UNIVEST CORP OF PENNSYLVANIA
Form DEF 14A
March 19, 2015
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 [x]
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))
[x] Definitive Proxy Statement
[ ] Definitive Additional Materials
[ ] Soliciting Material under Rule 14a-12

Univest Corporation of Pennsylvania
(Name of the 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):

[x] No fee required.
[ ] Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of 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):

(4) Proposed maximum aggregate value of transaction:

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[ ] Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

14 North Main Street P.O. Box 197
Souderton, Pennsylvania 18964

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
April 21, 2015

TO THE HOLDERS OF COMMON STOCK:

The Annual Meeting of Shareholders of Univest Corporation of Pennsylvania will be held on Tuesday, April 21, 2015, at 10:45 a.m., in the Univest Building, 14 North Main Street, Souderton, Pennsylvania.

Univest's Board of Directors recommends a vote:

1. FOR the election of five Class I Directors each for a three-year term expiring in 2018 and until their successors are elected and qualified.
2. FOR the ratification of KPMG LLP as our independent registered public accounting firm for 2015.
3. FOR the approval of, on an advisory basis, the compensation of our named executive officers as presented in this Proxy Statement.
4. FOR the amendment to the articles of incorporation to add a provision authorizing the issuance of uncertificated shares.

Such other business, of which none is anticipated, as may properly come before the meeting or any postponements or adjournments thereof will be considered at the annual meeting.

The close of business on February 20, 2015, has been fixed by the Board of Directors as the record date for the determination of shareholders entitled to notice of and to vote at the Annual Meeting.

The accompanying Proxy Statement forms a part of this notice.

SEPARATE PROXY CARDS ARE ENCLOSED TO SHAREHOLDERS FOR THE PURPOSE OF VOTING ALL THEIR SHARES OF THE CORPORATION'S COMMON STOCK. IT IS IMPORTANT THAT EACH SHAREHOLDER EXERCISE HIS/HER RIGHT TO VOTE. Whether or not you plan to attend the meeting, please take a moment now to cast your vote over the Internet or by telephone in accordance with the instructions set forth on the enclosed proxy card, or alternatively, to complete, sign, and date the enclosed proxy card and return it in the postage-paid envelope we have provided in order that your shares will be represented at the meeting. If you attend the meeting, you may vote in person. If you need directions to attend the annual meeting, you may contact the Secretary of Univest by telephone at 215 721 8397 or by e-mail at TejklK@univest.net.

By Order of the Board of Directors

WILLIAM S. AICHELE,
Chairman

KAREN E. TEJKL, Secretary

March 19, 2015

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF
PROXY MATERIALS FOR THE SHAREHOLDER MEETING TO BE HELD ON APRIL 21, 2015
This Proxy Statement, the Notice of Annual Meeting of Shareholders, a form of the Proxy Card and the 2014 Annual Report to Shareholders (which is not a part of the proxy soliciting material) are available at www.ProxyVote.com.

PROXY STATEMENT

The accompanying proxy is solicited by the Board of Directors (the Board) of Univest Corporation of Pennsylvania (the Corporation or Univest), 14 North Main Street, P.O. Box 197, Souderton, Pennsylvania 18964, for use at the Annual Meeting of Shareholders to be held April 21, 2015, and at any adjournment thereof. Copies of this Proxy Statement and proxies to vote the Common Stock are being sent to the shareholders on or about March 19, 2015. Any shareholder executing a proxy may revoke it at any time by giving written notice to the Secretary of the Corporation before it is voted. Some of the officers of the Corporation or employees of Univest Bank and Trust Co. (the Bank) and other subsidiary companies or employees of Broadridge, Inc., the Corporation's transfer agent, may solicit proxies personally and by telephone, if deemed necessary. The Corporation will bear the cost of solicitation and will reimburse brokers or other persons holding shares of the Corporation's voting stock in their names, or in the names of their nominees, for reasonable expense in forwarding proxy cards and proxy statements to beneficial owners of such stock.

The person named in the proxy will vote in accordance with the instructions of the shareholder executing the proxy, or in the absence of any such instruction, for or against on each matter in accordance with the recommendations of the Board set forth in the proxy.

Univest's Board of Directors recommends a vote:

1. FOR the election of five Class I Directors each for a three-year term expiring in 2018 and until their successors are elected and qualified.
2. FOR the ratification of KPMG LLP as our independent registered public accounting firm for 2015.
3. FOR the approval of, on an advisory basis, the compensation of our named executive officers as presented in this Proxy Statement .
4. FOR the amendment to the articles of incorporation to add a provision authorizing the issuance of uncertificated shares.

The Board has fixed the close of business on February 20, 2015, as the record date for the determination of shareholders entitled to notice and to vote at the Annual Meeting. As of February 20, 2015, there were 19,969,006, outstanding shares of Common Stock entitled to be voted at the Annual Meeting.

Holders of record of the Corporation's Common Stock on February 20, 2015 will be entitled to one vote per share on all business of the meeting. The nominees for election as Class I Directors who receive the highest number of votes cast, in person or by proxy, at the meeting will be elected as Class I Directors. Shareholders cannot cumulate votes for the election of Directors. The other matters of business listed in this proxy, except the proposed amendment to the articles of incorporation, will be decided by the affirmative vote of a majority of all votes cast, in person and by proxy, at the meeting. Approval of the proposed amendment to the articles of incorporation requires the affirmative vote of the holders of a majority of the shares of the Corporation issued, outstanding and entitled to vote.

The presence in person or by proxy of the holders of a majority of the outstanding shares of Common Stock will constitute a quorum for the transaction of business at the meeting. If you are the beneficial owner of shares held in the name of a broker, trustee or other nominee and do not provide that broker, trustee or other nominee with voting instructions, your shares may constitute "broker non-votes." Generally, broker non-votes occur on a matter when a broker is not permitted to vote on that matter without instructions from the beneficial owner and instructions are not given. These matters include the election of Directors, the advisory vote regarding executive compensation, and the amendment to the articles of incorporation. Abstentions and broker non-votes will be counted as shares present at the meeting for the purpose of determining the existence of a quorum, but will not be counted as votes for or against the election of any nominee for director or with respect to any other proposal brought before the meeting.

As of February 6, 2015, Univest Bank and Trust Co. held 928,707 shares or 4.7% of the Corporation's outstanding Common Stock in various trust accounts in a fiduciary capacity in its Trust Department. No one trust account has 5% or more of the Corporation's Common Stock.

A copy of the Annual Report to Shareholders, including financial statements for the year ended December 31, 2014, was mailed on March 19, 2015 to each shareholder of record as of February 20, 2015. The Annual Report is not a part of the proxy soliciting material.

ELECTION OF DIRECTORS

The person named in the accompanying proxy intends to vote to elect as Directors the nominees listed below in each case, unless authority to vote for Directors is withheld in the proxy. The Bylaws authorize the Board to fix the number of Directors to be elected from time-to-time. By proper motion, it has established the number at five Class I Directors, each to be elected for a three-year term expiring in 2018.

The Nominating Committee has recommended the slate of nominees listed below for election as Class I Directors. Management has been informed that all the nominees are willing to serve as directors, but if any of them should decline or be unable to serve, the persons named in the proxy will vote for the election of such other person or persons as may be designated by the Board, unless the Board reduces the number of directors in accordance with the Corporation's Bylaws.

The following information, as of February 20, 2015, is provided with respect to the nominees for election to the Board.

Class I (each to be elected for a three-year term expiring at the 2018 Annual Meeting of Shareholders):*

Name	Age	Business Experience	Director Since**
William S. Aichele	64	Chairman of the Corporation and Chairman of the Bank	1990
Jay R. Goldstein	52	President of the Valley Green Division of the Bank	2015
H. Paul Lewis	71	Retired Executive Vice President of the Bank; Vice President/Sales Agent, Bucks County Commercial Realty, Inc.	2008
Thomas Scannapieco	65	President and CEO of Scannapieco Development Corporation (Real Estate Holding, Management & Development)	2013
Mark A. Schlosser	50	Secretary/Treasurer, Schlosser Steel, Inc.	2005

The following Directors are not subject to election now as they were elected in prior years for terms expiring in future years.

Class II Directors (each continuing for a three-year term expiring at the 2016 Annual Meeting of Shareholders):

Name	Age	Business Experience	Director Since**
William G. Morral, CPA	68	Financial Consultant, Former CFO, Moyer Packing Company	2002
Jeffrey M. Schweitzer	41	President and Chief Executive Officer of the Corporation; (Has been employed by the Corporation since 2007, most recently as President and Chief Operating Officer prior to this position)	2013
Michael L. Turner	58	Partner, Marshall, Dennehey, Warner, Coleman & Goggin (Law Firm)	2015
Margaret K. Zook	69	Director of Church and Community Relations, Living Branches Retirement Communities (Retirement Community); Board Chair, The Penn Foundation	1999

Class III Directors (each continuing for a three-year term expiring at the 2017 Annual Meeting of Shareholders):

Name	Age	Business Experience	Director

			Since**
Douglas C. Clemens	58	President, Clemens Food Group	2009
R. Lee Delp	68	Principal, R. L. Delp & Company (Business Consulting)	1994
K. Leon Moyer	65	Retired Vice Chairman of the Corporation and Retired President and Chief Executive Officer of the Bank	2005
P. Gregory Shelly	69	President, Shellys US LBM LLC (Building Materials)	1985

* All nominees are now directors.

** Dates indicate initial year as a director or alternate director of the Corporation or the Bank.

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The following information, as of February 20, 2015, is provided with respect to the Named Executive Officers of the Corporation not serving as a Director or Alternate Director of the Board.

Name	Age	Current Primary Positions	Current Position Since
Michael S. Keim, CPA	47	Senior Executive Vice President and Chief Financial Officer of the Corporation and the Bank (Has been employed by the Corporation since 2008, most recently as Senior Vice President, Mortgage Banking, prior to this position)	2013
Duane J. Brobst	62	Senior Executive Vice President and Chief Risk Officer of the Corporation and the Bank (Has been employed by the Corporation since 1992, most recently as Chief Credit Officer, prior to this position)	2008
Philip C. Jackson	65	President - Corporate Banking of the Bank (He has been employed by the Bank since 2005, most recently as Market President-Montgomery)	2011

Beneficial Ownership of Directors and Officers

Set forth below is certain information concerning the beneficial ownership of our Common Stock by each director, each nominee for director, each named executive officer, and all directors and executive officers as a group as of February 20, 2015, the record date. As of February 20, 2015, BlackRock, Inc. had reported that it was the owner of record of 1,074,553 shares of the Corporation's Common Stock; this equated to 5.38% of the Corporation's issued and outstanding common shares. No other persons are known by the Board of Directors to be beneficial owners of more than 5% of the Corporation’s Common Stock.

Name	Number of Shares*	Percent
William S. Aichele (1)	209,848	1.05%
Douglas C. Clemens	14,275	**
R. Lee Delp	14,147	**
Jay R. Goldstein	206,402	1.03%
H. Paul Lewis	10,996	**
William G. Morral (2)	34,415	**
K. Leon Moyer (3)	129,173	**
Thomas Scannapieco (4)	45,520	**
Mark A. Schlosser (5)	26,316	**
Jeffrey M. Schweitzer (6)	58,661	**
P. Gregory Shelly (7)	139,516	**
Michael L. Turner	50,225	**
Margaret K. Zook	4,501	**
Duane J. Brobst (8)	44,158	**
Philip Jackson (9)	46,230	**
Michael S. Keim (10)	25,963	**
All Directors and Executive Officers as a Group (16 persons)	1,060,346	5.31%

* The shares "Beneficially owned" may include shares owned by or for, among others, the spouse and/or minor children of the individuals and any other relative who has the same home as such individual, as well as other shares as to which the individual has or shares voting or investment power. Beneficial ownership may be disclaimed as to certain of the securities. No securities are pledged as collateral or security. The table includes shares and options to purchase shares that will vest within 60 days of February 20, 2015.

** Beneficially owns less than 1% of the outstanding shares of the Common Stock of the Corporation.

(1) Includes 60,000 shares which may be acquired by the exercise of vested stock options.

(2) Includes 3,609 shares owned by members of Mr. Morral's family and 1,768 shares over which he shares voting and/or investment power. He disclaims beneficial ownership of these shares.

(3) Includes 6,973 shares owned by members of Mr. Moyer’s family. He disclaims beneficial ownership of these shares. Also included are 40,001 shares which may be acquired by the exercise of vested stock options.

(4) Includes 33,480 shares owned by members of Mr. Scannapieco's family. He disclaims beneficial ownership of these shares.

(5) Includes 23,433 shares over which Mr. Schlosser shares voting and/or investment power and 843 shares owned by a member of his family. He disclaims beneficial ownership of these shares.

(6) Includes 15,834 shares which may be acquired by the exercise of vested stock options.

(7) Includes 39,603 shares owned by members of Mr. Shelly's family. He disclaims beneficial ownership of these shares.

(8) Includes 13,000 shares which may be acquired by the exercise of vested stock options.

(9) Includes 11,833 shares which may be acquired by the exercise of vested stock options.

(10) Includes 4,667 shares which may be acquired by the exercise of vested stock options.

Section 16 (a) Beneficial Ownership Reporting Compliance

Section 16 (a) of the Securities Exchange Act of 1934 requires the Corporation's Directors and Executive Officers, and persons who own more than ten percent of a registered class of the Corporation's equity securities, to file with the Securities and Exchange Commission (the SEC) initial reports of ownership and reports of changes in ownership of Common Shares and other equity securities of the Corporation. Officers, Directors and greater than ten percent shareholders are required by SEC regulations to furnish the Corporation with copies of all Section 16 (a) forms they file.

To the Corporation's knowledge, based solely on a review of the copies of such reports furnished to the Corporation and written representations that no other reports were required during the fiscal year ended December 31, 2014, all Section 16 (a) reports by its Officers and Directors were timely filed.

The Board, the Board’s Committees and Their Functions

The Corporation's Board met twelve (12) times during 2014. All of the Directors attended at least 75% of the meetings of the Board and of the committees of which they were members. All Directors are encouraged to attend the annual meeting of shareholders. In 2014, all Directors were present at the annual shareholders’ meeting. The Board has established a number of committees, including the Audit Committee, the Compensation Committee and the Nominating and Governance Committee, each of which is described below.

All shareholder correspondence to the Board may be sent to the Corporation and will be forwarded to the appropriate Board member or committee chair. To contact any Board member or committee chair, please mail your correspondence to:

Univest Corporation
Attention (Board Member's name)

Office of the Corporate Secretary
14 N. Main Street
P.O. Box 197
Souderton, PA 18964

Our Board of Directors determined that all directors, with the exception of Mr. Aichele, Mr. Goldstein, Mr. Moyer and Mr. Schweitzer, are independent within the meaning of the listing standards of the NASDAQ Stock Market and SEC regulations. The Board has determined that a lending relationship resulting from a loan made by the Bank to a director would not affect the determination of independence if the loan complies with Regulation O under the federal banking laws. The Board also determined that maintaining with the Bank a deposit, savings or similar account by a director or any of the director's affiliates would not affect the determination of independence if the account is maintained on the same terms and conditions as those available to similarly situated customers. There are no family relationships among our directors or executive officers.

For more information, see “Related-Party Transactions.”

Board of Director Committees for the Fiscal Year Ended December 31, 2014

Board Member	Audit	Compensation	Nominating and Governance
William S. Aichele	—	—	—
Douglas C. Clemens	X	—	—
R. Lee Delp	—	Chairman	Chairman
H. Paul Lewis	X	—	X
William G. Morral	Chairman	X	—
Thomas Scannapieco	—	—	—
Mark A. Schlosser	—	X	X
Jeffrey M. Schweitzer	—	—	—
P. Gregory Shelly	X	X	X
Margaret K. Zook	—	—	—

Audit Committee

The Audit Committee's responsibilities include: annual review of and recommendation to the Board for the selection of the Corporation's independent registered public accounting firm, review with the internal auditors and independent registered public accounting firm the overall scope and plans for the respective audits as well as the results of such audits, and review with management, the internal auditors and independent registered public accounting firm the effectiveness of accounting and financial controls, and interim and annual financial reports. All of the members of the Audit Committee are independent as defined in the listing standards of the NASDAQ Stock Market and SEC regulations.

As of January 1, 2011, William G. Morral was named Chairman of the Audit Committee. The Board has determined that Mr. Morral meets the requirements adopted by the SEC and the NASDAQ Stock Market for qualification as an audit committee financial expert. Mr. Morral has served as a member of the Board since 2002. Mr. Morral is a certified public accountant and has experience in the public accounting field as a former partner at Arthur Young and Co. (now Ernst & Young LLP). Mr. Morral's past employment experience as Senior Vice President and Chief Financial Officer of Moyer Packing Company for sixteen years included active supervision of finance, accounting, audit, credit, information technology, payables and payroll, providing him with a high level of financial sophistication and a comprehensive knowledge of internal controls and audit committee functions. An audit committee financial expert is defined as a person who has the following attributes: (i) an understanding of generally accepted accounting principles and financial statements; (ii) the ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves; (iii) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the registrant's financial statements, or experience actively supervising one or more persons engaged in such activities; (iv) an understanding of internal controls and procedures for financial reporting; and (v) an understanding of audit committee functions.

The identification of a person as an audit committee financial expert does not impose on such person any duties, obligations or liability that are greater than those that are imposed on such person as a member of the Audit Committee and the Board in the absence of such identification. Moreover, the identification of a person as an audit committee financial expert for purposes of the regulations of the Securities and Exchange Commission does not affect the duties, obligations or liability of any other member of the Audit Committee or the Board. Additionally, a person who is determined to be an audit committee financial expert will not be deemed an "expert" for purposes of Section 11 of the Securities Act of 1933.

The Board re-approved the Audit Committee Charter in February 2015. At the January 2015 meeting of the Audit Committee, the Committee re-approved the Audit and Non-Audit Services Pre-Approval Policy. Copies of these documents may be found on the Corporation's Web Site: www.univest.net in the "INVESTOR RELATIONS" section under Governance Documents.

REPORT OF THE AUDIT COMMITTEE

The Audit Committee (Committee) met five (5) times during 2014. The Committee has reviewed and discussed the audited consolidated financial statements of the Corporation for the year ended December 31, 2014, with the Corporation's management. The Committee has discussed with KPMG LLP (KPMG), the Corporation's independent registered public accounting firm for the fiscal year ended December 31, 2014, the matters required to be discussed by Statement on Auditing Standards No. 16, Communications with Audit Committees (as modified or supplemented.)

The Committee has also received the written disclosures and the letter from KPMG required by Independence Standards Board Standard No. 1 (as modified or supplemented) regarding KPMG’s communications with the audit committee concerning independence, and the Committee has discussed the independence of KPMG with that firm.

Based on the Committee's review and discussions noted above, the Committee recommended to the Board that the Corporation's audited consolidated financial statements be included in the Corporation's Annual Report on Form 10 K for the year ended December 31, 2014, for filing with the Securities and Exchange Commission.

Univest Audit Committee Members:

William G. Morral, Chairman
Douglas C. Clemens
H. Paul Lewis
P. Gregory Shelly

Ratification of the Appointment of Independent Registered Public Accounting Firm

The audit committee of our board has appointed KPMG LLP as our independent registered public accounting firm for 2015. KPMG LLP was first engaged as our independent registered public accounting firm in 2004 and has audited our financial statements for 2014.

Although shareholder ratification of the appointment of KPMG LLP as our independent registered public accounting firm is not required by our bylaws or otherwise, our board has decided to afford our shareholders the opportunity to express their opinions on the matter of our independent registered public accounting firm. Even if the selection is ratified, the audit committee at its discretion may select a different independent registered public accounting firm at any time if it determines that such a change would be in the best interests of the Corporation and our shareholders. If our shareholders do not ratify the appointment, the audit committee will take that fact into consideration, together with such other facts as it deems relevant, in determining its next selection of an independent registered public accounting firm.

A representative from KPMG, as independent registered public accounting firm for the current fiscal year, is expected to be present at the Annual Meeting and will have an opportunity to make a statement if they so desire and will be available to respond to appropriate questions.

Independent Registered Public Accounting Firm Fees

The following table presents fees for professional services rendered by KPMG for the integrated audit, including an audit of the Corporation’s annual financial statements and internal controls over financial reporting, and fees billed for other services rendered by KPMG:

	2014	2013[3]
Audit Fees	$855,974	$836,269

Audit Related Fees (1)	74,247	71,182
Tax Fees (2)	100,300	95,392
Total Fees	$1,030,521	$1,002,843

(1) Includes audit of benefit plans and student loan agreed upon procedures. 100% of these fees were approved pursuant to the Audit Committee's pre-approval policy and procedures.

(2) Includes preparation of federal and state tax returns and tax compliance issues; 100% of these fees were approved pursuant to the Audit Committee's pre-approval policy and procedures.

(3) Prior period information has been revised to include fees billed and paid for the 2013 audit after the preparation of the 2014 Proxy Statement

EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

The principal objective of the Corporation is to maximize shareholder value through the development and enhancement of the Corporation's business operations. To further that objective, the Corporation's executive compensation program is designed to:

- Attract and retain employees in leadership positions in the Corporation by recognizing the importance of these individuals in carrying out the Corporation's Mission Statement, Core Values and Vision Statement: "To be the best integrated financial solutions provider in the market." These key statements are critical in keeping us focused on our short-term and long-term goals for the success of the Corporation.

- Support strategic performance objectives through the use of compensation programs. The goal of the executive compensation program is to provide the executive with a total compensation package competitive with the market and industry in which the Corporation operates, and to promote the long-term goals, stability and performance of the Corporation. By doing this, we will align the interests of management with those of our shareholders.

- Support the Corporation's management development and succession plans.

- Create a mutuality of interest between executive officers and shareholders through compensation structures that share the rewards and risks of strategic decision-making.

- Require executives to acquire substantial levels of ownership of the Corporation's stock in order to better align the executives' interests with those of the shareholders' through a variety of plans.

- Ensure, to the extent possible, that compensation has been and will continue to be tax deductible.

Executive Compensation provides for laddered payouts based on actual results compared to Target and by Officer Category as detailed in the table below. Category 1 is the CEO of the Corporation; Category 2 is the President and CEO of the Bank; Category 3 is the President, Corporate Banking, of the Bank and any Senior Executive Vice President of the Corporation and/or the Bank; and Category 4 is any Executive Vice President of the Corporation or Bank.

An executive's total incentive compensation is composed of three primary components: base salary, annual incentive compensation, and long-term incentive compensation. Each component is based on individual and group performance factors, which are measured objectively and subjectively by the Compensation Committee. Although there are no formal guidelines with respect to the amount of each named executive officer's compensation that is in the form of base salary, annual incentive compensation and long-term incentive compensation, in general the compensation program results in the approximate following payouts:

	Base Salary	Annual Incentive Compensation	Long-Term Incentive Compensation	Total Compensation
Category 1	50.0%	25.0%	25.0%	100.0%
Category 2	50.0%	20.0%	30.0%	100.0%
Category 3	50.0%	20.0%	30.0%	100.0%
Category 4	65.0%	15.0%	20.0%	100.0%

As a result of the annual incentive paid for 2014 being below target, the actual payout of total compensation to the named executive officers for 2014, consisting of base salary, annual incentive compensation and long-term incentive stock option and restricted stock grants, differed only slightly from the table above and was as follows:

	Base Salary	Annual Incentive Compensation	Long-Term Incentive Compensation	Total Compensation
Category 1	52.3%	24.5%	23.2%	100.0%
Category 2	54.7%	20.6%	24.7%	100.0%
Category 3	59.0%	17.4%	23.6%	100.0%
Category 4	66.2 - 69.4%	15.5 - 16.3%	14.2 - 18.3%	100.0%

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Payouts under the Annual Incentive Compensation plan are generally made in cash, although they may be made in stock, and long-term incentive compensation awards are normally in the form of restricted stock and/or stock options.

BASE SALARY COMPENSATION

The Compensation Committee's approach is to offer competitive salaries in comparison with market practices. The Committee annually examines market compensation levels and trends observed in the labor market. For its purposes, the Compensation Committee has defined the labor markets as the pool of executives who are currently employed in similar positions in companies with similar asset size and scope of operation, with special emphasis placed on salaries paid by companies that constitute the banking industry. Market information is used as a frame of reference for annual salary adjustments and starting salaries.

The Compensation Committee makes salary decisions in a structured annual review. The Compensation Committee considers decision-making responsibilities, experience, work performance and achievement of key goals, and team-building skills of each position as the most important measurement factors in its annual reviews. To help quantify these measures, the committee has enlisted the assistance of an independent compensation consultant. Base salaries are determined by considering the experience and responsibilities of the individual executive officer with a target of paying at the median (50%) level of our peer group adjusted for overall performance of the individual executive. Base salaries are adjusted annually and are in effect for the period January 1 through December 31.

During 2014, the Corporation engaged Mosteller & Associates to accumulate comparative data on the Corporation’s peer group which the Compensation Committee utilized in adjusting the base salary of its executive group. The Corporation’s peer group, eighteen (18) institutions of similar asset size and regional location, consists of: Arrow Financial Corp.; Berkshire Hills Bancorp, Inc.; Bryn Mawr Bank Corporation; Camden National Corporation; Chemung Financial Corporation; Financial Institutions, Inc.; First Defiance Financial Corp.; Independent Bank Corp.; Park National Corporation; Peoples Bancorp, Inc.; S&T Bancorp, Inc.; Sandy Spring Bancorp, Inc.; Tompkins Financial Corporation; TowneBank; TrustCo Bank , NY; Union First Market Bankshares Corporation; Washington Trust Bancorp, Inc.; and WSFS Financial Corporation.

In November 2014, the Compensation Committee met and reviewed the performance of the named executive officers with the Chief Executive Officer to determine increases in base salary compensation for 2015. The Committee also met in executive session without the Chief Executive Officer to discuss his base salary for 2015. Increases in base salary compensation for 2015 were based on individual performance and the selected peer group compensation review along with market analysis, which provides a broader view of compensation practices than the more limited peer group represented by the proxy study performed by the Corporation’s independent compensation consultants.

Below outlines the increases in base salary compensation for 2015 approved by the Compensation Committee:

Executive	2015 Base Salary	2014 Base Salary	% Increase
Jeffrey M. Schweitzer	$510,000	$450,000	13.33 %
K. Leon Moyer[1]	N/A	335,000	N/A
Michael S. Keim	300,000	270,000	11.11 %
Duane J. Brobst	220,000	200,000	10.00 %
Philip C. Jackson	260,000	250,000	4.00 %

(1) Mr. Moyer retired as an employee of the Corporation and of the Bank effective January 1, 2015.

The increase for Mr. Schweitzer was determined based on merit, along with the goal of getting Mr. Schweitzer's base salary to the median (50%) level over a three-year period as a result of his promotion to chief executive officer on January 1, 2014. The increases for the other named executive officers are due to merit along with each individual assuming additional responsibilities as a result of Mr. Moyer's retirement.

Compensation for group life insurance premiums, hospitalization and medical plans, and other personal benefits are provided to all full-time employees and part-time employees averaging a certain number of hours and do not discriminate in favor of officers of the Corporation or its subsidiaries.

ANNUAL INCENTIVES

Univest established a non-equity annual incentive plan to reward executive officers for achieving annual financial objectives. The weighted financial measures and related targets for the plan are set in the preceding fiscal year by the Compensation Committee. The annual incentive program consists primarily of cash bonuses paid for: 1) individual performance to reinforce the critical focus of our executive officers on certain annual objectives that have significant impact on our long-term performance strategy; and 2) meeting annual Corporation performance goals (annual net income, efficiency ratio, return on average assets, or other annual performance targets as set by the Compensation Committee). An executive may receive up to 50% of their annual incentive bonus in shares of the Corporation’s stock, which the Corporation will match with a restricted stock grant. The restricted stock grant will vest ratably over a five-year period. The purpose of this deferral option is to further align the executive’s interests with those of the shareholders, promote retention and keep the executive focused on the long-term viability, performance and stability of the Corporation.

For the year-ended December 31, 2014, based on the projected performance goals, the Threshold was set at a 40% payout, the Target was established at a 100% payout and Optimum was established at a 150% payout; if the projected performance goals are less than the established threshold amounts, there is no payout. For example, if the incentive reward is established at 50% of the executive’s annual base salary: the Threshold payout would be 40% of that incentive or 20%; the Target payout would be 100% of that incentive or 50%; and the Optimum payout would be 150% of that incentive or 75%. Understanding that actual results will not equal the Target, Threshold or Optimum goals exactly, the payout under the Annual Incentive Compensation plan will be interpolated based on actual results compared to Threshold, Target and Optimum. Performance above Optimum will be interpolated using one-half the rate of increase used for Target to Optimum.

The Annual Incentive Compensation plan provides for laddered payouts based on actual results compared to Target and by Officer Category as detailed in the table below:

	Threshold	Target	Optimum
Category 1	20.0%	50.0%	75.0%
Category 2	16.0%	40.0%	60.0%
Category 3	14.0%	35.0%	52.5%
Category 4	10.0%	25.0%	37.5%

Note: Above percentages are a percent of base salary.

The payout under the Annual Incentive Compensation plan will occur during February of each year for which a payout is made. The payout for all named executives except Mr. Jackson is based 25% on the performance of the individual and their contribution to the Corporation in the particular year and 75% on the achievement of Corporation performance targets for the year. Each individual performance metric will have a None, Threshold, Target and Optimum component. Mr. Jackson’s Annual Incentive Compensation plan is based 50% on the achievement of the Corporation’s performance targets for the year (equally weighted) and 50% based on achievement of the pre-tax income goal for the Bank’s Corporate Banking business. Similar to the Corporation’s financial targets, the Corporate Banking goals have a Threshold, Target and Optimum component

The Corporate performance metrics measured in 2014 each had a 33.3% weighting and were comprised as follows:

•Net Income
•Return on average assets
•Efficiency ratio

Recognizing that unforeseen events in the economy could have an impact on yearly performance of the Corporation, but still result in the Corporation, through focused and disciplined management, exceeding the performance of its Select Peer Group, as determined by the Board of Directors, which consists of all publicly traded Mid-Atlantic (defined as Pennsylvania, New York, New Jersey, Delaware, Maryland and the District of Columbia) banks, thrifts and savings institutions between $1 billion and $5 billion in total assets, the Annual Incentive Compensation Plan also has a Peer Performance Lever. The Compensation Committee has the discretion to pay out at the Threshold level, even if the Corporation’s performance does not meet Threshold levels, if the Corporation’s performance exceeds 50%

of the Select Peer Group performance with respect to Return on Average Assets. Additionally, the Compensation Committee has the discretion to pay out at the Target level, even if the Corporation's performance does not meet Target levels, if the Corporation's performance exceeds 80% of the Select Peer Group performance with respect to Return on Average Assets. Finally, the Compensation Committee has the discretion to not pay out the Annual Incentive Compensation if the Corporation's performance does not exceed 40% of the Select Peer Group performance with respect to Return on Average Assets.

The Corporation's financial targets set by the Compensation Committee for 2014 for the Annual Incentive Compensation component of executive compensation were as follows:

Performance Metric	Threshold	Target (Plan)	Optimum
Net Income (000's)	$18,810	$23,513	$28,216
Return on Average Assets	0.82%	1.03%	1.24%
Efficiency Ratio	68.25%	65.75%	63.25%

In January 2015, the Compensation Committee reviewed the Corporation's performance compared to the targets established for 2014. Univest recorded net income, adjusted for one-time acquisition costs, of $23.2 million, which was between the Threshold and Target levels; return on average assets (adjusted for one-time acquisitions costs) of 1.05%, which was between the Target and Optimum levels; and an efficiency ratio (adjusted for one-time acquisitions costs and the income statement impact of the Girard Partners and Sterner Insurance acquisitions) of 66.87%, which was between the Threshold and Target levels. Corporate Banking's pre-tax income came in between the Threshold and Target levels. As a result, an aggregate cash bonus was paid to the named executive officers of the Corporation for 2014 at 92.32% of the targeted payout level.

LONG-TERM INCENTIVES

Stock-Based Compensation

The long-term incentive program consists primarily of stock options and restricted stock grants, which are granted based on the Corporation's performance compared to its selected peers with respect to certain financial measures. The purpose of the program is to align management's interests with those of our shareholders, promote employee retention and also to ensure management's focus on the long-term stability and performance of the Corporation. The Corporation's target is to pay out incentive compensation, both short-term and long-term, at the median (50%) level of our peer group.

At the Annual Meeting in 2003, the shareholders approved the Univest 2003 Long-Term Incentive Plan; at the Annual Meeting in 2008, the shareholders approved the Amended and Restated Univest 2003 Long-term Incentive Plan. The 2003 Long-Term Incentive Plan expired in April 2013. At the Annual Meeting in 2013, the shareholders approved the Univest 2013 Long-Term Incentive Plan. The purpose of the plan is to enable employees and non-employee directors of the Corporation to: (i) own shares of stock in the Corporation, (ii) participate in the shareholder value which has been created, (iii) have a mutuality of interest with other shareholders and (iv) enable the Corporation to attract, retain and motivate key employees of particular merit. Participation in the 2013 Long-Term Incentive Plan is determined by the Compensation Committee. The plan authorizes the Committee to grant both stock and/or cash-based awards through incentive and non-qualified stock options, stock appreciation rights, restricted stock, and/or long-term performance awards to participants. With respect to these grants, 2,000,000 shares were initially set aside for these long-term incentives. The number of shares of common stock available for issuance under the plan is subject to adjustment, as described in the plan. This includes, in the event of any merger, reorganization, consolidation, recapitalization, stock dividend, or other change in corporate structure affecting the stock, substitution or adjustment shall be made in the aggregate number of shares reserved for issuance under the plan, in the number and option price of shares subject to outstanding options granted under the plan and in the number and price of shares subject to other awards, as described in the plan. As a result of the acquisition and merger of Valley Green Bank into Univest Bank and Trust Co., 473,483 additional shares are now available for distribution under the 2013 Long-Term Incentive Plan. At the time of an award grant, the Committee will determine the type of award to be made and the specific conditions upon which an award will be granted (i.e. term, vesting, performance criteria, etc.).

Upon a change in control: any stock appreciation rights outstanding for at least six months and any stock options awarded which have been held for at least six months shall become fully vested and exercisable; restrictions applicable to any restricted stock award shall lapse and such shares shall be deemed fully vested; the value of all outstanding stock options, stock appreciation rights and restricted stock awards shall be cashed out on the basis of their fair market value; and any outstanding long-term performance awards shall be vested and paid out based on the prorated target results for the performance periods in question.

Long-term incentive compensation consists of a combination of stock options and performance-based restricted stock. The granting of options is anticipated to occur annually, at the discretion of the Compensation Committee, on January 31 and is not contingent on the achievement of annual targets described under Annual Incentive Compensation. The number of options to be granted each year will be determined by the Compensation Committee.

On January 31, 2015, the Compensation Committee approved the granting of stock options to the following named executives:

Executive	Stock Options Granted	
Jeffrey M. Schweitzer	9,000	shares
Duane J. Brobst	4,500	shares
Philip C. Jackson	4,500	shares
Michael S. Keim	4,500	shares

Performance-based restricted stock grants are anticipated to be granted each year on January 31 based on the Top Quintile performance as detailed in the chart below. The performance-based restricted stock will vest on February 15th after three years of performance (i.e. restricted stock granted on January 31, 2015 will vest on February 15, 2018) based on the Corporation's performance compared to its Select Peer Group with respect to three-year average Return on Average Assets.

	Top Quintile 80% - 100%	2nd Quintile 60% - 80%	3rd Quintile 40% - 60%
Category 1	7,500	5,000	2,500
Category 2	5,625	3,750	1,875
Category 3	3,750	2,500	1,250
Category 4	2,250	1,500	750

On January 31, 2015, the Compensation Committee approved the granting of performance-based restricted stock to the following named executives:

Executive	Shares of Restricted Shares Granted	
Jeffrey M. Schweitzer	7,500	shares
Duane J. Brobst	3,750	shares
Philip C. Jackson	3,750	shares
Michael S. Keim	3,750	shares

Post-Retirement Plans

Univest provides a qualified pension plan to all employees hired prior to December 7, 2009, and non-qualified pension plans for certain executive officers. The Defined Benefit Pension Plan (DBPP) is a nondiscriminatory retirement plan which qualifies under the Internal Revenue Code. The DBPP is a noncontributory defined benefit retirement plan covering substantially all employees of the Corporation and its wholly owned subsidiaries. To be eligible for the DBPP, employees must complete one year of service (defined as working more than 1,000 hours) and attain age 21. The DBPP is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The DBPP is administered by a Pension Committee appointed by the Board of Directors of the Corporation. The Pension Committee has appointed Univest Bank and Trust Co., a wholly owned subsidiary of the Corporation, as trustee of the DBPP. Employer contributions are based on amounts required to be funded under the provisions of ERISA. No contributions are required or permitted by the participants. Entrance into the DBPP was frozen to new entrants as of December 7, 2009.

On June 24, 2009, the Compensation Committee of the Board of Directors of the Corporation resolved that effective December 31, 2009, the benefits under the DBPP, in its current form, would be frozen and the current plan would be amended and converted to a cash balance plan under which employees would continue to receive future benefits in accordance with the provisions of the cash balance plan.

The normal retirement date is the first day of the month in which the participant's 65th birthday occurs and he/she has completed five years of credited service. Prior to December 31, 2009, the normal annual retirement benefit amount accrued was 1.5% of average earnings for each year of credited service up to 20 years plus 0.5% of average earnings for each year of credited service in excess of 20, plus 0.25% of average earnings in excess of the average Social Security wage base for each year of credited service up to 35 years.

Benefits under the cash balance plan are credited to the employees’ account based on the following formula:

Years of Service	Annual Benefit Credited
0 - 10	3% of salary
11- 20	