2004. The charter is available on the Corporation's website at [www.peoplesbanknet.com](http://www.peoplesbanknet.com). Click on the "Investor Relations" link and then click on the "Audit Committee" link in the right-hand margin. The current members of the Audit Committee are Donald H. Warner, Chairman, D. Reed Anderson, Esquire, and William H.

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Simpson. The Audit Committee met five times during 2006. The principal duties of the Audit Committee, as set forth in its charter, include reviewing significant audit and accounting principles, policies and practices, reviewing performance of internal auditing procedures, reviewing reports of examination received from regulatory authorities, and appointing the Corporation's independent registered public accountant. The Audit Committee has the authority to engage legal counsel or other experts or consultants as it deems appropriate to carry out its responsibilities.

William H. Simpson has been designated by the Board as the Audit Committee financial expert. In designating Mr. Simpson as the Audit Committee financial expert, the Board considered his qualification in light of the rules of the SEC. Under the rules of the SEC, to qualify as a financial expert, the director must have these five attributes:

an understanding of generally accepted accounting principles;

the ability to assess the general application of such principles in connection with the accounting for estimates, accruals, and reserves;

experience preparing, auditing, analyzing, or evaluating financial statements that present a breadth and level of complexity of accounting issues that can reasonably be expected to be presented by the Corporation's financial statements, or experience actively supervising one or more persons engaged in such activities;

an understanding of internal controls and the procedures for financial reporting; and

an understanding of audit committee functions.

These attributes may be acquired in one or more of four ways:

education and experience as a principal financial officer, principal accounting officer, controller, public accountant or auditor, or experience in one or more positions that involve the performance of similar functions;

experience actively supervising a principal financial officer, principal accounting officer, controller, public accountant, auditor, or person performing similar functions;

experience overseeing or assessing the performance of companies or public accountants with respect to the preparation, auditing, or evaluation of financial statements; or

other relevant experience.



**Compensation Committee.** All members of the Compensation Committee are independent under applicable NASDAQ and SEC standards. The Compensation Committee operates pursuant to a written charter adopted by the Board of Directors on February 24, 2004. The charter is available on the Corporation's website at [www.peoplesbanknet.com](http://www.peoplesbanknet.com). Click on the Investor Relations link and then click on the Compensation Committee link in the right-hand margin. The current members of the Compensation Committee are Rodney L. Krebs, Chairman,

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D. Reed Anderson, Esquire, MacGregor S. Jones, William H. Simpson, Dallas L. Smith, Donald H. Warner, and Michael L. Waugh. The Compensation Committee met eight times during 2006. The principal duties of the Compensation Committee include evaluating and approving compensation plans, policies, and programs for the executive officers of the Corporation and its subsidiaries.

**Corporate Governance and Nominating Committee.** All members of the corporate Governance and Nominating Committee are independent under applicable NASDAQ and SEC standards. The Corporate Governance and Nominating Committee operates pursuant to a written charter adopted by the Board of Directors on February 24, 2004. The charter is available on the Corporation's website at [www.peoplesbanknet.com](http://www.peoplesbanknet.com). Click on the Investor Relations link and then click on the Corporate Governance link in the right-hand margin. Members of the Corporate Governance and Nominating Committee are Rodney L. Krebs, Chairman, D. Reed Anderson, Esquire, William H. Simpson, MacGregor S. Jones, Dallas L. Smith, Donald H. Warner, and Michael L. Waugh. The Corporate Governance and Nominating Committee met twice during 2006. The principal duties of the Corporate Governance and Nominating Committee include developing and recommending to the Board criteria for selecting qualified director candidates, identifying individuals qualified to become Board members, evaluating and selecting, or recommending to the Board, director nominees for each election of directors, considering committee member qualifications, appointment and removal, recommending codes of conduct and codes of ethics applicable to the Corporation, and providing oversight in the evaluation of the Board and each committee.

#### **Director Nomination Process**

The Corporate Governance and Nominating Committee is responsible for identifying and evaluating individuals qualified to become members of the Board of Directors and to recommend such individuals to the Board of Directors for consideration and nomination. The Corporate Governance and Nominating Committee and the Board of Directors endeavor to recruit and retain Board members that demonstrate intellectual capacity, strong interpersonal skills, good business instinct, objectivity and the highest level of personal and professional integrity. When evaluating current members of the Board of Directors and prospective candidates for the Board of Directors, the Committee seeks to balance the skill sets and attributes of existing Board members with the need for other complementary skills, talents and qualities that will position the Corporation to successfully implement its strategic vision.

In addition to requiring that each existing director and candidate for nomination possess unquestionable character and a commitment to contribute to the success of the Corporation and the stewardship of the community, the Corporate Governance and Nominating Committee's evaluation of director candidates includes an assessment of issues and factors regarding the individual's education, business experience, accounting and financial expertise, age, diversity, reputation, civic and community relationships and knowledge and experience in matters that impact diversified community financial institutions. The Committee will also take into account the director candidate's ability to devote adequate time to Corporate matters, including being prepared for and participating in all Board of Directors and committee meetings. When the Corporate Governance and Nominating Committee is considering current members of the Board

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of Directors for nomination for reelection, the Committee considers prior performance, as well as meeting attendance records.

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The current practice of the Corporate Governance and Nominating Committee is to identify potential director candidates through a variety of sources. The Committee considers recommendations made by current or former directors or members of executive management. Potential candidates also may be identified through contacts in the business, civic, academic, legal and non-profit communities. The Chairman of the Corporate Governance and Nominating Committee determines how to approach director candidates.

Regarding new director candidates, the Corporate Governance and Nominating Committee will evaluate whether the nominee is independent, as independence is defined under applicable NASDAQ and SEC Rules, and whether the nominee meets the qualifications for director outlined above as well as any special qualifications applicable to membership on any committee on which the nominee may be appointed to serve if elected. A majority of the Board of Directors must meet the criteria for independence established by NASDAQ, and the Committee will consider any conflicts of interest that might impair that independence.

The Corporate Governance and Nominating Committee will consider recommendations by Codorus Valley Bancorp, Inc. shareholders of qualified director candidates for possible nomination by the Board. Shareholders may recommend qualified director candidates by writing to:

Harry R. Swift, Esq.

Corporate Secretary

Codorus Valley Bancorp, Inc.

P.O. Box 2887

York, PA 17405-2887

Submissions must include information regarding a candidate's citizenship, age, background, business and personal addresses, qualifications, experience, principal occupation or employment, directorships and other positions held by the candidate in business, charitable and community organizations and his/her willingness to serve as a member of the Board of Directors. Based on a preliminary assessment of the candidate's qualifications, the Corporate Governance and Nominating Committee may conduct interviews with, and request additional information from, the candidate.

Under its current practices, there are no differences in how the Corporate Governance and Nominating Committee evaluates a nominee for director based on whether the nominee is recommended by the Committee or by a shareholder.

### **The Board of Directors**

The Board of Directors of Codorus Valley Bancorp, Inc. met twenty-two times during 2006. There were twenty-eight meetings of the Board of Directors of PeoplesBank, A Codorus Valley Company, in 2006. All directors attended at least 75% of the meetings of the Boards of Directors and of the various committees on which they served. While the Corporation has no formal policy in place, directors are strongly encouraged to attend the Annual Meeting of

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Shareholders. All but one of our directors attended the 2006 Annual Meeting of Shareholders, and we anticipate that all directors will attend this year's meeting.

### **Communicating with Directors**

The Board of Directors has established a process for shareholders and other interested parties to communicate directly with the Chairman of the Board of Directors or other non-management directors individually or collectively, by submitting written correspondence to the following address:

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Chairman of the Board of Directors (or name of individual, independent director)

c/o Harry R. Swift, Esq.

Corporate Secretary

Codorus Valley Bancorp, Inc.

P.O. Box 2887

York, PA 17405-2887

The Corporate Secretary may facilitate such direct communications with the Board of Directors or individual, independent directors by reviewing and summarizing such communications. All such communications will be referred to the Chairman of the Board of Directors or individual, independent directors for consideration unless otherwise instructed by the Board of Directors.

### **Nomination of Directors**

Article 10, Section 10.1 of Codorus Valley Bancorp, Inc.'s Bylaws requires that nominations be made pursuant to timely notice in writing to the Secretary. To be timely, a shareholder's notice must be delivered to or received at the principal executive offices of the Corporation not less than 90 days prior to the one year anniversary date of the preceding meeting of shareholders called to elect directors. The notice must provide the specific information required by Section 10.1 of the Bylaws. The Board is required to determine whether nominations have been made in accordance with the requirements of the Bylaws. If the Board determines that a nomination was not made in accordance with the Bylaws, the shareholder will be given an opportunity to cure any deficiency in accordance with the Bylaws. You may obtain a copy of the Corporation's Bylaws by writing to Harry R. Swift, Esquire, Corporate Secretary, Codorus Valley Bancorp, Inc., P.O. Box 2887, York, PA 17405-2887. A copy of the Corporation's current Bylaws has been filed with the Securities and Exchange Commission as Exhibit 3(ii) to Form 8-K filed October 14, 2005.

### **Submission of Shareholder Proposals**

If a shareholder wants us to include a proposal in our Proxy Statement for presentation at our 2008 Annual Meeting of Shareholders, the proposal must be received by us c/o Harry R. Swift, Esq., Codorus Valley Bancorp, Inc., P.O. Box 2887, York, PA 17405-2887, no later than December 12, 2007. Any such proposal must comply with Rule 14a-8 of Regulation 14A of the proxy rules of the Securities and Exchange Commission.

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If a shareholder proposal is submitted to the Corporation after December 12, 2007, it is considered untimely; and, although the proposal may be considered at the annual meeting, it will not be included in the Corporation's 2008 Proxy Statement. Written notice of shareholder proposals relating to the 2008 Annual Meeting, other than those intended for inclusion in the Corporation's proxy statement, must be received at the Corporation's principal executive offices no later than February 25, 2008.

### **PROPOSAL 1 Election of Directors**

Codorus Valley Bancorp, Inc.'s Bylaws provide that the Board of Directors consists of not less than five nor more than twenty-five persons. The Board of Directors is divided into three classes with directors elected to staggered three-year terms. Each class consists, as nearly as possible, of one-third of the directors. The Bylaws also provide that the directors of each class are elected for a term of three years, so that the term of office of one class of directors expires at the annual meeting each year. The Board of Directors determines the number of directors in each class.

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A majority of the Board of Directors may increase the number of directors between meetings of the shareholders. Any vacancy occurring on the Board of Directors, whether due to an increase in the number of directors, resignation, retirement, death, or any other reason, may be filled by appointment by the remaining directors. Any director who is appointed to fill a vacancy holds office until the expiration of the term of the class of directors to which he or she was appointed. There is a mandatory retirement provision in the Bylaws that provides for the retirement of directors at age 70.

The Board of Directors has fixed the number of directors at eight. There are three nominees for the Board of Directors for election at the 2007 Annual Meeting. The Board of Directors has nominated the following three persons for election to the Board of Directors, each for a three-year term:

Nominees for Class B Directors

For a Term of Three Years Until 2010

William H. Simpson

Donald H. Warner

Michael L. Waugh

Each of the nominees presently serves as a director.

In the event that any of the nominees are unable to accept nomination or election, proxy holders will vote proxies given pursuant to this solicitation in favor of other persons recommended by the Board of Directors. The Board of Directors has no reason to believe that any of its nominees will be unable to serve as a director if elected.

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**The Board of Directors recommends a vote**

**FOR**

**All three nominees listed below**

William H. Simpson

Donald H. Warner

Michael L. Waugh

**Information about Nominees and Continuing Directors**

Information, as of February 28, 2007, concerning the three nominees to the Board of Directors and the five continuing directors, appears below.

Nominees Class B For a Term of  
Three Years until 2010

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<u>Name and Age</u>	<u>Director Since</u>	<u>Principal Occupation for the Past Five Years and Positions Held with Codorus Valley Bancorp, Inc. and Subsidiaries</u>
William H. Simpson (65)	2006	Vice Chairman of Susquehanna Real Estate L.P. and previously served as President and Chief Executive Officer of Susquehanna Pfaltzgraff Co.
Donald H. Warner (68)	1990	President, Warners Motor Express, Inc. (moving and storage company); Vice President, Codorus Valley Bancorp, Inc., 1993-2002; and Director, Codorus Valley Bancorp, Inc. and PeoplesBank, A Codorus Valley Company
Michael L. Waugh (51)	2002	State Senator, 28th District of the Commonwealth of Pennsylvania; and Director, Codorus Valley Bancorp, Inc. and PeoplesBank, A Codorus Valley Company

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Class A Continuing Directors Until 2009

Rodney L. Krebs 1988  
(66) President, Springfield Contractors, Inc. (a heavy equipment/earth moving firm); and Chairman and Director, Codorus Valley Bancorp, Inc. and PeoplesBank, A Codorus Valley Company

Dallas L. Smith 1986  
(61) President, Bruce V. Smith, Inc. (a retail furniture corporation); and Director, Codorus Valley Bancorp, Inc. and PeoplesBank, A Codorus Valley Company

Class C Continuing Directors Until 2008

D. Reed Anderson, 1994  
Esquire  
(64) Attorney-at-Law, Stock and Leader; and Director of Codorus Valley Bancorp, Inc. and PeoplesBank, A Codorus Valley Company

MacGregor S. Jones 1993  
(61) Retired Automobile Dealer; and Director, Codorus Valley Bancorp, Inc. and PeoplesBank, A Codorus Valley Company

Larry J. Miller 1986  
(55) President, Chief Executive Officer, Vice Chairman and Director, Codorus Valley Bancorp, Inc. and PeoplesBank, A Codorus Valley Company

**SHARE OWNERSHIP**

**Principal Holders**

The following table shows, to the best of our knowledge, those persons or entities who owned of record or beneficially, on December 31, 2006, more than 5% of the outstanding Codorus Valley Bancorp, Inc. common stock.

Beneficial ownership of Codorus Valley Bancorp, Inc. common stock was determined in accordance with Securities and Exchange Commission Rule 13d-3, which provides that a person should be credited with the ownership of any stock held, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise has or shares:

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Voting power, which includes power to vote or to direct the voting of the stock; or

Investment power, which includes the power to dispose of or direct the disposition of the stock; or

The right to acquire beneficial ownership within 60 days after March 1, 2007.

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<u>Name and Address of Beneficial Owner</u>	<u>Amount and Nature of Beneficial Ownership</u>	<u>Percent of Class</u>
PeoplesBank, A Codorus Valley Company Trust and Investment Services Division Codorus Valley Corporate Center 105 Leader Heights Road York, PA 17403	217,872 <sup>(1)</sup>	6.2%

<sup>(1)</sup>105,701 shares of common stock beneficially owned by the Bank are held in its fiduciary capacity. The Bank has sole voting and dispositive power over these shares of common stock. 20,956 shares of common stock beneficially owned by the Bank are shares for which the Bank exercises shared dispositive power and sole voting power. 90,432 shares of common stock beneficially owned by the Bank are shares for which the Bank exercises shared voting power and shared dispositive power. 783 shares of common stock beneficially owned by the Bank are shares for which the Bank exercises shared voting power and sole dispositive power. The Bank, in its fiduciary capacity, intends to cast all shares under its control FOR the election of the nominees for Class B Director, **FOR** approval of the 2007 Codorus Valley Bancorp, Inc Employee Stock Purchase Plan and **FOR** approval of the 2007 Codorus Valley Bancorp, Inc Long-Term Incentive Plan.

**Beneficial Ownership of Executive Officers, Directors and Nominees**

The following table shows, as of December 31, 2006, the amount and percentage of Codorus Valley Bancorp, Inc. common stock beneficially owned by each director, each nominee, each named executive and all directors, nominees, and executive officers of the Corporation as a group.

Beneficial ownership of shares of Codorus Valley Bancorp, Inc. common stock is determined in accordance with Securities and Exchange Commission Rule 13d-3, which provides that a person should be credited with the ownership of any stock held, directly or indirectly, through any contract, arrangement, understanding, relationship, or who otherwise has or shares:

Voting power, which includes the power to vote or to direct the voting of the stock; or

Investment power, which includes the power to dispose or direct the disposition of the stock; or

The right to acquire beneficial ownership within 60 days after March 1, 2007.

Unless otherwise indicated in a footnote appearing below the table, all shares reported in the table below are owned directly by the reporting person. The number of shares owned by the

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directors, nominees, and executive officers is rounded to the nearest whole share. The percentage of all Codorus Valley Bancorp, Inc. common stock owned by each director, nominee, or executive officer is less than 1% unless otherwise indicated.

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<u>Name of Individual or Identity of Group</u>	<u>Amount and Nature of Beneficial Ownership</u>	<u>Percent of Class</u>
<i>Directors and Nominees</i>		
D. Reed Anderson, Esquire	25,638 <sup>(1)</sup>	
MacGregor S. Jones	47,251 <sup>(2)</sup>	1.35%
Rodney L. Krebs	45,052 <sup>(3)</sup>	1.29%
Larry J. Miller	93,516 <sup>(4)</sup>	2.67%
William H. Simpson	1,155	
Dallas L. Smith	26,381 <sup>(5)</sup>	
Donald H. Warner	16,085 <sup>(6)</sup>	
Michael L. Waugh	126	
<i>Other Named Executives</i>		
Diane E. Hill, CPA	6,688 <sup>(7)</sup>	
Harry R. Swift, Esquire	6,737 <sup>(8)</sup>	
Jann Allen Weaver, CPA	12,381 <sup>(9)</sup>	
All Officers and Directors as a Group (11 persons)	281,010 <sup>(10)</sup>	8.02%

- (1) Includes 7,024 shares held in Mr. Anderson's 401(k) plan and non-qualified stock options of 17,210.
- (2) Includes 8,450 shares held in Mr. Jones' IRA, 28,285 shares held jointly with his spouse, 3,177 shares held individually in his spouse's IRA and non-qualified stock options of 6,206.
- (3) Includes 5,257 shares held in Mr. Krebs' IRA, 11,186 shares held jointly with his spouse, 7,980 shares held in a family limited partnership and non-qualified stock options of 17,210.
- (4) Includes 12,674 shares held jointly with Mr. Miller's spouse, 393 shares held jointly with his mother, 1,031 shares held jointly with his daughter, 1,031 shares held jointly with his son, 1,058 shares held in Mr. Miller's IRA and incentive stock options of 75,835.
- (5) Includes 670 shares held in Mr. Smith's spouse's IRA and non-qualified stock options of 17,210.
- (6) Includes 646 shares held in Mr. Warner's IRA, and non-qualified stock options of 14,657.
- (7) Includes 179 shares held jointly with Mrs. Hill's spouse, and incentive stock options of 6,509.
- (8) Represents Mr. Swift's incentive stock options of 6,737.
- (9) Includes 529 shares held jointly with Mr. Weaver's spouse, and incentive stock options of 11,852.
- (10) Includes 52,451 shares reported in Schedule 13 G, as amended, of the Trust and Investment Services Division of PeoplesBank, A Codorus Valley Company (26,970 shares are held for the benefit of MacGregor S. Jones, 24,423 shares are held for the benefit of Rodney L. Krebs, and 1,058 shares held for the benefit of Larry J. Miller.) Also includes 11,627 shares held by Codorus Valley Financial Advisors, Inc., a financial subsidiary of the Bank, for the benefit of MacGregor S. Jones.

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**Executive Officers**

The following table provides information, as of February 28, 2007, about the Corporation's executive officers.

<u>Name</u>	<u>Age</u>	<u>Principal Occupation For the Past Five Years and Position Held with Codorus Valley Bancorp, Inc. and Subsidiaries</u>
Larry J. Miller	55	President and Chief Executive Officer and Vice Chairman of the Board, Codorus Valley Bancorp, Inc. and PeoplesBank, a Codorus Valley Company



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Harry R. Swift, Esquire 59

Vice President and Secretary, Codorus Valley Bancorp, Inc.; General Counsel,  
Executive Vice President and Cashier, PeoplesBank, a Codorus Valley Company

Jann Allen Weaver, CPA 57

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B. Francis Saul III	President and Director; President and Director, Saul Centers, Inc.
Thomas H. McCormick	General Counsel, Senior Vice President, Chief Financial Officer and Director; Senior Vice President and General Counsel, Saul Centers, Inc.
George M. Rogers, Jr. <sup>6</sup>	Director; Senior Counsel, Pillsbury Winthrop Shaw Pittman LLP
John R. Whitmore <sup>7</sup>	Director; Financial Consultant; Director, Saul Centers, Inc.
Kashiyo Enokido	Executive Vice President
Mark G. Carrier	Senior Vice President
Patrick T. Connors	Senior Vice President
Steven N. Corey	Senior Vice President Office Leasing
J. Page Lansdale	Senior Vice President; Senior Vice President, Saul Centers, Inc.
Robert M. Wulff	Senior Vice President; Senior Vice President, Saul Centers, Inc.
Bryon S. Barlow	Senior Vice President Office Management
Burke F. Hayes	Senior Vice President
Ted Koutris	Senior Vice President
Kenneth F. Kovach	Senior Vice President
Henry C. Parrish III	Senior Vice President

<sup>6</sup> Mr. Rogers' business address is Pillsbury Winthrop Shaw Pittman LLP, 2300 N Street, N.W., Washington, D.C. 20037.

<sup>7</sup> Mr. Whitmore's business address is 630 Fifth Avenue, Suite 2045, New York, New York 10111.

Victoria Perkins	Senior Vice President
Joel A. Friedman	Senior Vice President and Treasurer; Vice President and Chief Accounting Officer, Saul Centers, Inc.
Merle F. Sustersich	Senior Vice President

**B. F. Saul Real Estate Investment Trust**

Name <sup>8</sup>	Position with Company and Present Principal Occupation if Different
B. Francis Saul II	Trustee, Chairman and Chief Executive Officer; Chairman of the Board and Chief Executive Officer, Saul Centers, Inc.
Gilbert M. Grosvenor <sup>9</sup>	Trustee; Chairman of the Board of Trustees, National Geographic Society; Director, Saul Centers, Inc.
George M. Rogers, Jr. <sup>10</sup>	Trustee; Senior Counsel, Pillsbury Winthrop Shaw Pittman LLP.
John R. Whitmore <sup>11</sup>	Trustee; Financial Consultant; Director, Saul Centers, Inc.
Philip D. Caraci	Trustee; Vice Chairman, Saul Centers, Inc.
B. Francis Saul III	Trustee, Senior Vice President and Secretary; President and Director, Saul Centers, Inc.
Thomas H. McCormick	Vice President, General Counsel and Chief Financial Officer; Senior Vice President and General Counsel, Saul Centers, Inc.
Joel A. Friedman	Vice President, Treasurer and Chief Accounting Officer; Vice President and Chief Accounting Officer, Saul Centers, Inc.

<sup>8</sup> The business address of each person is 7501 Wisconsin Avenue, Bethesda, Maryland 20814 unless otherwise indicated.

<sup>9</sup> Mr. Grosvenor's business address is National Geographic Society, 17th and M Streets, N.W., Washington, D.C. 20009.

<sup>10</sup> Mr. Rogers' business address is Pillsbury Winthrop Shaw Pittman LLP, 2300 N Street, N.W., Washington, D.C. 20037

<sup>11</sup> Mr. Whitmore's business address is 630 Fifth Avenue, New York, New York 10111.

Bryon S. Barlow	Vice President
Patrick T. Connors	Vice President
Ross E. Heasley	Vice President; Vice President and Assistant Secretary, Saul Centers, Inc.
Mark G. Carrier	Vice President
Steven N. Corey	Vice President
Donald A. Hachey	Vice President; Vice President, Saul Centers, Inc.
J. Page Lansdale	Vice President; Senior Vice President, Saul Centers, Inc.
Henry C. Parrish III	Vice President
Mark L. Rigsby	Vice President
Victoria Perkins	Vice President
John A. Spain	Vice President
Merle F. Sustersich	Vice President
Robert M. Wulff	Vice President; Senior Vice President, Saul Centers, Inc. <b><u>Avenel Executive Park Phase II, L.L.C.</u></b>

Name <sup>12</sup>	Position with Company and Present Principal Occupation if Different
B. Francis Saul III	President; President and Director, Saul Centers, Inc.
Ross E. Heasley	Vice President; Vice President and Assistant Secretary, Saul Centers, Inc.
Patrick T. Connors	Vice President
J. Page Lansdale	Vice President; Senior Vice President, Saul Centers, Inc.
Joel A. Friedman	Vice President and Treasurer; Vice President and Chief Accounting Officer, Saul Centers, Inc.

<sup>12</sup>The business address of each person is 7501 Wisconsin Avenue, Bethesda, Maryland 20814.

**Dearborn, L.L.C.**

Name <sup>13</sup>	Position with Company and Present Principal Occupation if Different
B. Francis Saul II	Chief Executive Officer; Chairman of the Board and Chief Executive Officer, Saul Centers, Inc.
B. Francis Saul III	President; President and Director, Saul Centers, Inc.
Ross E. Heasley	Vice President; Vice President and Assistant Secretary, Saul Centers, Inc.
Joel A. Friedman	Vice President and Treasurer; Vice President and Chief Accounting Officer, Saul Centers, Inc.
Patrick T. Connors	Vice President
J. Page Lansdale	Vice President; Senior Vice President, Saul Centers, Inc.
Henry C. Parrish III	Vice President

None of the persons filing this statement has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) during the last five years from the date of this Amendment. To the best of the knowledge and belief of the Saul Entities, none of the directors and/or executive officers of the Saul Entities has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) during the last five years from the date of this Amendment.

None of the persons filing this statement was a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws during the last five years from the date of this Amendment.

To the best of the knowledge and belief of the Saul Entities, none of the directors and/or executive officers of the Saul Entities was a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violations with respect to such laws during the last five years from the date of this Amendment.

<sup>13</sup> The business address of each person is 7501 Wisconsin Avenue, Bethesda, Maryland 20814.

All individuals named in this Schedule 13D are citizens of the United States of America.

**ITEM 3. Source and Amount of Funds or Other Consideration.**

Item 3 is amended in its entirety to read as follows:

A Deferred Compensation and Stock Plan for Directors (the Directors Plan ) was established by Saul Centers for the benefit of its directors and their beneficiaries. Pursuant to the Directors Plan, B. Francis Saul II has elected to defer all of his director s fees into a stock deferred fee account. Fees earned during a calendar quarter are aggregated and divided by the Common Stock s closing market price on the first trading day of the following quarter to determine the number of shares to be allocated to Mr. Saul. Upon the occurrence of events specified in the Directors Plan, amounts credited to the stock deferred fee account shall be paid by the delivery by Saul Centers of certificates representing a like number of shares of Common Stock. Under the terms of the Directors Plan, Mr. Saul is not eligible to vote or dispose of the shares of Common Stock until they are issued. Because Mr. Saul does not have the current ability to vote or dispose of the shares of Common Stock, they have not historically been reported on the Schedule 13D. However, although unlikely at this time, some of the events that would cause the delivery of the Common Stock to Mr. Saul could, in theory, take place within 60 days.

On the date of Amendment No. 37, Mr. Saul had deferred fees that would entitle him to delivery of 20,558 shares of Common Stock.

Amounts held in the stock deferred fee account receive dividends on the same basis as shares of Common Stock, with dividends being reinvested on terms identical to Saul Centers DRIP. Since the date of Amendment No. 36, the following dividend reinvestments were made pursuant to Mr. Saul s stock deferred fee account:

Date of Reinvestment	Amount reinvested	Price per share	Number of shares
January 31, 2011	\$ 7,231.18	\$ 45.92	157.458
April 29, 2011	\$ 7,338.55	\$ 42.49	172.709

Saul Centers instituted a Dividend Reinvestment and Stock Purchase Plan in December 1995 (the DRIP ) through which holders of Common Stock and holders of limited partnership interests in Saul Holdings Limited Partnership may choose to have some or all of their cash dividends or cash distributions automatically reinvested in shares of Common Stock. Since the filing of Amendment Number 36 to this Schedule 13D, Saul Centers has issued Common Stock pursuant to the DRIP on January 31, 2011 and April 29, 2011. The Saul Trust, B.F. Saul Property Company, Avenel Executive Park Phase II, L.L.C., Dearborn, L.L.C. and the Saul Company participated in the DRIP on January 31, 2011 and April 29, 2011 and, consequently, were issued additional shares of Common Stock in lieu of receiving cash payments. The total amount reinvested and the number of shares acquired by such entities are as follows:

**Saul Trust**

			<b>Number of shares</b>
<b>Date of DRIP Reinvestment</b>	<b>Amount reinvested</b>	<b>Price per share</b>	<b>purchased</b>
January 31, 2011	\$ 2,813,199.66	\$ 45.92	61,256.922
April 29, 2011	\$ 2,835,255.02	\$ 42.49	66,726.327

**B. F. Saul Property Company**

## Number of shares

Date of DRIP Reinvestment	Amount reinvested	Price per share	purchased
January 31, 2011	\$ 185,766.14	\$ 45.92	4,045.025
April 29, 2011	\$ 187,258.48	\$ 42.49	4,407.036

**Avenel Executive Park Phase II, L.L.C.**

## Number of shares

Date of DRIP Reinvestment	Amount reinvested	Price per share	purchased
January 31, 2011	\$ 4,349.37	\$ 45.92	94.707
April 29, 2011	\$ 4,389.02	\$ 42.49	103.294

**Dearborn, L.L.C.**

## Number of shares

Date of DRIP Reinvestment	Amount reinvested	Price per share	purchased
January 31, 2011	\$ 798,763.05	\$ 45.92	17,392.923
April 29, 2011	\$ 805,054.71	\$ 42.49	18,946.565

**Saul Company**

## Number of shares

Date of DRIP Reinvestment	Amount reinvested	Price per share	purchased
January 31, 2011	\$ 85,182.07	\$ 45.92	1,854.824
April 29, 2011	\$ 85,849.81	\$ 42.49	2,020.433

Under Saul Centers' 2004 Stock Plan, the Board of Directors has approved an annual award of 200 shares of Common Stock to each person serving on the Board of Directors of Saul Centers as of the record date for the annual meeting of stockholders. B. Francis Saul II has elected to participate in the DRIP with respect to these shares. In addition, under the 2004 Stock Plan, Mr. Saul receives an annual grant of an option to purchase 2,500 shares. Options to purchase 17,500 shares are exercisable within 60 days of this Amendment. The total amount reinvested and the number of shares acquired by B. Francis Saul II is as follows:

**B. Francis Saul II**

Date of DRIP Reinvestment	Amount reinvested	Price per share	Number of shares
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			<b>purchased</b>
January 31, 2011	\$ 882.17	\$ 45.92	19.209
April 29, 2011	\$ 889.08	\$ 42.49	20.924



In addition, Mrs. Patricia E. Saul, the wife of B. Francis Saul II, has participated in the DRIP. The additional shares of Common Stock issued pursuant to the DRIP to Mrs. Patricia E. Saul are being reported in this Schedule 13D because B. Francis Saul II, by reason of his possible influence over his wife, has or might be deemed to have sole or shared voting and dispositive power over such shares. Mr. Saul disclaims beneficial ownership of all shares held by Mrs. Patricia E. Saul.

The amounts reinvested and the number of shares issued pursuant to the DRIP are listed below:

**Patricia E. Saul (Mrs.)**

	Number of shares		
Date of DRIP Reinvestment	Amount reinvested	Price per share	purchased
January 31, 2011	\$ 29,283.83	\$ 45.92	637.650
April 29, 2011	\$ 29,513.39	\$ 42.49	694.583

**ITEM 4. Purpose of Transaction.**

Item 4 is amended in its entirety to read as follows:

The purpose of the acquisition of shares of Common Stock by the Saul Entities, the Trusts (as defined in Item 5(b) below), B. Francis Saul II and Patricia E. Saul is investment. The Saul Entities, the Trusts, B. Francis Saul II and Patricia E. Saul may purchase additional shares of Common Stock from time to time for the purpose of investment, subject to ownership limitations set forth in the Articles of Incorporation, as amended, of Saul Centers.

**ITEM 5. Interest in Securities of the Issuer.**

Item 5 is amended in its entirety to read as follows:

a. The number and percentage of Common Shares beneficially owned by the reporting persons are set forth in the following table:

Reporting Person	Number of Shares Beneficially Owned	Percentage Of Class (%)
B. Francis Saul II	10,195,898(1)	46.9
B. F. Saul Company	9,507,307(2)	43.8
B. F. Saul Real Estate Investment Trust	8,966,739(3)	41.3
Westminster Investing Corporation	403,726	2.2
Avenel Executive Park Phase II, L.L.C.	1,436	0.0
Dearborn, L.L.C.	1,022,867(4)	5.3

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B. F. Saul Property Company	300,076	1.6
Van Ness Square Corporation	35,062	0.2

- (1) Includes all of the shares of Common Stock beneficially owned by the Saul Entities, the Trusts and Mrs. Patricia E. Saul. B. Francis Saul II owns 2,491 shares of Common Stock directly and owns options to purchase 17,500 shares of Common Stock that are exercisable within 60 days, as well as 20,558 shares of phantom stock pursuant to the Directors Plan, which may be exchanged for shares of Common Stock under certain circumstances. In addition, units equivalent to 99,376 shares of Common Stock are held in the individual 401(k) account of B. Francis Saul II. Pursuant to Rule 13d-1 under the Securities Exchange Act of 1934, as amended, the shares of Common Stock described above are considered to be beneficially owned by Mr. Saul because he has or may be deemed to have sole or shared voting and/or investment power in respect thereof. Mr. Saul disclaims beneficial ownership of 23,014 shares held by the Trusts, 82,676 shares held by Mrs. Patricia E. Saul and units equivalent to 4,188 shares of Common Stock held in the individual 401(k) account Mrs. Patricia E. Saul.
- (2) Includes all of the shares of Common Stock beneficially owned by B. F. Saul Property Company, the Saul Trust, Avenel Executive Park Phase II, L.L.C. and Dearborn, L.L.C. B. F. Saul Company owns 240,492 shares of Common Stock directly. Pursuant to Rule 13d-1 under the Securities Exchange Act of 1934, as amended, the shares of Common Stock described above are considered to be beneficially owned by the Saul Company because it has or may be deemed to have sole or shared voting and/or investment power in respect thereof.
- (3) Includes all of the shares of Common Stock beneficially owned by Avenel Executive Park Phase II, L.L.C. and Dearborn, L.L.C. The Saul Trust owns 5,391,570 shares of Common Stock directly and holds units of limited partnership interest in Saul Holdings Limited Partnership convertible into 2,550,866 shares of Common Stock that are exercisable within 60 days. Pursuant to Rule 13d-1 under the Securities Exchange Act of 1934, as amended, the shares of Common Stock described above are considered to be beneficially owned by the Saul Trust because it has or may be deemed to have sole or shared voting and/or investment power in respect thereof.
- (4) Dearborn, L.L.C. owns 439,318 shares of Common Stock directly and holds units of limited partnership in Saul Holdings Limited Partnership convertible into 583,549 shares of Common Stock that are exercisable within 60 days. The reporting persons beneficially own a total of 5,416,415 units of limited partnership interest in Saul Holdings Limited Partnership, a Delaware limited partnership (the Partnership), which units, in general, are convertible into shares of Common Stock on a one-for-one basis. However, under the terms of the limited partnership agreement of the Partnership, units may not be converted if doing so would cause the reporting persons and other affiliates of Mr. Saul to beneficially own collectively greater than 39.9% of the aggregate value of Saul Centers outstanding equity stock, as calculated pursuant to Saul Centers Articles of Incorporation. As a result, 2,282,000 units of limited partnership interest in the Partnership held by the reporting persons are excluded from the totals reported in the preceding table. Fluctuations in the price of the Common Stock and Saul Centers preferred stock will cause the number of units that are convertible at any given time to increase or decrease. The Saul Trust and Dearborn, L.L.C. report beneficial ownership of the units of limited partnership interest disclosed in footnotes 3 and 4, respectively.

b. The Saul Entities have the sole power to vote or to direct the vote and to dispose or to direct the disposition of the shares of Common Stock directly owned by each. The Saul Company shares the power to vote or to direct the vote and to dispose or to direct the disposition of shares of Common Stock owned by the Saul Trust, B. F. Saul Property

Company, Avenel Executive Park Phase II, L.L.C. and Dearborn, L.L.C. The Saul Trust shares the power to vote or to direct the vote and to dispose or to direct the disposition of shares of Common Stock owned by Avenel Executive Park Phase II, L.L.C. and Dearborn, L.L.C. B. Francis Saul II shares the power to vote or to direct the vote and to dispose or to direct the disposition of shares of Common Stock owned by the Saul Entities with the other directors, trustees or general partners of the Saul Entities. The information required by Item 2 with respect to the other directors, trustees and general partners of the Saul Entities is set forth in Item 2 above.

B. Francis Saul II, as sole trustee of the Sharon Elizabeth Saul Trust, the Elizabeth Willoughby Saul Trust, the Andrew M. Saul Trust, and the Patricia English Saul Trust (collectively, the Trusts), has the sole power to vote and the sole power to direct the disposition of 23,014 shares of Common Stock held by these Trusts. Because of his possible influence over the trustees and beneficiaries of the trusts named below and over his wife, Mrs. Patricia E. Saul, Mr. Saul might be deemed to have shared voting or dispositive power over the shares of Common Stock owned by such trusts and by Mrs. Saul as indicated by the following table:

Owner	Number of Shares
George M. Rogers, Jr., Trustee FBO Francis Saul III &	
Andrew M. Saul II u/a w/B. Francis Saul II	
dated 12/30/76	24,500
Bank of America, N.A., Trustee u/w Andrew M. Saul FBO	
Elizabeth W. Saul	1,000
Trust FBO Elizabeth W. Saul	
u/a dated 12/31/70, George M. Rogers, Jr.,	
Successor Trustee	8,621
Trust FBO Andrew M. Saul II	
u/a dated 12/31/70, George M. Rogers, Jr.,	
Successor Trustee	6,121
Trust FBO Patricia English Saul	
u/a dated 12/15/71, George M. Rogers, Jr.,	
Successor Trustee	8,321
Trust FBO Sharon Elizabeth Saul	3,000

u/a dated 12/31/70, George M.  
Rogers, Jr.,

Successor Trustee	
Patricia E. Saul (Mrs.)	82,676
Patricia E. Saul (Mrs.) (401(k) account)	4,188

Because Mr. Saul is not the beneficial owner of the shares held by the trusts listed above, these shares are not included in Mr. Saul's holdings in Item 5(a) above. However, because Mr. Saul has an indirect pecuniary interest in the shares held by his wife, Mrs. Patricia E. Saul, these shares are included in Mr. Saul's holdings in Item 5(a) above.

The information with respect to the trustees of these trusts and with respect to Mrs. Saul required by Item 2 is as follows.

Bank of America, N.A. is a national banking association with its principal business address and the address of its principal office at 1501 Pennsylvania Avenue, N.W., Washington, D.C. 20013.

George M. Rogers, Jr. is an attorney at law, whose principal occupation is as a senior counsel in the law firm of Pillsbury Winthrop Shaw Pittman LLP, 2300 N Street, N.W., Washington, D.C. 20037, which is also Mr. Rogers' business address.

Patricia E. Saul is the wife of B. Francis Saul II. She resides at One Quincy Street, Chevy Chase, Maryland 20815. Her principal occupation is that of housewife.

To the best of the information and belief of the persons filing this statement, during the past five years from the date of this Amendment, neither Bank of America, N.A., nor Mr. Rogers, nor Mrs. Saul has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or been party to a civil proceeding of a judicial or administrative body of competent jurisdiction as a result of which proceeding any of them was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws. Mr. Rogers and Mrs. Saul are citizens of the United States of America.

c. Other than as described in Items 3 and 5a above, the following are the only transactions known to the persons filing this statement since the filing of Amendment No. 36 to this Schedule 13D:

The Saul Trust acquired shares of Common Stock in the open market on the dates, in the amounts and for the total cost indicated in the following table:

Date of Purchase	Number of Shares	Price per Share	Total Cost
December 13, 2010	4,100	\$ 44.44	\$ 182,211.38

The price per share and total cost columns include a \$0.05 per share broker commission charge.

d. Beneficiaries of the Trusts and Mrs. Patricia E. Saul have the right to receive dividends from, and the proceeds from the sale of, the shares of Common Stock acquired by the Trusts, and Mrs. Saul, respectively. The interest of no such beneficiary, or Mrs. Patricia E. Saul, relates to more than five percent of the Common Stock.

e. Not applicable.

**ITEM 6. Contracts, Arrangements, Understandings or Relationships With Respect to Securities of the Issuer.**

None.

**ITEM 7. Material to be Filed as Exhibits.**

Exhibit 1. Joint Filing Agreement dated as of September 6, 2005, incorporated by reference to Exhibit 1 to Amendment No. 23 to the Schedule 13D, filed with the Securities and Exchange Commission on September 8, 2005.

**SIGNATURES**

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

May 9, 2011	/s/ B. Francis Saul II B. Francis Saul II  B. F. SAUL COMPANY
May 9, 2011	By: /s/ B. Francis Saul II B. Francis Saul II, Chairman and Chief Executive Officer  B. F. SAUL PROPERTY COMPANY
May 9, 2011	By: /s/ B. Francis Saul III B. Francis Saul III, Chairman and President  WESTMINSTER INVESTING CORPORATION
May 9, 2011	By: /s/ B. Francis Saul II B. Francis Saul II, Chairman, President and Chief Executive Officer  VAN NESS SQUARE CORPORATION
May 9, 2011	By: /s/ B. Francis Saul II B. Francis Saul II, Chief Executive Officer  AVENEL EXECUTIVE PARK PHASE II, L.L.C.  By: B.F. SAUL REAL ESTATE INVESTMENT TRUST, its sole member
May 9, 2011	By: /s/ B. Francis Saul II B. Francis Saul II, Chairman and Chief Executive Officer

DEARBORN, L.L.C.

By: B.F. SAUL REAL ESTATE  
INVESTMENT TRUST, its sole  
member

May 9, 2011

By: /s/ B. Francis Saul II  
B. Francis Saul II,  
Chairman and Chief Executive Officer

B. F. SAUL REAL ESTATE  
INVESTMENT TRUST

May 9, 2011

By: /s/ B. Francis Saul II  
B. Francis Saul II,  
Chairman and Chief Executive Officer