

CAMDEN NATIONAL CORP
Form 11-K
June 28, 2004

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 11-K

(Mark one)

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [FEE REQUIRED]

For the fiscal year ended: December 31, 2003

OR

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]

For the transition period from _____ to _____

Commission file number 01-28190

Full title of the plan and the address of the plan, if different from that of the issuer named below:

Camden National Corporation Retirement Savings 401(k) Plan

Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

Camden National Corporation

2 Elm Street

Camden, Maine 04843

REQUIRED INFORMATION

The Camden National Corporation Retirement Savings 401(k) Plan (the Plan) is subject to the Employee Retirement Income Security Act of 1974 (ERISA). Therefore, in lieu of the requirements of Items 1-3 of Form 11-K, the financial statements and supplemental schedule of the Plan for the two fiscal years ended December 31, 2003 and 2002, have been prepared in accordance with the financial reporting requirements of ERISA, are attached hereto as Appendix 1 and incorporated herein by reference.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Committee to administer the Camden National Corporation Retirement Savings 401(k) Plan has duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

Camden National Corporation Retirement Savings 401(k) Plan

By: /s/ Katherine Brooks

Date: June 28, 2004

Katherine Brooks
Vice President, Human Resources
Committee Member

By: /s/ Robert W. Daigle

Date: June 28, 2004

Robert W. Daigle
President & CEO
Committee Member

Appendix 1

CAMDEN NATIONAL CORPORATION

RETIREMENT SAVINGS 401(k) PLAN

FINANCIAL STATEMENTS

and

SUPPLEMENTAL INFORMATION

December 31, 2003 and 2002

With Independent Auditors Report

INDEPENDENT AUDITORS REPORT

Audit Committee

Camden National Corporation Retirement Savings 401(k) Plan

We have audited the accompanying statements of net assets available for benefits of Camden National Corporation Retirement Savings 401(k) Plan as of December 31, 2003 and 2002, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of Camden National Corporation Retirement Savings 401(k) Plan as of December 31, 2003 and 2002 and the changes in net assets available for benefits for the years then ended in conformity with U.S. generally accepted accounting principles.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at end of year) is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplementary information is the responsibility of the Plan's management. The supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Berry, Dunn, McNeil & Parker

Portland, Maine

April 26, 2004

CAMDEN NATIONAL CORPORATION RETIREMENT SAVINGS 401(k) PLAN

Statements of Net Assets Available for Benefits

December 31, 2003 and 2002

	<u>2003</u>	<u>2002</u>
Investments, at fair value	\$ 14,446,791	\$ 11,486,854
Contributions receivable		
Participants		59
Employer	228,690	353,202
Total contributions receivable	228,690	353,261
Net assets available for benefits	\$ 14,675,481	\$ 11,840,115

The accompanying notes are an integral part of these financial statements.

CAMDEN NATIONAL CORPORATION RETIREMENT SAVINGS 401(k) PLAN

Statements of Changes in Net Assets Available for Benefits

Years Ended December 31, 2003 and 2002

	<u>2003</u>	<u>2002</u>
Additions to net assets attributed to:		
Investment income (loss)		
Interest and dividends	\$ 241,532	\$ 89,216
Net appreciation (depreciation) in fair value of investments	2,159,091	(422,138)
	<u>2,400,623</u>	<u>(332,922)</u>
Net investment gain (loss)		
Contributions		
Employer	634,086	766,875
Participants	912,708	855,057
Rollovers	173,478	552,403
	<u>1,720,272</u>	<u>2,174,335</u>
Total contributions		
Net assets transferred from related plan		2,757,283
	<u>4,120,895</u>	<u>4,598,696</u>
Total additions		
Deductions from net assets attributed to:		
Benefits paid to participants	1,283,204	597,906
Administrative fees	2,325	1,725
	<u>1,285,529</u>	<u>599,631</u>
Total deductions		
Increase in net assets available for benefits	2,835,366	3,999,065
Net assets available for benefits		
Beginning of year	11,840,115	7,841,050
	<u>\$ 14,675,481</u>	<u>\$ 11,840,115</u>
End of year		

The accompanying notes are an integral part of these financial statements.

CAMDEN NATIONAL CORPORATION RETIREMENT SAVINGS 401(k) PLAN

Notes to Financial Statements

December 31, 2003 and 2002

1. Description of Plan

The following description of the Camden National Corporation Retirement Savings 401(k) Plan (the Plan) provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

General

The Plan is a defined contribution plan covering all employees of Camden National Corporation (the Corporation) and its subsidiaries, Camden National Bank, Acadia Trust, N.A., and UnitedKingfield Bank, who have at least 30 days of service and are age twenty-one or older. Effective December 31, 2002, employees of Acadia Trust, N.A., became participants in the Plan. Under the provisions of the Plan, investment activity is directed by individual participants. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Contributions

Participants may contribute the maximum amount allowed by law, but in no event more than \$12,000 in 2003 and \$11,000 in 2002. The Corporation matches 100% of employees' contributions, up to 3% of salary, and 50% of employees' contributions that exceed 3% of salary, but do not exceed 5% of salary. The Corporation may also make additional discretionary matching and profit sharing contributions. Contributions are subject to certain limitations.

Vesting

Participants are immediately vested in their voluntary contributions plus actual earnings thereon, safe harbor matching contributions and discretionary matching contributions. Vesting in the Company profit sharing portion of their accounts plus earnings thereon is based on a seven year graded vesting schedule.

Participant Loans

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Participants may borrow, from their accounts, a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50 percent of their vested account balance, whichever is less. The loans are secured by the balance in the participant's account and bear interest at rates, which are commensurate with local prevailing rates as determined by the Plan administrator. Principal and interest is paid ratably through payroll deductions.

Administrative Expenses

Substantially all administrative expenses are paid by the Corporation.

CAMDEN NATIONAL CORPORATION RETIREMENT SAVINGS 401(k) PLAN

Notes to Financial Statements

December 31, 2003 and 2002

Payment of Benefits

On termination of service due to death, disability or retirement, a participant may elect to receive an amount equal to the value of the participant's vested interest in his or her account in either a lump-sum amount, or a 50% joint and survivor annuity. For termination of service due to other reasons, a participant may receive the value of the vested interest in his or her account as a lump-sum distribution.

2. Summary of Accounting Policies

Benefit Payments

Benefits are recorded when paid.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

3. Investments

Investments are recorded at their fair values. Quoted market prices are used to determine the fair values. Shares of mutual funds are valued at the net asset value of shares held by the Plan at year-end. Participant loans are valued at their principal amount, which approximates fair value.

Investments that represent 5% or more of the Plan's net assets are as follows:

2003

2002

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Northern Institutional Money Market Account	\$ 34,187	\$ 2,727,326
UnitedKingfield Bank Money Market Account	2,877,506	1,450,375
Janus Fund	1,217,609	836,449
Fidelity Growth and Income Fund	1,703,320	1,076,813
T. Rowe Price New Horizons Fund	799,390	451,625
Camden National Corporation common stock	1,158,598	1,712,440
Brandywine Fund	867,846	
Fidelity Low-Priced Stock Fund	1,106,396	
Franklin Mutual Series Beacon Fund	1,402,772	
Vanguard Bond Index Total Market Fund	889,300	

CAMDEN NATIONAL CORPORATION RETIREMENT SAVINGS 401(k) PLAN
Notes to Financial Statements**December 31, 2003 and 2002**

The Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated (depreciated) in value as follows:

	<u>2003</u>	<u>2002</u>
Mutual funds	\$ 1,880,654	\$ (1,027,300)
Common stock	276,425	605,162
	<u>\$ 2,157,079</u>	<u>\$ (422,138)</u>

4. Tax Status

The Plan obtained its latest determination letter dated April 2003, in which the Internal Revenue Service stated that the Plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code. The Plan administrator believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code.

5. Plan Termination

Although it has not expressed any intention to do so, the Corporation has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions set forth in ERISA.

6. Party-In-Interest Transactions

Acadia Trust, N.A. (Acadia) is the Plan's trustee. Employees of Acadia are also covered by the Plan, because Acadia is a wholly-owned subsidiary of Camden National Corporation. Compensation for services provided is paid directly by the Plan sponsor.

The Plan owned 38,162 and 70,762 shares of Camden National Corporation common stock valued at \$1,158,598 and \$1,712,440 at December 31, 2003 and 2002, respectively. Accordingly, these transactions qualify as party-in-interest.

7. **Transfer of Assets from Related Plan**

Effective December 31, 2002, all assets from the Acadia Trust, N.A. Profit Sharing Plan, a related plan, were transferred to the Camden National Corporation Retirement Savings 401(k) Plan. Assets transferred into the Plan totaled \$2,757,283.

CAMDEN NATIONAL CORPORATION RETIREMENT SAVINGS 401(k) PLAN

Schedule H, Line 4i Schedule of Assets (Held at End of Year)

EIN: 01-0413282 Plan #002

Required for IRS Form 5500

December 31, 2003

(a)	(b)	(c)		(e)
		Description of Investment	Rate of Interest, Collateral,	
	Identity of Issue, Borrower,	Including Maturity Date,		
	Lessor, or Similar Party	Par or Maturity Value		Value
	Northern Institutional Money Market Account	Money Market		\$ 34,187
*	UnitedKingfield Bank Money Market Account	Money Market		2,877,506
	Vanguard Bond Index Total Market Fund	Mutual Fund		889,300
	Vanguard Wellesley Income Fund	Mutual Fund		610,984
	Vanguard LifeStrategy Income Fund	Mutual Fund		245,275
	Vanguard LifeStrategy Conservative Growth Fund	Mutual Fund		182,882
	Vanguard LifeStrategy Moderate Growth Fund	Mutual Fund		143,404
	Vanguard LifeStrategy Growth Fund	Mutual Fund		139,559
	Fidelity Growth and Income Fund	Mutual Fund		1,703,320
	Janus Fund	Mutual Fund		1,217,609
	Franklin Mutual Series Beacon Fund	Mutual Fund		1,402,772
	Brandywine Fund	Mutual Fund		867,846
	Fidelity Low-Priced Stock Fund	Mutual Fund		1,106,396
	T. Rowe Price New Horizons Fund	Mutual Fund		799,390
	T. Rowe Price International Stock Fund	Mutual Fund		287,643
	Janus Worldwide Fund	Mutual Fund		464,994
*	Camden National Corporation	Common Stock, 38,162 shares		1,158,598
	Federated U.S. Treasury Cash Reserve	Cash management assets		24,430
*	Participant loans	4.00% - 9.75%, 10 years		
		or less original maturity		290,696
				<u>\$ 14,446,791</u>

* Indicates party-in-interest to the Plan

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statement No. 333-108214 of Camden National Corporation on Form S-8 of our report dated April 26, 2004, appearing in this Annual Report on Form 11-K of Camden National Corporation Retirement Savings 401(k) Plan for the year ended December 31, 2003.

/s/ Berry, Dunn, McNeil & Parker

Portland, Maine

April 26, 2004