

FIRST COMMONWEALTH FINANCIAL CORP /PA/
Form DEF 14A
March 16, 2017
Table of Contents

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

SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

Filed by the Registrant Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to 167;240.14a-12

First Commonwealth Financial Corporation

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

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(1) Amount Previously Paid:

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(3) Filing Party:

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Table of Contents

FIRST COMMONWEALTH FINANCIAL CORPORATION

601 Philadelphia Street

Indiana, Pennsylvania 15701

Notice of 2017 Annual Meeting of Shareholders

To Our Shareholders:

The 2017 Annual Meeting of Shareholders of First Commonwealth Financial Corporation will be held at First Commonwealth Place, 654 Philadelphia Street, Indiana, Pennsylvania 15701 on Tuesday, April 25, 2017, beginning at 2:00 p.m., Eastern Time, to consider and vote on the following matters:

1. Electing to our Board of Directors the twelve (12) nominees who are named in the enclosed proxy statement to serve until the next annual meeting and until their successors are elected and qualified;
2. Ratifying the Audit Committee's selection of KPMG LLP as our independent registered public accounting firm for 2017;
3. Approving a non-binding advisory vote on the compensation of our named executive officers;
4. Approval of a non-binding advisory vote on the frequency of the non-binding advisory vote on the compensation of our named executive officers; and
5. Such other business as may properly come before the meeting.

The record date for the meeting was March 1, 2017. We sent shareholders of record as of the close of business on the record date a Notice of Internet Availability of Proxy Materials on or about March 16, 2017. Instructions on how to receive a printed copy of our proxy materials are included in the notice.

Whether or not you plan to attend the meeting in person, please sign, date and return the enclosed proxy card as promptly as possible so that your shares will be represented at the meeting.

March 16, 2017

By Order of the Board of Directors,

Matthew C. Tomb

Secretary

Table of Contents

TABLE OF CONTENTS

	Page
<u>PROXY SUMMARY</u>	1
<u>STOCK OWNERSHIP OF CERTAIN BENEFICIAL OWNERS</u>	4
<u>STOCK OWNERSHIP OF DIRECTORS AND MANAGEMENT</u>	5
<u>CORPORATE GOVERNANCE</u>	6
<u>Corporate Governance Policies</u>	6
<u>Composition and Diversity of the Board</u>	7
<u>Independence of Directors</u>	8
<u>Oversight of Risk</u>	9
<u>Audit Committee</u>	9
<u>Compensation and Human Resources Committee</u>	10
<u>Governance Committee</u>	10
<u>Risk Committee</u>	10
<u>Code of Conduct and Ethics</u>	11
<u>Where to Find Governance Documents</u>	11
<u>Communicating with Directors</u>	11
<u>COMPENSATION OF DIRECTORS</u>	12
<u>PROPOSAL 1 ELECTION OF DIRECTORS</u>	14
<u>Appointment of DCB Financial Corp Director</u>	18
<u>PROPOSAL 2 RATIFICATION OF INDEPENDENT ACCOUNTING FIRM</u>	19
<u>AUDIT INFORMATION</u>	20
<u>Report of the Audit Committee</u>	20
<u>PROPOSAL 3 ADVISORY VOTE ON EXECUTIVE COMPENSATION</u>	22
<u>PROPOSAL 4 FREQUENCY OF VOTE ON EXECUTIVE COMPENSATION</u>	23
<u>EXECUTIVE COMPENSATION</u>	24
<u>Compensation Discussion and Analysis</u>	24
<u>Summary Compensation Table</u>	41
<u>Grants of Plan-Based Awards</u>	42
<u>Outstanding Equity Awards at Fiscal Year-End</u>	43
<u>Option Exercises and Stock Vested</u>	43
<u>Nonqualified Deferred Compensation</u>	44
<u>Compensation Policies and Practices Relating to Risk Management</u>	45
<u>Potential Payments Upon Termination or Change of Control</u>	46
<u>SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</u>	52
<u>RELATED PARTY TRANSACTIONS</u>	52
<u>ANNUAL MEETING INFORMATION</u>	53
<u>REQUIREMENTS FOR DIRECTOR NOMINATIONS AND SHAREHOLDER PROPOSALS</u>	57
<u>HOUSEHOLDING OF PROXY MATERIALS</u>	60
<u>ANNUAL REPORT ON FORM 10-K</u>	61
<u>ACCESSING PROXY MATERIALS</u>	61

Table of Contents

**PROXY STATEMENT FOR THE
FIRST COMMONWEALTH FINANCIAL CORPORATION
2017 ANNUAL MEETING OF SHAREHOLDERS**

We are sending this proxy statement and the accompanying proxy card to you as a shareholder of First Commonwealth Financial Corporation, in connection with the solicitation of proxies for the Annual Meeting of Shareholders (the Annual Meeting).

First Commonwealth's Board of Directors is soliciting proxies for use at the Annual Meeting, or at any postponement or adjournment of the Annual Meeting. Only shareholders of record as of the close of business on March 1, 2017 will be entitled to vote at the Annual Meeting.

In this proxy statement, the Company, First Commonwealth, we, our or us all refer to First Commonwealth Financial Corporation and its subsidiaries. We also refer to the Board of Directors of First Commonwealth Financial Corporation as the Board.

PROXY SUMMARY

Here we present an overview of information that you will find throughout this proxy statement. As this is only a summary, we encourage you to read the entire proxy statement for more information about these topics prior to voting.

ANNUAL MEETING

Time and Date: 2:00 p.m., EST, Tuesday, April 25, 2017

Place: First Commonwealth Place
654 Philadelphia Street
Indiana, Pennsylvania 15701

Record Date: Close of business on March 1, 2017

How to Vote: By Internet, Telephone or Mail. Refer to the Notice of Availability of Proxy Materials and the proxy card for instructions.

SHAREHOLDER VOTING MATTERS

Proposal	Board's Voting Recommendation	Page Reference
1. Election of Directors	FOR all nominees	14 to 18
2. Ratification of Independent Accounting Firm	FOR	19 to 21

3. Advisory Vote on Executive Compensation	FOR	22 to 22
4. Advisory Vote on Frequency of Vote on Executive Compensation	ONE YEAR	23 to 23

Table of Contents**OUR DIRECTOR NOMINEES**

You are being asked to vote on the election of the twelve (12) director nominees listed below. Detailed information about each nominee's background, skills and expertise can be found under Proposal 1 Election of Directors.

Committee Memberships**Name****Current Position**

Julie A. Caponi	55	2007	YES	Chair	🌑
Assistant Treasurer of Arconic					
Ray T. Charley	65	1998	YES		🌑 🌑
Chief Executive Officer of Thomi Co.					
Gary R. Claus	64	2011	YES	🌑	🌑
Partner of Boyden					
Retired Partner of PWC					
David S. Dahlmann	67	1998	YES		🌑 🌑
Chairman of First Commonwealth Financial Corporation					
Johnston A. Glass	67	1986	YES		🌑 Chair
Retired President and CEO of First Commonwealth Bank					
Jon L. Gorney	66	2013	YES		Chair 🌑
Retired Executive Vice President of National City Corporation					
David W. Greenfield	66	2010	YES		🌑 🌑
Retired General Counsel of Kennametal, Inc.					
Luke A. Latimer	40	2011	YES		🌑 🌑
Chairman, CEO & Treasurer of R&L Development, Inc.					

T. Michael Price

President and CEO of First Commonwealth Financial Corporation
Laurie Stern Singer

54 2012 NO

Consultant; Former President of Allegheny Valley Development Co.
Robert J. Ventura

65 1998 YES 🌑 Chair

Executive Managing Director of Ventura Group LLC
Stephen A. Wolfe

67 2004 YES 🌑 Chair

President and CEO of Indiana Regional Medical Center

52 N/A YES

* The Credit Committee is a Committee of the Board of Directors of our subsidiary bank.

Table of Contents**CORPORATE GOVERNANCE FACTS**

We recognize that corporate governance is the foundation of sustainable growth. Our governance policies and structures, summarized in the table below, are designed to promote thoughtful consideration of business actions and appropriate risk taking, with the goal of producing strong business results for our shareholders.

Board and Governance Information

Size of Board	12
Number of Independent Directors	11
Average Age of Directors	60
Board Meetings held in 2016	10
Annual Election of Directors	Yes
Mandatory Retirement Age	75
Majority Voting in Director Elections	Yes
Separate Chair and CEO	Yes
Independent Directors Meet Without Management Present	Yes

Annual Board and Committee Evaluations

Yes

Board Orientation and Continuing Education Program

Yes

Board Risk Committee

Yes

Codes of Conduct for Directors, Officers and Employees

Yes

Stock Ownership Guidelines for Directors and Executive Officers

Yes

Anti-Hedging and Pledging Policies

Yes

Recoupment (Clawback) Policy

Yes

Table of Contents**STOCK OWNERSHIP OF CERTAIN BENEFICIAL OWNERS**

The following table sets forth certain information concerning the persons known by us to be the beneficial owners of more than 5% of the outstanding shares of our common stock.

Name and Address	Number of Shares	
	Beneficially Owned	Percentage of Class
BlackRock, Inc. 55 East 52nd Street New York, NY 10055	10,250,298 ⁽¹⁾	11.5%
Dimensional Fund Advisors LP Building One 6300 Bee Cave Road Austin, Texas 78746	7,553,587 ⁽²⁾	8.49%
The Vanguard Group, Inc. 100 Vanguard Blvd. Malvern, PA 19355	7,895,178 ⁽³⁾	8.87%

(1) Based on the information provided pursuant to a statement on Schedule 13G filed with the SEC on January 12, 2017 by BlackRock, Inc. reporting the holdings of BlackRock, Inc. and its subsidiaries as of December 31, 2016. According to the Schedule 13G, BlackRock, Inc. or its subsidiaries held sole voting power with respect to 10,025,120 shares and sole dispositive power over all of the reported shares.

(2) Based on information provided pursuant to a statement on Schedule 13G filed with the SEC on February 9, 2017 by Dimensional Fund Advisors LP reporting holdings, as of December 31, 2016, of certain funds to which Dimensional Fund Advisors LP furnishes investment advice. Dimensional Fund Advisors LP disclaims beneficial ownership of the reported shares. According to the Schedule 13G, Dimensional Fund Advisors LP held sole voting power over 7,264,725 shares and sole dispositive power over all of the reported shares.

(3) Based on information provided pursuant to a statement on Schedule 13G filed with the SEC on February 10, 2017 by The Vanguard Group, Inc. reporting the holdings of The Vanguard Group, Inc. and its subsidiaries as

of December 31, 2016. According to the Schedule 13G, The Vanguard Group, Inc. held sole voting power over 106,409 shares, shared voting power over 16,896 shares, sole dispositive power over 7,776,701 shares and shared dispositive power over 118,477 shares.

Table of Contents**STOCK OWNERSHIP OF DIRECTORS AND MANAGEMENT**

The following table sets forth certain information as of the March 1, 2017 record date with respect to beneficial ownership of our common stock by: (i) each director and nominee; (ii) each Named Executive Officer (NEO) listed in the Summary Compensation Table under the section of this proxy statement entitled Executive Compensation, and (iii) all directors and executive officers as a group. As of the record date, there were 89,100,940 shares of common stock outstanding. Unless otherwise indicated, all persons named as beneficial owners of the Company's common stock have sole voting power and sole investment power with respect to the shares indicated as beneficially owned.

Name of Beneficial Owner	Shares Beneficially Owned		Percentage Owned
James G. Barone	25,617	(1)	*
Julie A. Caponi	39,377		*
Ray T. Charley	290,530	(2)	*
Gary R. Claus	30,859		*
David S. Dahlmann	52,862		*
I. Robert Emmerich	42,290	(3)	*
Johnston A. Glass	78,373		*
Jon L. Gorney	16,352		*
Jane Grebenc	62,501		*
David W. Greenfield	27,871		*
Luke A. Latimer	334,540	(4)	*
Norman J. Montgomery	52,434		*
T. Michael Price	219,571		*
James R. Reske	36,063		*
Laurie S. Singer	49,191	(5)	*
Robert J. Ventura	43,319		*
Stephen A. Wolfe	0		*
All directors and executive officers as a group (21 persons)	1,528,762		1.72%

* Less than 1%

(1) Mr. Barone is not standing for re-election. His term will expire at our annual meeting.

(2) Includes 267,174 shares held by Charley Family Investments, LP, for which Mr. Charley has sole voting and investment power as manager of the general partner of the partnership, and 18,000 shares held by trusts for Mr. Charley's children of which Mr. Charley has sole voting and investment power as trustee.

- (3) Mr. Emmerich retired as Executive Vice President and Chief Credit Officer effective December 31, 2016. The table reflects the most current information available to the Company regarding shares owned by Mr. Emmerich.
- (4) Includes 205,000 shares held by Berkshire Securities Corporation for which Mr. Latimer is deemed to share voting and investment power in his capacity as a Director of Berkshire Securities Corporation.
- (5) Does not include 4,100 shares held in a trust for Ms. Singer's spouse as to which Ms. Singer disclaims beneficial ownership.

Table of Contents

CORPORATE GOVERNANCE

The Board of Directors is responsible for overseeing the management of the Company's business and affairs. The Board measures the effectiveness of its oversight using a balanced scorecard which is comprised of three themes:

Leadership and Accountability – the Board's responsibility for appointing and retaining strong and qualified leaders and holding those leaders accountable for corporate performance;

Strategic Direction and Execution – the Board's responsibility to approve the Company's strategy and oversee its execution by management; and

Risk Oversight – the Board's responsibility to establish the Company's risk appetite and ensure that the Company's strategies and risk management practices are aligned with the risk appetite.

Sound corporate governance provides the foundation which enables the Board to effectively carry out these responsibilities. This section discusses First Commonwealth's corporate governance policies and practices, as well as the composition of the Board and its standing committees.

Corporate Governance Policies

The Board of Directors has adopted Corporate Governance Guidelines which codify our corporate governance policies and reflect our commitment to following corporate governance best practices. Below is a summary of the significant guidelines that we follow.

Separation of Chairman and CEO. We believe that the roles of Chairman of the Board and Chief Executive Officer should be held by separate persons and that the Chairman of the Board should be an independent director. This separation establishes an appropriate division of the Board's oversight role from the management responsibilities of the officers and employees of the Company. Consistent with this principle, our current Chairman, David S. Dahlmann, is a non-executive independent director.

Majority Voting in Director Elections. Under our Corporate Governance Guidelines, any director who does not receive a majority of votes cast for his or her election in an uncontested election must tender his or her resignation promptly following the failure to receive the required vote. Within