

LAKE SHORE BANCORP, INC.  
Form DEF 14A  
April 05, 2016  
UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

SCHEDULE 14A

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

Filed by the Registrant  
Filed by a Party other than the Registrant  
Check the appropriate box:  
Preliminary Proxy Statement  
Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))  
Definitive Proxy Statement  
Definitive Additional Materials  
Soliciting Material Pursuant to §240.14a-12

LAKE SHORE 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:

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April 5, 2016

Dear Shareholder:

You are cordially invited to attend the annual meeting of shareholders of Lake Shore Bancorp, Inc., which will be held on May 18, 2016 in The Bayside Room of the Clarion Hotel, 30 Lake Shore Drive East, Dunkirk, New York 14048 at 8:30 a.m., Eastern Time.

Shareholders are being asked to elect three directors, to approve, on an advisory basis, a non-binding resolution regarding the compensation of our named executive officers, to ratify the appointment of our independent registered public accounting firm and to transact such other business as may properly come before the 2016 annual meeting.

Your Board of Directors unanimously recommends that you vote FOR each of the nominees for director, FOR the non-binding resolution approving, on an advisory basis, the compensation of our named executive officers, and FOR the ratification of the appointment of Baker Tilly Virchow Krause, LLP as our independent registered public accounting firm for 2016.

The Notice of Annual Meeting of Shareholders and Proxy Statement further describes the business to be transacted at the annual meeting. In addition to the formal items of business, management will report on the operations and activities of Lake Shore Bancorp, Inc. and you will have an opportunity to ask questions.

We are pleased to take advantage of the Securities and Exchange Commission rule allowing companies to furnish proxy materials to their shareholders over the Internet. On or about April 5, 2016, we began mailing a Notice of Internet Availability of Proxy Materials (the "Notice") containing instructions on how to access our Proxy Statement and Annual Report and vote online. The Notice also explains how you may request to receive a paper copy of the Proxy Statement and Annual Report, as well as a paper proxy card.

Whether or not you are able to attend the meeting, and regardless of the number of shares you own, your vote is important and we encourage you to vote promptly. You may vote your shares via a toll-free telephone number, over the Internet or on a paper proxy card if you request one. Instructions regarding the methods of voting are contained on the Notice and proxy card. Voting by proxy will not prevent you from voting in person at the annual meeting, but will ensure that your vote is counted if you are unable to attend.

The Board of Directors and the employees of Lake Shore Bancorp, Inc. are committed to our continued success and the enhancement of your investment. As President and Chief Executive Officer, I want to express my appreciation for your confidence and support.

Sincerely  
yours,

/s/ Daniel  
P.  
Reininga  
Daniel P.  
Reininga  
President  
and Chief  
Executive  
Officer

IF YOU HAVE ANY QUESTIONS, PLEASE CALL US AT (716) 366-4070

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NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

Date: May 18, 2016  
Time: 8:30 a.m., Eastern Time  
Place: The Bayside Room of the Clarion Hotel  
30 Lake Shore Drive East  
Dunkirk, New York 14048

At the annual meeting, we will ask you to:

1. Elect three Class Two directors to serve for a three-year term expiring at the 2019 annual meeting of shareholders. Upon the recommendation of the Nominating and Corporate Governance Committee, the following three candidates have been nominated by our Board of Directors:

Class Two Directors:

- Tracy S. Bennett
- Sharon E. Brautigam
- Kevin M. Sanvidge

2. Approve, on an advisory basis, a non-binding resolution regarding the compensation of our named executive officers;
3. Ratify the appointment of Baker Tilly Virchow Krause, LLP as the Company's independent registered public accounting firm for the year ending December 31, 2016; and
4. Transact such other business as may properly come before the annual meeting, and any adjournment or postponement thereof. Please note that at this time we are not aware of any such business.

The Board of Directors has fixed March 24, 2016 as the record date for the determination of shareholders entitled to notice of and to vote at the annual meeting and any adjournment or postponement thereof. Only shareholders of record at the close of business on that date will be entitled to notice of and to vote at the annual meeting and any adjournment or postponement thereof.

By Order of the Board of Directors,

/s/ Wendy J. Harrington

Wendy J. Harrington  
Corporate Secretary

Dunkirk, New York  
April 5, 2016

You are cordially invited to attend the annual meeting of shareholders. It is important that your shares be represented regardless of the number of shares you own. The Board of Directors urges you to vote your shares promptly. You may vote your shares via a toll-free telephone number, over the Internet or on a paper proxy card if you request one. Voting your shares via proxy will not prevent you from voting in person if you attend the annual meeting.

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LAKE SHORE BANCORP, INC.

31 East Fourth Street  
Dunkirk, New York 14048  
(716) 366-4070

PROXY STATEMENT FOR THE  
2016 ANNUAL MEETING OF SHAREHOLDERS  
To Be Held on May 18, 2016

INFORMATION ABOUT THE ANNUAL MEETING

General

The Board of Directors of Lake Shore Bancorp, Inc. (“Lake Shore Bancorp,” “Company,” “we,” “us” or “our”) is soliciting proxies from the holders of Lake Shore Bancorp’s issued and outstanding common stock, par value \$0.01 per share, as of the close of business on March 24, 2016, for use at the upcoming annual meeting of shareholders and at any adjournment or postponement thereof. The annual meeting will be held on May 18, 2016 in The Bayside Room at the Clarion Hotel, 30 Lake Shore Drive East, Dunkirk, New York 14048 at 8:30 a.m., Eastern Time.

Lake Shore Bancorp, a federally-chartered mid-tier stock holding company, was formed in April 2006 in connection with the reorganization of Lake Shore Savings and Loan Association into the federal mutual holding company form of organization. In connection with the reorganization, Lake Shore Savings and Loan Association changed its name to Lake Shore Savings Bank (“Lake Shore Savings”). Lake Shore Bancorp, owns all of the outstanding common stock of Lake Shore Savings and directs, plans and coordinates Lake Shore Savings’ business activities. As more fully described later in this proxy statement, at the annual meeting we will ask you to elect three directors, to approve, on an advisory basis, a non-binding resolution regarding the compensation of our named executive officers, to ratify the appointment of our independent registered public accounting firm for 2016 and to transact such other business as may properly come before the 2016 annual meeting or at any adjournment or postponement thereof. The term “annual meeting,” as used in this proxy statement, includes any adjournment or postponement of such meeting.

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to be Held on May 18, 2016

On April 5, 2016, we began mailing a Notice of Internet Availability of Proxy Materials (the “Notice”) to all shareholders entitled to vote, which contains instructions on how to access this proxy statement and the 2015 annual report and how to vote. You may also request that a printed copy of the proxy materials be sent to you. You will not receive a printed copy of the proxy materials unless you request one in the manner set forth in the Notice. The proxy materials are all available on the internet at the following website: <http://www.edocumentview.com/LSBK>.

In accordance with Securities and Exchange Commission (“SEC”) rules, the materials on the foregoing website are searchable, readable and printable, and the website does not use “cookies,” track user moves or gather any personal information.

#### Who Can Vote

Our Board of Directors has fixed the close of business on March 24, 2016 as the record date for the determination of shareholders entitled to notice of, and to vote at, the annual meeting. Accordingly, only holders of record of shares of our common stock at the close of business on such date will be entitled to vote at the annual meeting. On March 24, 2016, there were 6,045,434 shares outstanding, of which 3,636,875 of those shares, or 60.2%, are owned by Lake Shore, MHC, our top-tier federal mutual holding company.

#### Quorum

A quorum of shareholders is necessary to hold a valid meeting. If the holders of at least a majority of the total number of our outstanding shares of common stock entitled to vote are represented in person or by proxy at the annual meeting, a quorum will exist. Because Lake Shore, MHC owns greater than a majority of our outstanding shares of common stock, representation of Lake Shore, MHC at the annual meeting will constitute a quorum. We will include proxies marked as abstentions and broker non-votes, as applicable, to determine the number of shares present at the annual meeting.

#### How Many Votes You Have

Each holder of shares of common stock outstanding on March 24, 2016 will be entitled to one vote for each share held of record at the annual meeting.

#### How To Vote

You may vote your shares at the annual meeting in person or by proxy. To vote in person, you must attend the annual meeting and obtain and submit a ballot, which we will provide to you at the annual meeting. The Notice provides instructions on how to access your proxy card and contains instructions on how to vote via telephone or the Internet. For those shareholders who request a paper proxy card, instructions for voting via telephone and the Internet are set forth on the proxy card. Those shareholders who receive a paper proxy card and voting instructions by mail, and who elect to vote by mail, should sign and return the mailed proxy card in the prepaid and addressed envelope that was enclosed with the proxy materials. All properly executed proxies we receive prior to the annual meeting will be voted in accordance with the instructions marked on the proxy card. In the event you return an executed proxy card without marking your instructions, your executed proxy will be voted FOR the proposals identified in the Notice of the Annual Meeting of Shareholders.

If you are a shareholder whose shares are not registered in your own name, you will need appropriate documentation from your broker or other holder of record to vote personally at the annual meeting.



If any other matter is presented at the annual meeting, the Board of Directors will vote the shares represented by all properly executed proxies on such matters as a majority of our Board of Directors determines. As of the date of this proxy statement, we know of no other matters that may be presented at the annual meeting, other than those listed in the Notice of Annual Meeting.

#### Vote by Lake Shore, MHC

As of March 24, 2016, Lake Shore, MHC owned 60.2% of the outstanding shares of our common stock. Those shares will be voted in accordance with the instructions of Lake Shore, MHC's Board of Directors. Lake Shore, MHC is expected to vote FOR the election of each of the nominees for director, FOR the non-binding resolution approving, on an advisory basis, the compensation of our named executive officers, and FOR the ratification of the appointment of Baker Tilly Virchow Krause, LLP as the Company's independent registered public accounting firm for the year ending December 31, 2016.

#### Broker Non-Votes

If your broker holds shares that you own in "street name," the broker generally may vote your shares on routine matters even if the broker does not receive instructions from you. "Broker non-votes" are proxies received from brokers or other nominees holding shares on behalf of their clients who have not been given specific voting instructions from their clients with respect to non-routine matters.

#### Vote Required

· Election of Directors. The nominees for director who receive the most votes will be elected. So, if you do not vote for a nominee, or you indicate "withhold authority" for any nominee on your proxy card, your vote will not count "for" the nominee. You may not vote your shares cumulatively for the election of directors. Brokers are not entitled to use their discretion to vote uninstructed proxies with respect to the election of directors, and any such "broker non-votes" will not be deemed a vote cast. Because Lake Shore, MHC owns more than 50% of our outstanding shares, we expect that Lake Shore, MHC will control the outcome of the vote on this proposal. Lake Shore, MHC intends to vote for the nominees.

· Advisory Vote on Compensation of Named Executive Officers. The non-binding resolution approving, on an advisory basis, the compensation of our named executive officers will be approved if a majority of the votes cast in person or by proxy at the Annual Meeting and entitled to vote on this proposal are voted in favor of the proposal. If you "abstain" from voting on this proposal, it will not be voted or treated as a vote cast, although it will be counted for purposes of determining whether a quorum is present. Accordingly, an abstention will not affect the outcome of the proposal. Brokers are not entitled to use their discretion to vote uninstructed proxies with respect to the proposal, and any such "broker non-votes" will not be deemed a vote cast. Because Lake Shore, MHC owns more than 50% of our outstanding shares, we expect that Lake Shore, MHC will control the outcome of the vote on this proposal. Lake Shore, MHC intends to vote for this proposal.

· Ratification of the Appointment of Baker Tilly Virchow Krause, LLP. The affirmative vote of the holders of a majority of the votes cast in person or by proxy at the Annual Meeting and entitled to vote on this proposal is required to ratify this proposal. Brokers are entitled to use their discretion to vote uninstructed proxies with respect to this proposal. If you “abstain” from voting on this proposal, it will not be voted or treated as a vote cast, although it will be counted for purposes of determining whether a quorum is present. Accordingly, an abstention will not affect the outcome of the proposal. Because Lake Shore, MHC owns more than 50% of our outstanding shares, we expect that Lake Shore, MHC will control the outcome of the vote on this proposal. Lake Shore, MHC intends to vote for this proposal.

#### Revocability of Proxies

You may revoke your grant of proxy at any time before it is voted by:

- filing a written revocation of the proxy with our Corporate Secretary;
- submitting a new proxy over the Internet or by telephone;
- submitting a signed proxy card bearing a later date; or
- attending the annual meeting and voting in person, but you also must file a written revocation with the Secretary of the annual meeting prior to voting.

We are soliciting proxies only for the annual meeting. If you grant us a proxy to vote your shares, the proxy will only be exercised at the annual meeting.

#### Solicitation of Proxies

We will pay all costs with respect to this Proxy Statement and related materials as well as soliciting proxies from shareholders. Regular employees of Lake Shore Bancorp and Lake Shore Savings may solicit proxies in person, by mail, or by telephone, but no employee will receive any compensation for solicitation activities in addition to his or her regular compensation. Expenses may include the charges and expenses of brokerage houses, nominees, custodians, and fiduciaries for forwarding proxies and proxy materials to beneficial owners of shares.

## SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

## Principal Shareholders

Based on filings made with the SEC under Section 13(d) and Section 13(g) of the Securities Exchange Act of 1934, as of March 24, 2016, the only persons known by us to be beneficial owners of more than 5% of our common stock are set forth in the following table. Addresses provided are those listed in the filings as the address of the person authorized to receive notices and communications. For purposes of the table below and the table set forth under "Security Ownership of Management," in accordance with Rule 13d-3 under the Securities Exchange Act of 1934, a person is deemed to be the beneficial owner of any shares of common stock (1) over which he or she has or shares, directly or indirectly, voting or investment power; or (2) of which he or she has the right to acquire beneficial ownership at any time within 60 days after March 24, 2016. As used herein, "voting power" is the power to vote or direct the voting of shares and "investment power" includes the power to dispose or direct the disposition of shares.

Name and Address of Beneficial Owner	Amount and Nature of	
	Beneficial Ownership	Percent of Class(1)
Lake Shore, MHC 125 East Fourth Street Dunkirk, NY 14048	3,636,875(2)	60.2%

(1) Calculated on the basis of 6,045,434 shares of common stock, the total number of shares of common stock outstanding as of March 24, 2016.

(2) Based on information reported by Lake Shore, MHC in a Schedule 13D filing with the SEC on April 13, 2006.

## Common Stock Beneficially Owned by Directors and Executive Officers

The following table sets forth information about the shares of common stock beneficially owned by each of our directors and each of our "Named Executive Officers" identified in the Summary Compensation Table that appears later in this proxy statement, and all of our directors and executive officers as a group as of March 24, 2016. Except as otherwise indicated, each person and each group shown in the table has sole voting and investment power with respect to the shares of common stock indicated.

Name of Beneficial Owner	Amount and Nature of	
	Beneficial Ownership	Percent of Class(1)
Susan C. Ballard, Director	6,073 (2)	*
Tracy S. Bennett, Director	10,213 (3)	*
Sharon E. Brautigam, Director	18,169 (4)	*
Reginald S. Corsi, Director	24,235 (5)	*
Rachel A. Foley, Chief Financial Officer and Treasurer	21,946 (6)	*
David C. Mancuso, Director	33,309 (7)	*
Daniel P. Reininga, President, Chief Executive Officer and Director	100,042 (8)	1.6%
Kevin M. Sanvidge, Director	7,388 (9)	*
Jeffrey M. Werdein, Executive Vice President, Commercial Division	9,047(10)	*
Gary W. Winger, Chairman of the Board	23,870(11)	*
Nancy L. Yocum, Vice Chairperson of the Board	12,824(12)	*
All directors and executive officers as a group (11 persons)	267,116	4.4%

\* Less than 1.00% of common stock outstanding.

- (1) Percentages with respect to each person or group of persons have been calculated on the basis of 6,106,962 shares of common stock, the total number of shares of common stock outstanding as of March 24, 2016, plus the number of shares that each person or group of persons have the right to acquire within 60 days of March 24, 2016.
- (2) Includes 3,529 shares of unvested restricted stock over which Ms. Ballard has sole voting power but no investment power.
- (3) Includes 4,000 shares held in Mr. Bennett's individual retirement account. Also includes 3,562 shares of unvested restricted stock over which Mr. Bennett has sole voting power but no investment power.
- (4) Includes 8,725 shares that Ms. Brautigam may acquire by exercise of options on March 24, 2016 or 60 days thereafter. Also includes 350 shares held by Ms. Brautigam's spouse and 1,436 shares of unvested restricted stock over which Ms. Brautigam has sole voting power but no investment power.
- (5) Includes 11,635 shares that Mr. Corsi may acquire by exercise of options on March 24, 2016 or 60 days thereafter and 6,002 shares held in Mr. Corsi's individual retirement account. Also includes 1,921 shares of unvested restricted stock over which Mr. Corsi has sole voting power but no investment power.
- (6) Includes 200 shares of common stock jointly held with Ms. Foley's mother, 500 shares held by Ms. Foley's spouse, 3,724 shares held in Lake Shore Bancorp's Employee Stock Ownership Plan, and 4,512 shares of unvested restricted stock over which Ms. Foley has sole voting power but no investment power.
- (7) Includes 13,246 shares held in Mr. Mancuso's individual retirement account and 4,507 shares of unvested restricted stock over which Mr. Mancuso has sole voting power but no investment power.
- (8)

Includes 30,419 shares that Mr. Reininga may acquire by exercise of options on March 24, 2016 or 60 days thereafter, 17,000 shares held by trust, 900 shares held by Mr. Reininga's spouse, 2,600 shares held by children of Mr. Reininga, 6,000 shares held by G.H. Graf Realty Corporation, Inc. which are pledged as collateral for loans held by G.H. Graf Realty Corporation, Inc. and 2,528 shares held in Lake Shore Bancorp's Employee Stock Ownership Plan. Also includes 20,361 shares of unvested restricted stock over which Mr. Reininga has sole voting power but no investment power.

- (9) Includes 4,531 shares of unvested restricted stock over which Mr. Sanvidge has sole voting power but no investment power.
- (10) Includes 7,135 shares of unvested restricted stock over which Mr. Werdein has sole voting power but no investment power. Also includes 412 shares held in Lake Shore Bancorp's Employee Stock Ownership Plan.

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- (11) Includes 10,749 shares that Mr. Winger may acquire by exercise of options on March 24, 2016 or 60 days thereafter, 1,600 shares held in Mr. Winger's individual retirement account, and 1,520 shares of unvested restricted stock over which Mr. Winger has sole voting power but no investment power.
- (12) Includes 500 shares held by Ms. Yocum's spouse and 1,215 shares of unvested restricted stock over which Ms. Yocum has sole voting power but no investment power.

## PROPOSAL ONE: ELECTION OF DIRECTORS

Our charter provides that we must have between five and fifteen directors. The Board of Directors is currently comprised of nine members, and is divided into three classes. Our directors serve staggered three-year terms such that usually only one class (one-third of the directors) is elected each year.

Upon the recommendation of the Nominating and Corporate Governance Committee, our Board of Directors has nominated the three individuals listed in the table below for election as directors at the annual meeting. Class Two directors will serve a three-year term, if elected. If you elect the nominees, they will hold office for the term set forth opposite their names or until their successors have been elected.

We know of no reason why any nominee may be unable to serve as a director. If any nominee is unable to serve, your proxy may be voted for another nominee proposed by the Board of Directors.

Name	Age(1)	Term Expires	Class	Position(s) Held With Lake Shore Bancorp	Director Since
Tracy S. Bennett	65	2019	Two	Director	2010
Sharon E. Brautigam(2)	59	2019	Two	Director	2004
Kevin M. Sanvidge	61	2019	Two	Director	2012

(1)As of March 24, 2016.

(2)Includes service as a director of Lake Shore Savings and Loan Association.

## INFORMATION ABOUT OUR BOARD OF DIRECTORS

## General

The Board of Directors oversees our business and monitors the performance of our management. In accordance with our corporate governance guidelines, the Board of Directors does not involve itself in our day-to-day operations; our executive officers and management oversee our day-to-day operations. Our directors fulfill their duties and responsibilities by attending regular meetings of the Board of Directors and its committees, and also through considerable telephone contact and other communications with the Chairman and others regarding matters of concern and interest to us. Our directors also discuss business and other matters with the Chairman, other key executives, and

our principal external advisors.

#### Business Experience of Directors

The principal occupation and business experience of each director and director nominee is set forth below. All directors have held their current positions for at least five years unless otherwise indicated.

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Name	Age*	Description
Susan C. Ballard	52	Ms. Ballard's current term will expire at the 2017 annual meeting. Ms. Ballard became the Branch Consultant for Hunt Real Estate ERA in February 2016. Hunt Real Estate ERA is an integrated home ownership services organization that provides residential and commercial real estate listings, mortgage loans, insurance products, title services and relocation services, with headquarters in Depew, New York, and offices throughout New York and Arizona. Previously, Ms. Ballard served as the Chief Operating Officer of National Fire Adjustment Co., Inc., an insurance adjustment firm that provides loss adjustment services for damages resulting from fire, water damage, windstorm, explosion or other perils located in Amherst, New York, a position she held since March 2015. Prior to that she was the Sales Manager at Essex Homes of Western New York, Inc., a custom home builder located in Clarence, New York, a position she started in January 2013. She also held the position of Vice President of Patrick Custom Homes, a residential construction and real estate development company located in East Amherst, New York from 2005 until 2012.
Director since 2012		

Experience, Qualifications & Skills. Ms. Ballard has a Bachelor of Business Administration degree from the University of Notre Dame. As Branch Consultant for Hunt Real Estate ERA, Ms. Ballard is responsible for management of branch real estate operations, agent recruitment, hiring, training and market share development. As Chief Operating Officer for National Fire Adjustment Co., Inc., Ms. Ballard was responsible for oversight of operations throughout the organization in the U.S. and Canada. As Sales Manager at Essex Homes, Ms. Ballard was responsible for directing residential sales, product development and marketing for luxury custom homes. As Vice President of Patrick Custom Homes, Ms. Ballard was responsible for directing residential sales, production and warranty servicing operations, as well as being responsible for oversight, planning and management of real estate objectives in construction, land development and property management. Ms. Ballard has significant business experience and general management skills, including marketing and networking skills, from more than 25 years of business experience in Western New York. Ms. Ballard has served on the Board of Directors of the Buffalo Niagara Builders Association in Buffalo, New York, currently serves on the Board of Directors for the Town of Clarence, Erie County, Industrial Development Agency and is a member of

Name	Age*	Description
		<p>numerous business and community organizations. She is currently a member of the Nominating and Governance Committee and the Compensation Committee. The Board of Directors believes that Ms. Ballard's experience in real estate construction, development and sales, as well as her general management experience makes her qualified to serve as a director of the Company.</p>
Tracy S. Bennett	65	<p>Mr. Bennett is nominated to serve as a Director for a term expiring at the 2019 annual meeting. Mr. Bennett is retired from his position as the Vice President for Administration at the State University of New York at Fredonia (SUNY Fredonia), a position he held from 1997 to November 2010. Mr. Bennett was also the President of the SUNY Fredonia Faculty-Student Association and he served on a number of campus committees. He currently owns a tax preparation business in Westfield, New York serving over 850 clients and is a certified public accountant in New York State.</p> <p>Experience, Qualifications &amp; Skills. Mr. Bennett has a Bachelor of Science degree in Public Accounting from SUNY Albany. As Vice President for Administration at SUNY Fredonia, he was responsible for the supervision and development of a \$90 million campus-wide budget and a \$300 million capital budget plan, along with managing over 300 employees in the areas of Financial Services, Human Resources, Facilities and Campus Services. Mr. Bennett has over 30 years of experience in the fields of accounting, business, finance, capital planning, budget development and administration. He formerly served as the treasurer for the SUNY Fredonia Federal Credit Union. Mr. Bennett is currently a member of the Asset/Liability Committee and the Audit/Risk Committee and is qualified to be named as a "financial expert" on the Audit/Risk committee. The Board of Directors believes that Mr. Bennett's experience in finance and administration makes him an excellent candidate to serve as a director of the Company.</p>
Sharon E. Brautigam	59	<p>Ms. Brautigam is nominated to serve as a Director for a term expiring at the 2019 annual meeting. She is a partner in the law firm of Brautigam &amp; Brautigam, LLP in Fredonia, New York, since 1986, where her practice is concentrated in real estate transactions, estates, trusts, elder law and small business formation and general advice.</p>
Director since 2010		
Director since 2004		

Name	Age*	Description
		Experience, Qualifications & Skills. Ms. Brautigam has a Bachelor of Arts degree from Houghton College and a J.D. from Cornell Law School. Ms. Brautigam has extensive experience representing borrowers as their attorney in connection with residential real estate purchases and mortgage refinancing. She has also represented a number of clients in connection with commercial mortgage financing and provides ongoing advice and counsel to numerous local small business owners. She has the legal training and skills to analyze and help ensure compliance with the various laws and regulations to which the Company is subject. Ms. Brautigam is currently the Chairperson of the Nominating and Corporate Governance Committee and a member of the Compensation Committee. The Board of Directors believes that Ms. Brautigam's legal expertise makes her an excellent candidate to serve as a director of the Company.
Reginald S. Corsi	74	Mr. Corsi's current term will expire at the 2017 annual meeting. Mr. Corsi was the Executive Vice President and Chief Operations Officer of Lake Shore, MHC, Lake Shore Bancorp and Lake Shore Savings until his retirement in March 2008. Prior to joining Lake Shore Savings, Mr. Corsi was Vice President of M&T Bank.
Director since 2008		Experience, Qualifications & Skills. Mr. Corsi has 48 years of experience in the banking industry, having served as branch manager, operations officer and commercial loan officer. He has extensive experience in completing credit reviews of loans and is familiar with managing credit risk. He has financial acumen, familiarity with bank operations and knowledge of internal controls, and has served as an officer or a member of various boards in the Dunkirk/ Fredonia community while working in the banking industry. Mr. Corsi is currently a member of the Audit/Risk and Loan Committees and is a former member of the Asset/Liability Committee. The Board of Directors believes that Mr. Corsi's experience in the banking industry makes him qualified to serve as a director of the Company.
David C. Mancuso	70	Mr. Mancuso's current term will expire at the 2018 annual meeting. Mr. Mancuso was the former President and Chief Executive Officer of Lake Shore, MHC, Lake Shore Bancorp and Lake Shore Savings until his retirement in January 2011. He was employed in various positions at Lake Shore Savings since 1965. He became President and Chief Executive Officer of Lake Shore Savings in 1993.
Director since 1998		

Name	Age*	Description
		<p>Mr. Mancuso was a member of the New York State Banking Board from 2001 until 2006.</p> <p>Experience, Qualifications &amp; Skills. Mr. Mancuso has 45 years of banking experience and has been involved in multiple bank functions, including branch manager, operations, compliance, loan officer, and has served in many management functions. He has an Associate degree in Business Administration and Accounting from Bryant and Stratton. For 18 years he served as President &amp; Chief Executive Officer of the Company and oversaw its growth from two to ten branches, and the conversion of the Company from a mutual organization to a Mutual Holding Company with publicly traded stock. He was a major contributor to the Company's extensive growth during his tenure as President and Chief Executive Officer. He has served as an officer or a member of numerous community organizations within the past 45 years. Mr. Mancuso is currently the Chairperson of the Asset/Liability Committee and a member of the Loan Committee. The Board of Directors believes that Mr. Mancuso's experience in the banking industry and at the Company and Lake Shore Savings makes him qualified to serve as a director of the Company.</p>
Daniel P. Reininga	57	<p>Mr. Reininga became President and Chief Executive Officer of Lake Shore, MHC, Lake Shore Bancorp and Lake Shore Savings on January 28, 2011. He previously served as the Executive Vice President and Chief Operating Officer of the Company, a position he held from January 1, 2010 through January 27, 2011. His current term as a director will expire at the 2017 annual meeting. He served as Vice Chairman of the board from 2003 until June 2010. Mr. Reininga served as President of G.H. Graf Realty Corporation, Inc., a real estate investment company located in Dunkirk, New York that is involved in real estate development and leasing, from 1993 through December 2009. Mr. Reininga currently serves as the Chairman of the Board of G.H. Graf Realty Corporation, Inc.</p> <p>Experience, Qualifications &amp; Skills. Mr. Reininga has a Bachelor of Science degree from Allegheny College and a Master of Business Administration degree from University of South Florida. He has completed the American Bankers Association (ABA) course in Advanced Asset and Liability Management and is a graduate of the ABA Stonier National Graduate School of Banking. Mr. Reininga has a sound</p>

Name	Age*	Description
		knowledge of bank risks, internal controls and bank operations. He has served as Chairman of a family-owned real estate investment company for over fifteen years. In connection with the family-owned business he has been responsible for the financial and general management of seven small companies. He is also involved in numerous community and non-profit organizations, either as a board member or a committee member. Mr. Reininga has previously served as the Chairperson of the Asset/Liability Committee and served on the Audit/Risk and Loan Committees prior to becoming President and CEO. He is currently the Chairperson of the Loan Committee and a member of the Asset/Liability Committee. The Board of Directors believes that Mr. Reininga's experience in the banking and real estate industries and at the Company and Lake Shore Savings makes him qualified to serve as the President and Chief Executive Officer and makes him qualified to serve as a director of the Company.
Kevin M. Sanvidge	61	Mr. Sanvidge is nominated to serve as a Director for a term expiring at the 2019 annual meeting. Mr. Sanvidge became the Chief Executive Officer and Administrative Director of the Chautauqua County Industrial Development Agency ("IDA") in June 2014. He was previously the Executive Vice President of Administration and Supply Chain at Cliffstar Corporation in Dunkirk, New York, a private label juice and beverage manufacturer, a position he held from 2006 until 2012. Mr. Sanvidge began his tenure at Cliffstar Corporation in 1999 as Vice President of Human Resources, and was promoted to Senior Vice President of Human Resources and Administration in 2003.

Director since 2012

Experience, Qualifications & Skills. Mr. Sanvidge has a Bachelor of Arts degree in Economics and Political Science from Concordia University and has completed the Executive Management Seminar at Rensselaer Polytechnic Institute. As Chief Executive Officer and Administrative Director of the Chautauqua County IDA, Mr. Sanvidge is responsible for facilitating development within Chautauqua County by attracting new businesses while promoting the retention and expansion of existing business, with assistance in the form of tax abatements, low interest loans or bond financing to enhance opportunities for job creation and retention. As Executive Vice President for Cliffstar Corporation, Mr. Sanvidge was responsible for supply chain management, information services, customer service, logistics, human resources and quality assurance and grower relations. He

Name	Age*	Description
		was a member of the ECR International Board of Directors until December 23, 2015 and had served as the Chairman of its Compensation Committee. He has served as an officer or member of several community and business organizations in Chautauqua County over the last 20 years. Mr. Sanvidge is currently the Chairperson of the Compensation Committee and a member of the Nominating and Governance Committee. The Board of Directors believes that Mr. Sanvidge's business and finance experience makes him an excellent candidate to serve as a director of the Company.
Gary W. Winger	71	Mr. Winger's current term will expire at the 2018 annual meeting. He has been the Chairman of the Board of Directors for Lake Shore, MHC, Lake Shore Bancorp and Lake Shore Savings Bank since the 2013 Annual Meeting. Mr. Winger has been a principal of Compass Consulting, Inc. in Auburn and Jamestown, New York and Venice, Florida, a firm that provides consulting services in the area of higher education, since July 2002. From 1975 until June 2002, Mr. Winger was the Dean of Administration and Development and Chief Financial and Development Officer of Jamestown Community College in Jamestown, New York.
Director since 1997		Experience, Qualifications & Skills. Mr. Winger has a Bachelor of Arts degree in Business Administration from Ohio Northern University and a Master of Business Administration degree, with a specialty in finance, from the University of Pittsburgh. As a college administrator, Mr. Winger was responsible for finance, human resources, facilities, information technology and development with a \$20 million budget and 500 full and part-time employees, resulting in 27 years of senior management experience. Mr. Winger is currently a member of the Asset/Liability and Loan Committees. He has previously served as the Chairperson of the Compensation Committee and served as a member of the Audit/Risk and the Nominating and Corporate Governance committees. The Board of Directors believes that Mr. Winger's business and finance experience makes him qualified to serve as a director of the Company.
Nancy L. Yocum	69	Ms. Yocum's current term will expire at the 2018 annual meeting. Ms. Yocum has been the Vice Chairperson of the Board of Directors for Lake Shore, MHC, Lake Shore Bancorp and Lake Shore Savings Bank since the 2013 Annual Meeting. Ms. Yocum is currently retired. She was
Director since 1995		

Name Age\* Description

formerly a practicing certified public accountant. From 1999 until November 2012, she was a partner in the firm of Brumfield & Associates in Fredonia, New York where her practice was concentrated in estates and trusts.

Experience, Qualifications & Skills. Ms. Yocum has an Associate Degree in Business Administration and Accounting from Bryant and Stratton and a Bachelor of Science degree in Accounting from the State University of New York at Fredonia. Ms. Yocum has been involved in the financial field since 1975 and owned and operated her own accounting and tax preparation service business, specializing in estates and trusts from 1985 until 2012. She is a certified public accountant and an enrolled agent with the IRS and has extensive experience representing both private individuals and businesses in connection with tax matters. She has served as an officer or a member of numerous community organizations. She is currently the Chairperson of the Audit/Risk Committee. She is also the “financial expert” for the Audit/Risk Committee. She has previously served on the Nominating and Corporate Governance Committee. The Board of Directors believes that Ms. Yocum’s experience in finance and tax matters makes her qualified to serve as a director of the Company.

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\*As of March 24, 2016

Meetings of the Board of Directors

The Board of Directors held a total of twelve regular meetings and one special meeting during 2015. Each incumbent director attended at least 75% of the meetings of the Board of Directors held during the time in which they served as director, plus meetings of committees on which that particular director served during this period.

It is our policy that all directors should attend the annual meeting of shareholders. In accordance with such policy, all directors attended the 2015 annual meeting of shareholders.

The Board of Directors unanimously recommends a vote “FOR” all of the nominees for election as directors.

## COMPENSATION OF DIRECTORS

### Director Compensation

**Meeting Fees.** We pay a fee to each of the non-employee directors for attendance at Board of Directors meetings. On each meeting date, the board members are required to attend a board meeting for Lake Shore Savings Bank, as well as Lake Shore Bancorp, Inc. and Lake Shore, MHC, if there are agenda items up for discussion. Only one meeting fee is paid for attendance at the three board meetings on the meeting date. In 2015, directors received \$1,540 for Board meetings attended in person and \$1,155 for Board meetings attended telephonically. Directors also received fees for membership on the Board's committees in 2015. The Chairman of the Board of Directors received an annual retainer of \$28,000. The Chairperson of each board committee received an annual retainer of \$6,000, with the exception of the Audit/Risk Committee Chairperson, who received an annual retainer of \$10,000. The Loan Committee Chairperson did not receive an annual retainer as he is also an employee of the Company. The annual retainer for committee members of the Compensation, Asset/Liability, Loan and Nominating and Corporate Governance Committees was \$3,000. The annual retainer for committee members of the Audit/Risk Committee was \$5,000. Members of the Board of Directors who are also employees do not receive director fees. The Chairman of the Board does not earn fees for his service on Board committees.

**Supplemental Benefit Plans for Non-Employee Directors.** Lake Shore Savings entered into a supplemental benefit plan in 1999 (the "1999 Plan") with each of its then non-employee directors, (i.e., the 1999 Plan excluded Ms. Ballard, Mr. Bennett, Ms. Brautigam, Mr. Corsi, Mr. Mancuso, and Mr. Sanvidge). Under the 1999 Plan, each participant is guaranteed monthly payments over a period of fifteen years commencing at age 70 equal to \$18,105 per year based upon 21 years of service as a director to Lake Shore Savings (or an earlier retirement age if 21 years of service is attained prior to age 70) with the annual benefit payable reduced proportionately for each year of service as a director less than 21 years attained at age 70.

Lake Shore Savings entered into a supplemental benefit plan in 2001 with each of its then non-employee directors. This plan, which was amended as recently as January 2016, provides a benefit formula equal to a percentage of the participant's average pay, which is multiplied by number of years of service, not to exceed 20 years of service or 40% of average pay. The payment is guaranteed over a period of fifteen years beginning the month following termination of service or age 72, whichever comes first. This plan includes each of the non-employee directors, with the exception of Mr. Corsi and Mr. Mancuso, as they are participants in the supplemental benefit plans for executives, as a result of their prior service as an employee of the Company.

In connection with Mr. Reininga's appointment to Executive Vice President and Chief Operating Officer on January 1, 2010, his participation in the supplemental benefit plans for non-employee directors was terminated and he entered into a supplemental benefit plan for executives, as further described in the "Executive Officer Compensation – Compensation Plans – Supplemental Employee Retirement Plans" section elsewhere in this proxy statement.

**Stock Option, Recognition and Retention Plan and Employee Incentive Plan.** Our directors are eligible to participate in the Lake Shore Bancorp, Inc. 2006 Stock Option Plan, the



Lake Shore Bancorp, Inc. 2006 Recognition and Retention Plan, and Lake Shore Bancorp, Inc. 2012 Equity Incentive Plan (the “Equity Incentive Plans”). These benefit plans are discussed under the “Executive Officer Compensation—2006 Stock Option Plan”, “2006 Recognition and Retention Plan” and “Executive Officer Compensation - 2012 Equity Incentive Compensation” sections elsewhere in this proxy statement.

Non-employee directors are granted awards under the Equity Incentive Plans for the purpose of aligning non-employee director interests with shareholder interests and to aid in the retention of such directors. The allocation of awards to non-employee directors may be made based on the director’s responsibilities and years of service at the time of grant. Directors who hold the title of chairperson or vice-chairperson, or who were a committee chairperson, may receive a greater allocation of awards than those who did not hold such positions.

The following table sets forth information regarding compensation earned by our non-employee directors during the 2015 fiscal year.

(1) (2)(4) (3)(4) (5)