

People's United Financial, Inc.  
Form DEF 14A  
March 07, 2018  
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**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**

**(Amendment No. )**

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 §240.14a-12

**People's United Financial, Inc.**

**(Name of Registrant as Specified In Its Charter)**

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

Payment of Filing Fee (Check the appropriate box):

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No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

- (1) Title of each class of securities to which the transaction applies:
  
- (2) Aggregate number of securities to which the transaction applies:
  
- (3) Per unit price or other underlying value of the transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
  
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- (1) Amount previously paid:
  
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PROXY STATEMENT

2018 Annual Meeting of Shareholders

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March 7, 2018

Dear Shareholder:

On behalf of the board of directors of People's United Financial, Inc., I cordially invite you to attend our 2018 annual meeting of shareholders at 850 Main Street, Bridgeport, Connecticut on Thursday, April 19, 2018 at 10:00 a.m. The accompanying proxy statement details the actions on which you are asked to vote at the annual meeting. Please read it carefully.

Whether or not you choose to join us at the annual meeting, it is important that your shares are represented and voted at the meeting. I urge you to vote your proxy which you can do electronically online, by telephone or by mail. If you choose to vote by mail, please complete, sign and date the proxy card and return it promptly in the postage-paid envelope to ensure that your shares are represented. If you have any questions about your proxy card, voting procedures or other matters set forth in the proxy statement, please feel free to call our Investor Relations department at 203-338-7228.

On behalf of our board of directors, our management team and all of our employees, I want to thank you for your investment in People's United Financial and the continued opportunity to work for you.

Sincerely,

John P. Barnes

President and Chief Executive Officer

*People's United Financial, Inc. 850 Main Street, P.O. Box 1580 Bridgeport, Connecticut 06601-1580  
203-338-7171*

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**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**TO BE HELD ON APRIL 19, 2018**

NOTICE IS HEREBY GIVEN that the annual meeting of shareholders of People's United Financial, Inc. ( People's United ) will be held on Thursday, April 19, 2018, at 10:00 a.m. local time at 850 Main Street, Bridgeport, Connecticut, for the following purposes:

1. To elect twelve directors;
2. To cast a non-binding advisory vote to approve the compensation of our named executive officers as disclosed in this proxy statement;
3. To ratify the appointment of KPMG LLP as our independent registered public accounting firm for the year ending December 31, 2018; and
4. To act on any other proposal that may properly come before the annual meeting or any adjournment or postponement thereof.

We have fixed the close of business on February 23, 2018 as the record date for determination of shareholders entitled to notice of and to vote at the 2018 annual meeting or at any adjournment or postponement thereof. Record holders of People's United common stock as of the record date are entitled to vote at the annual meeting.

A list of the holders of People's United common stock entitled to vote at the annual meeting will be available for inspection on request by any People's United shareholder for any purpose germane to the annual meeting at our headquarters, located at 850 Main Street, Bridgeport, Connecticut 06604, during normal business hours beginning no later than ten days prior to the date of the annual meeting and continuing through the date of the annual meeting.

**If you wish to attend the annual meeting in person, please read *Attending the Annual Meeting* later in the Proxy Statement for information about what you will have to bring with you in order to be admitted to the meeting.**

We urge you to complete and return promptly the accompanying proxy, whether or not you plan to attend the annual meeting. You may cast your vote electronically, by telephone or instead by mail if you so choose.

By Order of the Board of Directors

Robert E. Trautmann, Secretary

Bridgeport, Connecticut

March 7, 2018

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***Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to Be Held on April 19, 2018: This Proxy Statement and our Annual Report are available free of charge at [www.proxyvote.com](http://www.proxyvote.com).***

*People's United Financial, Inc. 850 Main Street, P.O. Box 1580 Bridgeport, Connecticut 06601-1580  
203-338-7171*

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**PROXY STATEMENT**

**2018 Annual Meeting of Shareholders**

***PROXY SUMMARY***

**General**

We are furnishing this proxy statement to our shareholders in connection with the solicitation of proxies by our board of directors for use at the 2018 annual meeting of shareholders to be held on Thursday, April 19, 2018 at 10:00 a.m. local time at 850 Main Street, Bridgeport, Connecticut. At the 2018 annual meeting, holders of our common stock, \$0.01 par value per share, will be asked to elect twelve directors; to cast a non-binding advisory vote to approve the compensation of our named executive officers as disclosed in this proxy statement; to ratify the appointment of KPMG LLP as our independent registered public accounting firm for the year ending December 31, 2018; and to act on any other proposal that may properly come before the annual meeting or any adjournment or postponement thereof.

We are furnishing this proxy statement and the enclosed form of proxy to our shareholders beginning on or about March 7, 2018.

**Proxies**

The accompanying form of proxy is for use at the 2018 annual meeting if you will be unable to attend in person or wish to have your shares voted by proxy even if you do attend the meeting. Instead of completing the accompanying form of proxy, you may cast a vote electronically or by telephone, by following the instructions printed on the proxy card.

We will bear the entire cost of soliciting proxies. In addition to the solicitation of proxies by mail, we will request banks, brokers and other record holders to send proxies and proxy material to the beneficial owners of our stock and secure their voting instructions, if necessary. We will reimburse those record holders for their reasonable expenses in doing so. We may also use our regular employees, who will not be specially compensated, to solicit proxies from shareholders, either personally or by telephone, facsimile, other electronic means, or special or express delivery letter.

***SHAREHOLDERS ENTITLED TO VOTE***

**Record Date and Voting Rights**

The board of directors has fixed February 23, 2018 as the record date for determining our shareholders entitled to notice of and to vote at the 2018 annual meeting. Only holders of record of shares of common stock at the close of business on that date are entitled to notice of and to vote at the annual meeting. On the record date, there were approximately 17,500 holders of record of our common stock and 347,438,912 shares of our common stock outstanding.

***VOTING PROCEDURES AND METHOD OF COUNTING VOTES***

### **Quorum Requirements**

Shares representing a majority of the votes entitled to be cast at the annual meeting must be present in person or by proxy at the annual meeting in order for a quorum to be present. Shares of common stock present but not voting, and shares for which proxies have been received but with respect to which holders of such shares

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have abstained, will be counted as present for purposes of determining the presence or absence of a quorum for the transaction of business at the annual meeting. Shares represented by proxies returned by a bank or broker holding such shares in nominee or street name will be counted for purposes of determining whether a quorum exists, even if those shares are not voted on matters where discretionary voting by the broker is not allowed (known as broker non-votes).

## **Votes Required to Adopt Proposals**

Each share of common stock entitles a holder of record on the record date to one vote on each matter to be presented at the annual meeting, and all such shares vote together as a single class. The voting requirements for each matter presented are as follows:

For a nominee to be elected as a director, more votes must be cast for that nominee than are cast against that nominee.

The affirmative vote of a majority of the shares present or represented by proxy and entitled to vote at the annual meeting is necessary for advisory approval of the compensation of our named executive officers as disclosed in this proxy statement. Your vote on this item is advisory and will not be binding. However, the board of directors and Compensation, Nominating and Governance Committee (CNGC) expect to take the outcome of the vote into account in connection with future executive compensation decisions.

The affirmative vote of a majority of the shares present or represented by proxy and entitled to vote at the annual meeting is necessary to ratify the appointment of KPMG LLP as our independent registered public accounting firm for the year ending December 31, 2018.

## **Effect of Abstentions and Broker Non-Votes**

Abstentions and broker non-votes will have no effect on the outcome of voting for the election of directors, on the advisory vote regarding approval of the compensation of our named executive officers disclosed in this proxy statement, or on the ratification of the appointment of KPMG LLP as our independent registered public accounting firm.

## **Voting by Shareholders of Record**

If you held your People's United shares directly through our transfer agent, Computershare, as of the record date, you can vote your shares using any of the following methods:

*Online* as prompted by the menu found at [www.proxyvote.com](http://www.proxyvote.com); follow the instructions to obtain your records and submit an electronic ballot. Please have your Notice Regarding the Availability of Proxy Materials (the Notice) or proxy card in hand when you access the voting site.

*By telephone* call 1-800-690-6903 and then follow the voice instructions. Please have your Notice or proxy card in hand when you call.

*By mail* if you received printed proxy materials and would like to vote by mail, complete and sign the accompanying proxy card and return it in the postage paid envelope provided.

*QR Code* by scanning the QR Code on your proxy card or Notice with your mobile device.

*In person* if you attend the annual meeting, you may vote in person at the meeting. Please see *Attending the Annual Meeting for the requirements you will have to follow if you plan to come to the annual meeting.*

### **Voting by Other Shareholders**

If you held your People's United shares through a bank or broker (known as beneficial ownership), you will receive instructions directly from your bank or broker telling you how you can vote your shares. You can also vote your shares in person at the annual meeting, but you will need to ask your bank or broker to give you a

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legal proxy in order to do so. The voting instruction form you receive from your bank or broker is not a legal proxy. Please see *Attending the Annual Meeting* for the requirements you will have to follow if you plan to come to the annual meeting.

## ***REVOCATION OF PROXIES/VOTING OF SHARES***

You can revoke a vote cast by proxy at any time before the proxy is exercised. If you are a shareholder of record, you can do so by submitting to our corporate secretary a written notice of revocation or a properly executed proxy bearing a later date, by casting a subsequent vote by telephone or electronically, or by attending the meeting and voting in person. Attendance at the annual meeting will not in and of itself constitute revocation of a proxy or other previously cast vote. You should address any written notices of revocation and other communications with respect to the revocation of proxies to: People's United Financial, Inc., 850 Main Street, Bridgeport, Connecticut 06604, Attention: Corporate Secretary.

If you are not a shareholder of record, the materials sent to you by your bank or broker will tell you how you can change your voting instructions. If you wish to change your vote by voting your shares in person at the annual meeting, you will need to ask your bank or broker to give you a legal proxy in order to do so.

All shares of common stock represented by properly submitted proxies received pursuant to this solicitation, and not subsequently revoked, will be voted at the annual meeting in the manner specified by the shareholder submitting the proxy. If no specification is made, the proxies will be voted **for** the election of each of the nominees for director identified in this proxy statement; **for** the advisory vote to approve the compensation of our named executive officers as disclosed in this proxy statement; **for** ratification of the appointment of KPMG LLP as our independent registered public accounting firm for the year ending December 31, 2018; and in the discretion of the proxy holders, as to any other matter that may properly come before the annual meeting.

## ***ATTENDING THE ANNUAL MEETING***

If you plan to attend the annual meeting in person, you will need to bring a form of official photo ID (such as a driver's license), along with either your Notice, proxy card or other proof of stock ownership with you to the meeting. If you are a beneficial owner but not a shareholder of record, you must present both a form of official photo ID and proof of ownership consisting of a bank or brokerage account statement.

**We may refuse admission to anyone who is not a shareholder or does not comply with these requirements.**

## ***HOUSEHOLDING***

SEC rules and regulations permit householding, meaning that we are allowed to deliver only one copy of the Notice or Annual Report on Form 10-K, notice of annual meeting and proxy statement to two or more shareholders who share an address. If you previously consented to householding, you will receive one copy of the Notice or Annual Report on Form 10-K, notice of annual meeting and proxy statement for all residents who own shares of our common stock. If you wish to revoke your consent to householding and receive a separate copy of the Notice or Annual Report on Form

10-K, notice of annual meeting and proxy statement, you may direct your request to Broadridge by calling 1-866-540-7095 or by writing to People's United Financial, Inc., c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717. If you wish to request extra copies free of charge of our Annual Report on Form 10-K or proxy statement or if you are a shareholder of record who receives multiple copies of the Notice or Annual Report on Form 10-K, notice of annual meeting and proxy statement, and you would prefer to receive only one copy of these materials per household, please send your request to Investor Relations, People's United Financial, Inc., 850 Main Street, 15<sup>th</sup> Floor, Bridgeport, CT 06604 or call Investor Relations with your request at 203-338-7228. If you hold your shares through a bank or broker and are receiving multiple copies of the Notice or Annual Report on Form 10-K, notice of annual meeting and proxy statement, you may be able to request householding by contacting your bank or broker.

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***ELECTRONIC ACCESS TO PROXY MATERIALS***

This proxy statement and our 2017 Annual Report on Form 10-K are available at [www.proxyvote.com](http://www.proxyvote.com). Instead of receiving copies of our future Form 10-K, proxy statements, proxy cards and, when applicable, Notices, by mail, we encourage you to elect to receive an email that will provide electronic links to our proxy materials and also will give you an electronic link to the proxy voting site. Choosing to receive your future proxy materials online will save us the cost of producing and mailing the proxy materials or Notices to you and help conserve natural resources. You may sign up for electronic delivery by visiting <http://enroll.icsdelivery.com/PBCT>. If you have agreed to electronic delivery of proxy materials, but wish to receive printed copies, please contact our Investor Relations department at the phone number or address provided above.

***CORPORATE GOVERNANCE***

**Board Leadership Structure; Board's Role in Risk Oversight**

**Leadership Structure.** The board separated the position of Chief Executive Officer from that of chairman in 2008. The board believes that good corporate governance requires having an independent director assume a formal board leadership role. Our bylaws require that the non-executive chairman of the board be an independent director, as that term is defined pursuant to the listing requirements established by The Nasdaq Stock Market and Section 10A of the Securities Exchange Act of 1934. Our chairman occupies the same position on the board of directors of our principal operating subsidiary, People's United Bank, N.A. (which we refer to as the Bank). Our bylaws therefore also require that the non-executive chairman be independent as defined in the rules and regulations of the Federal Deposit Insurance Corporation relating to the independence of directors.

George P. Carter has served as non-executive chairman of the board since 2008. In this role, Mr. Carter's responsibilities include chairing meetings of the board of directors; approving board agendas and meeting schedules and ensuring appropriate information flow; acting as liaison between the non-management members of the board and management; meeting periodically with the Chief Executive Officer for informal discussions concerning major issues involving our business and operations; and providing input to the CNGC concerning the performance of the Chief Executive Officer.

Mr. Carter has developed, during his years of service to the Company, valuable insight into our operations and businesses. He has developed a deep expertise in banking matters and overall familiarity with the Company and its business lines over more than three decades of service to the Company. Under our Corporate Governance Principles as updated in 2017 and as discussed below under the heading "Nominees for Director" George P. Carter, Mr. Carter would be required to retire from the Board of Directors as of the 2018 Annual Meeting of shareholders absent a waiver of the retirement age by the Board. The Board determined in 2017 that it was in the best interests of the Company to waive the retirement age for Mr. Carter to continue to serve until the Annual Meeting in 2018. In recognition of his extensive service on board committees and his expertise and thorough understanding of our businesses, the Board of Directors has determined that it continues to be in the best interests of the Company to waive the retirement age for Mr. Carter as provided in such policy to serve as a director, if re-elected, until the 2019 Annual Meeting. He will continue to serve on the board and committees of the Company and the Bank as identified below. A copy of the Corporate Governance Principles is available on our website at [www.peoples.com](http://www.peoples.com) under the heading "Investor Relations" Corporate Governance Governance Documents.

***Board's Role in Risk Oversight.*** Given the importance of the Bank's operations and the possible impact on us of risks associated with Bank activities, we and the Bank have adopted an integrated risk management oversight structure designed to ensure that all significant risks are actively monitored by the board or a board-level committee. All members of our board of directors are also members of the board of directors of the Bank.

***Role of the Enterprise Risk Committee.*** The Enterprise Risk Committee (ERC) of the board has been established to assist the board in fulfilling its responsibility to oversee our enterprise risk management (ERM)

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framework and associated policies and practices. The ERC has been assigned authority to oversee management's implementation of our risk management process; to make recommendations to the full board concerning risk appetite; and to assess our corporate strategy in light of our risk appetite. The Enterprise Risk Committee's role is to oversee and monitor management's implementation of our risk-management process; management is responsible for establishing and maintaining an effective risk management framework.

The ERC is chaired by an independent director, Janet M. Hansen, who has been designated by the board as a risk management expert. In addition, it is comprised of, among other directors, our independent Chairman of the board and a member of our Audit Committee (Mr. Carter) and the chairs of other Company and Bank board committees as follows: Nancy McAllister (Compensation, Nominating and Governance Committee), John Dwight (Treasury and Finance Committee), Kevin Bottomley (Trust Committee) and Mark Richards (Loan Review Committee). The Enterprise Risk Committee coordinates its oversight of enterprise risk with the Bank's Loan Review Committee (which oversees certain aspects of credit and concentration risk); the Treasury and Finance Committee (which oversees aspects of liquidity and interest rate risk); the Bank's Trust Committee (which oversees fiduciary risk); and the Compensation, Nominating and Governance Committee (which oversees incentive compensation risk). Additional information regarding the involvement of board committees other than the Enterprise Risk Committee is provided below. Ultimate responsibility for oversight of risk throughout the entire enterprise rests with the Enterprise Risk Committee.

The primary responsibilities of the ERC include: (i) approving and overseeing our ERM policy; (ii) ongoing monitoring of information demonstrating our administration of established ERM policy; (iii) evaluating the adequacy and effectiveness of our ERM framework; (iv) monitoring the activities of the Chief Risk Officer and the Executive Risk Oversight Committee (EROC), a management-level committee comprised of senior executives including the Chief Executive Officer and Chief Financial Officer; and (v) reviewing information provided by management and the Compensation, Nominating and Governance Committee concerning the integration of risk management and control objectives into management goals and our compensation structure.

The ERC also has responsibility to review management's assessments concerning specific risks, including: credit risk; price/interest rate risk; liquidity risk; incentive compensation risk; reputation risk; strategic risk; operational risk; compliance and regulatory risk; risk related to mergers and acquisitions, including risks associated with the due diligence process and integration risk; fiduciary risk and technology risk. The ERC will also receive additional updates and progress reports concerning the management of risks that contain elements that, in the opinion of management and/or the Committee, warrant an additional level of management reporting and oversight. The ERC has responsibility for oversight of our operational risks. These include risks arising from fraud, error, or the inability to deliver products or services and manage information. It also monitors risk mitigation processes related to information and physical security, business continuity and compliance.

Our Chief Risk Officer is the head of the Risk Management division and is the individual designated by the board to administer our ERM program. Primary responsibilities of the Chief Risk Officer include: (i) formulation of our risk appetite statement and framework; (ii) establishment of appropriate processes to ensure that deviations from risk appetite triggers and limits are identified, reported to executive management and the Enterprise Risk Committee, and corrective action is taken in a timely manner; (iii) development and implementation of our ERM program framework; (iv) establishment, implementation and administration of certain risk management policies; and (v) ensuring appropriate communication of and training with respect to risk management-related topics. The Chief Risk Officer monitors compliance with the triggers and limits established in the risk appetite statement on an ongoing basis, reporting quarterly to EROC and the Enterprise Risk Committee concerning compliance with these parameters. In the event a risk appetite trigger or limit is breached (even if the breach is subsequently corrected), or it is apparent that the trigger or limit level is being approached, the Chief Risk Officer reports the matter to EROC and the Enterprise Risk

Committee at the next scheduled meeting of each group (or sooner, if deemed appropriate by the Chief Risk Officer) and, working with the applicable business unit, develops an action plan to address the matter. The action plan is presented for approval by EROC and the ERC at the next scheduled meeting of the applicable committee.

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We maintain policies and procedures for the reporting by employees of risk-related issues, violations or breaches to a senior member of the Risk Management division, and for the escalation of such matters to the Chief Risk Officer. Under our Code of Conduct, any employee who in good faith reports an issue is entitled to protection against retaliation for reporting the issue.

In addition to the ERC's general risk oversight role, responsibility for detailed oversight of specific types of risks has been delegated to various board committees, as follows:

*Internal Control Risk.* In addition to its oversight of all aspects of our annual independent audit and the preparation of our financial statements, the Audit Committee has been assigned responsibility for oversight of risks associated with internal controls, legal risks, compliance with applicable laws and regulations, ensuring the establishment and implementation of codes of conduct and overseeing responses to reports of examination.

*Price/Interest Rate/Liquidity Risks.* The Treasury and Finance Committee has been charged with overseeing management of our interest rate, liquidity, currency price and similar market risks. In fulfilling its responsibilities the Committee oversees the implementation of our asset-liability management policies and activities undertaken in connection with such policies. The Treasury and Finance Committee monitors our liquidity positions and liquidity risk management activities, interest rate risk management process and overall interest rate risk profile, the sensitivity of earnings under varying interest rate scenarios and considers the risks associated with potential changes in market interest rates. The Treasury and Finance Committee also monitors economic and interest rate trends with a view toward limiting any potential adverse impact on our earnings.

The Treasury and Finance Committee oversees our investment activities to ensure compliance with both regulatory requirements and applicable policy. It reviews significant financial risk exposures in our investment and derivatives portfolios, and the steps management is taking to monitor and control such exposures. It also monitors management of our treasury functions by the Treasury group, including: management of our securities portfolio; short-term investments and securities purchased under agreements to resell; wholesale borrowings; and in general our overall funds management processes. The Treasury group acts as the centralized funding center for all business segments, which includes managing interest rate risk through the use of derivative financial instruments.

*Credit Risk.* The Bank's Loan Review Committee oversees and monitors risk related to the Bank's lending activities. Among other things, it reviews and approves lending strategies and policies; approves asset quality standards with respect to all lending areas, including standards for loan concentrations; and monitors concentrations of credit by product, industry and geographic area. The Loan Review Committee approves appropriate general underwriting policies with respect to all lending areas and monitors adherence to such policies, and approves credit policies. The Loan Review Committee also monitors asset quality trends, reviews classified loans, charge-offs and delinquencies and approves strategies and policies regarding the acquisition, management and disposition of foreclosed property.

*Risks Associated with Compensation Programs.* The Compensation, Nominating and Governance Committee has responsibility for oversight of our various compensation programs. As part of its duties, the Compensation, Nominating and Governance Committee is responsible for evaluating whether any of these programs contain features that promote excessive risk-taking by employees, either individually or as a group. In addition, the Enterprise Risk Committee will review management's assessment of risks posed by incentive compensation programs.

## **Communications with the Board**

Shareholders who wish to communicate with the board of directors or with individual members of the board may address correspondence to the board or to a director, c/o Corporate Secretary, People's United Financial, Inc., 850

Main Street, Bridgeport, CT 06604. The corporate secretary will review all correspondence addressed to the board or to a director, and will handle each item in accordance with procedures that have been approved by the independent directors.

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The policies described in this section do not apply to shareholder proposals made pursuant to Securities and Exchange Commission Rule 14a-8, or to communications relating to those shareholder proposals.

### **Governance Principles and Related Matters**

***Corporate Governance Principles.*** The board of directors has adopted a formal statement of governance principles as a summary of the board's philosophy and expectations with respect to our corporate governance process. This document and each of the other codes, policies and statements described below are available in the Investor Relations section of our website at [www.peoples.com](http://www.peoples.com) under the heading "Investor Relations Corporate Governance Governance Documents."

***Code of Conduct.*** We have a written Code of Conduct which articulates our philosophy with respect to ethical conduct in the workplace and establishes standards for behavior, including standards with respect to compliance with laws and regulations, actual or potential conflicts of interest, fairness, insider trading, use of People's United or customer information and public and financial disclosure. This Code of Conduct is applicable to all directors, executive officers and other employees of People's United. Additionally, we have adopted a Code of Ethics for Senior Financial Officers that supplements the more general Code of Conduct and conforms to the requirements of the Sarbanes-Oxley Act of 2002 and NASDAQ listing standards. We will disclose within four business days any substantive changes in or waivers of the Code of Ethics granted to our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, by posting such information on our website as set forth above rather than by filing a Current Report on Form 8-K. In the case of a waiver of our Code of Conduct for an executive officer or a director, the required disclosure also will be made available on our website within four business days of the date of such waiver.

***Insider Trading Policy.*** We maintain an Insider Trading Policy that applies to all directors, executive officers and other employees of the Company. The policy is designed to prevent insider trading or allegations of insider trading, and to protect the Company's reputation for integrity and ethical conduct.

***Prohibition on Hedging and Pledging.*** Our Insider Trading Policy prohibits directors, executive officers and other employees from engaging in any hedging activity involving our securities or from pledging our securities as collateral for margin purchases or a loan.

***Director Independence.*** The board has expressed the intent that a substantial majority of board members shall at all times qualify as "independent" under NASDAQ listing standards. The board annually in February considers the independence of each member of the board, and has determined that all but two of the Company's twelve directors are independent for purposes of applicable NASDAQ rules.

***Director Tenure.*** The board has not established limits on the number of terms that may be served by a director because it believes our best interests are served when it is represented by individuals who have developed, over time, valuable insight into our operations and businesses. Our board is currently comprised of twelve directors and following the 2018 annual meeting, if the nominees are elected, the board will be comprised of twelve directors, ten of whom are independent. Of those twelve directors, there is a mix of years of service and tenure with the Company between longer-tenured directors, directors who have served for less than nine years and more recently elected directors. In addition, two board committees are chaired by directors who joined the Company within the last five years with Nancy McAllister chairing the Compensation, Nominating and Governance Committee and William F. Cruger, Jr. chairing the Audit Committee. We believe this composition of board tenure and Committee leadership is in the best interests of the Company and shareholders because it balances appropriate levels of experience and knowledge of our businesses with continuity and stability over business cycles while also providing for newer

perspectives and contributions.

***Director Resignation Policy.*** The board has adopted a policy requiring any candidate for re-election as a director to tender his or her resignation if he or she is not elected by a majority of the votes cast by shareholders in an uncontested election.

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***Incentive Compensation Clawback Policy.*** The board has adopted a policy requiring each current and former executive officer to forfeit any erroneously awarded incentive-based compensation received by any such officer during the three completed fiscal years preceding the date on which the Company is required to prepare an accounting restatement due to the material non-compliance of the Company with any financial reporting requirement under the federal securities laws.

***SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT*****Security Ownership of Certain Beneficial Owners**

The following table sets forth information as of February 13, 2018 with respect to beneficial ownership of our common stock by any person or group as defined in Section 13(d)(3) of the Securities Exchange Act of 1934 who is known by us to be the beneficial owner of more than five percent of the common stock.

<b>Name and Address of Beneficial Owners</b>	<b>Number of Shares; Nature of Beneficial Ownership<sup>(1)</sup></b>	<b>Percent of Common Stock Owned<sup>(2)</sup></b>
BlackRock, Inc. 55 East 52 <sup>nd</sup> Street New York, NY 10055	27,027,645 <sup>(3)</sup>	7.8%
State Street Corporation State Street Financial Center One Lincoln Street Boston, MA 02111	39,567,569 <sup>(4)</sup>	11.4%
The Vanguard Group, Inc. 100 Vanguard Boulevard Malvern, PA 19355	35,795,401 <sup>(5)</sup>	10.3%
Wells Fargo & Company 420 Montgomery Street San Francisco, CA 94163	19,015,550 <sup>(6)</sup>	5.5%

- (1) Based on information in the most recent Schedule 13D or 13G filed with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, unless otherwise indicated.
- (2) Shares reported as owned as of the date indicated on the Schedule as filed, expressed as a percentage of shares outstanding as of February 13, 2018.
- (3) BlackRock, Inc. reports having sole voting power with respect to 24,141,468 of these shares, and sole dispositive power with respect to all of these shares.
- (4) State Street Corporation reports having shared voting and dispositive power with respect to all of these shares.
- (5) The Vanguard Group, Inc. reports having sole voting power with respect to 476,059 of these shares, shared voting power with respect to 58,359 of these shares, sole dispositive power with respect to 35,257,333 of these shares, and shared dispositive power with respect to 538,068 of these shares.
- (6) Wells Fargo & Company reports having sole voting power with respect to 165,779 of these shares, shared voting power with respect to 18,644,418 of these shares, sole dispositive power with respect to 165,779 of these shares, and shared dispositive power with respect to 18,849,772 of these shares.

We do not know of any other person who is the beneficial owner of more than 5% of our common stock as of the specified date.

#### ***STOCK OWNERSHIP GUIDELINES FOR DIRECTORS AND EXECUTIVE OFFICERS***

**Stock Ownership Guidelines.** We have adopted guidelines for stock ownership by directors in order to encourage members of the board to increase their ownership of our common stock over time. We revised these

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guidelines in 2017 and effective April 19, 2017, directors with at least five years of board service are expected to own shares of the Company's common stock with an aggregate value of at least \$400,000. The stock ownership of all members of the Board of Directors with at least five years of service was in compliance with applicable guidelines as of December 31, 2017. Ms. McAllister, Mr. Cruger and Ms. Chwick joined the board in September 2013, September 2014 and September 2017, respectively, and have not yet reached five years of board service.

We have also adopted guidelines for stock ownership by our senior executive officers. In general, the Chief Executive Officer is expected to own shares valued at five times his base salary, while the other senior executive officers are expected to own shares valued at three times base salary. Compliance with these guidelines is expected to be achieved within a five-year phase-in period from the date of an executive's promotion or hire. All senior executive officers were in compliance with applicable guidelines as of December 31, 2017.

**Security Ownership of Management**

The following table sets forth, as of February 13, 2018, the beneficial ownership of common stock and preferred stock by each director, each nominee for election as a director, each named executive officer (as defined below) who is not also a director, and by all directors and executive officers as a group. Except as indicated in the notes following the table, each person has sole voting and investment power with respect to the shares listed as being beneficially owned by such person.

	Common Stock		Series A Preferred Stock	
	Amount and Nature of	Percent of Class	Amount and Nature of	Percent of Class
<b>Beneficial Ownership of Class</b>				
<i>Directors and Nominees</i>				
John P. Barnes	2,285,672	0.7%		
Collin P. Baron	238,293	*		
Kevin T. Bottomley	137,852	*	2,000	*
George P. Carter	230,848	*		
Jane Chwick		*		
William F. Cruger, Jr.	24,246	*		
John K. Dwight <sup>(a)</sup>	190,317	*		
Jerry Franklin	92,949	*		
Janet M. Hansen	135,707	*		
Nancy McAllister	26,210	*	8,000	*
Mark W. Richards <sup>(a)</sup>	182,688	*	8,000	*
Kirk W. Walters <sup>(b)</sup>	1,072,668	*	40,000	*
<i>Named Executive Officers<sup>(c)</sup></i>				
Lee C. Powlus	746,042	*		
R. David Rosato	575,376	*		
Jeffrey J. Tengel	557,966	*		
All Directors, Nominees and Executive Officers as a Group (20 persons)	8,832,598	2.5%	58,000	0.6%

- \* Denotes beneficial ownership of less than one-half of one percent of the outstanding shares of common stock or preferred stock.
- (a) Does not include additional shares of common stock owned by a non-qualified benefit trust for the benefit of Messrs. Dwight (62,261 shares) and Richards (122,794 shares) with respect to which the named directors have neither investment nor voting authority.
- (b) Common stock total includes shares held in trusts in which Mr. Walters is trustee.
- (c) The named executive officers consist of (1) the Chief Executive Officer (Mr. Barnes) and the Chief Financial Officer (Mr. Rosato), and (2) the three most highly compensated executive officers of the Company other than the Chief Executive Officer and Chief Financial Officer who were serving as executive officers at December 31, 2017.

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- (d) Does not include performance share awards discussed later in this proxy statement under the Compensation Discussion and Analysis section and as listed in the Executive Compensation Tables. Shares pursuant to these awards vest and will be issued, if at all, after a three year performance period.
- (e) Applicable percentage ownership of preferred stock is based on 10,000,000 shares of Series A preferred stock outstanding as of February 13, 2018.

Stock ownership totals include shares of common stock that are: subject to forfeiture if certain conditions are not satisfied (Column A); held indirectly through benefit plans (Column B); or subject to acquisition whether upon the exercise of stock options or otherwise within 60 days from February 13, 2018 (Column C), as follows:

	<b>A</b>	<b>B</b>	<b>C</b>
<i>Directors:</i>			
John P. Barnes	77,305	8,326	1,823,267
Collin P. Baron	5,450		
Kevin T. Bottomley	5,450		
George P. Carter	5,450		
Jane Chwick			
William F. Cruger, Jr.	5,450		
John K. Dwight	5,450		
Jerry Franklin	5,450		
Janet M. Hansen	5,450		
Nancy McAllister	5,450		
Mark W. Richards	5,450		
Kirk W. Walters	16,623	10,179	782,325
<i>Named Executive Officers:</i>			
Lee C. Powlus	18,325	5,358	652,173
R. David Rosato	18,285	&nb	