

WESTAMERICA BANCORPORATION
Form DEF 14A
March 14, 2016

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

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:

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| <input checked="" type="checkbox"/> Definitive Proxy Statement | |
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Westamerica Bancorporation
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

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- 3) Filing Party:
- 4) Date Filed:

**1108 Fifth Avenue
San Rafael, California 94901**

March 14, 2016

To Our Shareholders:

You are cordially invited to attend the Annual Meeting of Shareholders of Westamerica Bancorporation. It will be held at **11:00 a.m. Pacific Time on Thursday, April 28, 2016, at the Hilton Garden Inn, 2200 Gateway Court, Fairfield, California** as stated in the formal notice accompanying this letter. We hope you will plan to attend.

At the Annual Meeting, the shareholders will be asked to (i) elect nine Directors; (ii) approve a non-binding advisory vote on the compensation of our named executive officers; (iii) ratify the selection of the independent auditor; (iv) consider and vote upon a shareholder proposal regarding an independent board chairman; and (v) conduct other business that may properly come before the Annual Meeting.

In order to ensure your shares are voted at the Annual Meeting, you can vote through the internet, by telephone or by mail. Instructions regarding internet and telephone voting are included on the Proxy Card. If you elect to vote by mail, please sign, date and return the Proxy Card in the accompanying postage-paid envelope. The Proxy Statement explains more about voting in the section entitled "Voting Information – How You Can Vote."

We look forward to seeing you at the Annual Meeting on Thursday, April 28, 2016, at the Hilton Garden Inn in Fairfield, California.

Sincerely,

David L. Payne

Chairman of the Board, President

and Chief Executive Officer

WESTAMERICA BANCORPORATION

1108 Fifth Avenue

San Rafael, California 94901

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

Date: Thursday, April 28, 2016

Time: 11:00 a.m. Pacific Time

Place: Hilton Garden Inn, 2200 Gateway Court, Fairfield, California.

Items of Business

1. To elect nine Directors to serve until the 2017 Annual Meeting of Shareholders;
2. To approve a non-binding advisory vote on the compensation of our named executive officers;
3. To ratify selection of independent auditor;
4. To consider and vote upon shareholder proposal; and
5. To conduct other business that may properly come before the Annual Meeting and any adjournments or postponements.

Who Can Vote?

Shareholders of Record at the close of business on February 29, 2016 are entitled to notice of, and to vote at the Annual Meeting or any postponement or adjournment thereof.

Admission to the Annual Meeting

No ticket will be necessary for admission to the Annual Meeting. However, to facilitate the admission process, Shareholders of Record (“registered holder”) planning to attend the Annual Meeting should check the appropriate box on the Proxy Card. Your name will be added to a list of attendees. If you hold shares through an intermediary, such as a bank or broker (“beneficial holder”), you may need to register at the desk in the lobby. Please bring the following as evidence of ownership: 1) a legal proxy, which you can obtain from your bank or broker or other intermediary, or your brokerage statement dated on or after February 29, 2016, evidencing your ownership on February 29, 2016, the record date; and 2) photo identification.

Annual Report

Westamerica Bancorporation’s Annual Report on Form 10-K (“Annual Report”) to shareholders for the fiscal year ended December 31, 2015 is enclosed or is available for viewing as indicated on the Shareholder Meeting Notice and on the Company’s website at: www.westamerica.com, under “Shareholders.” The Annual Report contains financial and other information about the activities of Westamerica Bancorporation, but does not constitute a part of the proxy soliciting materials.

BY ORDER OF THE BOARD OF DIRECTORS

Kris Irvine

March 14, 2016 VP/Corporate Secretary

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE SHAREHOLDER MEETING BEING HELD ON THURSDAY, APRIL 28, 2016. THE PROXY STATEMENT AND ANNUAL REPORT ON FORM 10-K TO SHAREHOLDERS ARE AVAILABLE AT:
www.westamerica.com.**

YOUR VOTE IS IMPORTANT

PLEASE COMPLETE, SIGN, DATE AND PROMPTLY RETURN YOUR PROXY, OR VOTE BY
TELEPHONE OR ONLINE USING THE PROCEDURES DESCRIBED IN THE PROXY STATEMENT.

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WESTAMERICA BANCORPORATION

1108 Fifth Avenue

San Rafael, California 94901

PROXY STATEMENT

March 14, 2016

GENERAL

The Westamerica Board of Directors is soliciting proxies to be used at the 2016 Annual Meeting of Shareholders of Westamerica Bancorporation (the “Company”), which will be held at 11:00 a.m. Pacific Time, Thursday, April 28, 2016, or at any adjournment or postponement of the Annual Meeting. Proxies are solicited to give all Shareholders of Record (“registered holder”) an opportunity to vote on matters to be presented at the Annual Meeting. In the following pages of this Proxy Statement, you will find information on matters to be voted at the Annual Meeting.

Voting Information

Internet Availability of Proxy Materials. We are providing proxy materials to our shareholders primarily via the internet, instead of mailing printed copies of those materials to each shareholder. By doing so, we save costs and reduce the environmental impact of our Annual Meeting. On or about March 14, 2016, we mailed a Notice of Internet Availability of Proxy Materials (“Notice”) to certain of our shareholders. The Notice contains instructions about how to access our proxy materials and vote online or vote by telephone. If you would like to receive a paper copy of our proxy materials, please follow the instructions included in the Notice. If you previously chose to receive our proxy materials electronically, you will continue to receive access to these materials via email unless you elect otherwise.

Proof of Ownership May Be Required for Attending Annual Meeting in Person. You are entitled to attend the Annual Meeting only if you are a shareholder as of the close of business on February 29, 2016, the record date, or hold a valid proxy for the meeting. In order to be admitted to the Annual Meeting, the Company reserves the right to request proof of ownership of Westamerica Bancorporation common stock on the record date. This can be:

- A brokerage statement or letter from a bank or broker indicating ownership on February 29, 2016;
 - The Notice of Internet Availability of Proxy Materials;
- A printout of proxy distribution email (if you received your materials electronically);
 - A Proxy Card;
- A voting instruction form; or
- A legal proxy provided by your broker, bank or nominee.

Any holder of a proxy from a shareholder must present the Proxy Card properly executed, and a copy of the proof of ownership. The Company reserves the right to ask shareholders and proxy holders to present a form of photo identification such as a driver's license.

Proxy Card. The Board has designated Arthur C. Latno, Jr., Ronald A. Nelson and Edward B. Sylvester to serve as Proxies for the Annual Meeting. As Proxies, they will vote the shares represented by proxies at the Annual Meeting. If you sign, date and return your Proxy Card but do not specify how to vote your shares, the Proxies will vote FOR the election of all of the Director nominees, FOR approval of the advisory vote on the compensation of our named executive officers, FOR ratifying the selection of independent auditor, and AGAINST the shareholder proposal regarding an independent board chairman. The Proxies will also have discretionary authority to vote in accordance with their judgment on any other matter that may properly come before the Annual Meeting that we did not have notice of by January 22, 2016.

Quorum and Shares Outstanding. A quorum, which is a majority of the total shares outstanding as of the record date, must be present to hold the Annual Meeting. A quorum is calculated based on the number of shares represented by shareholders attending in person or by proxy. On February 29, 2016, 25,400,207 shares of Westamerica Bancorporation common stock were outstanding. We also count broker non-votes, which we describe below, as shares present or represented at the Annual Meeting for the purpose of determining whether a quorum exists.

Election of Director Nominees. Each share is entitled to one vote, except in the election of Directors where a shareholder may cumulate votes as to candidates nominated prior to voting, but only when a shareholder gives notice of intent to cumulate votes prior to the voting at the Annual Meeting. If any shareholder gives such notice, all shareholders may cumulate their votes for nominees. Under cumulative voting, each share carries as many votes as the number of Directors to be elected, and the shareholder may cast all of such votes for a single nominee or distribute them in any manner among as many nominees as desired. This Proxy Statement solicits the discretionary authority to cumulate votes and allocate them in the Proxy Holders' discretion if any shareholder requests cumulative voting. In the election of Directors, the nine nominees receiving the highest number of votes will be elected. If your proxy is marked "Withhold" with regard to the election of any nominee, your shares will be counted toward a quorum and for other nominees but they will not be voted for the election of that nominee. If you attend the Annual Meeting and have already voted, you may vote in person in order to rescind your previous vote.

Vote Required; Effect of Abstentions and Broker Non-Votes. The shares of a shareholder whose ballot on any or all proposals is marked as "abstain" will be included in the number of shares present at the Annual Meeting to determine whether a quorum is present. If you are the beneficial holder of shares held by a broker or other custodian, you may instruct your broker how to vote your shares through the voting instruction form included with this Proxy Statement. If you wish to vote the shares you own beneficially at the meeting, you must first request and obtain a legal proxy from your broker or other custodian. If you choose not to provide instructions or a legal proxy, your shares are referred to as "uninstructed shares." Whether your broker or custodian has the discretion to vote these shares on your behalf depends on the ballot item. The following table summarizes the votes required for passage of each proposal and the effect of abstentions and uninstructed shares held by brokers.

Brokers and custodians cannot vote uninstructed shares on your behalf in director elections or advisory votes on executive compensation. For your vote to be counted, you must submit your voting instruction form to your broker or custodian.

Proposal Number	Proposals	Votes Required for Approval	Abstentions	Uninstructed Shares	Management Vote Recommendation
1	Election of directors	Nine nominees receiving the most votes	Not voted	Not voted	FOR
2	Advisory vote on executive compensation "Say on Pay"	Majority of shares voted	Not voted	Not voted	FOR
3	Ratification of independent auditor	Majority of shares voted	Not voted	Broker discretionary	FOR

				vote	
4	Shareholder proposal - independent board chairman	Majority of shares voted	Not voted	Not voted	AGAINST

Other Matters. Approval of any other matter considered at the Annual Meeting will require the affirmative vote of a majority of the shares present or represented by proxy and voting at the Annual Meeting.

How You Can Vote. Your vote is very important and we hope that you will attend the Annual Meeting. However, whether or not you plan to attend the Annual Meeting, please vote by proxy.

Registered Holders. If your shares are registered directly in your name with the Company's transfer agent, Computershare Investor Services, LLC, you are considered a registered holder of those shares. Please vote by proxy in accordance with the instructions on your Proxy Card, or the instruction you received by email.

A registered holder can vote in one of the following four ways:

Via the Internet. Go to the website noted on your Proxy Card in order to vote via the internet. Internet voting is available 24 hours a day. We encourage you to vote via the internet, as it is the most cost-effective way to vote. When voting via the internet, you do not need to return your Proxy Card.

By Telephone. Call the toll-free telephone number indicated on your Proxy Card and follow the voice prompt instructions to vote by telephone. Telephone voting is available 24 hours a day. When voting by telephone, you do not need to return your Proxy Card.

By Mail. Mark your Proxy Card, sign and date it, and return it in the enclosed postage-paid envelope. If you elected to electronically access the Proxy Statement and Annual Report, you will not be receiving a Proxy Card and must vote via the internet or by telephone.

In person. You may vote your shares at the Annual Meeting if you attend in person, even if you previously submitted a Proxy Card or voted via internet or telephone. Whether or not you plan to attend the Annual Meeting, however, we strongly encourage you to vote your shares by proxy before the meeting.

We have been advised by counsel that these telephone and internet voting procedures comply with California law.

Beneficial Shareholders. If your shares are held in a brokerage account in the name of your bank, broker, or other holder of record ("beneficial holder" or "street name"), you are not a registered holder, but rather are considered a beneficial holder of those shares. Your bank, broker, or other holder of record will send you instructions on how to vote your shares. If you are a beneficial holder, you must obtain a legal proxy, executed in your favor, from the holder of record to be able to vote in person at the Annual Meeting.

Voting Deadlines. If you are a participant in the Westamerica Bancorporation Tax Deferred Savings/Retirement Plan (ESOP) your vote must be received by 11:59 p.m. Central Time, on April 25, 2016. All other shareholders voting by telephone or internet must vote by 12:01 a.m. Central Time, on April 28, 2016 to ensure that their vote is counted.

Revocation of Proxy. Registered Holders who vote by proxy, whether by telephone, internet or mail, may revoke that proxy at any time before it is voted at the Annual Meeting. You may do this by: (a) signing another Proxy Card with a later date and delivering it to us prior to the Annual Meeting or sending a notice of revocation to the Corporate Secretary of Westamerica at 1108 Fifth Avenue, San Rafael, CA 94901; (b) voting at a later time by telephone or on the internet prior to 12:01 a.m. Central Time, on April 28, 2016 (prior to 11:59 p.m. Central Time, on April 25, 2016 for ESOP participants); or (c) attending the annual Meeting in person and casting a ballot. If you are a beneficial holder, you may change your vote by submitting new voting instructions to your broker or other nominee.

Additional Information

Householding. As permitted by the Securities Exchange Act of 1934 (the “Exchange Act”) only one envelope containing two or more Notices of Internet Availability of Proxy Materials is being delivered to shareholders residing at the same address, unless such shareholders have notified their bank, broker, Computershare Investor Services, or other holder of record that they wish to receive separate mailings. If you are a beneficial holder and own your shares in street name, contact your broker, bank or other holder of record to discontinue householding and receive your own separate copy of the Notice in future years. If you are a registered holder and own your shares through Computershare Investor

Services, contact Computershare toll-free at 877-588-4258 or in writing directed to Computershare Investor Services, 250 Royall Street, Mail Stop 1A, Canton, MA 02021 to discontinue householding and receive multiple Notices in future years. To receive an additional Annual Report or Proxy Statement this year, contact Shareholder Relations at 707-863-6992 or follow the instructions on the Notice. Mailing of dividends, dividend reinvestment statements, and special notices will not be affected by your election to discontinue duplicate mailings of the Notice.

Electronic Access to Proxy Materials and Annual Reports. Whether you received the Notice of Internet Availability of Proxy Materials or paper copies of proxy materials, this Proxy Statement and the 2015 Annual Report are available on the Company's website at: www.westamerica.com. If you hold your Westamerica Bancorporation common stock in street name through a broker, a bank or other nominee, you may have the option of securing your Proxy Statement and Annual Report via the internet. If you vote this year's proxy electronically, you may also elect to receive future Proxy Statements, Annual Reports and other materials electronically by following the instructions given by your bank, broker, or other holder of record when you vote. Our website is available for information purposes only and should not be relied upon for investment purposes, nor is it incorporated by reference into this Proxy Statement.

Stock Ownership

Security Ownership of Certain Beneficial Holders. Based on Schedule 13G filings, shareholders beneficially holding more than 5% of Westamerica Bancorporation common stock outstanding as of December 31, 2015, in addition to those disclosed in the Security Ownership of Directors and Management section below, were:

Name and Address of Beneficial Owner	Title of Class	Number of Shares Beneficially Owned	Percent of Class
T. Rowe Price Associates, Inc 100 East Pratt Street, Baltimore, MD 21202-1009	Common	2,600,278	(1) 10.10%
BlackRock, Inc. 55 East 52nd Street, New York, NY 10055	Common	2,414,734	(2) 9.50%
American Century Investment Management, Inc. 4500 Main Street, Kansas City, MO 64111	Common	2,391,015	(3) 9.37%
The Vanguard Group, Inc. 100 Vanguard Boulevard, Malvern, PA 19355	Common	1,934,241	(4) 7.57%

(1) The Schedule 13G was filed with the SEC on February 9, 2016. These securities are owned by various individual and institutional investors, which T. Rowe Price Associates, Inc. (Price Associates) serves as investment adviser with power to direct investments and/or sole power to vote the securities. For purposes of the reporting requirements of the

Securities Exchange Act of 1934, Price Associates is deemed to be a beneficial holder of such securities; however, Price Associates expressly disclaims that it is, in fact, the beneficial holder of such securities.

(2) The Schedule 13G filed with the SEC on January 27, 2016 disclosed that the reporting entity, BlackRock, Inc., held sole voting power over 2,339,807 shares and sole dispositive power over 2,414,734 shares.

(3) The Schedule 13G filed with the SEC on February 11, 2016 disclosed that the reporting entity, American Century Investment Management, Inc., held sole voting power over 2,343,275 shares and shared dispositive power over 2,391,015 shares.

(4) The Schedule 13G filed with the SEC on February 11, 2016 disclosed that the reporting entity, The Vanguard Group, Inc., held sole voting power over 33,967 shares and sole dispositive power over 1,899,574 shares, and shared dispositive power over 33,667 shares.

In addition, on February 24, 2016, Eaton Vance Management, an institutional investor, through a representative, advised the Company that since December 31, 2015, its affiliates had collectively increased their ownership of the Company's common stock to approximately 9.5% of the outstanding shares. The Company has no additional information on the subject at this time.

Security Ownership of Directors and Management. The following table shows the number of common shares and the percentage of the common shares beneficially owned (as defined below) by each of the current Directors, by the Chief Executive Officer (“CEO”), by the Chief Financial Officer (“CFO”), and by the three other most highly compensated executive officers, and by all Directors and Officers of the Company as a group as of February 29, 2016. As of February 29, 2016, there were 25,400,207 outstanding shares of Westamerica Bancorporation’s common stock. For the purpose

of the disclosure of ownership of shares by Directors and Officers below, shares are considered to be beneficially owned if a person, directly or indirectly, has or shares the power to vote or direct the voting of the shares, the power to dispose of or direct the disposition of the shares, or the right to acquire beneficial ownership of shares within 60 days of December 31, 2015.

Amount And Nature Of Beneficial Ownership

Name and Address**	Sole Voting and Investment Power	Shared Voting and Investment Power	Right to Acquire Within 60 days of December 31, 2015	Total ⁽¹⁾	Percent of Class ⁽²⁾
Etta Allen	10,867	(3)-	-	10,867	*
Louis E. Bartolini	1,800	-	-	1,800	*
E. Joseph Bowler	-	25,887	(4) -	25,887	0.1%
Arthur C. Latno, Jr.	3,460	(5)-	-	3,460	*
Patrick D. Lynch	1,000	-	-	1,000	*
Catherine Cope MacMillan	8,600	(6)-	-	8,600	*
Ronald A. Nelson	44,000	-	-	44,000	0.2%
David L. Payne	1,453	(7)885,570	(8) -	887,023	3.5%
Edward B. Sylvester	73,750	-	-	73,750	0.3%
John "Robert" A. Thorson	415	(9)8,926	(10)92,643	101,984	0.4%
David L. Robinson	36	1,767	168,831	(11)170,634	0.7%
Dennis R. Hansen	30	28,038	178,189	(11)206,257	0.8%
Russell W. Rizzardi	-	-	-	-	-
All 14 Directors and Executives Officers as a Group	145,851	950,478	490,597	1,586,926	6.1%

* Indicates beneficial ownership of less than one-tenth of one percent (0.1%) of the Company's common shares.

** The address of all persons listed is 1108 Fifth Avenue, San Rafael, CA 94901.

⁽¹⁾ None of the shares held by the Directors and Officers listed above have been pledged.

⁽²⁾ In calculating the percentage of ownership, all shares which the identified person or persons have the right to acquire by exercise of options are deemed to be outstanding for the purpose of computing the percentage of the class owned by such person, but are not deemed to be outstanding for the purpose of computing the percentage of the class owned by any other person.

- (3) Includes 10,350 shares held in a trust as to which Mrs. Allen is trustee.
- (4) Includes 25,887 shares held in trust as to which Mr. Bowler is co-trustee with shared voting and investment power.
- (5) Includes 1,115 shares owned by Mr. Latno's wife as to which Mr. Latno disclaims beneficial ownership.
- (6) Includes 6,000 shares held in a trust as to which Ms. MacMillan is trustee and 400 shares held in trust under the California Uniform Gift to Minors Act as to which Ms. MacMillan is custodian.
- (7) Includes 462 shares held in a trust under the California Uniform Gift to Minors Act as to which Mr. Payne is custodian.
- (8) Includes 528,837 shares owned by Gibson Radio and Publishing Company, of which Mr. Payne is President and Chief Executive Officer, as to which Mr. Payne disclaims beneficial ownership, and 345,808 shares held in a trust as to which Mr. Payne is co-trustee with shared voting and investment power.
- (9) Includes 415 shares held in trusts under the California Uniform Gift to Minors Act as to which Mr. Thorson is custodian.
- (10) Includes 7,152 shares held in a trust as to which Mr. Thorson is co-trustee with shared voting and investment power.
- (11) During 1996, the Company adopted the Westamerica Bancorporation Deferral Plan (the "Deferral Plan") that allows recipients of Restricted Performance Shares ("RPS") to defer receipt of vested RPS shares into succeeding years. Amounts shown include RPS shares that have been deferred into the Deferral Plan for the following accounts in amounts of: Messrs. Hansen - 14,780 shares; and Robinson - 19,140 shares.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities and Exchange Act requires the Company's directors and executive officers and persons who own more than ten percent (10%) of a registered class of the Company's equity securities to file reports of ownership and changes in ownership with the Securities and Exchange Commission. Our employees generally prepare these reports on the basis of information received from each director and officer. Based on the review of copies of the forms filed, the Company believes that, during the last fiscal year, all filing requirements under Section 16(a) applicable to its directors, officers, and 10% stockholders were timely, except for a report by Mr. Rizzardi with respect to the sale of 66 shares, for a voluntary distribution from his retirement account. With the Company's assistance, the report was filed in the month following the distribution.

PROPOSAL 1 – ELECTION OF DIRECTORS

Board of Directors

Nine Directors have been nominated for election at the Annual Meeting to hold office until the next Annual Meeting or until their successors are elected and qualified. The Proxies will vote for the nine nominees named below unless you give different voting instructions on your Proxy Card. Each nominee is presently a Director of the Company and has consented to serve a new term. The Board does not anticipate that any of the nominees will be unavailable to serve as a Director, but if that should occur before the Annual Meeting, the Board reserves the right to substitute another person as nominee. The Proxies will vote for any substitute nominated by the Board of Directors. The Proxies may use their discretion to cumulate votes for election of Directors and cast all of such votes for any one or more of the nominees, to the exclusion of the others, and in such order of preference as they may determine at their discretion.

Nominees

The nominees for election as Directors are named and certain information with respect to them is given below. Our nominees are seasoned leaders who bring to the Board an array of financial services, public and private company, non-profit, and other business experience. As a group they possess experience in leadership, consumer banking, commercial and small business banking, investment banking, capital markets, financial advisory services, finance and accounting, risk management and real estate. Many of the Board Members have seen the company through a variety of economic conditions which was especially beneficial during the current economic environment. The information below has been furnished to the Company by the respective nominees. All of the nominees have engaged in their indicated principal occupation for more than five years, unless otherwise indicated and no nominee has served on the Board of Directors of another public company during the past five years.

Name of Nominees, Principal Occupations, and Qualifications

Etta Allen – Director since 1988

Etta Allen (86) is President and CEO of Allen Heating and Sheet Metal and President and CEO of Sunny Slope Vineyard in Sonoma County, California. She is a member of the Employee Benefits and Compensation Committee and the Loan and Investment Committee. Mrs. Allen is also a Director of Westamerica Bank.

In 1972, she became the second woman in the state of California to become a licensed contractor in heating, ventilation, air conditioning and sheet metal, and in 1974 she became President and CEO of Allen Heating and Sheet Metal. Under her leadership the company became recognized throughout California. She was the first woman president of Marin Builders Exchange and during her time on the executive committee she also served as a trustee and later as chairman of their successful insurance trust. She was the first woman contractor on the Executive Committee of the California Association of Builders Exchanges.

Etta Allen is one of the pioneers for women in non-traditional careers. As an entrepreneur, businesswoman and an involved community leader, she brings independence, operations management and executive experience to the Board.

Louis E. Bartolini – Director since 1991

Louis E. Bartolini (83) retired from Merrill Lynch, Pierce, Fenner & Smith, Inc. (now Merrill Lynch and Co.) as a financial consultant. He currently serves on the Audit Committee and is also a Director of Westamerica Bank. Mr. Bartolini has 34 years of experience in the financial industry serving as a financial consultant and branch manager for Merrill Lynch and Co. and has been active for over 36 years in the non-profit community in Marin County. He has served on the boards of many non-profit organizations, including a five-year term as president of the Marin Symphony, a Board member of the Association of California Symphony Orchestras, and a past District Governor of Rotary International.

Mr. Bartolini's continuing interest in the financial industry, his leadership skills, and financial and investment expertise are of great value to the Board. His extensive ties to local community and business leaders through his long-term volunteer involvement provide the Board with a broad perspective and insights into key segments of our markets and customer base.

E. Joseph Bowler – Director since 2003

E. Joseph Bowler (79) retired as Senior Vice President and Treasurer of the Company in 2002. He currently serves as a member of the Audit Committee and is also a Director of Westamerica Bank. Mr. Bowler holds a Masters of Business Administration from Stanford University.

With many years of direct banking experience, Mr. Bowler brings strong financial and investment expertise important to the oversight of our financial reporting and interest rate risk management. In addition, Mr. Bowler's experience as a director and trustee of various non-profit community and educational organizations brings strategic planning and corporate governance skills to the Board.

Arthur C. Latno, Jr. – Director since 1985

Arthur C. Latno, Jr. (86) retired from Pacific Telesis Group (now Pacific Bell Telephone Company) as an Executive Vice President. He currently serves on the Company's Executive Committee, the Employee Benefits and Compensation Committee, and the Loan and Investment Committee and is Chairman of the Nominating Committee. Mr. Latno is also a Director of Westamerica Bank. His expertise stems from his wide-ranging responsibilities at Pacific Bell, which included operations, regulatory responsibilities, and public and governmental relations. His proficiency in strategic planning was recognized by the City of San Francisco when he was selected to serve on the City's Port of San Francisco Strategic Planning Advisory Panel. He has also been involved with the Marin General Hospital Foundation, the Fine Arts Museum of San Francisco and numerous other community organizations in the locations where the Company has a significant presence. Mr. Latno is also a former U.S. Ambassador and Chairman

of the U.S. Delegation Treaty Conference (rank accorded by President Reagan) in Melbourne, Australia, and a former Chairman of the Board of Trustees and Past President of Board of Regents of St. Mary's College in California. He was a recipient of the Anti-Defamation League's Americanism Award and the Friends of the Human Rights Commission's Human Rights Award.

Mr. Latno's most important contributions to the Board are his executive leadership, strategic planning skills, and regulatory and public relations experience.

Patrick D. Lynch – Director since 1986

Patrick D. Lynch (82) retired as Vice President and General Manager of the U.S. Semiconductor Division of Motorola. He currently serves as Chairman of the Employee Benefits and Compensation Committee, is a member of the Executive Committee and the Nominating Committee, and is also a Director of Westamerica Bank. Mr. Lynch has held executive positions at Nicolet Instrument Company and several venture capital high-tech start-up companies.

Mr. Lynch brings to the Board operations, financial and marketing expertise as well as a valued historical perspective.

Catherine Cope MacMillan – Director since 1985

Catherine Cope MacMillan (68) is a former owner of the Huntington Hotel in San Francisco and La Playa Hotel in Carmel-by-the-Sea. She is a member of the Loan and Investment Committee and the Audit Committee. She is also a Director of Westamerica Bank. Ms. MacMillan previously operated a prominent restaurant for nearly 20 years. She is a graduate of the University of California at Davis and Pacific McGeorge School of Law. She has also served in numerous leadership capacities for community organizations.

Ms. MacMillan's experience in administration and operational aspects of various businesses and organizations provides the Board with sound leadership.

Ronald A. Nelson – Director since 1988

Ronald A. Nelson (73) was Executive Vice President of Charles M. Schulz Creative Associates through 1995. He serves as the Chairman of the Audit Committee and is a member of the Employee Benefits and Compensation Committee. He is also a Director of Westamerica Bank. Mr. Nelson has a background as a Certified Public Accountant and has been designated as the Audit Committee's "financial expert." He has been a resident of Sonoma County since 1970, which is one of the bank's primary markets and where he has been involved in business management, investment management, and the development of commercial real estate. He also served as a board member and chairman of Santa Rosa Memorial Hospital, which is the area's primary acute care hospital.

Mr. Nelson's extensive business and financial expertise provides important oversight of our financial reporting and risk management.

David L. Payne – Director since 1984

David L. Payne (60) is Chairman, President & CEO of Westamerica Bancorporation. He was appointed Chairman in 1988 and Chief Executive Officer in 1989 and is Chairman of the Executive Committee. Mr. Payne is also Chairman, President & CEO of Westamerica Bank. He brings to the Board strong leadership and a vision for the future. He has a thorough knowledge of the banking industry, manages regulatory and business development issues, and has extensive financial and accounting expertise. Mr. Payne possesses excellent management, strategic development and business skills.

Since Mr. Payne's appointment to the Board, Westamerica's dividends per share have risen eleven-fold and capital levels have increased eight-fold. Total assets have quadrupled during his tenure and net income has risen by a multiple of 12. Return on equity was 11.32% for the year ended December 31, 2015.

Mr. Payne has successfully negotiated and led the Company through many mergers including: John Muir National Bank, Napa Valley Bancorporation, PV Financial, CapitolBank – Sacramento, North Bay Bancorp, ValliCorp Holdings, First Counties Bank, Kerman State Bank, Redwood Empire Bancorp, County Bank, and Sonoma Valley Bank. Mr. Payne also manages his family printing, publishing and cable television business.

Edward B. Sylvester – Director since 1979

Edward Sylvester (79) is a licensed civil engineer and the founder of SCO Planning and Engineering. He retired from the day-to-day engineering profession in 2007, but continues as a private consultant. Mr. Sylvester is currently a member of the Executive Committee, the Nominating Committee, Chairman of the Loan and Investment Committee, and serves as Lead Independent Director of Westamerica Bancorporation. He was a founding Director of Gold Country Bank headquartered in Grass Valley until the bank merged with Westamerica's predecessor, Independent Bankshares, at which time he was nominated to serve on the corporate Board by his peers. Mr. Sylvester is the Chairman of the Board of Nevada County Broadcasters and serves as Vice Chairman of the Nevada County Business Association. He is Vice Chairman of the Board of Sierra Nevada Memorial Hospital where he is a member of their Finance Committee, chairs the hospital's Citizen Outreach Committee and is Chairman of the Strategy Committee. Mr. Sylvester has previously served as a member and Chairman of the California Transportation Commission that prioritizes state transportation projects and allocates funding. He is a past President of the Rotary Club of Grass Valley and past Chairman of the Grass Valley Chamber of Commerce. Mr. Sylvester has run 23 marathons to date and was the 14th person in the world to complete a

full marathon on all seven continents including Antarctica.

The depth of Mr. Sylvester's experience gives him first-hand understanding of all the nuances of development and development funding, a current knowledge of the retail economy, and a state-wide perspective and experience in funding allocation. His long tenure on the Board brings a historical and long-term perspective while he remains current on financial issues with his continuing leadership role in the community and active management positions.

THE BOARD OF DIRECTORS RECOMMEND ELECTION OF ALL NOMINEES

Board of Directors and Committees

Director Independence and Leadership Structure

The Board of Directors has considered whether any relationships or transactions related to a Director were inconsistent with a Director's independence. Based on this review, the Board has determined that E. Allen, L.E. Bartolini, E.J. Bowler, A.C. Latno, Jr., P.D. Lynch, C.C. MacMillan, R.A. Nelson, and E.B. Sylvester are "independent" Directors as defined in Nasdaq rules.

Our Board has carefully considered the critical issue of Board leadership. In the context of risk management, the leadership of each Board committee primarily responsible for risk management is vested in an independent committee chair. With regard to the leadership of the meetings of the full Board, our Board of Directors has carefully evaluated whether the positions of chairman and CEO should be separate or combined. Our Board believes that the most effective leadership structure for the Company at this time is to combine the responsibilities of the Chairman and CEO, a structure that has been successful since 1989. The combined positions avoid a duplication of efforts, enable decisive leadership, ensure a clear accountability for the performance of the Company, a more rapid implementation of decisions, and a consistent vision. Given the size of our employee base and our level of assets relative to larger, more complex banking structures, our Company is particularly well suited to combine the Chairman and CEO functions. Furthermore, our management team has an average tenure of 23 years and does not require the substantial oversight needed by a less experienced team, which has allowed our Chairman and CEO to lead the Company through eleven acquisitions since 1992.

To ensure strong Board oversight eight of our nine Directors are, as noted above, independent as defined by Nasdaq. Only non-management directors sit on Board committees, with the exception of the Executive Committee, and every

non-management director sits on one or more of these Committees. All non-management directors meet at least four times a year outside the presence of the Chairman and CEO. The Board completes an annual board evaluation that is discussed by the Nominating Committee and presented to the full Board.

Although the Board believes that it is more effective to have one person serve as the chairman and CEO at this time, it also recognizes the importance of strong independent leadership on the Board, accordingly, the Board has established a strong, independent Lead Director, Mr. Sylvester, who must serve at least one year and has the following clearly delineated and comprehensive duties:

- Presides at all meetings of the Board at which the Chairman is not present, including executive sessions of the independent Directors;
- Serves as liaison between the Chairman and the independent Directors;
- Approves information sent to the Board;
- Approves meeting agendas for the Board;
- Approves meeting schedules to assure that there is sufficient time for discussion of all agenda items;
- Has the authority to call meetings of the independent Directors; and
- If requested by major shareholders, ensures that he or she is available for consultation and direct communication.

The Board does not believe that the fact an independent lead director does not preside over the normal Board meeting business sessions limits the ability of the Board to have open exchanges of views, or to address any issues the Board chooses, independently of the chairman.

The Board of Directors of the Company also serve as the Board of Directors of Westamerica Bank, and as such are well informed of Bank operations through regular reports and discussions on the operations of the Bank. The Directors' longevity with the Company has exposed them to a wide range of business cycles, which plays a critical role in managing the risk profile and profitability of the Company through the current economic environment.

Role of the Board of Directors in Risk Oversight

The Board is also responsible for overseeing all aspects of management of the Company, including risk oversight, which is effected through all Board committees, but primarily through the Board's Audit Committee. The Internal Audit Department reports directly to the Board's Audit Committee. It presents its independently prepared company-wide annual risk assessment, its evaluation of Management's prepared risk assessment and its audit plan incorporating the risk assessment, including the policies and procedures utilized to monitor and control such exposures, to the Board's Audit Committee.

The internal loan review function reports directly to the Board's Loan and Investment Committee. It reports ongoing evaluations of loan portfolios and the risk rating of individual loans using guidelines established by bank regulatory authorities, to the Board's Loan and Investment Committee.

Meetings

The Company expects all Board members to attend all meetings, including the Annual Meeting of Shareholders, except for reasons of health or special circumstances. The Board held a total of ten meetings during 2015. Every Director attended at least 75%, with the exception of Mr. Latno who attended 60% due to health reasons, of the aggregate of: (i) the Board meetings held during that period in which they served; and (ii) the total number of meetings of any Committee of the Board on which the Director served. Each individual who served on the Board of the Company on the date of the 2015 Annual Meeting of Shareholders attended the meeting, except for Mr. Latno.

Committees of the Board

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Director Name	Executive Committee	Audit Committee	Employee Benefits and Compensation Committee	Loan and Investment Committee	Nominating Committee
Etta Allen			X	X	
Louis E. Bartolini		X			
E. Joseph Bowler		X			
Arthur C. Latno, Jr.	X		X	X	Chair
Patrick D. Lynch	X		Chair		X
Catherine Cope MacMillan		X		X	
Ronald A. Nelson		Chair	X		
David L. Payne	Chair				
Edward B. Sylvester	X			Chair	X
Number of Meetings in 2015	9	5	5	9	1

Executive Committee

Functions: The Board delegates to the Executive Committee all powers and authority of the Board in the management of the business affairs of the Company between board meetings, which the Board is allowed to delegate under California law.

Audit Committee

The Board of Directors has determined that all members are independent, as that term is defined by applicable rules of Nasdaq for Audit Committee purposes. The Board has also designated Mr. Nelson as the “Audit Committee financial expert” as defined by the rules of the SEC and has determined that he is “financially sophisticated” under Nasdaq rules. In concluding that Mr. Nelson is the Audit Committee financial expert, the Board determined that he has:

- an understanding of generally accepted accounting principles and financial statements;
- the ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves;
- 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 Company’s financial statements, or experience actively supervising one or more persons engaged in such activities;
- an understanding of internal control over financial reporting; and
- an understanding of Audit Committee functions.

Designation of a person as an Audit Committee financial expert does not result in the person being deemed an expert for any purpose, including under Section 11 of the Securities Act of 1933. The designation does not impose on the person any duties, obligations or liability greater than those imposed on any other Audit Committee member or any other Director and does not affect the duties, obligations or liability of any other member of the Audit Committee or Board of Directors.

Functions: The Audit Committee provides independent, objective oversight of the integrity of the Company’s financial statements, the Company’s compliance with legal and regulatory requirements, the independence and performance of the Company’s independent auditor as it performs audit, review or attest services, and the Company’s internal audit and control function. It selects and retains the independent registered public accounting firm, and reviews the plan and the results of the auditing engagement. It acts pursuant to a written charter that was reaffirmed by the Board of Directors in April 2015 and is attached as Exhibit A to the Proxy Statement for this 2016 Annual Meeting of Shareholders.

Employee Benefits and Compensation Committee

The Employee Benefits and Compensation Committee of the Board of Directors (the “Compensation Committee”) is comprised solely of Directors who are not current or former employees of Westamerica or any of its affiliates. They are independent as defined by Nasdaq rules.

Functions: The Compensation Committee administers Westamerica Bancorporation's 2012 Amended and Restated Stock Option Plan of 1995, Tax Deferred Savings and Retirement Plan, Deferred Profit Sharing Plan, Deferred Compensation Plan, and the Westamerica Bancorporation Deferral Plan. It administers the Company's compensation programs and reviews and reports to the Board the compensation level for executive officers, including the CEO, of the Company and its subsidiaries and determines that compensation plans are balanced between financial results and prudent risk taking. The Compensation Committee determines annual corporate performance objectives for equity compensation and cash bonuses and their related corporate, divisional and individual goals. Based on the CEO's assessment of the extent to which each executive officer met those objectives and goals, the Committee determines each executive officer's annual equity compensation and cash bonus. The Compensation Committee also establishes the individual goals and targets for the CEO. All compensation approved by the Compensation Committee is reported to the full Board of Directors. The role of the Compensation Committee is described in greater detail under the section entitled "Compensation Discussion and Analysis."

The Compensation Committee is governed by a written charter as required by Nasdaq rules. The charter was adopted April 24, 2013 and attached as Exhibit B to the Proxy Statement for the 2014 Annual Meeting of Shareholders. The

Compensation Committee has the authority to seek assistance from officers and employees of the Company as well as external legal, accounting and other advisors. It has not retained outside consultants for compensation advice, but can request assistance on an as-needed basis. It does not delegate authority to anyone outside of the Compensation Committee. The Payroll and Employee Benefits Department supports the Compensation Committee by fulfilling certain administrative duties regarding the compensation programs.

Nominating Committee

The Board of Directors has determined that all members of the Nominating Committee are independent, as defined in Nasdaq rules.

Functions: The Nominating Committee screens and recommends qualified candidates for Board membership. This Committee recommends a slate of nominees for each Annual Meeting. As part of that process, it evaluates and considers all candidates submitted by shareholders in accordance with the Company's Bylaws, and considers each existing Board member's contributions. The Committee applies the same evaluation standards whether the candidate was recommended by a shareholder or the Board. The Nominating Committee is governed by a written charter, which was reaffirmed January 27, 2016 and attached as Exhibit B to the Proxy Statement for this 2016 Annual Meeting of Shareholders.

While the Board does not have a formal diversity policy, it believes that the Board broadly defines diversity to encompass a diverse range of skills and expertise sufficient to provide prudent guidance to the Company. In addition to the qualifications and characteristics described below, it considers whether the potential Director assists in achieving a mix of Board members that represents a diversity of background, perspective, and experience. Our Board includes Directors with experience in public corporations and non-profit organizations, as well as entrepreneurial individuals who have successfully run their own private enterprise. Our Board also has a broad set of skills necessary for providing oversight to a financial institution, which includes proven leadership, and expertise in capital management, finance, accounting, regulatory affairs, and investment management.

Nominating Directors. The Nominating Committee will consider shareholder nominations submitted in accordance with Section 2.14 of the Bylaws of the Company. That section requires, among other things, that nominations be submitted in writing and must be received by the Corporate Secretary at least 45 days before the anniversary of the date on which the Company first mailed its proxy materials for the prior year's Annual Meeting of Shareholders. If the date for the current year's Annual Meeting changes more than 30 days from the date on which the prior year's meeting was held, the Company must receive notice with a reasonable amount of time before the Company mails its proxy materials for the current year.

Nominations must include the following information:

- The principal occupation of the nominee;
- The total number of shares of capital stock of the Company that the shareholder expects will be voted for the nominee;
- The name and address of the nominating shareholder; and
- The number of shares of capital stock of the Company owned by the nominating shareholder.

The Committee has specified the following minimum qualifications it believes must be met by a nominee for a position on the Board:

- Appropriate personal and professional attributes to meet the Company's needs;
- Highest ethical standards and absolute personal integrity;
- Physical and mental ability to contribute effectively as a Director;
- Willingness and ability to participate actively in Board activities and deliberations;
- Ability to approach problems objectively, rationally and realistically;
- Ability to respond well and to function under pressure;

- Willingness to respect the confidences of the Board and the Company;
- Willingness to devote the time necessary to function effectively as a Board member;
- Possess independence necessary to make unbiased evaluation of Management performance;
- Be free of any conflict of interest that would violate applicable law or regulation or interfere with ability to perform duties;
- Broad experience, wisdom, vision and integrity;
- Understanding of the Company's business environment; and
- Significant business experience relevant to the operations of the Company.

Loan and Investment Committee

Functions: This Committee reviews major loans and investment policies.

Director Compensation

The following table and footnotes provide information regarding the compensation paid to the Company's non-employee members of the Board of Directors in the fiscal year 2015. Directors who are employees of the Company receive no compensation for their services as Directors.

Director Compensation Table For Fiscal Year 2015

Name ⁽¹⁾	Fees Earned Paid in Cash (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ⁽²⁾ (\$)	Total (\$)
Etta Allen	\$38,400	\$ 62,061	\$100,461
Louis E. Bartolini	33,000	624	33,624
E. Joseph Bowler	33,000	-	33,000
Arthur C. Latno, Jr.	35,650	-	35,650
Patrick D. Lynch	40,250	-	40,250
Catherine Cope MacMillan	38,400	-	38,400
Ronald A. Nelson	37,250	-	37,250
Edward B. Sylvester	43,650	10,961	54,611

⁽¹⁾ Non-employee Directors did not receive options or stock awards. During 2015, non-employee Directors of the Company each received an annual retainer of \$18,000. Each non-employee Director received \$1,200 for each meeting

of the Board attended and \$600 for each Committee meeting attended. The Chairman of each Committee received an additional \$250 for each Committee meeting attended. All non-employee Directors are reimbursed for expenses incurred in attending Board and Committee meetings. The Chairman of the Board, David L. Payne, is compensated as an employee and did not receive any compensation as a Director.

⁽²⁾ The Deferred Compensation Plan allows non-employee Directors to defer some or all of their Director compensation with interest earnings credited on deferred compensation accounts. The amount shown is the interest on nonqualified deferred compensation that exceeds 120% of the long-term Applicable Federal Rate, with compounding, on all cash compensation deferred in 2015 and in previous years.

Westamerica Bancorporation does not have a charitable donations program for Directors nor does it make donations on behalf of any Director(s). The Company may make a nominal donation through its Community Relations program to non-profit organizations where a Director(s) may have an affiliation.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The executive compensation practices described below have been followed consistently for twenty-four years. At

each Annual Meeting of Shareholders since 2010, a majority of our shareholders approved an advisory proposal on the Company's executive compensation.

The Compensation Committee governs the executive compensation program that combines three compensation elements: base salary, annual non-equity cash incentives, and long-term stock grants. Several compensation philosophies and practices underlie this program:

Base salaries for participants in this program should be limited to foster an environment where incentive compensation motivates and rewards corporate, divisional, and individual performance.

Incentive compensation (annual non-equity cash incentives and long-term stock grants) is based on measurement of performance against pre-established objective measurable goals. Specific criteria for each objective are established for "threshold," "target," and "outstanding" performance. On any one measure, performance below "threshold" results in no credit for that objective. "Threshold" performance results in 75% achievement, "target" performance results in 100% achievement, and "outstanding" performance results in 150% achievement. The performance achievement level determines the size of incentive compensation awards.

Long-term incentive stock grants will be awarded to senior management if the corporate performance level is rated "threshold" or better. The purpose of long-term incentive grants is to:

motivate senior management to focus on long-term performance;

- avoid excessive risk-taking and instill conservative management practices;
- build equity ownership among Westamerica's senior management;
- link shareholder interests to management incentives; and
- create ownership mentality among senior management.

In February 2013, the Board of Directors adopted a clawback policy that requires executive officers to forfeit previously awarded incentive compensation if the incentives were based on materially inaccurate financial statements or other performance measures that are later proven to be materially inaccurate or the achievement of which were due to fraud or other misconduct.

Establishing Incentive Levels, Determining Objectives and Measuring Performance

In administering the executive compensation program, the Compensation Committee determines "target" incentives for each position annually. The Compensation Committee exercises discretion in establishing "target" incentives in an effort to provide competitive pay practices while motivating and rewarding performance that benefits the Company's long-term financial performance and shareholder interests, and avoiding excessive risk-taking.

At the beginning of each calendar year, the Compensation Committee establishes annual corporate performance objectives. In establishing corporate performance objectives, the Compensation Committee takes into consideration the current operating environment for the commercial banking industry as well as internal management policies and practices which would, in the Compensation Committee's opinion, benefit the long-term interests of the Company and its shareholders. Corporate performance measures include risk management elements considered to be responsive to

the impact that current operating conditions could have on the long-term performance of the Company. The Compensation Committee monitors the economy and the banking industry's operating environment throughout the ensuing year, and may exercise discretion in adjusting corporate performance objectives during the year.

The operating environment for the commercial banking industry is impacted by a myriad of factors including, but not limited to, local, national and global economic conditions, interest rate levels and trends, monetary policies of the Federal Reserve Board and its counterparts in other countries, fiscal policies of the United States government and other global political conditions, regulations and legislation, liquidity in capital markets, the demand for capital by commercial enterprises and consumers, new financial products, competitive response to changing conditions within the industry, trade balances, the changing values of real estate, currencies, commodities and other assets, and other factors.

Management policies and practices the Board considers in establishing corporate performance objectives include, but are not limited to, management of the Company's balance sheet and product pricing in a manner which will benefit the long-term financial interests of shareholders, the type and variety of financial products offered by the Company, adherence to internal controls, management of the credit risk of the Company's loan and investment portfolios, the results of internal, regulatory and external audits, service quality delivered to the Company's customers, service quality of "back office" support departments provided to those offices and departments directly delivering products and services to the Company's customers, maintenance of operating policies and procedures which remain appropriate for risk management in a dynamic environment, timely and efficient integration of acquired companies, operational efficiencies, and capital management practices.

Restricted performance shares ("RPS") represent awards of Westamerica Bancorporation's common stock subject to achievement of performance objectives established by the Compensation Committee. The 2012 Amended and Restated Stock Option Plan of 1995 (the "2012 Amended Plan"), which was originally approved by shareholders in 1995, and amended with shareholder approval in 2003 and again in 2012, defines the performance factors the Board must use in administering RPS grants as one or more of the following: earnings, diluted earnings per share, revenue and revenue per diluted share, expenses, share price, return on equity, return on equity relative to the average return on equity for similarly sized institutions, return on assets, return on assets relative to the average return on assets for similarly sized institutions, efficiency ratio (operating expenses divided by operating revenues), net loan losses as a percentage of average loans outstanding, nonperforming assets, and nonperforming assets as a percentage of total assets.

In addition to establishing corporate performance objectives, the Compensation Committee also establishes individual goals for the CEO. In regard to the other executives named in the accompanying tables, the CEO recommends divisional and individual performance objectives to the Compensation Committee, which considers, discusses, adjusts as necessary, and adopts such performance objectives.

Upon the closure of each calendar year, the Compensation Committee reviews corporate, divisional, and individual performance against the performance objectives for the year just completed. After thorough review and deliberation, the Compensation Committee determines the recommended amount of individual non-equity cash incentives and stock-based incentive awards. The Compensation Committee reports such incentives to the Board of Directors. Meetings of the Compensation Committee and Board of Directors routinely occur in January, immediately following the closure of the calendar year for which performance is measured for incentive compensation purposes.

Stock Grants

Long-term stock grants may only be awarded under shareholder approved stock-based incentive compensation plans. The Company's Proxy Statement dated March 12, 2012, as filed with the SEC on March 13, 2012, summarizes the 2012 Amended Plan's changes from the predecessor plan. Such changes included:

reducing the issuable shares to 1,500,000 (plus shares that become available if awards under prior plans expire unexercised or are cancelled, forfeited or terminated before being exercised);

- any additional authorization of shares available for issuance must be approved by shareholders; and
- establishing a plan expiration date of April 26, 2022 after which shareholder approval is again required to extend the term or approve a new stock option plan.

The 2012 Amended Plan allows four types of stock-based compensation awards:

Incentive Stock Options (“ISO”) allow the optionee to buy a certain number of shares of Westamerica Bancorporation common stock at a fixed price, which is established on the date of the option grant. ISOs are intended to meet the requirements of Section 422 of the Internal Revenue Code which provide advantages if certain conditions are met. If the optionee holds the acquired stock for the designated holding period, the optionee defers the timing of recognizing taxable income related to exercising the ISO. If the optionee complies with the ISO requirements, the Company does

not receive a corporate tax deduction related to the shares issued.

Nonqualified Stock Options (“NQSO”) also give the optionee the option to buy a certain number of shares of Westamerica Bancorporation common stock at a fixed price, which is established on the date of grant. Unlike ISOs, NQSOs do not allow deferral of taxable income for the optionee. At the time NQSOs are exercised, the optionee incurs taxable income equal to the spread between the exercise price and the market price of the stock, and the Company receives a corporate tax deduction in the same amount.

Stock Appreciation Rights (“SAR”) provide the holder a cash payment equal to the difference between the fair market value of the Westamerica Bancorporation’s common stock on the date the SAR is surrendered and the fair market value of the Company’s common stock on the date the SAR was granted. The optionee incurs taxable income at the time the SAR is settled and the Company receives a corporate tax deduction in the same amount.

Restricted Performance Share Grants, as noted above, are awards of the Westamerica Bancorporation’s common stock that are subject to the achievement of performance objectives. Award recipients receive shares at the end of the performance measurement period only if performance objectives are achieved. The award recipient incurs taxable income at the time any RPS vests and the Company receives a corporate tax deduction in the same amount.

Determination of Awards to Grant

In determining which type of stock-based compensation awards to grant, the Compensation Committee considers the attributes of each form of incentive. Examples include the ability to motivate management to make decisions based on the long-term interests of shareholders, the desire to compensate with shares rather than cash, and the tax consequences of each type of award. The Compensation Committee retains the latitude to utilize all forms of incentives provided under the 2012 Amended Plan. In the current and preceding years, the Compensation Committee has utilized NQSO and RPS based on the motivational aspects of stock price appreciation, the settlement in shares rather than cash, and the preservation of tax deductions for the Company. As of February 29, 2016, the Company had no ISO or SAR awards outstanding.

Determination of Option Exercise Price

The 2012 Amended Plan also requires the exercise price of each NQSO or ISO to be no less than one hundred percent (100%) of the fair market value of the Company’s common stock on the date of grant. The 2012 Amended Plan does not allow re-pricing stock options for poor stock price performance.

Stock-based compensation awards are submitted by the Compensation Committee to the full Board of Directors for review. As described above, these meetings have routinely occurred in January immediately following the closure of the calendar year for which performance is measured for incentive compensation purposes. The Compensation Committee meeting has routinely been held during the same week as the related Board of Directors meeting. These January meetings follow by no more than ten business days the Company's public disclosure of its financial results for the preceding year. As a result, stock option grants are awarded, and the exercise price of such grants are determined at a time when the Company has broadly disseminated its financial condition and current operating results to the public. The Company's outstanding stock option grants are dated, and related stock option exercise prices are determined, on the January date the Compensation Committee meets to approve such grants.⁽¹⁾

Long-Term Incentive Attributes

The Board of Directors has designated the Compensation Committee as the administrator of the 2012 Amended Plan. The Compensation Committee reports to the Board the terms and conditions of stock option awards. In carrying out

⁽¹⁾ Due to merger and acquisition activity, the Corporation converts stock option grants outstanding for acquired companies based on the terms and conditions of related merger agreements. The dating of such converted stock options generally remains as originally dated by the acquired company. As a result, the Corporation at times has options outstanding related to acquisitions with grant dates different from its routine stock option granting practices.

this responsibility, the Compensation Committee designs such awards as long-term incentives. The terms and conditions of currently outstanding awards include:

NQSO grants vest one-third (1/3) on each anniversary of the grant date. As such, NQSO grants become fully vested over a three-year period. NQSO grants expire on the tenth anniversary of the grant date. The Company does not pay dividends on shares underlying NQSO grants until the optionee exercises the option and the shares are outstanding on a dividend record date.

RPS awards vest three years following the grant date, only if corporate performance objectives are achieved over the three-year period. The Company does not pay dividends on RPS shares until vesting occurs and shares awarded become outstanding on a dividend record date.

Compensation for the Chairman, President & CEO

Mr. Payne performs two functions for the Company. These two functions tend to be compensated separately at similarly sized banking institutions. Mr. Payne serves as Chairman of the Board and Chief Executive Officer with responsibilities including oversight of the organization and external strategic initiatives. Mr. Payne also serves as President and Chief Operating Officer with responsibilities including daily management of internal operations. Mr. Payne's total compensation reflects these broad responsibilities. Consistent with the overall compensation philosophy for senior executives, Mr. Payne's compensation has a greater amount of pay at risk through incentives than through base salary. Since Mr. Payne is compensated as an executive, he is not eligible to receive compensation as a Director.

As noted on page 27 of the Proxy under the Pension Benefits Table, during 1997 the Company entered into a nonqualified pension agreement ("Pension Agreement") with Mr. Payne in consideration of Mr. Payne's agreement that RPS granted in 1995, 1996 and 1997 would be cancelled.⁽²⁾ In entering the Pension Agreement, the Board of Directors considered the following:

Mr. Payne had a significant beneficial interest in Westamerica Bancorporation common stock, which was more than adequate to continue to provide motivation for Mr. Payne to continue managing the Company in the best interests of shareholders.

In 1997, the Company had consummated its largest acquisition, with significant total asset growth of approximately 51 percent. One of the Board's objectives was to provide a compensation mechanism providing retention features for Mr. Payne. Retention of Mr. Payne as President and Chief Executive Officer was desired following the Company's significant growth. The RPS shares surrendered for the Pension Agreement were scheduled to vest on dates in 1998, 1999 and 2000, while the Pension Agreement was not fully vested until December 31, 2002. Additionally, the 20-year certain pension provided under the Pension Agreement was to commence upon Mr. Payne's attainment of age 55. Mr. Payne was age 42 at the time of entering the Pension Agreement.

Compensation Awarded to Named Executive Officers

Base salaries for participants in the executive compensation program are generally limited to foster an environment where incentive compensation motivates and rewards corporate, divisional, and individual performance. As such, base

pay increases are generally infrequent and limited to “control points” assigned to each position. The non-equity cash incentive formula has the following components:

In structuring performance goals for the named executive officers, the Compensation Committee emphasizes goals, which if achieved, will benefit the overall Company. As such, senior management level positions have high relative weighting on corporate objectives, and divisional leadership positions also have significant weighting on divisional

⁽²⁾ The value of the surrendered RPS shares and the Pension Agreement were considered equivalent based on actuarial assumptions.

objectives. The “target” cash incentive and the weighting of goals for the named executive officers for 2015 performance were as follows:

	“Target” Cash Incentive	Goal Weighting				
		Corporate	Divisional	Individual		
Mr. Payne	\$371,000	80%	–		20	%
Mr. Thorson	100,000	55%	25	%	20	%
Mr. Hansen	73,900	55%	25	%	20	%
Mr. Robinson	82,500	50%	40	%	10	%
Mr. Rizzardi	60,500	55%	35	%	10	%

The Compensation Committee establishes corporate goals with the intent to balance current profitability with long-term stability of the Company and its future earnings potential. The 2015 corporate performance goals related to current year “profitability” included return on equity, return on assets and diluted earnings per share. The performance goals designed to maintain the long-term stability of the Company include “quality” and “control” components. The “quality” measures include loan portfolio quality measures (originated classified loans and other real estate owned, originated non-performing loans and originated other real estate owned, and net loan losses to average originated loans) and service quality measures (external service quality to customers and internal service quality of support departments and branches). The “control” measures include non-interest expense to revenues (efficiency ratio), the level of non-interest expenses, and internal audit results. By maintaining both current year “profitability” goals and longer-term “quality” and “control” goals, Management has a disincentive to maximize current earnings at the expense of longer-term results.

For 2015, the Compensation Committee expected nominal economic growth within the markets the Corporation operates given the slow pace of recovery from the severe recession of 2008 and 2009. As a result, the Committee reserved the ability to exercise a certain degree of judgment in adjusting target goals based on the resulting operating environment.

The Compensation Committee determined the 2015 operating environment was generally characterized as follows:

- Growth in the United States’ gross domestic product was positive, but generally below potential;
- Inflation remained below targets established by the Federal Open Market Committee in spite of continuing high levels of monetary policy accommodation;
- Interest rates remained low;
- Employment trends continued to improve;
- Interest rates on loans and investment securities remain relatively low compared to interest rates which would exist with moderated economic conditions. Market interest rates remained below the yields on the Company’s overall loan portfolio throughout 2015;
- Competitive pricing of loans was aggressive;
- Regulations imposed on financial institutions continued to pressure compliance costs, revenue opportunities, and operational risks; and

Credit risk in the banking industry continued to improve.

The Compensation Committee considered Management's response to the current operating environment including:

Management avoided long-duration, low-yielding loans that would constrain revenue in a rising interest rate environment;

Management increased the volume of interest-sensitive investment securities and shortened the duration of the securities portfolio to prepare for rising interest rates on a forward basis;

Management consistently maintained conservative loan underwriting practices to appropriately manage the Company's exposure to credit risk;

Management focused its marketing efforts on loan products that would provide improved revenue opportunities in a rising interest rate environment;

- Management controlled operating costs to offset the effect of environmental pressures on revenues;
- Management continued to lower the cost of funding the loan and investment securities portfolios; and
- Adequate capital levels were maintained to position the Company for future growth.

The Compensation Committee chose to make adjustments to actual results to take into account the impact of the operating environment. Adjusted actual results against “target” performance goals were:

	<u>Performance</u> “Target”	<u>Adjusted Actual</u> <u>Results</u>
<u>Profitability Goals:</u>		
Return on average shareholders’ equity	11.2%	11.3%
Return on average assets	1.14%	1.14%
Diluted earnings per share	\$2.26	\$2.28
<u>Quality Goals:</u>		
Classified originated loans and other real estate owned	\$56 million	\$48 million
Non-performing originated loans and other real estate owned	\$11.0 million	\$13.2 million
Net loan losses to average originated loans	0.25%	0.11%
Service quality	Improving	Improving
<u>Control Goals:</u>		
Non-interest expense to revenues (efficiency ratio)	54.3%	53.7%
Non-interest expenses	\$107.1 million	\$105.3 million
Below satisfactory internal audits	none	none

In reviewing the operating environment, Management’s response to the operating environment, and adjusted results compared to “target” performance goals, the Compensation Committee determined corporate performance to be 110.8% of target goals.

As described above, divisional and individual goals are used in conjunction with corporate performance goals to determine cash bonus awards.

In addition to daily management responsibilities, Mr. Payne’s individual goals included:

- Maintaining prudent credit underwriting and pricing practices within the current operating environment;
- Avoiding duration extension in the loan and investment portfolios to position the Company for a rising interest rate environment;
- Credit quality improvement;

- Satisfactory regulatory examination results;
- Achievement of financial goals;
- Managing operating expenses to lower levels;
- Maintaining appropriate internal controls and risk management practices;
- Effective leadership and management through divisional managers and other points of control;
- Pursuing mergers and acquisitions;
- Completing routine visits to branches and credit underwriting offices;
- Conducting quality shareholder relations activities; and
- Maintaining quality customer relations activities.

Based on individual performance against these goals, the Committee exercised its discretion and assigned Mr. Payne a composite corporate and individual performance level of 61%.

In addition to routine on-going divisional responsibilities, Mr. Thorson managed the Finance Division toward functional goals, which included:

- Manage the investment securities portfolio to maximize economic value, generate revenue without taking undue risk, and maintain high credit quality;

- Manage the balance sheet to maintain an appropriate asset-sensitive condition to position the Bank for a rising interest rate environment.

- Manage the Bank's liquidity position through enhanced monitoring and reporting.

- Manage the Trust Department toward achieving fee growth goals and maintaining satisfactory audit results;

- Advancing documentation of the internal control structure to adopt the COSO 2013 framework;

- Management of the regulatory compliance function; and

- Capital management, including new regulatory capital standards.

Based on the Finance Division's results, the Committee determined divisional performance to be 118%.

In addition to daily management responsibilities, Mr. Thorson's individual goals included:

- Assume responsibility for managing the Treasury function, including the investment securities portfolios, funding, liquidity, and balance sheet management;

- Assume responsibility for managing the Trust Department;

- Manage the process of changing the independent auditor relationship; and

- Manage cross-divisional projects.

Based on individual performance against these goals, the Committee determined Mr. Thorson's individual performance to be 138%. In considering all elements of performance, the Committee exercised its discretion and assigned Mr. Thorson a composite corporate, divisional and individual performance level of 142%.

In addition to routine on-going divisional responsibilities, Mr. Robinson managed the Banking Division toward functional goals, which included:

- Achievement of loan and deposit goals;

- Meeting divisional staff development objectives;

- Manage improvement in non-interest income generated through the branch system;

- Manage non-interest expenses to levels at or below budgeted amounts; and

- Meeting community development lending and services objectives.

Based on the Banking Division's results, the Committee determined divisional performance to be 100%.

In addition to daily management responsibilities, Mr. Robinson's individual goals included:

- Personnel training, development, and succession planning;
- Regional sales management responsibilities; and
- Hiring sales personnel to meet consumer sales initiatives.

Based on individual performance against these goals, the Committee determined Mr. Robinson's individual performance to be 138%. As a result, Mr. Robinson's composite corporate, divisional and individual performance level was 109%. In considering all elements of performance, the Committee exercised its discretion and assigned Mr. Robinson a composite corporate, divisional and individual performance level of 133%.

In addition to routine on-going divisional responsibilities, Mr. Hansen managed the Operations and Systems Division toward functional goals, which included:

- Maintaining and improving customer service quality;

- Meeting or exceeding non-interest expense goals;
- Implementation of staff development plans;
- Management and satisfactory completion of information technology and compliance projects; and
- Satisfactory risk management as measured by the results of internal, third-party and regulatory examinations.

Based on the Operations and Systems Division's results, the Committee determined divisional performance to be 118%.

In addition to daily management responsibilities, Mr. Hansen's individual goals included:

- Assume responsibility for managing merchant processing services;
- Development of staff development plans; and
- Management of the information technology environment.

Based on individual performance against these goals, the Committee determined Mr. Hansen's individual performance to be 125%. As a result, Mr. Hansen's composite corporate, divisional and individual performance level was 115%.

In addition to routine on-going divisional responsibilities, Mr. Rizzardi managed the Credit Division toward functional goals, which included:

- Maintain high quality loan underwriting standards;
- Maintain credit quality as measured by classified loan, non-performing loan and other real estate owned volumes;
- Updating loan policies and procedures; and
- Maintaining appropriate credit monitoring practices.

Based on the Credit Division's results, the Committee determined divisional performance to be 114%.

In addition to daily management responsibilities, Mr. Rizzardi's individual goals included:

- Management of staff toward completion of assigned projects; and
- Staff development and succession planning.

Based on individual performance against these goals, the Committee determined Mr. Rizzardi's individual performance to be 100%. As a result, Mr. Rizzardi's composite corporate, divisional and individual performance level was 111%.

Based on the above described performance against objectives, the Committee determined cash incentive awards as follows:

	“Target” Cash Incentive	X	Composite Corporate Divisional and Individual Performance Level	=	Cash Incentive Award
Mr. Payne	\$371,000		61	%	\$225,000
Mr. Thorson	100,000		142	%	141,600
Mr. Robinson	82,500		133	%	110,000
Mr. Hansen	73,900		115	%	85,200
Mr. Rizzardi	60,500		111	%	67,000

The size of stock grants is determined by corporate performance using stated formulas. The formulas used to determine “target” NQSO and RPS grant sizes adjust for changes in the underlying value of one share of Westamerica Bancorporation common stock. For achievement of corporate performance in 2015, the following stock grants were awarded in January 2016:

	“Target” Nonqualified Stock Option Grant	X	Corporate Performance Level	=	Nonqualified Stock Option Award
Mr. Payne	–		110.8	%	–
Mr. Thorson	24,800		110.8	%	27,500
Mr. Robinson	24,900		110.8	%	27,600
Mr. Hansen	22,300		110.8	%	24,700
Mr. Rizzardi	20,100		110.8	%	22,300

	“Target” RPS Grant	X	Corporate Performance Level	=	RPS Award
Mr. Payne	–		110.8	%	–
Mr. Thorson	2,640		110.8	%	2,930
Mr. Robinson	2,650		110.8	%	2,940
Mr. Hansen	2,380		110.8	%	2,640
Mr. Rizzardi	2,140		110.8	%	2,370

RPS awards vest three years following the grant date, only if certain corporate performance objectives are achieved over the three-year period. In January 2016, the Compensation Committee evaluated whether the three year corporate performance objectives were met for RPS awards granted in January 2013. The performance objectives for the RPS granted in January 2013 included:

- 3 year cumulative diluted earnings per share (EPS);
- 3 year average of annual return on average total assets (ROA);
- 3 year average of annual return on average shareholders’ equity relative to industry average ROE (ROE differential);
- Ending originated non-performing assets to total originated assets (NPA); and
- Efficiency ratio over three years.

The RPS would vest if any one of the following performance results were achieved:

- 4 of 5 objectives reaching “threshold” performance level;
- 3 of 5 objectives reaching “target” performance level; or
- 2 of 5 objectives reaching “outstanding” performance level.

The goals and achieved results were:

	Threshold	Target	Outstanding	Result
EPS	\$ 7.85	\$8.07	\$ 8.15	Below Threshold

ROA	1.35	%	1.45	%	1.50	% Below Threshold
ROE differential	2.50	%	3.00	%	3.50	% Outstanding
NPA	0.65	%	0.55	%	0.50	% Outstanding
Efficiency Ratio	50.00	%	48.00%		47.00	% Below Threshold

With two of the five goals achieved at the “outstanding” performance level, the Compensation Committee determined the RPS shares awarded in 2013 vested upon achievement of three year goals.

Nonqualified Deferred Compensation Programs

The Company maintains nonqualified deferred compensation programs to provide senior and mid-level executives the ability to defer compensation in excess of the annual limits imposed on the Company’s “401(k)” plan. The Company

believes these tax deferral programs enhance loyalty and motivate retention of executives. These programs allow executives to defer cash pay and RPS shares upon vesting. The programs also allow Directors to defer Director fees.

Cash pay deferred in the program accumulates in accounts in the names of the participating Directors and executives. The Company credits the balance of these accounts with interest using an interest rate that approximates the crediting rate on corporate-owned life insurance policies, under which Directors and executives are the named insured.

Deferrals and interest credits represent general obligations of the Company.

The common stock the Company issues to executives upon the vesting of RPS grants may be deferred into the program and deposited into a “Rabbi Trust.” Since these shares are outstanding shares of the Company’s common stock, the Company pays dividends on these shares at the same rate paid to all shareholders. The shares held in the “Rabbi Trust” are subject to claims by the Company’s creditors.

Employment Contracts

None of the executives named in the accompanying tables have employment contracts with the Company.

Compensation in the Event of a Change in Control

The banking industry has significant merger and acquisition activity. To promote retention of senior executives, unvested NQSO and RPS grants contain a “change in control” provision, which trigger full vesting upon a change in control. The Compensation Committee determined these provisions were appropriate in order to retain executives to continue managing the Company after any “change in control” was announced through its ultimate consummation. Since none of the named executive officers have entered employment contracts with the Company, they serve in an “at-will” capacity and could terminate their employment at any time. The Compensation Committee felt it would be in the best interests of shareholders to have a retention mechanism in place to provide continuity of management during a “change in control” process. Further, the Committee expects the named executive officers would be terminated by an acquiring institution rather than retained in a similar functional capacity.

The Company also maintains a Severance Payment Plan covering all employees to promote employee retention. The Severance Payment Plan provides salary continuation benefits for employees in the event of a “change in control.” The amount of salary continuation benefits is based on years of service and corporate title, but in no event exceed the equivalent of one times annual salary. All named executive officers are eligible for one year’s salary under the plan.

Other

Internal Revenue Code (“IRC”) Section 162(m) places a limit on the amount of compensation that may be deducted by the Company in any year with respect to certain of the Company’s highest-paid executives. Certain “performance-based compensation” is not counted toward this limit. The Company intends generally to qualify compensation paid to executive officers for deductibility under the IRC, including Section 162(m), but reserves the right to pay compensation that is not deductible.

Employee Benefits Compensation Committee Report

We, the Compensation Committee of the Board of Directors of the Company, have reviewed and discussed the Compensation Discussion and Analysis with Management. Based on that review and discussion, we have recommended to the Board of Directors inclusion of the Compensation Discussion and Analysis in this Proxy Statement and the Company's Annual Report on Form 10-K for the year ended December 31, 2015.

Submitted by the Employee Benefits and Compensation Committee

Patrick D. Lynch, Chairman

Etta Allen

Arthur C. Latno, Jr.

Ronald A. Nelson

Compensation Committee Interlocks and Insider Participation

No member of the Compensation Committee is a current or former officer or employee of the Company or any of its subsidiaries, or entered into (or agreed to enter into) any transaction or series of transactions with the Company or any of its subsidiaries with a value in excess of \$120,000. None of the executive officers of the Company has served on the Board of Directors or on the Compensation Committee of any other entity, where one of that entity's executive officers served either on the Board of Directors or on the Compensation Committee of the Company.

Summary Compensation

The following table sets forth summary compensation information for the chief executive officer, chief financial officer and each of the other three most highly compensated executive officers for the fiscal years ending December 31, 2015, 2014, and 2013. These persons are referred to as named executive officers elsewhere in this Proxy Statement.

Summary Compensation Table For Fiscal Year 2015

Name / Position	Year	Salary	Stock Awards ⁽¹⁾	Option Awards ⁽²⁾	Non-Stock Incentive Plan Compensation ⁽³⁾	Change in Pension Value and Nonqualified Deferred Compensation Earnings ⁽⁴⁾	All Other Compensation ⁽⁵⁾	TOTAL
David L. Payne	2015	\$371,000	\$-	\$-	\$ 225,000	\$ -	\$ 19,557	\$615,557
Chairman,	2014	371,000	-	-	225,000	-	15,471	611,471
President & CEO	2013	371,000	-	-	250,000	-	15,437	636,437
John "Robert" A. Thorson	2015	149,000	124,669	144,144	141,600	38,786	27,788	625,987
SVP & Chief	2014	149,000	122,705	128,838	132,100	25,287	25,117	583,047
Financial Officer	2013	149,000	122,825	112,945	121,700	38,953	17,471	562,894
David L. Robinson	2015	150,000	125,523	145,236	110,000	33,782	16,027	580,568
SVP/Banking Division	2014	150,000	123,772	130,611	90,300	21,734	18,587	535,004
Manager	2013	150,000	123,699	114,328	89,700	32,100	18,579	528,406
Dennis R. Hansen	2015	130,008	112,288	129,948	85,200	26,485	33,140	517,069
SVP/Operations & Systems	2014	130,008	110,968	116,427	86,400	17,018	30,028	490,849
Division Manager	2013	130,008	110,586	101,881	84,000	25,226	35,054	486,755
Russell W. Rizzardi ⁽⁶⁾	2015	120,960	101,187	116,844	67,000	-	7,466	413,457
SVP/Credit Administrator	2014	120,960	99,765	105,198	66,200	-	6,817	398,940

2013	120,960	99,659	61,465	66,400	1,150	16,428	366,062
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(1) Stock Awards represent RPS shares as described in the Compensation Discussion & Analysis. The amounts shown represent the aggregate grant date fair market value.

(2) Option awards represent Nonqualified Stock Options as described in the Compensation Discussion & Analysis. The amounts shown represent the aggregate grant date fair market value.

(3) The amounts shown are non-equity incentive compensation only. No interest or other form of earnings was paid on the compensation.

(4) The amounts include interest paid on deferred cash compensation to the extent the interest exceeds 120% of the long-term Applicable Federal Rates with compounding. The Company has no defined benefit pension plan. Mr. Payne has a pension agreement, which is discussed under "Pension Benefits for Fiscal Year 2015."

(5) Each of the above-named executive officers received less than \$10,000 of aggregate perquisites and personal benefits, except for Mr. Hansen who received a car allowance of \$12,000. All other compensation includes Company contributions to defined contribution plans (401(k) and Profit Sharing), and amounts added to taxable wages using IRS tables for the cost of providing group term life insurance coverage that is more than the cost of \$50,000 of coverage. It also includes the dollar value of the benefit to Mr. Payne for the portion of the premium payable by the Company with respect to a split dollar life insurance policy (projected on an actuarial basis), and a bonus paid to Mr. Payne in the amount of his portion of the split dollar life insurance premium.

(6) Mr. Rizzardì's compensation is subject to garnishments and liens pursuant to certain domestic relations orders.

Based on the compensation disclosed in the Summary Compensation Table, approximately 35% of total compensation comes from base salaries. See Compensation Discussion and Analysis for more details.

Grants of Plan-Based Awards Table For Fiscal Year 2015

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock	All Other Stock Awards: Number of Securities Underlying	Exercise or Base Price of Option Awards (\$/Share) ⁽²⁾	Grant Date	Fair Value ⁽³⁾
		Threshold	Target	Maximum	or Units ⁽¹⁾	Options ⁽²⁾			
David L. Payne	1/22/15	\$-	\$371,000	\$556,500	-	-	\$-	\$-	
	1/22/15	-	-	-	-	-	-	-	
	1/22/15	-	-	-	-	-	42.70	-	
John "Robert" A. Thorson	1/22/15	-	100,000	150,000	-	-	-	-	
	1/22/15	-	-	-	2,920	-	-	124,669	
	1/22/15	-	-	-	-	26,400	42.70	144,144	
David L. Robinson	1/22/15	-	82,500	123,750	-	-	-	-	
	1/22/15	-	-	-	2,940	-	-	125,523	
	1/22/15	-	-	-	-	26,600	42.70	145,236	
Dennis R. Hansen	1/22/15	-	73,900	110,850	-	-	-	-	
	1/22/15	-	-	-	2,630	-	-	112,288	
	1/22/15	-	-	-	-	23,800	42.70	129,948	
Russell W. Rizzardi ⁽⁴⁾	1/22/15	-	60,500	90,750	-	-	-	-	
	1/22/15	-	-	-	2,370	-	-	101,187	
	1/22/15	-	-	-	-	21,400	42.70	116,844	

⁽¹⁾ Includes RPS grants. There is no dollar amount of consideration paid by any executive officer on the grant or vesting date of an award.

The material terms of the RPS grants are as follows:

- The performance and vesting period is three years;
- Multiple performance goals are established by the Compensation Committee for each grant;
- The Compensation Committee may revise the goals upon significant events;
- Three-year performance criteria are limited to those provided in the 2012 Amended Plan, as described on page 15;
- Accelerated vesting occurs upon a "change in control" as defined in the 2012 Amended Plan as described on page 23 of this Proxy statement; and

- No dividends are paid or accrued prior to settlement or deferral delivery of shares which takes place approximately two months after vesting.

(2) Includes NQSO grants with an exercise price of not less than 100% of fair market value as of the date of grant.

The material terms of the NQSO's listed in the table are as follows:

- Options vest ratably over three years beginning one year from date of grant;
- Options expire 10 years following grant date;
- Exercise price is 100% of fair market value as defined in the 2012 Amended Plan;
- Dividends are not paid on unexercised options;
- Vesting ceases upon termination of employment, whatever the reason, except if vesting is accelerated as described below;
- Vested options may be exercised within 90 days of termination of employment and within one year upon death or disability; and
- Accelerated vesting occurs upon a "change in control" as defined in the 2012 Amended Plan as described on page 23 of this Proxy statement.

(3) The amounts shown for NQSOs and RPS awards represent the aggregate grant date fair market value.

(4) Mr. Rizzardi's compensation is subject to garnishments and liens pursuant to certain domestic relations orders.

Outstanding Equity Awards Table at Fiscal Year End 2015

Name	Option Awards				Stock Awards	
	Number of Securities Underlying Unexercised Options (#) Exercisable ⁽¹⁾	Number of Securities Underlying Unexercised Options (#) Unexercisable ⁽¹⁾	Option Exercise Price (\$) ⁽¹⁾	Option Expiration Date ⁽¹⁾	Equity Incentive Plan Awards: Number of Unearned Shares, or Other Rights That Have Not Vested (#) ⁽²⁾	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, or Other Rights That Have Not Vested (\$) ⁽²⁾
David L. Payne	-	-	\$-	-	-	\$-
John "Robert" A. Thorson	18,437	-	52.560	1/26/2016		
	20,800	-	56.625	1/28/2020		
	21,200	-	50.760	1/27/2021		
	16,333	8,167	43.710	1/24/2023		
	7,267	14,533	53.350	1/23/2024		
	-	26,400	42.695	1/22/2025	8,030	\$ 375,403
David L. Robinson	11,449	-	52.560	1/26/2016		
	11,175	-	48.390	1/25/2017		
	23,286	-	47.130	1/24/2018		
	20,900	-	56.625	1/28/2020		
	21,300	-	50.760	1/27/2021		
	21,800	-	45.930	1/26/2022		
	16,533	8,267	43.710	1/24/2023		
	7,367	14,733	53.350	1/23/2024		
	-	26,600	42.695	1/22/2025	8,090	\$ 378,208
Dennis R. Hansen	11,449	-	52.560	1/26/2016		
	19,882	-	48.390	1/25/2017		
	20,930	-	47.130	1/24/2018		
	19,600	-	43.015	1/21/2019		
	18,700	-	56.625	1/28/2020		
	19,200	-	50.760	1/27/2021		
	19,400	-	45.930	1/26/2022		
	14,733	7,367	43.710	1/24/2023		
	6,567	13,133	53.350	1/23/2024		

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	-	23,800	42.695	1/22/2025	7,240	\$ 338,470
Russell W. Rizzardi ⁽³⁾	17,000	-	56.625	1/28/2020		
	17,100	-	50.760	1/27/2021		
	-	6,667	43.710	1/24/2023		