BRISTOL MYERS SQUIBB CO
Form 4
July 30, 2014

FORM 4

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

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

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 *
Bancroft Charles A

(Last) (First) (Middle)

BRISTOL-MYERS SQUIBB COMPANY, 345 PARK AVENUE

(Street)

NEW YORK, NY 10154

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
BRISTOL MYERS SQUIBB CO [BMY]

3. Date of Earliest Transaction (Month/Day/Year)
07/29/2014

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)
EVP & Chief Financial 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 Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock, $0.10 par value	07/29/2014		S		67,621	D	$ 51.0571 (1)	96,564.166	D	

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

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474 (9-02)

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. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Owne Follo Repo Trans (Instr
								Date Exercisable	Expiration Date	Title	Amount or Number of Shares		
				Code	V	(A)	(D)						

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Bancroft Charles A BRISTOL-MYERS SQUIBB COMPANY 345 PARK AVENUE NEW YORK, NY 10154			EVP & Chief Financial Officer	

Signatures

/s/ Robert J. Wollin, attorney-in-fact for Charles A. Bancroft	07/30/2014
**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) The price reported reflects the weighted average sales price. The shares were sold in multiple transactions at prices ranging from $50.98 to $51.16, inclusive. The reporting person undertakes to provide to the SEC staff, the issuer, or a security holder of the issuer, upon request, full information regarding the number of shares sold at each separate price.

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. Granted in 2003 (per share) Date 5% 10% ---- ------- ------- ----------- ---- -- --- E. J. Ayers 5,000 2.6% $18.85 October 27, 2013 $59,273 $150,210 William A. Harwell 5,000 2.6% $18.85 October 27, 2013 $59,273 $150,210 William H. Nock 5,000 2.6% $18.85 October 27, 2013 $59,273 $150,210 William W. Traynham 5,000 2.6% $18.85 October 27, 2013 $59,273 $150,210 Michael A. Wolfe 5,000 2.6% $18.85 October 27, 2013 $59,273 $150,210 A. Wade Douroux 5,000 2.6% $18.85 October 27, 2013 $59,273 $150,210 (1) The options were granted at the fair market price on October 27, 2003, the date of the grant, become exercisable on October 27, 2004, and expire on October 27, 2013. Aggregated Option Exercises in 2003 and 2003 Year End Option Values The following table sets forth information about stock options held at December 31, 2003 by the executive officers listed in the Summary Compensation Table. No options were exercised in 2003. Number of Securities Value of Unexercised

Underlying Unexercised In-the-Money Options 12/31/03 Options 12/31/03(1) --------------- ------------------ Name Exercisable(2) Unexercisable Exercisable Unexercisable ---- ------------- ------------ ---------- ------------- E. J. Ayers 10,250 5,000 $ 74,955 $2,000 William A. Harwell - 5,000 $ - $2,000 William H. Nock 18,650 5,000 $172,647 $2,000 William W. Traynham 18,650 5,000 $172,647 $2,000 Michael A. Wolfe 18,650 5,000 $172,647 $2,000 A. Wade Douroux - 5,000 $ - $2,000 --------------------- (1) Based on a fair value of $19.25 per share, the closing price of a share of the Company's common stock on December 31, 2003. (2) Each of the above persons holds options for 5,000 shares at an exercise price of $18.85 per share, which will not be exercisable before October 27, 2004. Each of the above persons, with the exception of Messrs. Harwell and Douroux, also holds options for 5,250 shares at an exercise price of $12.83 per share and 5,000 shares at an exercise price of $11.00 per share. Messrs. Nock, Traynham and Wolfe also each hold options for 8,400 shares at an exercise price of $7.62 per share. Compensation Committee Interlocks and Insider Participation The members of the Compensation Committee for the year ended December 31, 2003 were Richard L. Havekost, Chair, Alvis J. Bynum, Thomas B. Edmunds, J. V. Nicholson, J. M. Guthrie, Phil P. Leventis, Samuel F. Reid and Wm. Reynolds Williams. The law firm of Horger, Barnwell & Reid, L.L.P., in which Samuel F. Reid is a partner, provided legal services to the Company in 2003, and is continuing to provide legal services to the Company in 2004. The law firm of 10 Willcox, Buyck & Williams, P.A. in which Wm. Reynolds Williams is a member, provided legal services to the Company in 2003, and is continuing to provide legal services to the Company in 2004. Board Report on Executive Officer Compensation The Compensation Committee is required to report to the shareholders the basis for the Compensation Committee's action in establishing compensation for Community Bankshares' and its subsidiaries' executive officers. The Community Bankshares' compensation program is designed to retain and reward executive officers that are capable of leading Community Bankshares in achieving its business objectives in an industry characterized by complexity, competitiveness and change. The compensation of Community Bankshares' and its subsidiaries' executive officers is reviewed and approved annually by the Compensation Committee. Annual compensation for Community Bankshares' Chief Executive Officer and other senior executive officers consists of three elements. o A base salary that is determined by individual contribution and performance, and which is designed to provide a base level of compensation comparable to that provided key executives of other financial institutions of similar size and performance. o A short-term cash incentive program that is directly linked to individual performance and to Community Bankshares' performance. One-half of the officer's incentive is determined by the applicable subsidiary and one-half by Community Bankshares. Incentive payments for the President and the Chief Executive Officer of Community Bankshares are determined by the Board of Directors of Community Bankshares. o A long-term incentive program that provides from time to time stock options to executive officers. Stock option grants provide an incentive that focuses the executive's attention on managing Community Bankshares from the perspective of a stockholder with an equity stake in the business. The economic value of any stock option granted is directly tied to the future performance of Community Bankshares' stock and will provide value to the recipient only when the price of Community Bankshares' stock increases over the option grant price. For Community Bankshares' key executives, base salary is targeted to approximate average salaries for individuals in similar positions with similar levels of responsibilities who are employed by other banking organizations of similar size and financial performance. During 2003, Community Bankshares set the base salary for Mr. Ayers, the Chief Executive Officer, at $82,000. During 2003 the Committee set the base salary for each of Mr. Wolfe, President of Orangeburg National Bank, Mr. Nock, President of Sumter National Bank, Mr. Harwell, President of the Bank of Ridgeway, and Mr. Traynham, President of Community Bankshares at $135,000. The Compensation Committee annually reviews national, regional, statewide, and local peer group salary data (to the extent available) to assist it in setting appropriate levels of the Chief Executive Officer's and other executive officers' base salaries. A second factor considered by the Compensation Committee in setting and adjusting base salary was Community Bankshares' 2003 financial performance. The Committee annually sets a base level of consolidated income before taxes, which was $5.6 million for 2003. Income earned above that level is multiplied by a factor of 4.5% to determine the amount available for incentive payments to senior officers. This performance indicator is updated annually based on current economic conditions and expectations. For Community Bankshares' key executives, the Compensation Committee considered cash incentive bonuses based on 2003 results payable in 2004 that ranged to over 30% of base salary. The plan is designed so that over time incentive payments may be as much as 40% of base pay. For purposes of determining the cash incentive bonus payable during 2004 for 2003, Community Bankshares considered actual operating results and individual performances of the involved officers. The Committee completed its recommendations and the Boards of

Directors approved them in February 2004. 11 During 2004, Messrs. Traynham, Wolfe, Nock and Harwell were each paid a bonus of $42,072 for 2003 performance. During 2004, Mr. Ayers was paid a bonus of $25,554 for 2003 performance. In October 2003 the Board of Community Bankshares approved the grant of 5,000 stock options each to Messrs. Ayers, Traynham, Wolfe, Nock, and Harwell. Mr. Douroux, President of Community Resource Mortgage, Inc., is a senior officer of the company, but his compensation is considered outside the parameters of the senior officer compensation plan. His base salary for 2003 was $125,000. His bonus for 2003, paid in 2004, was $98,000 and was based on mortgage loan production volume during the year. Mr. Douroux also received a grant in October of 2003 of 5,000 stock options. This report is provided as a summary of current Board practice with regard to annual compensation review and authorization of executive officer compensation and with respect to specific action taken for the Chief Executive Officer. Richard L. Havekost, Chairman Phil P. Leventis Alvis J. Bynum J. V. Nicholson, Jr. Thomas B. Edmunds Samuel F. Reid, Jr. J. M. Guthrie Wm. Reynolds Williams Shareholder Return Performance Graph The Company is required to provide its shareholders with a line graph comparing the Company's cumulative total shareholder return with a performance indicator of the overall stock market and either a published industry index or a Company-determined peer comparison. Shareholder return (measured through increases in stock price and payment of dividends) is often a benchmark used in assessing corporate performance and the reasonableness of compensation paid executive officers. The performance graph below compares the Company's cumulative total return over the most recent five year period with the Russell 2000 Index (reflecting overall stock market performance for small cap stocks) and the SNL Southeast Bank Index (reflecting changes in banking industry stocks in the southeastern U. S.), and a peer group index consisting of all the publicly traded banks and thrifts in South Carolina. Returns are shown on a total return basis, assuming the reinvestment of dividends and a beginning stock index price of $100 per share. Values presented for the Company are based on transactions as reported through the American Stock Exchange. 12 Community Bankshares, Inc. Period Ending Index 12/31/98 12/31/99 12/31/00 12/31/01 12/31/02 12/31/03 -------- -------- -------- -------- -------- -------- Community Bankshares, Inc. $100.00 $93.82 $84.94 $102.85 $131.19 $158.77 Russell 2000 100.00 121.26 117.59 120.52 95.83 141.11 SNL Southeast Bank Index 100.00 78.69 79.01 98.44 108.74 136.55 Publicly Traded Banks and Thrifts in SC 100.00 78.30 62.15 80.64 100.59 137.21 Change of Control Agreements and Employment Agreements In 1999, the Company entered into Change of Control Agreements with Messrs. Ayers, Traynham, Wolfe and Nock. The principal purpose of the agreements is to protect these executives against a change in control of the Company. The agreements provide that, if within five years after the date of the agreements, any change of control of the Company is effected, then the executive will be entitled to certain benefits. A change of control of the Company will be deemed to have been effected for purposes of the Agreement if: (i) voting control of the Company is acquired, directly or indirectly, by any person or group acting in concert, (ii) the Company is merged with or into any other entity and the Company is not the surviving entity of the merger, (iii) voting control of any subsidiary of the Company by which the executive is principally employed is acquired, directly or indirectly, by any person or group acting in concert, or (iv) any subsidiary of the Company by which the executive is principally employed is merged with or into another entity that is not also a subsidiary of the Company and such subsidiary is not the surviving entity of the merger. If the executive terminates his employment with the Company or his employment is terminated by the Company at any time within six months following the effective date of a change in control, the executive will be entitled to a lump sum 13 payment equal to twice his annual salary in effect at the date of termination. The Agreement requires certain adjustments in the event that the lump sum payment exceeds the amount prescribed by Section 280G of the Internal Revenue Code. The term of the Agreement extends automatically for an additional year on each annual anniversary thereof, unless the Company gives 30 days prior notice to the executive that the term will not be extended. Keith W. Buckhouse became President of Florence National Bank on March 1, 2004, and was appointed to the Board of Directors of Community Bankshares on March 29, 2004. Mr. Buckhouse will be provided with a change in control agreement comparable to those in effect for the other senior officers. CBI entered into employment agreements with A. Wade Douroux, President and Chief Executive Officer of Community Resource Mortgage, Inc., in October 2001, and with William A. Harwell, President and Chief Executive Officer of the Bank of Ridgeway, in July 2002. Mr. Douroux's contract is for an initial term of three years, and Mr. Harwell's contract is for an initial term of five years. Each contract is for an initial term and at the end of the term automatically renews for an additional year unless notice is given according to the terms of the contract. The contracts specify compensation and other benefits appropriate to the nature of Messrs. Douroux's and Harwell's employment. The contracts also provide the employees with protection in the event of a change in control of the Company under terms and conditions comparable to those outlined above for the Change of Control Agreements. The foregoing descriptions of the Change of Control Agreements and Employment Agreements are merely summaries of such agreements and are qualified in their entirety by reference to the agreements, which are included in the Company's filings with the Securities and Exchange Commission. Director Compensation Community Bankshares Inc. paid directors who are not employees of the Company or its subsidiaries fees of $200 per month until March 2003, and increased the fees to $400 per month for the remainder of 2003. Orangeburg National Bank paid fees of $500 per month to its non-employee directors until April 2003, and increased the fees to $800 per month for the remainder of 2003. Sumter National Bank paid fees of $600 per month to its non-employee directors during 2003. Florence National Bank paid fees of $300 per month to its non-employee directors until April 2003, and increased the fees to $500 per month for the remainder of 2003. The Bank of Ridgeway paid fees of $450 per month to its non-employee directors during 2003. Community Resource Mortgage Inc. did not pay any director fees during 2003. The foregoing director fees totaled $282,650 for Community Bankshares Inc. and its subsidiaries in 2003. Stock Plan For information on the stock option plan, see the section "Amendment to the 1997 Stock Option Plan." AMENDMENT TO THE 1997 STOCK OPTION PLAN At the 2004 Annual Meeting, shareholders will be asked to vote on amendments to the 1997 Stock Option Plan for the purpose of increasing by 300,000 shares to a total of 785,600 shares the number of shares reserved for issuance under the Plan. All of the additional shares will be reserved for issuance pursuant to the exercise of incentive stock options. Options may be granted pursuant to the plan to persons who are employees of the Company or any subsidiary (including officers and directors who are employees) at the time of grant. At December 31, 2001, the Company and its subsidiaries had 126 employees. Non-employee directors are also permitted to participate in the Plan. Such non-employee directors are only eligible to be granted non-qualified stock options. All incentive stock options must have an exercise price not less than the fair market value of the Common Stock at the date grant, as determined by the Board of Directors. Non-qualified options will have such exercise prices as may be determined by the Board of Directors at the time of grant, and such exercise prices may be less than fair market value. The Board of Directors may set other terms for the exercise of the options but may not grant to any one holder more than $100,000 of incentive stock options (based on the fair market value of the optioned shares on the date of the grant of the option) which first become exercisable in any calendar year. The Board of Directors also selects the employees to receive grants under the plan and determines the number of shares covered by options granted under the plan. No options may be exercised after ten years from the date of grant, options may not be transferred except by will or the laws of descent and distribution, and options may be exercised only while 14 the optionee is an employee of the Company, within three months after the date of termination of employment, or within twelve months of death or disability. The number of shares reserved for issuance under the Plan, the number of shares covered by outstanding options, the exercise price and the exercise date of options will be adjusted in the event of changes in the number of outstanding shares of common stock effected without receipt of consideration by the Company. The Board of Directors may amend, suspend or terminate the Plan, but may not increase (except as discussed above) the maximum number of shares reserved for issuance under the Plan, or materially modify the eligibility requirements under the Plan without shareholder approval or ratification. The plan will terminate on March 16, 2007, and no options will be granted thereunder after that date. Under federal tax law and regulations, the granting of a stock option does not produce income to the optionee or a tax deduction for the Company unless the option itself has a determinable market value and is not an incentive stock option. Upon exercise of a non-qualified stock option, the excess of the fair market value of the shares over the option exercise price is taxable to the optionee as ordinary income and deductible as an expense by the Company. The cost basis of the shares acquired is the fair market value at the time of exercise. Upon exercise of an incentive stock option, the excess of the fair market value of the stock acquired over the option price will be an item of tax preference to the optionee, which may be subject to an alternative minimum tax for the year of exercise. If no disposition of the stock is made within two years from the date of grant of the incentive stock option nor within one year after the transfer of the stock to the optionee, the optionee does not realize income as a result of exercising the incentive stock option; the tax basis of the stock received is the option price; any gain or loss realized on the ultimate sale of the stock is long-term capital gain or loss, and the Company is not entitled to any tax deduction by reason of the exercise. If the optionee disposes of the stock within the two-year or one-year periods referred to above, the excess of the fair market value of the stock at the time of exercise (or the proceeds of disposition, if less) over the option price will at that time be taxable to the optionee as ordinary income and deductible by the Company. For determining capital gain or loss on such a disposition, the tax basis of the stock will be the fair market value at the time of exercise. As of March 31, 2004, there were outstanding incentive options to purchase 418,367 shares (including 195,750 shares subject to approval by shareholders of the amendment to the 1997 Plan at the 2004 Annual Meeting) and nonqualified options to purchase 162,050 shares. The market value of the Common Stock on March 31, 2004 was $18.25 per share. The Board of directors recommends a vote "FOR" approval of the amendment to the 1997 Stock Option Plan. 15 Equity Compensation Plan Information The following table sets forth aggregated information as of December 31, 2003, about the 1997 Stock Option Plan, which is the Company's only equity compensation plan. Plan category Number of securities Weighted-average Number of securities to be issued upon Exercise price of Remaining available exercise of Outstanding options, for future issuance outstanding options, Warranties and rights under equity warrants and rights compensation plans (excluding securities reflected in column(a)) (a) (b) (c) --------------------- --------------------- --------------------- ------------------------ Equity compensation plans approved by security holders 357,591 $11.24 205,183 Equity compensation plans not approved by security holders None N/A N/A ------- ------ ------- Total 357,591 $11.24 205,183 CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS The banks have loan and deposit relationships with some of the directors of the Company and some of the directors of the subsidiaries of the Company and with companies with which the directors are associated as well as members of the immediate families of the directors ("Affiliated Persons"). (The term "members of the immediate families" for purposes of this paragraph includes each person's spouse, parents, children, siblings, mothers and fathers-in-law, sons and daughters-in-law, and brothers and sisters-in-law.) The total loans outstanding to these parties at December 31, 2003, were $7,416,000. Loans to Affiliated Persons were made in the ordinary course of business, were made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons, and did not, at the time they were made involve more than the normal risk of collectibility or present other unfavorable features. The law firm of Horger, Barnwell & Reid, L.L.P. in which Samuel F. Reid, a director of the Company, is a partner, provided legal services to the Company in 2003, and is continuing to provide legal services to the Company in 2004. The law firm of Willcox, Buyck & Williams, P.A. in which Wm. Reynolds Williams, a director of the Company, is a member also provided legal services to the Company in 2003, and is continuing to provide legal services to the Company in 2004. SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE As required by Section 16(a) of the Securities Exchange Act of 1934, the Company's directors, its executive officers and certain individuals are required to report periodically their ownership of the Company's Common Stock and any changes in ownership to the Securities and Exchange Commission. Based on a review of Forms 3, 4 and 5 and written representations made to the Company, it appears that all such reports for these persons were filed in a timely fashion during 2003, except for late filings of two reports reporting one transaction each for each of E. J. Ayers, A. Wade Douroux, William A. Harwell, Phil P. Leventis, William H. Nock, William W. Traynham and Michael A. Wolfe, and late filing of one report reporting one transaction for J. M. Guthrie. It is the Company's practice to assist directors with filing of Section 16(a) reports. 16 INDEPENDENT ACCOUNTANTS The Audit Committee has appointed J. W. Hunt & Company, LLP, independent certified public accountants, as independent auditors for the Company and its subsidiaries for the current fiscal year ending December 31, 2004. A representative of J. W. Hunt & Company, LLP is expected to be present at the 2004 Annual Meeting and will be given the opportunity to make a statement on behalf of the firm if he or she so desires, and will respond to appropriate questions from shareholders. Fees Billed by Independent Auditors The following table sets forth the aggregate fees billed by J.W. Hunt & Company, LLP, the Company's independent auditors for audit services rendered in connection with the consolidated financial statements and reports for the fiscal years ended December 31, 2003 and December 31, 2002 and for other services rendered during fiscal years 2003 and 2002, on behalf of the Company and its subsidiaries, as well as all out-of-pocket costs incurred in connection with these services, which have been billed to the Company. Fee Category 2003 % of Total 2002 % of Total ------------ ---- ---------- ---- ---------- Audit Fees $ 92,050 80% $ 88,000 82% Audit-Related Fees 12,900 11% 10,825 10% Tax Fees: Tax compliance/preparation 10,200 9% 8,650 8% Other tax services - - -------- -------- Total Tax Fees 10,200 9% 8,650 8% -------- -------- All Other Fees - - -------- -------- Total Fees $115,150 100% $107,475 100% ======== ======== Total Fees Audit Fees: Audit fees include fees billed for professional services rendered for the audit of the Company's consolidated financial statements and review of the interim condensed consolidated financial statements included in quarterly reports and services that are normally provided by the Company's independent auditor in connection with statutory and regulatory filings or engagements, and attest services, except those not required by statute or regulation. Audit-Related Fees: Audit-related fees include fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Company's consolidated financial statements and are not reported under "Audit Fees". These services include employee benefit plan audits, attest services that are not required by statute or regulation, consultations concerning financial accounting and reporting standards, and agreed upon procedures required by various government agencies, such as the Federal Home Loan Bank or the Department of Housing and Urban Development. Tax Fees: Tax fees include fees for tax compliance/preparation and other tax services. Tax compliance/preparation include fees billed for professional services related to federal and state tax compliance. All Other Fees: All other fees would include fees for services other than those reported above. No other services were provided by J.W. Hunt & Company, LLP. In making its decision to appoint J.W. Hunt & Company, LLP as the Company's independent auditors for the fiscal year ending December 31, 2004, the Audit Committee considered whether services other than audit and audit-related services provided by that firm are compatible with maintaining the independence of J.W. Hunt & Company, LLP. 17 Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Auditors The Audit Committee pre-approves all audit and permitted non-audit services (including the fees and terms thereof) provided by the independent auditors, subject to possible limited exceptions for non-audit services described in Section 10A of the Securities Exchange Act of 1934, which are approved by the Audit Committee prior to completion of the audit. The Committee may delegate to one or more designated members of the Committee the authority to pre-approve audit and permissible non-audit services, provided such pre-approval decision is presented to the full Committee at its next scheduled meeting. General pre-approval of certain audit, audit-related and tax services is granted by the Committee at the first quarter Audit Committee meeting. The Committee subsequently reviews fees paid. Specific pre-approval is required for all other services, of which there were none during the year. During 2003, all audit and permitted non-audit services were pre-approved by the Committee. AUDIT COMMITTEE REPORT The Audit Committee of the Board of Directors has reviewed and discussed with management the Company's audited financial statements for the year ended December 31, 2003. The Audit Committee has discussed with the Company's independent auditors, J. W. Hunt & Company, LLP, the matters required to be discussed by Statement on Auditing Standards 61, as modified or supplemented. The Audit Committee has also received the written disclosures and the letter from J. W. Hunt & Company, LLP, required by Independence Standards Board Standard No. 1, as modified or supplemented, and has discussed with J. W. Hunt & Company, LLP, their independence. Based on the review and discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2003 for filing with the Securities and Exchange Commission. Alvis J. Bynum, Chair Richard L. Havekost Anna O. Dantzler Thomas B. Edmunds AVAILABILITY OF ANNUAL REPORT ON FORM 10-K A copy of the Company's Annual Report on Form 10-K for the year ended December 31, 2003, including financial statements (but not including exhibits), is being provided free of charge with this Proxy Statement to each shareholder of record. Copies of exhibits to the Form 10-K will be provided upon written request to William W. Traynham, President, Community Bankshares, Inc., Post Office Box 2086, Orangeburg, South Carolina 29116, at a charge of 20(cent) per page. Copies of the Form 10-K and exhibits may also be downloaded from the Securities and Exchange Commission website at http://www.sec.gov. Copies of the 10-K will soon be available on the company's website at www.communitybanksharesinc.com. OTHER BUSINESS The Board of Directors of the Company does not know of any other business to be presented at the Annual Meeting. If any other matters are properly brought before the Annual Meeting, however, it is the intention of the persons named in the accompanying proxy to vote such proxy in accordance with their best judgment. 18 Appendix A COMMUNITY BANKSHARES INC. AUDIT COMMITTEE CHARTER Purposes of the Committee The primary functions of the Audit Committee (the "Committee") are as follow: o Overseeing that management has maintained the reliability and integrity of the accounting policies and financial reporting and disclosure practices of the Company (the Company refers to Community Bankshares and its banking subsidiaries); o Overseeing that management has established and maintained processes to assure that an adequate system of internal control is functioning within the Company; o Overseeing that management has established and maintained processes to assure compliance by the Company with all applicable laws, regulations and Company policy. Committee Membership and Qualifications The Committee shall consist of a minimum of three members of the Board, each of whom has been determined by the Board to be "independent" under the rules of the American Stock Exchange, Inc. (the "AMEX"), and other applicable law or regulation. Each member of the Committee must be able to read and understand fundamental financial statements, including the Company's balance sheet, income statement and cash flow statement. At least one member of the Audit

Committee must be "financially sophisticated," in that he or she has past employment experience in finance or accounting, professional certification in accounting, or any other comparable experience or background such as having served as a chief executive officer or chief financial officer or other senior officer with financial oversight responsibilities, and each of whom meets all other legal and regulatory requirements imposed upon audit committee members. Members shall be appointed by the Board and shall serve for such term or terms as the Board may determine. No director may serve as a member of the Committee if such director serves on the audit committees of more than two other public companies unless the Board determines that such simultaneous service would not impair the ability of such director to effectively serve on the Committee. No member of the Committee may, directly or indirectly, receive any compensation from the Company other than (1) director's fees, and (2) fixed amounts of compensation under a retirement or other deferred compensation plan for prior service that is not contingent on continued service. Powers, Duties and Responsibilities of the Committee The Committee shall have the following duties, responsibilities and powers: 1. Holding at least quarterly meetings and such additional meetings as may be called by the Chairman of the Audit Committee or at the request of the independent accountants or the Internal Auditor; 2. Approving an agenda for the ensuing year; 3. At least annually, appointing or replacing the independent auditor and overseeing the work of the independent auditor, which shall report directly to the Committee; 1 4. Pre-approving all auditing services and permitted non-audit services (including the fees and terms thereof) to be performed by the independent auditor, subject to the de minimus exceptions for non-audit services described in Section 10A of the Securities Exchange Act of 1934 which are approved by the Committee prior to completion of the audit; the Committee may delegate to one or more designated members of the Committee the authority to pre-approve audit and permissible non-audit services, provided such pre-approval decision is presented to the full Committee at its next scheduled meeting; 5. Overseeing the accounting and financial reporting processes of the Company and the audits of the Company's financial statements; 6. Reviewing the performance of the independent accountants; 7. Ensuring the Committee's receipt from the outside auditors of a formal written statement delineating all relationships between the auditor and the Company, consistent with Independence Standards Board Standard 1, and actively engaging in a dialogue with the auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the auditor and taking, or recommending that the full board take, appropriate action to oversee the independence of the outside auditor; 8. Reviewing and concurring in the appointment, replacement, reassignment or dismissal of the internal auditor; 9. Confirming the independence of the internal auditor; 10. Conferring with the independent accountants and the internal auditors concerning the scope of their examinations of the books and records of the Company and its subsidiaries; reviewing and approving the independent accountants' annual engagement letter; reviewing and approving the Company's internal audit strategy and plans, annual audit plans and budgets; directing the special attention of the auditors to specific matters or areas deemed by the Committee or the auditors to be of special significance; and authorizing the auditors to perform such supplemental reviews or audits as the Committee may deem desirable; 11. Reviewing with management, the independent accountants and internal auditors significant risks and exposures, audit activities and significant audit findings; 12. Reviewing the range and cost of audit and non-audit services performed by the independent accountants; 13. Reviewing the Company's audited annual consolidated financial statements and the independent accountant's opinion rendered with respect to such consolidated financial statements, including reviewing the nature and extent of any significant changes in accounting principles or the application thereof; 14. Reviewing the interim and annual financial reports filed with the SEC; 15. Reviewing the adequacy of the Company's systems of internal control, including computerized information systems, controls and security; 16. Obtaining from the independent accountants and internal auditors their recommendations regarding internal controls and other matters relating to the accounting procedures and the books and records of the Company and its subsidiaries and reviewing the correction of controls deemed to be deficient; 2 17. Providing an independent, direct communication between the Board of Directors, internal auditors and independent accountants; 18. Reviewing the adequacy of internal controls and procedures related to executive travel and entertainment; 19. Reviewing the programs and policies of the Company designed to ensure compliance with applicable laws and regulations and monitoring the results of these compliance efforts; 20. Reporting through its Chairman to the Board of Directors following the meetings of the Audit Committee; 21. Maintaining minutes or other records of meetings and activities of the Audit Committee; 22. Reviewing the powers of the Committee annually and reporting and making recommendations to the Board of Directors on these responsibilities; 23. establishing procedures for: (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal

accounting controls, or auditing matters; and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable auditing or accounting matters; 24. Conducting or authorizing investigations into any matters within the Audit Committee's scope of responsibilities. The Audit Committee shall be empowered to retain independent counsel, accountants, or others to assist it in the conduct of any investigation; and 25. Considering such other matters in relation to the financial affairs of the Company and its accounts, and in relation to the internal and external audit of the Company as the Audit Committee may, in its discretion, determine to be advisable. Resources and Authority of the Committee The Committee shall be directly responsible for the appointment, compensation, retention and oversight of the work of the independent auditor (including resolution of disagreements between management and the auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company. The independent audit firm must report directly to the Committee. The Committee shall have the resources and authority appropriate to discharge its responsibilities, including: (i) the authority to engage and compensate independent auditors for the purpose of preparing or issuing an audit report, or performing other audit, review or attest services, and other procedures; (ii) to retain and compensate counsel and other experts or consultants; and (iii) to provide for its members to take advantage of opportunities for further education regarding the performance of their duties. The Company shall provide the Committee with appropriate funding, as determined by the Committee for such purposes. 3 PROXY COMMUNITY BANKSHARES, INC. PROXY SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS FOR ANNUAL MEETING OF SHAREHOLDERS - Monday, May 17, 2004 E. J. Ayers and Michael A. Wolfe, or either of them, with full power of substitution, are hereby appointed as agent(s) of the undersigned to vote as proxies all of the shares of Common Stock of Community Bankshares, Inc. held of record by the undersigned on the Record Date at the Annual Meeting of Shareholders to be held on May 17, 2004, and at any adjournment thereof, as follows: 1. Election of [ ] FOR all nominees listed [ ] WITHHOLD AUTHORITY Directors. below to vote for all nominees listed below WITHHOLD AUTHORITY only on the following nominees:_________
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____ Instructions: To withhold authority to vote for any individual(s), write the nominee's(s') name(s) on the line above. NOMINEES: Three Year Terms: Anna O. Dantzler, William A. Harwell, Richard L. Havekost, William H. Nock, Samuel F. Reid, Jr. and William W. Traynham Two Year Term: Keith W. Buckhouse 2. Amendment to the 1997 Stock Option Plan to increase by 300,000 shares the number of shares of common stock reserved for issuance upon exercise of options under the 1997 Stock Option Plan. [ ] FOR [ ] AGAINST [ ] ABSTAIN 3. And, in the discretion of said agents, upon such other business as may properly come before the meeting, and matters incidental to the conduct of the meeting. (Management at present knows of no other business to be brought before the meeting.) THE PROXIES WILL BE VOTED AS INSTRUCTED. IF NO CHOICE IS INDICATED WITH RESPECT TO A MATTER WHERE A CHOICE IS PROVIDED, THIS PROXY WILL BE VOTED "FOR" SUCH MATTER. Please sign exactly as name appears below. When signing as attorney, executor, administrator, trustee, or guardian, please give full title. If more than one trustee, all should sign. All joint owners must sign. Dated: , 2004 ____ -------------
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