

NETGEAR, INC
Form 4
November 13, 2006

FORM 4

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
MERRILL MARK G

(Last) (First) (Middle)

NETGEAR, INC., 4500 GREAT AMERICA PARKWAY

(Street)

SANTA CLARA, CA 95054

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
NETGEAR, INC [NTGR]

3. Date of Earliest Transaction (Month/Day/Year)
11/09/2006

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

___ Director ___ 10% Owner
X Officer (give title below) ___ Other (specify below)

Chief Technology Officer

6. Individual or Joint/Group Filing(Check Applicable Line)
X Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
				(A) or (D)	Price		
Common Stock	11/09/2006		M	3,474	A \$ 4.51	3,474	D
Common Stock	11/09/2006		S	3,474	D \$ 27.22	0	D

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

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Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Amount or Number of Shares
Employee Stock Option (right to buy)	\$ 4.51	11/09/2006		M	3,474	(1) 04/05/2010	Common Stock	3,474
Employee Stock Option (right to buy)	\$ 6					(2) 10/30/2012	Common Stock	22,001
Restricted Stock Units	(3)					(4) (5)	Common Stock	8,000

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
MERRILL MARK G NETGEAR, INC. 4500 GREAT AMERICA PARKWAY SANTA CLARA, CA 95054			Chief Technology Officer	

Signatures

/s/ Mark Merrill 11/09/2006

**Signature of Reporting Person

Date

Explanation of Responses:

* If the form is filed by more than one reporting person, see Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) This stock option was granted under the NETGEAR, Inc. 2000 Option Plan on December 9, 2000, and is fully-vested and exercisable at this time.

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- (2) This stock option was granted under the NETGEAR, Inc. 2000 Option Plan on October 30, 2002, and is fully-vested and exercisable at this time.
- (3) Converts to common stock on a one-for-one basis.
- (4) Stock units will be paid in an equal number of shares of the Issuer's common stock upon vesting of the units. 25% of the units will cliff vest on each anniversary of 5/23/06, the vest start date, so that all of the units will have vested on 5/23/10.
- (5) Not applicable.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.

\$

32,139

-

\$

172,427

-

\$

7,170

\$

431,736

President/Chief Executive

2014

\$

220,000

-

\$

35,675

-

\$

92,973

Explanation of Responses:

-

\$

6,183

\$

354,831

Officer of C&F Mortgage

2013

\$

220,000

-

\$

32,296

-

\$

508,322

-

\$

6,756

\$

767,374

John A. Seaman, III

2015

\$

185,000

-

\$

28,358

-

\$

45,000

\$

16,013

\$

25,287

\$

299,658

Senior Vice President/Chief Credit Officer of C&F Bank

2014

\$

179,560

-

-

-

Explanation of Responses:

\$

40,000

\$

14,788

\$

24,585

\$

258,933

S. Dustin Crone

2015

\$

211,500

-

\$

66,168

-

\$

85,000

-

\$

45,395

\$

408,063

Explanation of Responses:

President of C&F Finance Company

2014

\$

205,000

\$

75,000

-

-

-

-

\$

38,524

\$

318,524

¹ Reflects titles that became effective December 16, 2014, when Mr. Cherry was appointed President of the Corporation and the Bank. Prior to December 16, 2014, Mr. Dillon served as Chairman, President and Chief Executive Officer and Mr. Cherry served as Executive Vice President, Chief Financial Officer and Secretary.

² In light of his work performed in connection with the acquisition of Central Virginia Bankshares, Inc. during 2013, the Committee awarded the President / CFO a bonus of \$55,000, which was in addition to the award earned under the MIP. The amount in this column for the President of C&F Finance reflects his annual cash bonus award for 2014, which was subjectively determined based on the financial performance of C&F Finance and did not satisfy the criteria for non-equity incentive plan compensation.

³ The amounts in this column reflect the grant date fair value for restricted stock granted during fiscal years ended December 31, 2015, 2014 and 2013, respectively, pursuant to the 2013 Stock and Incentive Plan and the 2004 Incentive Stock Plan, calculated in accordance with ASC Topic 718, based on the closing price of the Corporation's stock on the date of grant. These amounts do not include the restricted stock granted in January 2016 for 2015 performance.

⁴ The amounts in this column reflect the annual cash awards earned by the CEO, President / CFO, CCO, and President of C&F Finance under the MIP, which is discussed in further detail on pages 20 to 23 under the heading "Performance-Based Incentive Compensation." The amount earned by the President and CEO of the Mortgage Corporation was earned in accordance with his employment agreement and related directly to the profitability of the Mortgage Corporation.

⁵ The amounts in this column reflect the actuarial increase in the present value of the named executive officers' accumulated benefits under the Retirement Plan established by the Bank determined using credits based on age and years of service and interest credits consistent with those used in the Corporation's audited financial statements. The

President and CEO of the Mortgage Corporation and the President of C&F Finance are not participants in the Retirement Plan. The Corporation does not provide above-market or preferential earnings on nonqualified compensation.

⁶ The amounts in this column for 2015 are detailed in the All Other Compensation Table for 2015 immediately below.

All Other Compensation Table for 2015

	Perquisites and Other Personal Benefits ¹	Tax Gross- Ups and Reimbursements	Dividends Paid on Stock Awards	Discounted Securities Purchases	Payments/ Accruals on Termination Plans	Corporation Contributions to Defined Contribution Plans ²	Corporation- paid Insurance Premiums	Oth
...y G.	-	-	\$ 22,140	-	-	\$ 104,552	-	-
...mas F.	\$ 18,480	-	\$ 22,140	-	-	\$ 58,783	-	-
...n E.	-	-	\$ 4,770	-	-	\$ 2,400	-	-
...ernon	\$ 10,185	-	\$ 3,915	-	-	\$ 11,187	-	-
...A.	-	-	\$ 10,995	-	-	\$ 34,400	-	-
...nan, III								
...ustin								
...e								

¹ The aggregate value of perquisites did not exceed \$10,000 for the CEO, President and CEO of the Mortgage Corporation, or President of C&F Finance in 2015. The perquisites in 2015 for the President / CFO included the use of a Corporation-owned vehicle (\$8,038), matching charitable contributions (\$1,750), club dues (\$6,192), and tax assistance / financial advisory services (\$2,500). The perquisites in 2015 for the CCO consisted of the use of a Corporation-owned vehicle (\$10,185). The incremental cost to the Corporation of the personal use of a Corporation-owned automobile was determined by calculating the annual cost of the automobile to the Corporation (depreciation, insurance, fuel, maintenance, registration fees and inspection fees) and multiplying that amount by the percentage of the executive's personal use during the year.

² The amounts in this column include: (i) the Corporation's accrued contributions for 2015 of \$91,302, \$45,533 and \$21,150 to the Nonqualified Plan for the CEO, President / CFO and President of C&F Finance, respectively, and (ii) the Corporation's accrued contributions for 2015 of \$13,250, \$13,250, and \$11,187 to the Bank's Savings Plan for the CEO, President / CFO, and CCO, respectively. The accrued contribution to the 401(k) Plan for the President and CEO of the Mortgage Corporation for 2015 was \$2,400. The accrued contribution to the 401(k) and Profit Sharing Plan for the President of C&F Finance for 2015 was \$13,250.

The following table summarizes certain information with respect to the cash and restricted stock awards granted to the CEO, President / CFO, CCO, and President of C&F Finance during or for the year ended December 31, 2015 under the Corporation's MIP, and reflects the amounts that could have been paid under each such award under the MIP. The restricted stock granted to the President and CEO of the Mortgage Corporation is also presented.

Grants of Plan-Based Awards for 2015

Explanation of Responses:

Grant Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards ¹			Estimated Possible Payouts Under Equity Incentive Plan Awards ²			All Other Stock Awards: Number of Shares of Stock or Units ³	Grant Date Fair Value of Fair Value of Stock and Option Awards ⁴	Fair Value of Fair Value of Awards ⁵
	Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (\$)	Target (\$)	Maximum (\$)			
1/20/2015	\$ 69,525	\$ 139,050	\$ 278,100	\$ 69,525	\$ 139,050	\$ 278,100	-	\$ 139,050	\$ 139,050
1/20/2015	\$ 55,000	\$ 110,000	\$ 220,000	\$ 55,000	\$ 110,000	\$ 220,000	-	\$ 110,000	\$ 110,000
1/19/2016	-	-	-	-	-	-	850	\$ 32,419	\$ 32,419
1/19/2016	-	\$ 46,250	\$ 92,500	-	-	-	750	\$ 28,605	\$ 28,605
1/19/2016	-	-	-	-	-	-	1,750	\$ 66,745	\$ 66,745

¹ The amounts shown in the threshold column reflect the minimum cash incentive payment level under the MIP for the CEO and President / CFO, which is 50% of the amount shown in the target column. If threshold goals for the CEO and President / CFO are not met, no incentive award will be paid, unless the Compensation Committee determines to award annual incentive compensation in the exercise of its discretion under the MIP. There is no stated threshold goal for the CCO's cash incentive payment under the

MIP. The amounts shown in the maximum column are 200% of the target amount. Target percentages for the CEO, President / CFO, and CCO are 45%, 40%, and 25% of 2015 base salary, respectively.

² Target percentages for equity incentive compensation under the MIP for the CEO and President / CFO are 45% and 40% of 2015 base salary, respectively. If the target goal is met, the executive will receive an award equal to the target percentage of his base salary, unless the Compensation Committee exercises its discretion to reduce or increase the award. Once the Compensation Committee determines the award earned, the Compensation Committee grants to the executive a number of restricted shares, rounded to avoid fractional shares, equaling the dollar value of the award based on the closing price of the Corporation's stock on the date the Committee makes this determination. The maximum awards possible are 200% of the target awards. Performance at the 0.70 level of the target goal would result in an award equal to 50% of the target award, while for performance below that level, the Committee could use its discretion to grant an award.

³ The stock awards in this column represent the number of shares of restricted stock the Compensation Committee, in its discretion under the MIP, issued to the President and CEO of the Mortgage Corporation, CCO, and President of C&F Finance for 2015. The restricted stock is subject to a five-year vesting period.

⁴ The amounts in this column with respect to the CEO and President / CFO represent the grant date fair value of the equity incentive plan awards granted on January 20, 2015, determined in accordance with FASB ASC Topic 718, based on the probable outcome of the performance conditions under the awards. The amounts in this column with respect to the President and CEO of the Mortgage Corporation, CCO, and President of C&F Finance represent the grant date fair value of the restricted stock granted on January 19, 2016 for performance during 2015, determined in accordance with FASB ASC Topic 718. The closing price of the Corporation's stock was \$38.14 on January 19, 2016.

⁵ The amounts in this column represent the fair market value of the actual equity awards granted on January 19, 2016 for 2015 performance based on the closing stock price on the date of grant. The closing price of the Corporation's stock was \$38.14 on January 19, 2016. The restricted stock is subject to a five-year vesting period. See note 4 immediately above for further discussion.

⁶ The annual non-equity incentive compensation for the President and CEO of the Mortgage Corporation is governed by the terms of his employment agreement as described on pages 26 and 27 of the "Compensation Discussion and Analysis" and depends on the profitability of the Mortgage Corporation but has no minimum, target or maximum payouts.

⁷ The annual non-equity incentive compensation for the President of C&F Finance under the MIP depends on the ROA and net income of C&F Finance as described on pages 20 and 21 of the "Compensation Discussion and Analysis" but has no minimum, target, or maximum payouts.

The following table includes certain information with respect to all previously-awarded unvested restricted stock awards held by the named executive officers at December 31, 2015. None of the named executive officers held any unexercised options at December 31, 2015.

Outstanding Equity Awards at Fiscal 2015 Year-End

Option Awards					Stock Awards		
Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested ¹ (#)	Market Value of Shares or Units of Stock That Have Not Vested ² (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)
-	-	-	-	-	18,700	\$ 729,300	-
-	-	-	-	-	18,700	\$ 729,300	-
-	-	-	-	-	4,000	\$ 156,000	-
-	-	-	-	-	3,450	\$ 134,550	-
-	-	-	-	-	8,000	\$ 312,000	-

¹ The amounts in this column reflect the number of shares of restricted stock granted in 2011, 2012, 2013, 2014, and 2015 to each named executive officer pursuant to the 2013 Stock and Incentive Plan and the 2004 Incentive Stock Plan. Shares vest in their entirety on the fifth anniversary of the grant date. The number of shares presented does not include the restricted stock granted in January 2016 for 2015 performance.

² The amounts in this column represent the fair market value of the restricted stock as of December 31, 2015, based on the closing price on December 31, 2015. The closing price of the Corporation's stock was \$39.00 on that date.

The following table provides information regarding the value realized by our named executive officers who exercised an option award or held restricted stock that vested during 2015.

Option Exercises and Stock Vested for 2015

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ¹ (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ² (\$)
Larry G. Dillon	6,000	\$ 5,685	3,000	\$ 110,640
Thomas F. Cherry	6,000	\$ 6,060	3,000	\$ 110,640
Bryan E. McKernon	5,000	\$ 5,050	750	\$ 27,660
John A. Seaman, III	-	-	-	-
S. Dustin Crone	-	-	1,500	\$ 56,700

¹ The value realized on exercise is the difference between the exercise price of the option and the market value of the Corporation's stock on the date of exercise, multiplied by the number of shares subject to the exercise.

² The value realized on vesting is the fair market value of the Corporation's stock on the date of vesting multiplied by the number of shares that vested.

The following table shows the actuarial present value of accumulated benefits payable to each of the named executive officers, including the number of years of service credited to each named executive officer under the Retirement Plan, which is described in more detail in the "Compensation Discussion and Analysis" on page 23.

Pension Benefits for 2015

Name	Plan Name	Number of Years Credited Service (#)	Present Value of Accumulated Benefit ¹ (\$)	Payments During Last Fiscal Year (\$)
Larry G. Dillon ²	Retirement Plan	38	\$ 1,472,635	-
Thomas F. Cherry Bryan E. McKernon ³	Plan	19	\$ 374,888	-
John A. Seaman, III	Retirement Plan	4	\$ 53,785	-
S. Dustin Crone ³	-	-	-	-

¹ Assumptions used in the calculation of these amounts are included in Note 12 to the Corporation's audited financial statements for the fiscal year ended December 31, 2015 included in the Corporation's Annual Report on Form 10-K filed with the SEC on March 4, 2016. This account balance for each participant will grow each year with annual pay credits based on age and years of service and monthly interest credits based for 2015 on the December 2014 average yield for 30-year Treasuries plus 150 basis points, not to exceed the IRS third segment rate.

² As noted earlier, Mr. Dillon is eligible for early retirement under the Retirement Plan.

³ Mr. McKernon and Mr. Crone are not participants in the Retirement Plan.

The following table summarizes our named executive officers' compensation under our Nonqualified Plan described in more detail in the "Compensation Discussion and Analysis" on pages 24 and 25.

Nonqualified Deferred Compensation for 2015

Name	Executive Contributions in Last FY1 (\$)	Registrant Contributions in Last FY2 (\$)	Aggregate Earnings in Last FY3 (\$)	Aggregate Withdrawals/ Distributions (\$)	Aggregate Balance at Last FYE ^{4,5} (\$)
Larry G. Dillon	-	\$ 91,680	\$ (4,846)	-	\$ 962,536
Thomas F. Cherry	-	\$ 47,160	\$ (9,040)	-	\$ 494,265
Bryan E. McKernon	-	-	\$ (74,914)	\$ 150,000	\$ 2,044,509
John A. Seaman, III	-	-	-	-	-
S. Dustin Crone	-	\$ 20,500	\$ (2,864)	-	\$ 137,343

¹ Pursuant to the Nonqualified Plan, certain executives, including named executive officers, may defer awards earned under the MIP or base salary. Deferral elections are made by eligible executives in December of each year for amounts to be earned in the following year. An executive may defer all or a portion of his or her annual non-equity incentive compensation and base salary. No employee deferrals were made in 2015.

² Registrant contributions in 2015 represent amounts earned in 2014 but contributed in 2015 and, therefore, are not included in the Summary Compensation Table and the All Other Compensation Table for 2015 on pages 32 and 33, respectively.

³ The investment options available to an executive under the deferral program are identical to the investment options under the Bank's Savings Plan.

⁴ The aggregate balance includes \$458,072 and \$137,343 for Mr. Cherry and Mr. Crone, respectively, which amounts are not currently vested. These amounts would vest upon death, disability, retirement or a change in control.

⁵ Of the amounts disclosed in this column, \$854,356, \$326,326, \$437,899, and \$20,500 were previously reported as compensation to Messrs. Dillon, Cherry, McKernon and Crone, respectively, in Summary Compensation Tables in prior year proxy statements.

PROPOSAL TWO

ADVISORY VOTE TO APPROVE EXECUTIVE COMPENSATION

As part of implementing the “say-on-pay” requirements of Section 14A of the Exchange Act, the SEC requires an advisory, non-binding shareholder vote to approve the compensation of the named executive officers in this Proxy Statement. Such a proposal, commonly known as a “say-on-pay” proposal, gives shareholders the opportunity to endorse or not to endorse the Corporation’s executive pay program. Accordingly, our shareholders are hereby given the opportunity to cast an advisory vote on the Corporation’s executive compensation as described above in this Proxy Statement under the heading “Compensation Discussion and Analysis” and the tabular disclosure of named executive officer compensation and the related material.

The Corporation has in place comprehensive executive compensation plans. This Proxy Statement fully and fairly discloses all material information regarding the compensation of the Corporation’s named executive officers, so that shareholders can evaluate the Corporation’s approach to compensating its executives. The Corporation believes that its executive compensation is competitive, is focused on pay for performance principles, is strongly aligned with the long-term interests of our shareholders and is necessary to attract and retain experienced, highly qualified executives critical to the Corporation’s long-term success and the enhancement of shareholder value within the Corporation’s risk profile. The Board of Directors believes the Corporation’s executive compensation achieves these objectives, and, therefore, unanimously recommends that shareholders vote “for” the proposal.

Because this vote is advisory, it will not be binding on the Board of Directors and will not be construed as overruling any decision made by the Board. The Compensation Committee and the Board of Directors will

take into account the outcome of this advisory vote when considering future executive compensation arrangements, but they are not required to do so.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT SHAREHOLDERS VOTE “FOR” THIS PROPOSAL TO PROVIDE ADVISORY, NON-BINDING APPROVAL OF THE COMPENSATION OF NAMED EXECUTIVE OFFICERS.

PROPOSAL THREE

RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED

PUBLIC ACCOUNTANT

The Audit Committee has appointed YHB as the Corporation’s independent registered public accountant for the fiscal year ending December 31, 2016. YHB also served as independent registered public accountant for the fiscal year ended December 31, 2015. In the event that the appointment of YHB is not ratified by shareholders at the Annual Meeting, the Audit Committee will consider making a change in the independent registered public accountant for 2017.

The Audit Committee is responsible for approving the compensation paid to YHB as the Corporation’s independent registered public accountant. In order to assure continuing auditor independence, the Audit Committee periodically considers whether there should be regular rotation of the independent public accounting firm. The members of the Audit Committee and the Board of Directors believe that continued retention of YHB to serve as the Corporation’s independent auditor is in the best interests of the Corporation and its shareholders.

Representatives of YHB are expected to be present at the Annual Meeting, will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to your questions.

THE BOARD OF DIRECTORS RECOMMENDS THAT SHAREHOLDERS VOTE “FOR” RATIFICATION OF THE APPOINTMENT OF YOUNT, HYDE & BARBOUR, P.C., AS THE CORPORATION’S INDEPENDENT REGISTERED PUBLIC ACCOUNTANT FOR THE FISCAL YEAR ENDING DECEMBER 31, 2016.

REPORT OF THE AUDIT COMMITTEE

The Audit Committee of the Board of Directors of the Corporation is currently comprised of four directors, all of whom satisfy all of the following criteria: (i) meet the independence requirements set forth in the NASDAQ listing standards' definition of "independent director," (ii) have not accepted directly or indirectly any consulting, advisory, or other compensatory fee from the Corporation or any of its subsidiaries, (iii) are not affiliated persons of the Corporation or any of its subsidiaries, (iv) have not participated in the preparation of the financial statements of the Corporation or any of its current subsidiaries at any time during the past three years, and (v) are competent to read and understand financial statements. In addition, at least one member of the Audit Committee has past employment experience in finance or accounting or comparable experience which results in the individual's financial sophistication. The Board has determined that the Chairman of the Audit Committee, Mr. Barry R. Chernack, qualifies as an "audit committee financial expert" within the meaning of applicable regulations of the SEC promulgated pursuant to the Sarbanes-Oxley Act. Mr. Chernack is independent of management based on the independence requirements set forth in the NASDAQ listing standards' definition of "independent director." The Audit Committee has furnished the following report:

The Audit Committee is appointed by the Corporation's Board of Directors to assist the Board in overseeing (1) the quality and integrity of the financial statements of the Corporation, (2) the independent registered public accountant's qualifications and independence, (3) the performance of the Corporation's internal audit function and independent registered public accountant, (4) the Corporation's compliance with

legal and regulatory requirements, (5) the review, approval and ratification of all covered related party transactions and (6) the Corporation's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Corporation's risk assessment and risk management policies. The authority and responsibilities of the Audit Committee are set forth in a written charter adopted by the Board and include sole responsibility for the appointment, compensation and evaluation of the Corporation's independent registered public accountant and the internal auditors for the Corporation, as well as establishing the terms of such engagements. The Audit Committee has the authority to retain the services of independent legal, accounting or other advisors as the Audit Committee deems necessary, with appropriate funding available from the Corporation, as determined by the Audit Committee, for such services. The Audit Committee reviews and reassesses its charter annually and recommends any changes to the Board for approval. The Audit Committee Charter is posted on the Corporation's website.

The Audit Committee is responsible for overseeing the Corporation's overall financial reporting process. In fulfilling its oversight responsibilities for the financial statements for fiscal year 2015, the Audit Committee:

- Monitored the preparation of quarterly and annual financial reports by the Corporation's management;
- Reviewed and discussed the annual audit process and the audited financial statements for the fiscal year ended December 31, 2015 with management and YHB, the Corporation's independent registered public accountant;
- Discussed with management, YHB and the Corporation's Director of Internal Audit the adequacy of the system of internal controls;
- Discussed with YHB the matters required to be discussed by the auditing standards of the Public Company Accounting Oversight Board, including Auditing Standard No. 16, relating to the conduct of the audit; and
- Received written disclosures and a letter from YHB as required by the applicable requirements of the Public Company Accounting Oversight Board regarding YHB's communications with the Audit Committee concerning independence. The Audit Committee discussed with YHB its independence.

The Audit Committee also considered the status of pending litigation, taxation matters and other areas of oversight relating to the financial reporting and audit process that the Audit Committee determined appropriate. In addition, the Audit Committee's meetings included, when appropriate, executive sessions with the Corporation's independent registered public accountant and the Corporation's Director of Internal Audit, in each case without the presence of the Corporation's management.

In performing all of these functions, the Audit Committee acts only in an oversight capacity. Also, in its oversight role, the Audit Committee relies on the work and assurances of the Corporation's management, which has the primary responsibility for financial statements and reports, and of the independent registered public accountant, who, in their report, express an opinion on the conformity of the Corporation's annual financial statements to accounting principles generally accepted in the United States of America.

Based on the Audit Committee's review of the audited financial statements and discussions with management and YHB, the Audit Committee recommended to the Board that the audited financial statements be included in the Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 2015 for filing with the SEC.

Audit Committee

Barry R. Chernack, Chairman James T. Napier
 J. P. Causey Jr. C. Elis Olsson

Principal Accountant Fees

The following table presents the fees for professional audit services rendered by YHB for the audit of the Corporation's annual financial statements for the years ended December 31, 2015 and 2014, and fees billed for other services rendered by YHB during those periods. All such audit and non-audit services were pre-approved by the Audit Committee, which concluded that the provision of such services by YHB was compatible with the maintenance of that firm's independence in the conduct of their auditing functions.

	Year Ended December 31,	
	2015	2014
Audit fees (1)	\$ 227,000	\$ 220,500
Audit-related fees (2)	48,875	64,650
Tax fees (3)	33,812	27,000
All other fees	--	--
	\$ 309,687	\$ 312,150

(1) Audit fees consist of audit and review services, consents, review of documents filed with the SEC; the Mortgage Corporation's and C&F Finance's standalone audits; and attestation report on internal controls under SEC rules. For 2015, includes amounts billed through December 31, 2015, and additional amounts estimated to be billed for the 2015 audit.

(2) Audit-related fees consist of employee benefit plan audits, HUD audit, review of the Bank special purpose standalone financial statements; and consultation concerning financial accounting, reporting standards and other related issues.

(3) Tax fees consist of preparation of federal and state tax returns, reviews of quarterly estimated tax payments and consultations regarding tax compliance issues.

Audit Committee Pre-Approval Policy

Pursuant to the terms of the Corporation's Audit Committee Charter, the Audit Committee is responsible for the appointment, compensation and oversight of the work performed by the Corporation's independent registered public accountant. The Audit Committee, or a designated member of the Audit Committee, must pre-approve all audit (including audit-related) and non-audit services performed by the independent registered public accountant in order to assure that the provision of such services does not impair the registered public accountant's independence. The Audit Committee has delegated interim pre-approval authority to Mr. Barry R. Chernack, Chairman of the Audit Committee. Any interim pre-approval of permitted non-audit services is required to be reported to the Audit Committee at its next scheduled meeting. The Audit Committee does not delegate its responsibilities to pre-approve services performed by the independent registered public accountant to management.

The term of any pre-approval is 12 months from the date of pre-approval, unless the Audit Committee specifically provides for a different period. With respect to each proposed pre-approved service, the independent registered public accountant must provide detailed back-up documentation to the Audit Committee regarding the specific service to be provided pursuant to a given pre-approval of the Audit Committee. Requests or applications to provide services that require separate approval by the Audit Committee will be submitted to the Audit Committee (or the Audit Committee Chairman) by both the independent registered public accountant and the Corporation's President / CFO, and must include a joint statement as to whether, in their view, the request or application is consistent with the SEC's rules on auditor independence. The Audit Committee conducts an annual review of its pre-approval policy to evaluate the policy's appropriateness and compliance with applicable law and exchange listing standards.

Equity Compensation Plan Information

The following table sets forth information as of December 31, 2015 with respect to compensation plans under which equity securities of the Corporation are authorized for issuance:

Plan Category	Number of securities to be issued upon exercise of outstanding options (a)	Weighted-average exercise price of outstanding options (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)	
Equity compensation plans approved by shareholders (1)	24,000	\$ 38.39	406,456	(2)
Equity compensation plans not approved by shareholders	--	--	--	
Total	24,000	\$ 38.39	406,456	

(1) This plan category consists of (1) the 2004 Incentive Stock Plan, (2) the Director Plan and (3) the 2013 Stock and Incentive Plan. The Corporation ceased granting awards to non-employee directors under the Director Plan upon amendment of the 2004 Incentive Stock Plan by shareholders in 2008.

(2) Consists only of securities remaining available for future issuance under the 2013 Stock and Incentive Plan.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires directors, executive officers, and beneficial owners of greater than 10% of the Corporation's common stock to file reports concerning their ownership of and transactions in Corporation common stock. Based on a review of the copies of those reports furnished to the Corporation, or written representations that no other reports were required, the Corporation believes that its officers and directors complied with all such filing requirements under Section 16(a) during 2015, except as follows: a Form 4 to report the withholding of 144 shares of the Corporation's common stock for taxes by Mr. Robinson was filed January 21, 2016, however the shares were withheld on May 15, 2015; and a Form 4 to report withholding of 669 shares of the Corporation's common stock for taxes by Mr. Crone was filed January 21, 2016, however the shares were withheld on December 21, 2015.

OTHER BUSINESS

As of the date of this Proxy Statement, management of the Corporation has no knowledge of any matters to be presented for consideration at the Annual Meeting other than Proposal One, Proposal Two and Proposal Three referred to above. If any other matters properly come before the Annual Meeting, the persons named in the accompanying proxy intend to vote such proxy, to the extent entitled, in accordance with their best judgment.

SHAREHOLDER PROPOSALS FOR 2017 ANNUAL MEETING

If any shareholder intends to propose a matter for consideration at the Corporation's 2017 Annual Meeting (other than director nominations, discussed on pages 9 to 11), notice of the proposal must be received in writing by the Corporation's Secretary by January 29, 2017. If any shareholder intends to present a proposal to be considered for inclusion in the Corporation's proxy materials in connection with the 2017 Annual Meeting, the proposal must meet the requirements of Rule 14a-8 under the Exchange Act and must be received by the Corporation's Secretary, at the Corporation's principal office in West Point, Virginia, on or before November 15, 2016.

In addition, the proxy solicited by the Board of Directors for the 2017 Annual Meeting will confer discretionary authority to vote on any shareholder proposal presented at the meeting if the Corporation has not received notice of such proposal by January 29, 2017, in writing delivered to the Corporation's Secretary.

By Order of the Board of Directors,

Thomas F. Cherry
Secretary

West Point, Virginia

March 15, 2016

Explanation of Responses:

A copy of the Corporation's Annual Report on Form 10-K (including exhibits) as filed with the Securities and Exchange Commission for the year ended December 31, 2015, will be furnished without charge to shareholders upon written request to Secretary, C&F Financial Corporation, 802 Main Street, P.O. Box 391, West Point, Virginia 23181. Copies of the Annual Report on Form 10-K may also be obtained without charge by visiting the Corporation's web site at www.cffc.com.

ANNUAL MEETING OF SHAREHOLDERS OF C&F FINANCIAL CORPORATION April 19, 2016 NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIAL: The Notice of Meeting, proxy statement, proxy card and 2015 Annual Report to Shareholders are available at 2016proxy.cffc.com. Please sign, date and mail your proxy card in the envelope provided as soon as possible. Please detach along perforated line and mail in the envelope provided. 2043030000000001000 1 041916 PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK AS SHOWN HERE x 1. To elect four Class II directors as instructed below. NOMINEES: 2. To approve, in an advisory, non-binding vote, the compensation of the Corporation's named executive officers. FOR AGAINST ABSTAIN FOR ALL NOMINEES WITHHOLD AUTHORITY FOR ALL NOMINEES FOR ALL EXCEPT (See instruction below) O Audrey D. Holmes Class II O Joshua H. Lawson Class II O James T. Napier Class II O Paul C. Robinson Class II 3. To ratify the appointment of Yount, Hyde & Barbour, P.C. as the Corporation's independent registered public accountant for the fiscal year ending December 31, 2016. 4. To transact such other business as may properly come before the Annual Meeting or any adjournment thereof. Management presently knows of no other business to be presented at the Annual Meeting. FOR AGAINST ABSTAIN THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" ALL DIRECTOR NOMINEES AND "FOR" PROPOSALS 2 AND 3. INSTRUCTION: To withhold authority to vote for any individual nominee(s), mark "FOR ALL EXCEPT" and fill in the circle next to each nominee for whom you wish to withhold authority, as shown here: To change the address on your account, please check the box at right and indicate your new address in the address space above. Please note that changes to the registered name(s) on the account may not be submitted via this method. Meeting Attendance I plan to attend the Annual Meeting on Tuesday, April 19, 2016 at the location printed on the back of this proxy card. Please check here if you plan to attend the meeting. Signature of Shareholder Date: Signature of Shareholder Date: Note: Please sign exactly as your name or names appear on this Proxy. When shares are held jointly, each holder should sign. When signing as executor, administrator, attorney, trustee or guardian, please give full title as such. If the signer is a corporation, please sign full corporate name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person.

0 C&F FINANCIAL CORPORATION This Proxy is solicited on behalf of the Board of Directors. The undersigned hereby appoints Larry G. Dillon and James H. Hudson III, jointly and severally, as proxies, with full power to act alone, and with full power of substitution to represent the undersigned, and to vote all shares of C&F Financial Corporation standing in the name of the undersigned as of the close of business on March 4, 2016, at the Annual Meeting of Shareholders to be held Tuesday, April 19, 2016 at 3:30 p.m. at C&F Financial Corporation, 3600 LaGrange Parkway, Toano, Virginia, or any adjournments thereof, on each of the matters listed on the reverse side of this proxy card. This proxy, when properly executed, will be voted in the manner directed by the shareholder signing on the reverse side of this proxy card. If no direction is made, this proxy will be voted FOR all director nominees in Proposal 1 and FOR Proposals 2 and 3, and on any other matters, to the extent entitled, in the best judgment of the proxy agents. (Continued and to be signed on Reverse Side) 1.1 14475
