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UNION BANKSHARES INC
Form DEF 14A
April 19, 2004

SCHEDULE 14A
INFORMATION REQUIRED IN 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 [X]
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))
- [X] Definitive Proxy Statement
- [] Definitive Additional Materials
- [] Soliciting Material Pursuant to Rule 14a-11(c) or Rule 14a-12

UNION BANKSHARES, 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):

- [x] 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.

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(1) Amount previously paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing party:

(4) Date Filed:

Union Bankshares, Inc.
20 Lower Main Street
PO Box 667
Morrisville, VT 05661
802-888-6600

April 19, 2004

Dear Shareholder,

The 113th Annual Meeting of the Shareholders of Union Bankshares, Inc. will be held May 19th at 3:00 p.m. at the offices of Union Bank, located at 20 Lower Main Street, Morrisville, Vermont. You are cordially invited to attend.

Enclosed with this mailing is a Notice of Annual Meeting, a Proxy Statement and a Proxy Card for voting your shares.

Also enclosed is a copy of the Annual Report of Union Bankshares, Inc. and its wholly-owned subsidiary, Union Bank, for the year ended December 31, 2003. The report includes a letter to shareholders, audited consolidated financial statements, summary of financial highlights, management's discussion and analysis of financial results, and other information about the Company.

Your attendance and vote at the annual meeting are important. We hope you will join us immediately following the meeting for light refreshments and an informal gathering of shareholders, directors and bank officers.

Sincerely,

/s/ Kenneth D. Gibbons

Kenneth D. Gibbons
President and CEO

Union Bankshares, Inc.

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NOTICE OF
2004 ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON WEDNESDAY, MAY 19, 2004

To the Shareholders of
Union Bankshares, Inc.:

The Annual Meeting of Shareholders of Union Bankshares, Inc. will be held at 3:00 p.m., local time, on Wednesday, May 19, 2004, at the banking offices of Union Bank, 20 Lower Main Street, Morrisville, Vermont, for the following purposes:

1. To fix the number of directors at eight for the ensuing year and to elect eight directors (or such lesser number as circumstances may warrant), all of whom will serve for one-year terms and until their successors are elected and qualified; and

2. To consider and act upon any other business which may properly come before the meeting or any adjournment thereof.

The Board of Directors has fixed the close of business on April 1, 2004 as the record date for the determination of shareholders entitled to notice of, and to vote at, the meeting or any adjournment thereof.

By Order of the Board of Directors,

/s/ Robert P. Rollins

Robert P. Rollins
Secretary

Morrisville, Vermont
April 19, 2004

YOUR VOTE IS IMPORTANT

PLEASE COMPLETE AND RETURN THE ENCLOSED PROXY IN THE ENVELOPE PROVIDED, WHETHER OR NOT YOU INTEND TO BE PRESENT AT THE MEETING IN PERSON. SHOULD YOU ATTEND THE MEETING YOU MAY WITHDRAW YOUR PROXY AND VOTE IN PERSON IF YOU SO DESIRE.

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UNION BANKSHARES, INC.
20 Lower Main Street
Morrisville, VT 05661

PROXY STATEMENT

Annual Meeting of Shareholders

May 19, 2004

GENERAL INFORMATION

The Meeting

This proxy statement is furnished in connection with the solicitation of proxies by the Board of Directors of Union Bankshares, Inc. (the "Company") for use at the Annual Meeting of Shareholders to be held on Wednesday, May 19, 2004, at 3:00 p.m., local time, at the banking offices of the Company's wholly-owned subsidiary, Union Bank, 20 Lower Main Street, Morrisville, Vermont, and at any adjournment of the meeting. This proxy statement and form of proxy were first sent to shareholders on or about April 19, 2004. A copy of the Company's Annual Report to Shareholders containing its audited consolidated financial statements for 2003 accompanies this proxy statement.

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Solicitation of Proxies

This solicitation of proxies by mail may be followed by solicitation either in person, or by letter or telephone, by officers or employees of the Company or its wholly-owned banking subsidiary, Union Bank. The Company will request brokers, banks and other similar agents or fiduciaries to forward proxy materials to beneficial owners of stock and, if requested, will reimburse them for their costs. All expenses of this solicitation will be paid by the Company.

Proxy Cards

Proxy cards duly executed and returned by a shareholder will be voted as directed on the card. If a duly executed proxy is returned but no choice is specified, the proxy will be voted FOR setting the number of directors for the ensuing year at eight (or such lesser number as circumstances may warrant) and election of the nominees named on the proxy card. If other matters are voted upon, the persons named in the proxy card will vote in accordance with the recommendations of the Company's management pursuant to the discretionary authority conferred in the proxy.

A shareholder may revoke a proxy by written notice to the Secretary of the Company at any time before the proxy is voted.

Quorum and Broker Non-Votes

In order to constitute a quorum for the transaction of business, shares of common stock representing a majority of the total voting power must be present in person or represented by proxy at the annual meeting. Shares present in person but not voting and shares for which the Company has received proxies but with respect to which the holders have withheld voting authority or abstained from voting will be counted as present for purposes of determining the presence or absence of a quorum. Shares

represented by proxies returned by a broker holding such shares in nominee or "street" name will be counted for purposes of determining whether a quorum exists, even if the shares are not voted for any reason, including where discretionary voting by the broker is not allowed under applicable securities industry rules ("broker non-votes").

Votes Required

Directors will be elected by a plurality of the votes cast. A plurality means that the number of persons with the highest "FOR" vote totals for the number of vacancies being filled will be elected as directors. Withheld votes, abstentions and broker non-votes, if any, are not treated as votes cast and, therefore, will have no effect on the election of directors, assuming there are no other nominees standing for election.

Approval of any other matter would require that more votes are cast in favor, than are cast against the matter. Abstentions from voting and broker non-votes, if any, are not treated as votes cast and, therefore, would have no effect on the vote results on any such other matter. As of the date of this proxy statement, the Board is not aware of any other matters to be presented for vote at the annual meeting.

Record Date and Shares Outstanding

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The Board of Directors has fixed the close of business on April 1, 2004 as the record date for determining shareholders entitled to notice of, and to vote at, the annual meeting. On that date the Company had 4,550,313 shares of common stock, \$2 par value per share, outstanding. Each outstanding share is entitled to one vote on all matters considered for action by the shareholders. The Company has no other authorized class of stock.

SHARE OWNERSHIP INFORMATION

Share Ownership of Management and Principal Holders

The following table shows the number and percentage of outstanding shares of the Company's common stock owned beneficially as of March 17, 2004 by:

- * each incumbent director and nominee for director of the Company;
- * each executive officer of the Company named in the summary compensation table included elsewhere in this proxy statement;
- * all of the Company's directors and executive officers as a group; and
- * each person (including any "group," as that term is used in Section 13(d)(3) of the Securities Exchange Act of 1934), known to the management of the Company to own beneficially more than 5% of the Company's outstanding common stock.

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Except as otherwise indicated in the footnotes to the table, the named individuals possess sole voting and investment power over the shares listed.

| Shareholder or Group | Shares Beneficially Owned | Percent of Class |
|---|---------------------------------|---------------------|
| ----- | | |
| Directors and/or Executive Officers: | | |
| Cynthia D. Borck | 5,530 (1) | .12 |
| William T. Costa, Jr. | 25,942 (2) | .57 |
| Kenneth D. Gibbons | 57,044 (3) | 1.25 |
| Franklin G. Hovey, II | 603,928 (4) (9) | 13.27 |
| Richard C. Marron | 2,865 (5) | .06 |
| Marsha A. Mongeon | 798 | .02 |
| Robert P. Rollins | 5,133 | .11 |
| Richard C. Sargent | 596,443 (6) | 13.11 |
| W. Arlen Smith | 199,944 (7) | 4.39 |
| John H. Steel | 4,500 (8) | .10 |
| All Directors and Executive Officers as a Group (10): | 1,502,127 | 33.01 |
| Other 5% or more Shareholders: | | |
| Genevieve L. Hovey Trust | 422,908 (9) | 9.29 |
| Susan Hovey Mercia | 603,713 (9) (10) | 13.27 |

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Walter M. Sargent Revocable Trust

381,336 (11)

8.38