

UNITIL CORP  
Form DEF 14A  
March 20, 2017  
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**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:

Preliminary Proxy Statement

Confidential, For Use of the

Commission Only (as permitted by

Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Under Rule 14a-12

**UNITIL CORPORATION**

(Name of Registrant as Specified in Its Charter)

## Edgar Filing: UNITIL CORP - Form DEF 14A

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

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

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

Fee paid previously with preliminary materials.

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

1. Amount previously paid:
2. Form, Schedule or Registration Statement No.:
3. Filing Party:

4. Date Filed:

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March 20, 2017

Dear Fellow Shareholder,

I am pleased to invite you to attend the Unitil Corporation Annual Meeting of Shareholders. The meeting will be held on Wednesday, April 26, 2017, at 11:30 a.m., at the Company's corporate headquarters, 6 Liberty Lane West, Hampton, New Hampshire. This year, we are asking shareholders to vote on the election of five directors, and on the ratification of the selection of independent registered public accountants. Also this year, shareholders will be presented with an advisory vote on executive compensation, and an advisory vote on the frequency of future advisory votes on executive compensation.

Your vote is very important. I encourage you to vote to ensure that your voice is represented at the meeting, and to play a part in the future of the Company. The enclosed proxy materials provide important information about the Company to assist you with your voting decisions, as well as instructions to submit your vote.

I would like to thank you for choosing to invest in Unitil Corporation. The Company's vision statement and philosophy reflect our deep commitment to our shareholders, customers, local communities and partners. We provide more than just electricity and gas services and products. Our talented and dedicated people are proud to provide for the necessities of life with the safe and reliable delivery of natural gas and electricity throughout New England. *Energy for Life* is the statement of pride and commitment that we use to describe this philosophy.

On behalf of the directors and management of Unitil Corporation, thank you for your continued support and confidence in 2017.

Sincerely,

Robert G. Schoenberger

*Chairman of the Board,*

*Chief Executive Officer and*

*President*

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Hampton, New Hampshire

March 20, 2017

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

The Board of Directors and management of Unitil Corporation (the Company) is pleased to invite you to attend the 2017 Annual Meeting of Shareholders, which will be held at the office of the Company, 6 Liberty Lane West, Hampton, New Hampshire, on Wednesday, April 26, 2017, at 11:30 A.M. for the following purposes:

1. Election of five Directors of the Company nominated by the Board of Directors, each to serve a three-year term;
2. Ratification of the selection of Deloitte & Touche LLP as the Company's independent registered public accounting firm for 2017;
3. Approval, on an advisory basis, of the compensation of the Company's named executive officers;
4. Vote, on an advisory basis, as to whether future approval, on an advisory basis, of the compensation of the Company's named executive officers should occur every one, two or three years;
5. Transaction of any other business as may properly be brought before the meeting.

The Board of Directors set February 21, 2017 as the date for determining holders of record of common stock who are entitled to notice of and to vote at the meeting or at any adjournments or postponements of the meeting. The Board of Directors has directed the Company to prepare this notice, the accompanying proxy statement, and the accompanying annual report, and to send them to you.

By Order of the Board of Directors,

Sandra L. Whitney

*Corporate Secretary*



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**YOUR VOTE IS VERY IMPORTANT**

Your vote is important. To ensure a quorum is present at the Annual Meeting of Shareholders, please be sure your shares are represented at the meeting.

You may vote in one of the following ways:

**Shareholders of Record**

By Mail

**Sign, date and return the enclosed proxy card** (a self-addressed envelope is enclosed for your convenience)

Via the Internet

**Submit your proxy at** [www.investorvote.com/UTL](http://www.investorvote.com/UTL)

In Person at the Meeting

A meeting ballot will be provided for voting at the meeting

If for any reason you desire to revoke or change your proxy, you may do so at any time prior to the meeting by following the procedures described in the accompanying proxy statement or in person at the meeting.

**Beneficial Owners**

By Mail

**Direct your bank, broker or other nominee on how to vote your shares** in accordance with the instructions provided to you

Via the Internet

In Person at the Meeting

A legal proxy is required, which can be obtained from your bank broker or other nominee; a meeting ballot will be provided for voting at the meeting

If for any reason you desire to revoke or change your voting instructions, you must contact your bank, broker or other nominee and follow its procedures for revoking or changing your voting instructions.

**ATTENDING THE ANNUAL MEETING OF SHAREHOLDERS**

All shareholders who wish to attend the Annual Meeting of Shareholders in person are encouraged to do so. However, to ensure that the meeting remains orderly and secure, you must follow certain protocols for admittance. Shareholders of record will need to provide their admission ticket or their name and government-issued picture identification.

Beneficial owners will need to provide a copy of an account statement from the bank, broker or nominee holding the shares as proof of ownership as of the Record Date, as well as government-issued picture identification.



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Unitil Corporation  
6 Liberty Lane West  
Hampton, NH 03842-1720

March 20, 2017

**PROXY STATEMENT**

Unitil Corporation ( Unitil or the Company ) is providing this proxy statement and the accompanying annual report (which includes the Company s Annual Report on Form 10-K for fiscal year 2016) to shareholders in connection with the Company s 2017 Annual Meeting of Shareholders (the Annual Meeting ). The Company s Board of Directors (the Board ) is soliciting your designation of a proxy to vote your shares at the Annual Meeting. As a shareholder of the Company, you are invited to attend the Annual Meeting, as well as entitled and requested to vote (if you are a shareholder of record) or to provide voting instructions (if you beneficially own your shares in street name) on the proposals described in this proxy statement. This proxy statement provides information to assist you in voting your shares or in providing voting instructions with respect to your shares.

The Company has the following subsidiaries, which are referred to throughout this proxy statement: Fitchburg Gas and Electric Light Company ( Fitchburg ); Granite State Gas Transmission, Inc. ( Granite ); Northern Utilities, Inc. ( Northern ); Unitil Energy Systems, Inc. ( Unitil Energy ); Unitil Power Corp.; Unitil Realty Corp.; Unitil Resources, Inc.; Unitil Service Corp.; and Usource, Inc. and Usource, LLC (collectively, Usource ).

**INFORMATION ABOUT THE ANNUAL MEETING**

**Date, Time and Place**

The Annual Meeting will be held on Wednesday, April 26, 2017 at 11:30 A.M. at the office of the Company, 6 Liberty Lane West, Hampton, New Hampshire.

**Anticipated Mailing Date**

The Company anticipates first mailing definitive copies of this proxy statement, the accompanying proxy card, and the accompanying annual report to shareholders on or about March 20, 2017.

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**MEETING SUMMARY**

This year, we are seeking your vote on the following proposals:

- 1) Election of five Directors of the Company, nominated by the Board, each to serve a three-year term. The Board has nominated Robert V. Antonucci, David P. Brownell, Albert H. Elfner, III, Michael B. Green, and M. Brian O. Shaughnessy for re-election as Directors and recommends a vote FOR each of these nominees. Information on Proposal No. 1 is included in the section entitled *Proposal 1: Election of Directors*.
- 2) Ratification of the selection of Unitil's independent registered public accounting firm, Deloitte & Touche LLP, for fiscal year 2017. The Board recommends a vote FOR this proposal. Information on Proposal No. 2 is included in the section entitled *Proposal 2: Ratification of Selection of Deloitte & Touche LLP as Independent Registered Public Accounting Firm for 2017*.
- 3) Approval, on an advisory basis, of the compensation of the Company's named executive officers. The Board recommends a vote FOR this proposal. Information on Proposal No. 3 is included in the section entitled *Proposal 3: Approval, on an Advisory Basis, of the Compensation of the Company's Named Executive Officers*.
- 4) A vote, on an advisory basis, as to whether future approval, on an advisory basis, of the compensation of the Company's named executive officers should occur every one, two or three years. The Board recommends a vote FOR holding future shareholder advisory votes every three years. Information on Proposal No. 4 is included in the section entitled *Proposal 4: Advisory Vote on the Frequency of Future Advisory Votes on Executive Compensation*.
- 5) Transaction of any other business that may properly be brought before the Annual Meeting.

**RECORD DATE & NUMBER OF SHARES OUTSTANDING**

You are entitled to receive notice of and to vote at the Annual Meeting if you owned shares of the Company's common stock as of the close of business on February 21, 2017 (the Record Date). As of the Record Date, the Company had 14,101,963 shares of common stock issued and outstanding and entitled to vote at the Annual Meeting.

**QUORUM & REQUIRED VOTE**

A majority of the outstanding shares of common stock entitled to vote at the Annual Meeting must be present in person or represented by proxy to conduct the Annual Meeting. This is referred to as a quorum.

If a quorum is present, Directors will be elected by a plurality of the votes cast by the shareholders. Votes withheld and broker non-votes will not be counted toward the achievement of a plurality. Additional information concerning the election of directors appears in the section entitled *Corporate Governance - Resignation Policy*. With respect to all other matters that may come before the Annual Meeting, action on a matter is approved if the votes cast favoring the

action exceed the votes cast opposing the action. Therefore, abstentions and broker non-votes will have no effect on the other matters. Representatives of the Company's transfer agent will count the votes and certify the results.

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**VOTING RIGHTS AND PROCEDURES**

As an owner of Unitil common stock, it is your legal right to vote (or to provide instructions on voting) on all matters to be considered at a shareholder meeting. Unitil hopes you will exercise your legal right and fully participate as a shareholder in the Annual Meeting. You may cast one vote for each share of common stock that you own on all matters presented at the Annual Meeting.

The Board has selected and approved Robert G. Schoenberger and Mark H. Collin as proxies for the Annual Meeting to vote your shares in the manner that you specify on the proxy card or via the Internet, or if you do not give any specification on your proxy card or submitted proxy with respect to a matter, FOR such matter. Your designation of a proxy will not affect your right to attend the Annual Meeting and vote in person.

**Record Holders:** If your shares of common stock were registered directly in your name with the Company's transfer agent as of the Record Date, then you are considered a shareholder of record of the shares (a "Record Holder") and the Company has sent the proxy materials and the accompanying proxy card directly to you.

**Beneficial Holders:** If your shares of common stock were registered in the name of a bank, broker or other nominee as of the Record Date, then you are considered a beneficial owner ("Beneficial Holder") of the shares that are registered in street name and your bank, broker or other nominee has sent this proxy statement and voting instructions to you.

As a Beneficial Holder, your shares may be voted even if voting instructions are not provided.



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Brokerage firms have the authority under New York Stock Exchange rules to vote shares for which their customers do not provide voting instructions on routine matters. The ratification of the selection of Unitil's independent registered public accounting firm, Deloitte & Touche LLP, for fiscal year 2017 is considered a routine matter. When a proposal is not routine and the brokerage firm has not received voting instructions from its customers, the brokerage firm cannot vote the shares on that proposal. Those shares are considered broker non-votes. Please note that, under the New York Stock Exchange's rules, this means that brokers may not vote your shares on Proposals 1, 3 and 4 at the 2017 Annual Meeting if you have not given specific instructions as to how to vote to the broker. Please be sure to give specific voting instructions to your broker so that your vote can be counted.

**DESCRIPTION OF MANAGEMENT**

The table below shows Executive Officers' biographical information as of the date of this proxy statement, including the Named Executive Officers, with the exception of Mr. Schoenberger. Biographical information for Mr. Schoenberger, who is a Director, as well as chairman of the Board, chief executive officer (CEO) and president of the Company, is included in the section entitled *Proposal 1: Election of Directors - Information About Directors With Continuing Terms of Office*.

**MANAGEMENT INFORMATION TABLE**

<b>Name and Principal Position</b>	<b>Age</b>	<b>Description</b>
<b>Mark H. Collin</b> Senior Vice President, Chief Financial Officer & Treasurer	58	Mr. Collin has been Unitil's senior vice president and chief financial officer since February 2003. Mr. Collin has also served as Unitil's treasurer since 1998. Mr. Collin joined Unitil in 1988, and served as Unitil's vice president of finance from 1995 until 2003.
<b>Thomas P. Meissner, Jr.</b> Senior Vice President & Chief Operating Officer	54	Mr. Meissner has been Unitil's senior vice president and chief operating officer since June 2005. Mr. Meissner served as Unitil's senior vice president, operations, from February 2003 through June 2005. Mr. Meissner joined Unitil in 1994 and served as Unitil's director of engineering from 1998 to 2003.
<b>Todd R. Black</b> Senior Vice President,	52	Mr. Black has been Unitil's senior vice president, external affairs and customer relations (Unitil Service), since September 2009. Mr. Black joined Unitil in 1998 and served as vice president of sales and marketing for Usource from 1998 until 2003, and president of Usource from 2003



Unitil Service		until September 2009.
<b>George E. Long, Jr.</b>	60	Mr. Long has been Unitil's vice president of administration (Unitil Service), since February 2003. Mr. Long joined Unitil in 1994 and was director of human resources from 1998 to 2003.
Vice President,		
Unitil Service		
<b>Laurence M. Brock</b>	63	Mr. Brock has been Unitil's controller and chief accounting officer since June 2005. Mr. Brock joined Unitil in 1995 as vice president and controller. Mr. Brock is a Certified Public Accountant in the state of New Hampshire.
Controller & Chief		
Accounting Officer		
<b>Sandra L. Whitney</b>	53	Ms. Whitney has been Unitil's corporate secretary and secretary of the Board since February 2003. Ms. Whitney joined Unitil in 1990 and also serves as the corporate secretary of Unitil's subsidiary companies.
Corporate Secretary		

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The following table sets forth information on the beneficial ownership of the Company's common stock as of the Record Date, by (i) each person known to the Company to be the beneficial owner of more than five percent of its common stock, (ii) each Director and nominee for Director of the Company, (iii) each executive officer named in the Summary Compensation Table in the section entitled *Compensation of Named Executive Officers* (the "Named Executive Officers") and (iv) all Directors and executive officers ("Executive Officers") of the Company as a group. Except as otherwise indicated, to the Company's knowledge, the beneficial owners listed have sole voting and sole dispositive power with respect to the shares beneficially owned by them. The address of each of Unitil's Directors and Executive Officers is c/o Unitil Corporation, 6 Liberty Lane West, Hampton, New Hampshire 03842-1720.

**BENEFICIAL OWNERSHIP**

Name and Address of Beneficial Owner	Common Stock	Restricted Stock Units	Percent of Class
<b>5% Owners:</b>			
<b>BlackRock, Inc.</b> <sup>(1)</sup>			
55 East 52 <sup>nd</sup> Street, New York, NY 10055	1,059,442		7.5%
<b>Frontier Capital Management Co., LLC</b> <sup>(2)</sup>			
	906,244		6.5%
99 Summer Street, Boston, MA 02110			
<b>The Vanguard Group</b> <sup>(3)</sup>			
	764,682		5.4%
100 Vanguard Boulevard, Malvern, PA 19355			
<b>Directors:</b> <sup>(4)</sup> <sup>(5)</sup>			
	3,465	6,155	*
<b>Robert V. Antonucci</b>			
	5,276	7,461	*
<b>David P. Brownell</b>			
		6,155	*
<b>Lisa Crutchfield</b>			
	9,088	7,461	*

<b>Albert H. Elfner, III</b>	4,691	6,155	*
<b>Edward F. Godfrey</b>	5,530	7,461	*
<b>Michael B. Green</b>	20,801	7,461	*
<b>Eben S. Moulton</b>	15,923	7,461	*
<b>M. Brian O Shaughnessy</b>	138,646		*
<b>Robert G. Schoenberger <sup>(6)</sup></b>	10,016		*
<b>Sarah P. Voll</b>		6,155	*
<b>David A. Whiteley</b>			
<b>Named Executive Officers: <sup>(4)</sup></b>	138,646		*
<b>Robert G. Schoenberger <sup>(6)</sup></b>	42,918		*
<b>Mark H. Collin <sup>(7)</sup></b>	35,131		*
<b>Thomas P. Meissner, Jr. <sup>(8)</sup></b>	24,056		*
<b>Todd R. Black <sup>(9)</sup></b>	21,477		*
<b>George E. Long, Jr. <sup>(10)</sup></b>			
<b>All Directors and Executive Officers as a Group (17 Persons) <sup>(4)(II)</sup></b>	346,382	61,925	2.46%

\*Represents less than 1% of the Company's outstanding common stock.

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NOTES:

- (1) Information obtained from the Schedule 13G/A filed by BlackRock, Inc. on behalf of itself, BlackRock (Netherlands) B.V., BlackRock Advisors, LLC, BlackRock Asset Management Canada Limited, BlackRock Asset Management Ireland Limited, BlackRock Asset Management Schweiz AG, BlackRock Financial Management, Inc., BlackRock Fund Advisors, BlackRock Institutional Trust Company, N.A., BlackRock Investment Management (Australia) Limited, BlackRock Investment Management (UK) Limited, and BlackRock Investment Management, LLC with the Securities and Exchange Commission on January 27, 2017. BlackRock, Inc. is the beneficial owner of 1,059,442 shares of common stock, of which it has sole voting power with respect to 1,028,379 shares, and sole dispositive power with respect to 1,059,442 shares.
- (2) Information obtained from the Schedule 13G/A filed by Frontier Capital Management Co., LLC with the Securities and Exchange Commission on February 10, 2017. Frontier Capital Management Co., LLC is the beneficial owner of 906,244 shares of common stock, of which it has sole voting power with respect to 350,240 shares, and sole dispositive power with respect to 906,244 shares.
- (3) Information obtained from the Schedule 13G filed by The Vanguard Group with the Securities and Exchange Commission on February 10, 2017. The Vanguard Group is the beneficial owner of 764,682 shares of common stock, of which it has shared voting power with respect to 1,500 shares, sole voting power with respect to 16,137 shares, shared dispositive power with respect to 17,037 shares, and sole dispositive power with respect to 747,645 shares.
- (4) Based on information furnished to Unitil by its Directors and Executive Officers.
- (5) Restricted Stock Units ( RSUs ) are granted to the Directors who have elected to receive RSUs in lieu of common stock as the equity portion of the annual retainer for Board service. RSUs will settle as 70% stock and 30% cash upon retirement or other separation from the Board. RSUs were granted in October 2012, October 2013, October 2014, October 2015, and October 2016 and include cumulative dividend equivalents earned as of December 31, 2016. If a Director is subject to the specified employee payment provision in Section 409A of the Internal Revenue Code, payment of the RSUs may be delayed for six months and the RSUs would not be paid within 60 days of the Record Date.
- (6) Included are 5,223 shares that are held in trust for Mr. Schoenberger under the terms of Unitil s 401(k). Mr. Schoenberger has sole voting and dispositive power only with respect to the shares credited to his account. Also included are 39,809 shares of unvested restricted stock granted under the terms and conditions of the Company s Second Amended and Restated 2003 Stock Plan (the Stock Plan ).

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- (7) Included are 2,773 shares that are held in trust for Mr. Collin under the terms of Unitil s 401(k). Mr. Collin has sole voting and dispositive power only with respect to the shares credited to his account. Also included are 9,182 shares of unvested restricted stock granted under the terms and conditions of the Company s Stock Plan.
- (8) Included are 1,026 shares that are held in trust for Mr. Meissner under the terms of Unitil s 401(k). Mr. Meissner has sole voting and dispositive power only with respect to the shares credited to his account. Also included are 9,182 shares of unvested restricted stock granted under the terms and conditions of the Company s Stock Plan.
- (9) Included are 2,792 shares that are held in trust for Mr. Black under the terms of Unitil s 401(k). Mr. Black has sole voting and dispositive power only with respect to the shares credited to his account. Also included are 4,847 shares of unvested restricted stock granted under the terms and conditions of the Company s Stock Plan.
- (10) Included are 930 shares that are held in trust for Mr. Long under the terms of Unitil s 401(k). Mr. Long has sole voting and dispositive power only with respect to the shares credited to his account. Also included are 4,847 shares of unvested restricted stock granted under the terms and conditions of the Company s Stock Plan.
- (11) Included are 12,722 shares that are held in trust for the Executive Officers under the terms of Unitil s 401(k) and 70,344 shares of unvested restricted stock granted under the terms and conditions of the Company s Stock Plan. No shares held by any Director or Executive Officer have been pledged.

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**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Exchange Act requires the Company's Executive Officers, Directors, and persons who own more than ten percent of a registered class of the Company's equity securities to file certain reports of ownership and changes in share ownership with the Securities and Exchange Commission ( SEC ) and the New York Stock Exchange ( NYSE ). Based upon its review of such forms that were filed in 2016, and written representations from certain reporting persons that such forms were not required to be filed by those persons for the reporting year 2016, the Company believes that all filing requirements applicable to its officers and Directors during 2016 and through February 2017, were met.

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**CORPORATE GOVERNANCE**

The Board and the Company are committed to comprehensive and effective corporate governance practices. The Board believes that good corporate governance is a key to the long-term success of the Company, and essential to ensure that Unitil is operated in the best interest of shareholders and other stakeholders. Accordingly, the Board has unconditionally adopted Corporate Governance Guidelines and Policies of the Board (the Guidelines), as described below, to assist Directors in the pursuit of superior Board function, effectiveness, communication and transparency in the governance of the Company. The Board and the Company believe that the ethical character, integrity and principles of the Board and senior management remain the most important safeguards of good corporate governance.

The Guidelines represent the current view of the Board of Directors on governance and should not be viewed as rigid restraints. The Company will continue to monitor new developments and regulations, mandated by the SEC and by the NYSE, as well as emerging issues concerning corporate governance and financial disclosure, and will adopt changes and institute new policies and procedures as appropriate. The Guidelines are reviewed regularly and are subject to modification from time to time by the Board of Directors. The Guidelines are available for review on the Corporate Governance page of the Investor Relations section of the Company's website at [www.unitil.com/investors](http://www.unitil.com/investors), and are available in print to any shareholder or other interested party, free of charge upon request to the Corporate Secretary at 1-800-999-6501 or at the address listed in the section entitled *Information about the Annual Meeting*.

**GOVERNANCE POLICIES OF THE BOARD**

**Role of the Board**

The Board is elected by the shareholders to oversee the long-term health and overall success of the Company's business and to ensure the Company's financial strength. The Board serves as the ultimate decision-making body of the Company, except for those matters reserved for or shared with the shareholders.

In the pursuit of excellence in corporate governance, all members of the Board are expected to adhere to a set of core principles, without exception.





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### **CODE OF ETHICS**

The Company's Code of Ethics (the "Code of Ethics") is a statement of the Company's high standards for ethical behavior, legal compliance and financial disclosure, and is applicable to all Directors, officers and employees of the Company and its subsidiaries. The Board unanimously approved the Code of Ethics in 2004, and annually affirms understanding of, and agreement and compliance with, the Code of Ethics. The Nominating and Governance Committee reviews the Code of Ethics annually for any required or desirable revisions. Should the Board adopt any changes to, or waivers of, the Code of Ethics, those changes or waivers will be promptly disclosed and posted on the Company's website at the address noted below, as required by law, rule or regulation. A copy of the Code of Ethics can be viewed on the Company's website at [www.unitil.com/investors](http://www.unitil.com/investors).

### **DIRECTOR INDEPENDENCE**

Unitil's Guidelines stipulate that a majority of the members of the Board, and all members of the Audit, Compensation and Nominating and Governance Committees, must be independent (as defined in Section 303A.02 of the NYSE Listed Company Manual - Corporate Governance Standards). As a listed company on the NYSE, Unitil must adhere to the independence standards set forth by the NYSE, and the Board has formally adopted independence criteria corresponding to the NYSE rules for director independence. The NYSE Listed Company Manual includes additional independence requirements for Audit Committee and Compensation Committee members. In addition, Rule 10A-3 of the Securities Exchange Act of 1934 (the "Exchange Act") includes additional independence requirements for Audit Committee members.

Unitil's Corporate Governance Guidelines, as well as the NYSE independence standards, require that the Board annually affirm the independent status of non-employee or outside Directors. The Board makes this affirmation annually in January, and based on its last comprehensive review on January 25, 2017, the Board determined at that time that, with the exception of Mr. Schoenberger, all of the Board members are independent.

During its annual independence review and affirmation, the Board applies the independence standards set forth in the Company's Guidelines and by the NYSE. Under these requirements, the members of the Board who qualify as independent must be free from any material relationship that would interfere with the exercise of independent judgment as a member of the Board. An independent Director is one for whom the Board has affirmatively determined that he or she, individually or through a member of his or her immediate family, does not have or has not had management responsibility with the Company or otherwise been affiliated with the Company for the past three years and who has no material relationship with the



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Company, either directly or as a partner, shareholder or officer of an organization with such a relationship with the Company. This definition generally leaves the Board the discretion to determine, on a case-by-case basis, what constitutes a material relationship with the Company. The Board exercises this discretion in a manner that is consistent with applicable NYSE and SEC regulations and standards. In addition, members of the Board are obligated to notify the full Board of any material changes in their relationships that may affect their independence status as determined by the Board. The obligation encompasses all relationships between Directors and the Company and its subsidiaries and/or members of senior management.

## **RISK OVERSIGHT**

The Board is responsible for the oversight of management and the business affairs of the Company, which includes the oversight of risk. The Board's ultimate goals are to ensure that Unitil continues as a successful business, to optimize financial returns in light of the business risks, to increase shareholder value over time, and to protect the interests of all stakeholders.

The Company has a formal Enterprise Risk Management (ERM) program which is overseen by the Board. The ERM program is a foundation for risk management that is relevant, sustainable and scalable. The ERM program is designed to identify potential risks that may impact the Company, and to manage risks within the Company's risk appetite in order to sustain operations and achieve business objectives. In building the ERM program, the potential risks relating to the Company's business were defined using a comprehensive set of risk disclosures which are described in *Part I, Item 1A. Risk Factors* of the Company's Annual Report on Form 10-K filed with the SEC on February 2, 2017.

The Board has assigned the Executive Committee the responsibility of assisting the Board in overseeing the overall risk management strategy of the Company. In order to assist the Board with overall risk management, the Executive Committee is supported by and oversees the Risk Management Committee, which is comprised of the senior management team. Together, these two committees evaluate and provide direction with respect to risk identification and assessment, and risk management and mitigation, including the specific guidelines and policies governing the process by which risk assessment and risk management are undertaken at the Company.

Like all companies, Unitil faces a variety of risks, both internal and external, and many factors work simultaneously to affect the Company's overall business risk. The Board recognizes that the Company's business risk is not static, and that it is not possible to mitigate all risk and uncertainty. The Board works within a climate of respect and candor, fostering a culture of open dialog between Board members and senior management. Overall, the Board believes that the ERM program has further defined and enhanced a systematic and proactive approach to properly oversee risk management and the ERM program will continue to evolve through ongoing review and assessment of the existing and emerging risks facing the Company.

## **LEADERSHIP STRUCTURE**

The current leadership structure of the Board consists of a combined Chairman/CEO position which has been held by Mr. Schoenberger since 1997. At this time, the Board believes that as a small-cap domestic

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corporation, the combination of these two positions is the optimal structure to guide the Company and maintain the focus required to achieve the Company's long-term business goals. Mr. Schoenberger is the direct link between senior management and the Board, and as a utility professional with over 35 years of industry experience, he provides critical insight and perception to the Board, as well as feedback to senior management, through his comprehensive understanding of the issues at hand.

The Board also has selected Mr. Elfner as the lead independent Director. In his role as lead Director, Mr. Elfner, who also serves as the chairman of the Executive Committee and as a member of the Nominating and Governance Committee, presides at all meetings of the Board in executive session. Mr. Elfner also provides leadership and guidance to the Board on the fulfillment of its fiduciary duties, as well as matters of corporate governance. Mr. Elfner facilitates, with the assistance of the Corporate Secretary, results reporting to the Board with regard to the annual board evaluation on key Board and committee-related matters, and promotes the continuation of a collegial and mutually respectful Board culture. The existence and activities of the lead Director do not alter the traditional roles and responsibilities of the Board of Directors as a whole, or the Company's management. As lead director, Mr. Elfner shall undertake any other action or exercise such other powers, authority, duties, and obligations as necessary or appropriate or as otherwise required by the listing standards of the NYSE or other applicable laws, rules or regulations, or as shall otherwise be determined by the Board.

## **RETIREMENT POLICY**

The Board has a retirement policy that provides no Director may be nominated as a candidate, or for reelection, as part of the slate of Directors proposed for election by the Company, nor may any person be nominated as a candidate for Director, after he or she has reached age 75. Directors are not, however, subject to specific term limits. Due to the complexity of the utility industry, the Company values the insight that a Director is able to develop over a period of time. The Board believes that tenure provides an enhanced contribution to the Board, including the benefits of valuable experience and familiarity, which is in the best interest of shareholders.

## **STOCK OWNERSHIP POLICY**

The Board has a mandatory stock ownership policy that is applicable to all members of the Board. The Board is of the continuing belief that its members should own a significant number of shares of the Company's common stock to properly align their interests with those of the shareholders of the Company. Effective as of January 1, 2013, all Directors must own shares of the Company's common stock in the equivalent value of three times the current annual cash retainer for Board service. Shares of restricted stock and restricted stock units ( RSUs ) are counted towards this total. The ownership requirement is calculated annually on January 1, and as of January 1, 2017, the ownership requirement was \$195,000 in value. Currently, all Board members meet the stock ownership requirement. Any new Director who may join the Board in the future will have four years from the date of first election to the Board by shareholders to accumulate the required number of shares of common stock.

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**RESIGNATION POLICY**

In October 2016, the Board adopted a policy that requires a Director to tender his or her resignation if he or she should receive a withhold vote greater than 50% of the shares voted at the annual meeting of shareholders in an uncontested election. If an incumbent Director fails to receive the required vote for re-election, the Nominating and Governance Committee will act on an expedited basis to determine whether to recommend the acceptance of the Director's resignation and will submit such recommendation for prompt consideration by the Board. The Director whose resignation is under consideration shall abstain from participating in any decision regarding that resignation. The Nominating and Governance Committee and the Board may consider any factors they deem relevant in deciding whether to accept a Director's resignation.

Further, the Board shall nominate for election or re-election as Director only candidates who agree to tender, promptly following the annual meeting at which they are elected or re-elected as Director, irrevocable resignations that will be effective upon (i) the failure to receive the required vote at the annual meeting at which they face re-election and (ii) Board acceptance of such resignation. In addition, the Board will fill board seat vacancies and new directorships only with candidates who agree to tender, promptly following their appointment to the Board, the same form of resignation tendered by other Directors in accordance with this policy.

**ANNUAL EVALUATION**

The Board conducts an annual evaluation on key Board- and committee-related issues, an exercise that has been practiced since 2002. The annual evaluation has proven to be a beneficial tool in the process of continuous improvement in Board and committee functioning and communication. The evaluation is specifically designed to provide a platform for qualitative expression of thoughts and opinions, as well as a catalyst for candid discussion and open dialog on current and emerging issues facing the utility industry, the Board as a whole, any committee(s) served upon, matters of strategic importance to the Company, as well as self-evaluation with regard to skills and expertise. In 2016, all Directors participated in the annual evaluation, which was conducted in the fourth quarter. Responses were discussed in executive session in January 2017.

**MEETING ATTENDANCE**

The Board is expected to make a determined effort to attend all meetings of the Board and applicable committees upon which they serve. In 2016, the Board held four meetings, and the committees held 19 meetings. Overall, Directors attended 99% of the meetings held in 2016. No Director attended less than 75% of the aggregate of the total number of meetings of the Board and applicable committees.

Directors are encouraged to attend the Annual Meeting, although there is no formal requirement to attend. In 2016, all eleven Directors attended the annual meeting of shareholders.

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### **EXECUTIVE SESSIONS**

Non-employee members of the Board have the opportunity to meet in executive session, without members of management present, either prior to the start or following the adjournment of each Board and committee meeting. During 2016, the Board met in executive session on four occasions and the lead Director, Mr. Elfner, presided at these meetings.

### **COMMUNICATION WITH THE BOARD**

Shareholders and other interested parties who desire to communicate with the Board, a committee of the Board, the non-management or independent Directors as a group, or an individual member of the Board may do so in writing by sending a letter c/o Corporate Secretary, Unitil Corporation, 6 Liberty Lane West, Hampton, New Hampshire 03842-1720 or via email to [whitney@unitil.com](mailto:whitney@unitil.com). The Company will screen such correspondence for security purposes. The Corporate Secretary will determine whether the communication relates to business matters that are relevant to the Company and, if so, promptly forward the communication to the appropriate Director(s).

### **NOMINATIONS**

The Nominating and Governance Committee is responsible for recommending to the Board the slate of Director nominees for election by shareholders. The Board reviews and, as appropriate, approves all Director nominees prior to annual proxy material preparation. As provided in Article III of the Company's Bylaws, any vacancy occurring in the Board, whether due to the death, resignation or other inability to serve of any Director previously elected may be filled by the affirmative vote of a majority of the remaining Directors. A Director elected to fill a vacancy shall be elected for the unexpired term of his or her predecessor in office.

The Committee determines the required selection criteria and qualifications of Director nominees based upon the needs of the Company at the time nominees are considered. See also the section entitled *Corporate Governance Policies of the Board – Board Diversity* below. Director candidates will be selected based on input from Directors, Executive Officers, and if the Committee deems appropriate, a third-party search firm. Minimum criteria for Director nominees are set forth below, as well as in the Corporate Governance Guidelines. A candidate must possess the ability to apply good business judgment and must be in a position to properly exercise his or her duties of loyalty and care. Candidates with potential conflicts of interest or who do not meet independence criteria will be identified and disqualified, as appropriate. In addition to independence criteria, the Committee will consider criteria including integrity, judgment, proven leadership capabilities, business experience, areas of expertise, availability for service, factors relating to the composition of the Board, such as size and structure, and also the Company's policies and principles concerning diversity. The Board seeks to include diversity of backgrounds, perspectives, experience and skills among its members. The Committee will consider these criteria for nominees identified by the Committee, by other Directors, by shareholders, or through another source. When current Board members are considered for nomination for reelection, the Committee also takes into consideration their prior Board contributions, performance and meeting attendance records.

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The Committee conducts a process of making a preliminary assessment of each proposed nominee based upon the resume and biographical information, an indication of the individual's willingness to serve and other background information. This information is evaluated against the criteria set forth above as well as the specific needs of the Company at that time. Based upon a preliminary assessment of the candidate(s), those who appear best suited to meet the needs of the Company may be invited to participate in a series of interviews, which are used for further evaluation. On the basis of information collected during this process, the Committee determines which nominee(s) to recommend to the Board to submit for election at the next annual meeting of shareholders, or to fill vacancies on the Board that occur between shareholder meetings. The Committee uses the same process for evaluating all nominees, regardless of the source of the nomination. The Board may elect, at its discretion, to participate in an additional round(s) of interviews with one or all candidate(s) recommended by the Committee.

Shareholders who wish to recommend a nominee for consideration by the Committee may do so by sending the following information to the Committee c/o the Corporate Secretary at the address listed in the section entitled *Governance Policies of the Board - Communication with the Board*: (1) the name of the candidate with brief biographical information and his or her resume; (2) contact information for the candidate and a document evidencing the candidate's willingness to serve as a Director if elected; and (3) a signed statement as to the submitting shareholder's current status as a shareholder and proof of ownership of the number of shares currently held.

Additionally, nominations of persons for election to the Board may be made by any shareholder of the Company by submitting a nomination in compliance with all procedures set forth in Article IV *Nomination of Directors* of the Company's Bylaws.

No candidates for Director nominees were submitted to the Committee by any shareholder in connection with the Annual Meeting.

## **QUALIFICATIONS & SKILLS OF DIRECTORS**

The Board believes there are general qualifications that all Directors must exhibit, and other qualifications, attributes, skills and experience that should be represented on the Board as a whole, but not necessarily by each Director.

### **Qualifications Required of All Directors**

The Board requires that each Director be a person of high integrity and superior ethical character with a proven record of leadership and accomplishment in his or her chosen field. Each Director must demonstrate innovative and independent thinking, understand complex principles of business, finance, and utility regulation, and demonstrate familiarity with and respect for corporate governance requirements and practices. Directors must also comply unequivocally with the Code of Ethics, be free of conflicts or potential conflicts of interest, and, other than Mr. Schoenberger, meet the requirements of independence as set forth by the NYSE, as appropriate. Directors must be willing and able to dedicate the proper amount of time and effort to service on the Board as necessary to fulfill his or her responsibilities to the Company, and must not serve on more than two public company boards if currently holding a position of chief executive officer or an equivalent position, or on more than three public company boards if retired.

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### **Qualifications, Attributes, Skills and Experience to be Represented on the Board**

The Board has identified particular qualifications, attributes, skills and experience that are important to be represented on the Board as a whole. The Nominating and Governance Committee, is charged with the responsibility of tracking the Directors' professional experience and skill sets with a board inventory matrix (the Skills Matrix). The Skills Matrix lists each Director and his or her professional experience and skill sets in categories considered by the Board and the Committee to be advantageous to the regulated utility business, as well as for a company of Unitil's size and complexity. The Committee uses this information to assess overall Board composition and to identify existing and potential gaps in the skill sets of Directors. This information is also used for recruiting purposes when there is a vacancy, or an expected vacancy, on the Board. The Skills Matrix has proven to be a valuable tool in this assessment exercise. The Board strives to represent a meaningful cross-section of business and industry experience, education, and specialized skill sets with a group of diverse individuals who add the element of quality to the Company's corporate governance framework, and who fairly and without compromise execute their fiduciary duty to serve the best interests of Unitil's shareholders and all of the Company's stakeholders.

The Skills Matrix Summary outlines certain essential key qualifications, attributes, skills and experience that the Board believes should be represented on the Board as a whole for optimal oversight of the Company's business and the effective exercise of its fiduciary duty to shareholders.

Directors standing for reelection are also evaluated by the Committee for recommendation to the Board using a set procedure based on the expectations of Board members, which is provided to all members of the Board annually. The evaluation includes contribution to the Board and committees served upon; unique skills, expertise and attributes; attendance and preparedness; and willingness to continue serving. Overall continuity and chemistry of the Board are also considerations, as well as factors relating to the composition of the Board, such as size and structure, and also the diversity of backgrounds, perspectives, experience and skills among its members. Lengthy tenure on the Board is considered to be a uniquely valuable qualification in the highly regulated utility industry.

### **BOARD DIVERSITY**

Although the Board does not have a formal diversity policy, it does seek to maintain optimum Board heterogeneity through an appropriate balance of diversity of backgrounds, perspectives, tenure, professional experience and skills among its members. The Board believes that a variety of points of view and experiences contributes to a more effective decision-making process, and considers diversity of gender, age, competencies, and professional experience in the evaluation of all candidates for Board membership. The Board also considers how the experience and skill set of each Director nominee complements those of existing Directors and fellow Director nominees to create a balanced Board with diverse viewpoints and deep expertise.





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**TRANSACTIONS WITH RELATED PERSONS**

The Audit Committee is responsible for reviewing and approving, as appropriate, all Related Person Transactions (as defined below), in accordance with its charter (the Audit Committee Charter ). As a result, the Audit Committee has adopted procedures for such review and approval and included such procedures in the Company's Corporate Governance Guidelines. The Company had no Related Person Transactions in 2016, and there are no Related Person Transactions currently proposed for 2017. A Related Person Transaction means any transaction for which disclosure is required under the terms of Item 404(a) of SEC Regulation S-K involving the Company and any Related Person. A Related Person is defined in Item 404(a) of SEC Regulation S-K.

Transactions between the Company or one or more of its subsidiaries and one or more Related Persons (as defined below) may present risks or conflicts of interest or the appearance of conflicts of interest. The Company's Code of Ethics requires all employees, officers and Directors, without exception, to avoid engagement in activities or relationships that conflict, or would be perceived to conflict, with the Company's interests or adversely affect its reputation. It is understood, however, that certain relationships or transactions may arise that would be deemed acceptable and appropriate upon full disclosure of the transaction, following review and approval to ensure there is a legitimate business reason for the transaction and that the terms of the transaction are no less favorable to the Company than could be obtained from an unrelated person.

In connection with the review and approval or ratification, if appropriate, of any Related Person Transaction, the Audit Committee will consider whether the transaction will compromise the Company's professional standards included in its Code of Ethics. In the case of any Related Person Transaction involving an outside Director or nominee for Director, the Audit Committee will also consider whether the transaction



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will compromise the Director's status as an independent Director as prescribed in the NYSE Listed Company Manual, Section 303A, Independent Directors. The procedures followed by the Audit Committee to evaluate transactions with Related Persons are also available in the Corporate Governance portion of the Investor Relations section of the Company's website at [www.unitil.com/investors](http://www.unitil.com/investors).

**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

The subsection entitled *Section 16(a) Beneficial Ownership Reporting Compliance* within the *Share Ownership* section of this proxy statement is incorporated herein by reference.

**Table of Contents****COMMITTEES OF THE BOARD**

The Board has the following standing committees: Audit Committee; Compensation Committee; Executive Committee; and Nominating and Governance Committee. The tables below provide a summary of each committee with respect to membership and primary responsibilities.

**Audit Committee**

<b>Committee Members</b>	<b>Robert V. Antonucci</b>	<b>Edward F. Godfrey</b>	<b>Michael B. Green</b>	<b>David A. Whiteley</b>
Independent Financial Expert				
Meetings in 2016	4	4	4	4
Latest Charter Review	October 18, 2016			
Primary Charter Directives	To provide independent and objective oversight of the Company's accounting functions, internal controls and financial reporting Appointment, compensation and oversight of the work of the Company's independent registered public accounting firm			

**Committee Chair**

The Audit Committee is a separately-designated standing audit committee established in accordance with section 3(a)(58)(A) of the Exchange Act. Each member of the Audit Committee is financially literate, knowledgeable and qualified to review financial statements. The Audit Committee operates under a written charter, which it reviews annually, and adopts amendments, if necessary, to reflect changes governing financial reporting and accounting requirements or its responsibilities. The Audit Committee Report, which appears in the section entitled *Audit Matters*, more fully describes the activities and responsibilities of the Committee.

**Table of Contents****Compensation Committee**

<b>Committee Members</b>	<b>David P. Brownell</b>	<b>Lisa Crutchfield</b>	<b>Eben S. Moulton</b>	<b>Sarah P. Voll</b>
Independent				
Meetings in 2016	7	7	7	7
Latest Charter Review	October 19, 2016			
Primary Charter Directives	To establish objectives and interpret the terms of the Company's compensation policies for base salary, incentive compensation, equity compensation, and benefits programs Annual Review of CEO performance (jointly with the Executive Committee) Approval of executive-level base salaries and approval and recommendation to the Board of base salaries for Named Executive Officers Administration of merit, incentive, and commission compensation plans for all appropriate personnel Review and approval of annual performance measures and approval of annual incentive compensation plan awards			

**Committee Chair**

The Compensation Committee operates under a written charter, which it reviews annually and, as appropriate, amends to reflect changes in its responsibilities. The specific activities and responsibilities of the Compensation Committee are described in greater detail in the section entitled *Compensation Committee Operations*.

**Executive Committee**

<b>Committee Members</b>	<b>Albert H. Elfner, III</b>	<b>Edward F. Godfrey</b>	<b>Eben S. Moulton</b>	<b>M. Brian O Shaughnessy</b>	<b>Robert G. Schoenberger</b>
Independent					
Meetings in 2016	4	4	4	4	4
Latest Charter Review	October 19, 2016				
Primary Charter Directives	To act on behalf of the Board when necessary between scheduled Board meetings To assess key business risks and implement appropriate risk management policies, practices and plans to mitigate such risks to the Company Annual Review of CEO performance (jointly with the Compensation Committee)				

Committee Chair

The Executive Committee operates under a written charter, which it reviews annually and, as appropriate, amends to reflect changes in its responsibilities.

**Table of Contents****Nominating & Governance Committee**

<b>Committee Members</b>	<b>David P. Brownell</b>	<b>Albert H. Elfner, III</b>	<b>M. Brian O Shaughnessy</b>	<b>David A. Whiteley</b>
Independent Meetings in 2016	4	4	4	4
Latest Charter Review	October 19, 2016			
Primary Charter Directives	<p>The review and oversight of corporate governance standards</p> <p>To coordinate suggestions or searches for potential nominees for Board members and to review and evaluate qualifications of potential Board members</p> <p>To recommend to the Board nominees for vacancies occurring from time to time on the Board</p> <p>To review Board member performance prior to recommendation for nomination to stand for election to an additional term</p> <p>The annual review and evaluation of Directors' compensation and recommendation of any changes to the Board</p>			

**Committee Chair**

The Nominating and Governance Committee operates under a written charter, which it reviews annually and, as appropriate, amends to reflect changes in its responsibilities.

**All Committees**

The existence and activities of all committees of the Board do not alter the traditional roles and responsibilities of the Company's management. All committees may delegate authority to individuals or subcommittees when it deems appropriate. However, in delegating authority, a committee shall not be absolved from the responsibilities designated under the terms of its respective charter. All committees shall undertake any other action or exercise such other powers, authority, duties and responsibilities as necessary or appropriate to the discharge of the duties and responsibilities set forth in its charter or the Company's Bylaws, or otherwise required by the listing standards of the NYSE or other applicable laws, rules or regulations, or as shall otherwise be determined by or assigned by the Board.

The charters for each of the standing committees are available in the Corporate Governance portion of the Investor Relations section of the Company's website at [www.unitil.com/investors](http://www.unitil.com/investors), or in print to any shareholder or other interested party, free of charge upon request to the Office of the Secretary, Unitil Corporation, 6 Liberty Lane West, Hampton, NH 03842-1720; or to [InvestorRelations@unitil.com](mailto:InvestorRelations@unitil.com); or by calling toll free 800-999-6501.



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**AUDIT MATTERS**

**AUDIT COMMITTEE REPORT**

The following report is submitted by the Audit Committee of Unitil Corporation with respect to the Company's audited financial statements for the fiscal year ended December 31, 2016.

In discharging its oversight responsibility regarding the audit process, the Audit Committee has discussed with Deloitte & Touche LLP (Deloitte), the Company's independent registered public accounting firm for the fiscal year ended December 31, 2016, the matters required to be discussed by Auditing Standard No. 1301. In addition, the Committee has received the written disclosures and the letter from Deloitte required by applicable requirements of the PCAOB regarding Deloitte's communications with the Committee concerning independence and has discussed with Deloitte the firm's independence with respect to the Company.

During 2016, the Audit Committee members received the Company's quarterly financial information for review and comment prior to the filing of each of the Company's Forms 10-Q with the SEC. In fulfilling its responsibilities relating to the financial statements, the Committee also reviewed and discussed the Company's significant accounting policies and the audited financial statements of the Company for the fiscal year ended December 31, 2016 with management and Deloitte. Based on the review and discussions with management and Deloitte, the Committee recommended to the Board that the audited financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2016, for filing with the SEC.

**Audit Committee Members**

*Dr. Robert V. Antonucci, Edward F. Godfrey, Michael B. Green (chairman), and David A. Whiteley*

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**PRINCIPAL ACCOUNTANT FEES & SERVICES**

The following table presents fees for professional services rendered by Deloitte, the Company's independent registered public accounting firm, for the fiscal years ended December 31, 2016 and 2015.

**Audit Fees**

In 2016 and 2015, this category includes fees incurred for professional services rendered by Deloitte for reviewing the quarterly financial statements included in the Company's Quarterly Reports on Form 10-Q, auditing the Company's annual financial statements included in the Company's Annual Report on Form 10-K, and auditing the Company's internal control over financial reporting.

**Audit-Related Fees**

In 2016 and 2015, Deloitte did not perform any audit-related services.

**Tax Fees**

In 2016 and 2015, Deloitte did not perform any tax services.

**All Other Fees**

In 2016 and 2015, Deloitte did not perform any services that are not included in the above categories.

**AUDIT COMMITTEE PRE-APPROVAL POLICY**

The Audit Committee has adopted a formal policy concerning approval of audit and non-audit services to be provided by the independent registered public accounting firm engaged to audit the Company's consolidated financial statements. The policy requires that all services to be provided by the independent registered public accounting firm, including audit services and permitted audit-related and non-audit services, must be pre-approved by the Committee. The Committee pre-approved all audit, audit-related, tax and all other services provided by Deloitte during fiscal 2016 and 2015.

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**COMPENSATION**

**COMPENSATION COMMITTEE OPERATIONS**

The Compensation Committee is appointed annually by the Board and is responsible for oversight of the executive compensation program. The Committee has overall authority to establish goals and objectives and to interpret the terms of the Company's compensation policies, including base salary, incentive compensation, equity compensation, sales commissions, and benefits programs. The Committee discharges its oversight responsibilities by carrying out the specific functions outlined in its charter (the Compensation Committee Charter). See the section entitled *Compensation of Named Executive Officers - Compensation of Directors* for information on the Nominating and Governance Committee's work regarding Directors' compensation.

The Committee has the authority to delegate some of its responsibilities to individuals or subcommittees of the Committee's choice. However, such delegation does not, and will not, absolve the Committee from the responsibilities that it bears under the terms of the Compensation Committee Charter.

The Committee has the authority to invite Executive Officers, members of management or other guests to attend its meetings, to perform research, or to provide relevant information or recommendations. At the Committee's request, Mr. Schoenberger and Mr. Long serve the Committee in a consultative capacity, providing data and analytical support, as well as management perspective and recommendations relative to employee compensation and benefits, including executive compensation. Mr. Long is excluded from deliberations and decisions regarding Executive Officer compensation. Mr. Schoenberger participates in the discussions and decisions regarding salaries and incentive compensation for the Executive Officers of the Company reporting directly to him. Mr. Schoenberger is excluded from deliberations and decisions regarding his own salary and incentive compensation.

The Committee also has the authority to retain or obtain the advice of outside counsel, compensation consultants or other advisors to advise the Committee as it deems appropriate or necessary in its sole discretion. The Committee is directly responsible for the appointment, retention terms (including compensation), and oversight of the work of any adviser it retains. Prior to retaining or obtaining advice from an adviser, the Committee will consider factors relevant to the adviser's independence from management to the extent required by the NYSE listing standards.

Since 2009, the Committee has regularly engaged a compensation consultant, Willis Towers Watson (Willis Towers), to provide the Committee with compensation study data, including data from selected peer companies and compensation marketplace survey analysis, as well as to provide various recommendations based on study findings and industry trends for the Committee's consideration. Willis Towers is engaged by and reports directly to the Compensation Committee. Willis Towers receives compensation only for services related to executive compensation, employee benefits and general compensation issues, and neither it nor any affiliated company provides any other services to the Company.

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In 2014, the Committee engaged Willis Towers to prepare a comprehensive compensation analysis (the 2014 Compensation Analysis ), which included an in depth study of chief executive officer compensation, salary survey data for comparable industry executives and middle management, and benefits. The Compensation Committee used the information in the 2014 Compensation Analysis for decisions concerning executive compensation for the 2015 compensation year.

In 2015, the Committee again engaged Willis Towers to assess the competitiveness of the compensation of the Named Executive Officers (the 2015 Assessment ) using the 2014 Compensation Analysis as a foundation with updated information from published compensation surveys, including base salary, total cash compensation (base plus annual incentives), and total direct compensation (base plus annual incentives plus long-term incentives). The Committee used the information from the 2015 Assessment as a reference point, or benchmark, upon which to base its compensation decisions for Named Executive Officers, including the CEO, for the 2016 compensation year.

The 2014 Compensation Analysis and the 2015 Assessment as well as the Committee's use of the 2014 Compensation Analysis and 2015 Assessment are described in greater detail in the section entitled *Compensation Discussion and Analysis*.

In 2016, in order to prudently manage outside consulting expenses, the Committee decided to forego a year of special consulting work related to executive compensation, and to instead simply utilize the existing compensation programs which were previously found to be reasonable and competitive in design and operation. The Committee decided to next engage Willis Towers in a review of executive compensation during 2017.

## **COMPENSATION COMMITTEE INTERLOCKS & INSIDER PARTICIPATION**

The current members of the Compensation Committee are not current or former officers or employees of the Company. No member of the Committee has any relationship requiring disclosure under Item 404 of Regulation S-K, Transactions with Related Persons. In addition, no Executive Officer of the Company serves on the board of directors or compensation committee of another company where an executive officer of the other company also serves on the Board or Compensation Committee.

## **RISK AND BROAD-BASED COMPENSATION PROGRAMS**

After review and evaluation of the Company's compensation policies and practices, including the annual incentive award performance metrics, variable and non-variable pay mix, and limited non-performance payouts, the Compensation Committee determined, and management agreed, that the risks arising from the Company's compensation policies and practices are not likely to have a material adverse effect on the Company because (a) the Company's compensation program is designed to be balanced and not motivate imprudent or excessive risk-taking by Executive Officers or other employees, (b) the Company does not use incentives that encourage short-term, high-risk strategies at the expense of long-term performance and value, (c) the Compensation Committee has significant discretion in its determination of incentive

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compensation awards, (d) the Compensation Committee considers distinct quantitative factors with regard to incentive compensation, (e) the Compensation Committee considers qualitative factors, such as the difficulty of achieving goals and challenges faced during the year, to encourage employees and Executive Officers to consider and balance all aspects of the Company's Strategic Plan, both short- and long-term, and (f) the variable and non-variable pay mix is proportionally weighted for Executive Officers and all employees.

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**COMPENSATION DISCUSSION AND ANALYSIS**

**Introduction**

In 2016, the Company continued to show strong operating and financial results, which have translated into greater returns for shareholders. Selected highlights of 2016 are outlined below.

Net income grew to \$27.1 million in 2016, an increase of 3.0% compared to 2015. Earnings per share grew to \$1.94 per share, an increase of 2.6% compared to 2015.

Unitil's financial results have continued to improve notably over the past several years, with net income growing at an annual rate of 7.9% since 2013, and EPS growing at an annual rate of 7.3% over the same period. The positive financial results are largely driven by continued natural gas customer and sales growth, higher investment in gas and electric utility rate base, a successful regulatory agenda, and cost management.

Again in 2016, Unitil achieved outstanding gas safety, as well as the best electric reliability in the Company's history. Distribution cost per customer was among the lowest for both gas and electric customers as compared to peer utility companies in the northeast.

For the five-year period ended December 31, 2016, Unitil's total shareholder return (TSR) was 98%, a return that outperformed the Company's peer group at 64% over the same period. Of the 44 investor-owned utilities that appear in the Edison Electric Institute's Utility Index, Unitil's TSR is in the top 10 for the one-year period ended December 31, 2016.

Unitil's annual common stock dividend of \$1.42 per share in 2016 provided a dividend yield of approximately 3.1%, based on the closing stock price of \$45.34 per share on December 30, 2016. Unitil has paid an annual common stock dividend every year since trading on the open market began in 1984. In addition, on January 25, 2017, the Board of Directors voted to increase the annual dividend to \$1.44 per share.

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### **Compensation Philosophy and Administration**

The Compensation Committee is responsible for oversight of the executive compensation program. The Committee, the Board and the Company recognize the value and importance of sound principles for the development and administration of competitive compensation and benefit programs. The Company believes that its executive compensation program (i) is instrumental in the achievement of its short-term and long-term strategic and business objectives, (ii) provides appropriate rewards for the fulfillment of strong operational and financial performance and (iii) provides appropriate rewards for practicing the Company's core values and principles, which creates lasting value for shareholders and other stakeholders.

The Compensation Committee utilizes a set of guiding principles for setting executive compensation, which are discussed below. Additional information concerning the processes and operational procedures followed by the Committee can be found in the section entitled *Compensation Committee Operations*.

### **Compensation Policy & Process**

The principal objective of Unitil's executive compensation program is to attract, motivate, retain and reward highly qualified employees who are committed to the achievement of solid financial performance, outstanding service to customers, and excellence in the management of the Company's assets. It is the Company's belief that a strong sense of teamwork and shared responsibility are vital components in the achievement of strong performance. The Company's incentive compensation reflects and supports this philosophy with an appropriate balance of both financial and operational goals that apply to the entire management team. See the section entitled *Compensation Discussion and Analysis - Elements of Compensation* for a discussion of the specific goals set, and results achieved, for 2016. The Company also believes that retention of talented and dedicated key executives will help ensure continued focus on the achievement of long-term growth in shareholder value and provide significant benefit to all of the Company's stakeholders, including shareholders, customers and employees.

The guiding principles utilized by the Compensation Committee in the design and implementation of the Company's executive compensation program are outlined below.





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To aid in its decision-making process, in both 2014 and 2015, the Compensation Committee engaged compensation consulting firm Willis Towers to prepare an analysis of executive compensation.

### **2014: 2015 Compensation Decisions**

In 2014, Willis Towers provided the Committee a comprehensive compensation analysis (the 2014 Compensation Analysis ) which included chief executive officer compensation, salary survey data for comparable industry executives and middle management, and benefits.

The 2014 Compensation Analysis scope included an overall analysis of the Company's compensation as it relates to and supports the Company's business strategy, and detailed information on executive compensation, as well as a review of the research methodology and process, key findings with regard to base salary and incentive compensation, program assessment, and several recommendations for changes.

The Compensation Committee used the information in the 2014 Compensation Analysis (a) to gain a general understanding of compensation practices, (b) as a reference point, or benchmark, upon which to base its compensation decisions and (c) to analyze each Executive Officer's, including the CEO's, compensation for 2015. Willis Towers used two sources of data in the 2014 Compensation Analysis for assessment of the Company's position in the compensation marketplace:

#### ***Compensation Data from Published Compensation Surveys.***

Compensation data from published compensation surveys focused on comparably sized organizations in the utility sector and general industry sector (for cross industry positions). Published survey data were size-adjusted based on revenue, employee regression and/or scope parameters. Because the surveys are confidential, the specific data selected by Willis Towers did not indicate survey participants by company name.

<sup>1</sup> The primary sources of data were the Willis Towers Watson CDB Executive Energy Services and General Industry Compensation Databases that provide market compensation data on over 1,000 U.S. organizations, as

well as other published survey sources including Mercer's Executive/IT/Finance, and Accounting and Legal Benchmark databases.

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***Compensation Data from Proxy Filings.***

Compensation data was extracted from publicly available proxy filings for a selected group of 16 publicly traded utility companies with annual revenues between \$81 million and \$1.6 billion (the 2014 Peer Group<sup>2</sup>). The Compensation Committee used this data to analyze only the CEO's compensation, with the objective of ensuring that the CEO's total compensation was reasonable, competitive and consistent with pay practices at peer companies.

For the proxy-based market analysis, Willis Towers prepared a benchmarking assessment using position-specific market data to compare Unitil's current compensation levels for the CEO with compensation levels for comparable positions in the 2014 Peer Group. Market data for total direct compensation elements were extracted for the 25<sup>th</sup> percentile, the median (50<sup>th</sup> percentile), and the 75<sup>th</sup> percentile.

Due to the fact that Unitil's size (based on fiscal year-end 2013 revenues and number of employees) was approximately equal to the 25<sup>th</sup> percentile of the 2014 Peer Group companies, the Compensation Committee targeted the 25<sup>th</sup> percentile within this data set.

For the published survey-based analysis, Willis Towers used benchmark matches for all positions (including the CEO) in its assessment. For all published survey-based data, market values reflected the size/scope of Unitil's revenues and employee count through use of regression analysis (or tabular groupings where regression data were not available). Because the published survey databases cover a vast number of benchmark positions in the utility industry sector and general industry sector, Willis Towers advised the Compensation Committee that the median (50<sup>th</sup> percentile) of the published survey-based data set approximated the 25<sup>th</sup> percentile of the smaller proxy-based data set. The Committee determined that the median (50<sup>th</sup> percentile) of the marketplace when using information from the published survey-based data set was an appropriate target.

The Compensation Committee used the information in the 2014 Compensation Analysis as a reference point, or benchmark, upon which to base its compensation decisions for the 2015 compensation year. The Committee also considered and discussed various recommendations from Willis Towers based on study findings and industry trends.

<sup>2</sup> The 2014 selected group consists of ALLETE, Inc., Black Hills Corp., Chesapeake Utilities Corp., CLECO Corp., Delta Natural Gas Company, Inc., El Paso Electric Company, Empire District Electric Company, Idacorp, Inc., ITC Holdings Corp., MGE Energy, Inc., Northwest Natural Gas Company, Northwestern Corp., Otter Tail Corp., PNM Resources, Inc., South Jersey Industries, Inc., and UIL Holdings Corp.



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**Table of Contents****2015: 2016 Compensation Decisions**

In 2015, at the request of the Compensation Committee, Willis Towers prepared an assessment of the competitiveness of the compensation of the Named Executive Officers (the 2015 Assessment ) using the 2014 Compensation Analysis as a foundation with updated information from published compensation surveys, including base salary, total cash compensation (base plus annual incentives), and total direct compensation (base plus annual incentives plus long-term incentives). The Committee assessed the competitiveness of each Named Executive Officer's compensation in the context of market practices and Unitil's compensation philosophy, which is to target the national market median, or 50<sup>th</sup> percentile, of the compensation marketplace in the published compensation surveys. The Committee also used information from 2015 proxy statements of the Company's utility company peer group, at the 25<sup>th</sup> percentile target, as a secondary source to assess CEO compensation competitiveness.

**Compensation Data from Published Compensation Surveys**

Compensation data from published compensation surveys focused on comparably sized organizations in the utility sector and general industry sector (for cross industry positions). Published survey data were size-adjusted based on revenue, employee regression and/or scope parameters. Because the surveys are confidential, the specific data selected by Willis Towers did not indicate survey participants by company name.

**Compensation Data from Proxy Filings**

Chief executive officer compensation data was obtained from publicly available proxy filings for a selected group of 15 publicly traded utility companies<sup>3</sup> (the 2015 Peer Group ) with annual revenues between \$86 million and \$1.6 billion.

The Committee used the information from the 2015 Assessment as a reference point, or benchmark, upon which to base its compensation decisions for Named Executive Officers, including the CEO, for the 2016 and 2017 compensation years. The Committee also used information from the 2015 proxy statements of the Company's utility company peer group, at the 25<sup>th</sup> percentile target, as a secondary source to assess CEO compensation competitiveness. In 2016, in order to prudently manage outside consulting expenses, the Committee decided to forego a year of special consulting work related to executive pay, and to instead simply utilize the existing programs which were previously found to be reasonable and competitive in design and operation. The Committee decided to next engage Willis Towers in a review of executive compensation during 2017.

In addition to individual performance, the Company's performance is a critical component in the determination of how each individual executive is paid relative to the market median of the broad-based published compensation survey group, as described below. Accordingly, approximately 40.3% (for Mr. Schoenberger) and 31.5% (average for the other Named Executive Officers) of the 2016 annual compensation was incentive compensation directly related to the Company's performance.

<sup>3</sup> The 2015 selected group consists of ALLETE, Inc., Black Hills Corp., Chesapeake Utilities Corp., Delta Natural Gas Company, Inc., El Paso Electric Company, Empire District Electric Company, Idacorp, Inc., ITC Holdings Corp., MGE Energy, Inc., Northwest Natural Gas Company, Northwestern Corp., Otter Tail Corp., PNM Resources, Inc., South Jersey Industries, Inc., and UIL Holdings Corp.



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### **Base Salary**

The Company utilizes the Hay Method of job evaluation, which is a job grading process developed by the Hay Group. This method results in a numeric job grade for each position that is equivalent to positions with comparable responsibilities at other companies that use this job evaluation system. The Company then sets base salary ranges for every job grade and position based upon base salary survey data provided by Willis Towers. The midpoint of the base salary range is set at the median level of the broad-based published compensation survey group when compared to similar positions at comparable companies. The minimum in the salary range is determined by multiplying the midpoint by 80%, and the maximum is determined by multiplying the midpoint by 120%. In relation to each Named Executive Officer, base salary is set within the salary range based upon individual performance relative to individual annual goals. This process is used for both executive and non-executive positions.

### **Incentive Compensation    Cash Incentive**

The Company sets annual target cash incentive awards equal to the median of the broad-based published compensation survey group for the Executive Officers' target cash incentive awards at other comparable companies based on data provided by Willis Towers. The Committee also used information from the proxy statements of the Company's peer group, at the 25<sup>th</sup> percentile target, as a secondary source to set the CEO's annual target cash incentive award. The Company has also developed a balanced score card approach to setting goals for the annual incentive awards, which includes certain goals from the Strategic Plan that represent success in financial results, electric reliability, gas safety, customer service and distribution cost per customer. The Compensation Committee approves the quantitative goals, also referred to as performance metrics, for these awards annually. See the section entitled *Compensation Discussion and Analysis - Elements of Compensation* for a discussion of this score card.

### **Incentive Compensation    Equity Compensation**

The Company grants shares of restricted stock to executive participants in the Stock Plan annually. The size of the annual restricted stock award is based upon the Company's performance, and the target award is based on market data for the median of the broad-based published compensation survey group size grant at peer group and other comparable companies, as calculated using data provided by Willis Towers. The Committee also used information from the proxy statements of the Company's peer group, at the 25<sup>th</sup> percentile target, as a secondary source to set the CEO's annual restricted stock award. The shares of restricted stock vest over a period of four years, and the executive must request and receive approval from either the CEO or the Company's Chief Financial Officer ( CFO ) to sell fully vested shares.

### **Shareholder Advisory Vote on Executive Compensation and Frequency of Advisory Vote**

As required by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the Dodd-Frank Act ), the Company held (i) its second advisory (non-binding) shareholder vote on the compensation of the





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Company's Named Executive Officers (commonly known as a say-on-pay proposal), at its 2014 annual meeting of shareholders and (ii) its first shareholder vote on the frequency of such say-on-pay proposal, at its 2011 annual meeting of shareholders. As reported in the Company's Form 8-K, filed with the SEC on April 24, 2014, 88% of shareholders approved by advisory vote the compensation of the Company's Named Executive Officers. The Compensation Committee considered the results of the advisory vote by shareholders on the say-on-pay proposal presented to shareholders at the 2014 annual meeting of shareholders in its decision to make no direct changes to the Company's executive compensation program in 2015 or 2016 as a result of the vote. The Company's third say-on-pay proposal is included in this proxy statement as *Proposal 3: Approval, on an Advisory Basis, of the Compensation of the Company's Named Executive Officers*.

At the 2011 annual meeting of shareholders, shareholders elected to hold a say-on-pay advisory vote every three years. The Dodd-Frank Act requires that every six years the Company provide the opportunity for shareholders to vote, on an advisory basis, on the frequency (commonly known as a say-on-frequency proposal) that the say-on-pay advisory vote will be presented to shareholders. The Company's second say-on-frequency proposal is included in this proxy statement as *Proposal 4: Advisory Vote on the Frequency of Future Advisory Votes on Executive Compensation*.

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**ELEMENTS OF COMPENSATION**

**Base Salary**

Every employee is paid a base salary. The purpose of base salary is to reward employees for the expertise and value they bring to their jobs. Base salary is determined according to the Company's salary policy, which assigns each position a grade and a salary range. The Company sets salary ranges for every position based upon comparative salary data provided by Willis Towers. The midpoint of the salary range is set at the median level of the broad-based published compensation survey group when compared to similar positions at other comparable companies. The minimum parameter in the salary range is determined by multiplying the midpoint by 80%, and the maximum parameter is determined by multiplying the midpoint by 120%. The salary range is then used to manage each employee's salary, and an employee's salary within the range is based on merit. For each employee (including Named Executive Officers), base salary is set within the salary range based upon individual performance relative to individual annual goals. The elements of individual performance differ depending on the individual position, but include: quantity and quality of work; successful completion of established goals; ability to initiate creative solutions; adaptability to change; and impact on performance of the Company. The salaries of all employees (including the Named Executive Officers) are reviewed annually, as well as at the time of a promotion or change in responsibilities.

Each position in the Company (including all Executive Officer positions) has a job description that outlines the accountabilities and competencies required. Merit increases are considered at the end of the year based on the evaluation of each person's performance as related to each accountability listed in the individual job description, as well as the achievement of individual goals established at the beginning of the year. Merit increases generally are effective as of January 1 of each year. Merit increases also are one of the methods used to reach one of the Company's competitive compensation guiding principles, which is to ensure that employees are paid at or near the market median of the broad-based published compensation survey group. Merit increases may also be adjusted by the Compensation Committee to reflect the market value of a job when compared to similar positions at other companies within the Company's peer group, as recommended by Willis Towers.

Each year, Mr. Schoenberger provides an evaluation of the performance of the Company to the Compensation Committee and the Executive Committee, and discusses this evaluation with both committees in a joint meeting. The Compensation Committee and the Executive Committee then meet in executive session to discuss Mr. Schoenberger's performance in relation to the Company's performance for the year, taking into account both the quantitative and qualitative aspects of the performance of both Mr. Schoenberger and the Company as a whole. The Compensation Committee uses this information along with market competitive salary information previously described to determine an appropriate base salary increase for Mr. Schoenberger based on both merit and market conditions. Mr. Schoenberger provides a recommendation to the Compensation Committee for base salary increases for Mr. Collin, Mr. Meissner, Mr. Black and Mr. Long. The



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Compensation Committee then reviews and recommends the base salaries of all of the Named Executive Officers to the full Board for discussion and approval. The recommendations are based on the performance evaluations and market information for each of the Named Executive Officers. For 2016, each Named Executive Officer received the increase set forth opposite his name in the table above.

## **Incentive Compensation**

### **Management Incentive Plan**

The Unitil Corporation Management Incentive Plan (the Management Incentive Plan) provides annual cash incentive payments based upon the attainment of specified goals selected from the Strategic Plan. The Compensation Committee selects participants in the plan and establishes their individual target awards. All executives (including the Named Executive Officers) are participants in the Management Incentive Plan. The purpose of the Management Incentive Plan, which is consistent with the Company's principal compensation objective, is to provide executives with significant incentives related to performance, thereby providing motivation to maximize efforts on behalf of all the Company's stakeholders. The Management Incentive Plan is further intended to provide executives with competitive target levels of total compensation when considered with base salaries.

For the annual incentive awards, annual quantitative performance goals are established by the Compensation Committee. These goals, which relate to key performance metrics selected from the Strategic Plan, are the same for all employees (including Executive Officers), with the exception of Usource employees, to ensure that employees are focused on common bottom-line business, customer service, and operational results. (Usource employees are rewarded using performance metrics that are directly related to the growth and success of Usource, also as established by the Committee.) These goals are discussed below in the section entitled *Incentive Compensation Performance Metrics and Goals*. Under the Management Incentive Plan, Executive Officers receive a cash award if the quantitative goals that are set by the Committee are met. Each Executive Officer's Management Incentive Plan target award is established as a percentage of base salary based on the market median of the broad-based published compensation survey group for his or her position when compared to other comparable companies, calculated using data provided by Willis Towers. The Committee also used information from the proxy statements of the Company's peer group, at the 25<sup>th</sup> percentile target, as a secondary source to set the CEO's Management Incentive Plan target award. The table on the following page shows the Management Incentive Plan target awards for 2016 as a percentage of base salary for the Named Executive Officers.

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Actual awards may be less than or greater than the target awards depending upon actual results achieved. In addition, the Compensation Committee has the authority to increase or decrease the annual incentive award under the Company's incentive plans, including the Management Incentive Plan, and restricted stock awards under the Stock Plan. The Committee also has the freedom to decide to pay no award when one would otherwise be paid. The Committee has

in the past exercised its discretion to both increase and decrease award payments when such calculation did not properly balance the interests of the employees and the shareholders. For awards for 2016 results, the Compensation Committee did not exercise any discretion to adjust the awards.

**Second Amended and Restated 2003 Stock Plan**

The Unitil Corporation Second Amended and Restated 2003 Stock Plan (as amended, the Stock Plan) was initially approved by shareholders at the 2003 annual meeting of shareholders, amended and restated on March 24, 2011, and again amended and restated, effective April 19, 2012. Participation in the Stock Plan is currently limited to Directors, Executive Officers and other employees and consultants selected by the Compensation Committee. Restricted Stock and Restricted Stock Units (RSUs) may be issued to participants in the Stock Plan.

**Restricted Stock**

Generally, in January or February of each year, the Company grants annual awards, in the form of restricted stock, to current Executive Officers and employee participants in the Stock Plan based upon the attainment of the same set of specified goals as those selected for the annual cash incentive awards discussed above. As with the annual cash incentive awards, target awards are established for each participant that generally vary based upon the job grade level of such participant's position in the Company in accordance with survey data provided by Willis Towers. The objectives of the Stock Plan, which tie back to the principal compensation objective, are to optimize profitability and growth through incentives that link the personal interests of participants to those of shareholders, to provide participants with an incentive for excellence in individual performance, to promote teamwork among participants, and to encourage stock ownership in the Company. Further, equity-based compensation ensures that Executive Officers have a continuing stake in the Company's long-term success.

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Awards of restricted stock generally vest fully over a period of four years at a rate of 25% each year subject to continued employment with the Company. Participants holding restricted stock have the same rights as all shareholders, including the right to vote the restricted stock and to collect any cash dividends paid on the restricted stock prior to vesting. Each Executive Officer's target restricted stock award is set by the Compensation Committee based upon recommendations from Willis Towers, with the goal of granting a target award with a value equal to the market median of the broad-based published compensation survey group at the time of grant. The Committee also used information from the proxy statements of the Company's peer group, at the 25<sup>th</sup> percentile target, as a secondary source to set the CEO's target award. The values of the target restricted stock awards based on 2016 performance are shown in the table to the right.

The value of each possible award extends from a minimum of 50% of the target restricted stock award amount to a maximum of 150% of the target award amount. This award is then reduced for anticipated income taxes and Medicare taxes, with Stock Plan participants receiving the shares net of such taxes, subject to the vesting schedule. As the shares vest, they become taxable income to the participant, and the taxes, previously accounted for, are credited back to participants. This procedure reduces both the dilutive effect of the Stock Plan by granting fewer shares than would otherwise be granted, and the volatility of the Company's stock in the market by eliminating stock sales that would otherwise be completed to pay personal income taxes.

The net restricted stock award provides a market competitive award while minimizing both dilution and volatility. In addition, the Committee may exercise discretion to vary the size of the restricted stock award, but chose not to do so for the restricted stock awards for 2016 performance.

## **Incentive Compensation Performance Metrics and Goals**

The Company has two compensation plans in which the Named Executive Officers participate where performance metrics and goals are integrally and directly linked to the compensation awarded—the Management Incentive Plan and the Stock Plan.





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Performance metrics and goals are recommended by the Company annually in the Strategic Plan. The Strategic Plan includes targets for each performance metric, and is reviewed and approved by the Board each year. In connection with the responsibilities outlined in the Compensation Committee Charter, key performance metrics and goals are then selected by the Compensation Committee each year, and the Committee may also consider recommendations from Willis Towers. The Committee selects the target performance goals from the Strategic Plan and determines a minimum and maximum performance level for each performance metric. Additional credit, or weight, is not provided for performance that achieves values greater than the maximum determined by the Committee, and no credit is given for performance that fails to achieve the minimum determined by the Committee.

The table on the following page shows the performance metrics and goals selected by the Compensation Committee for the 2016 annual incentive awards under the Company's incentive plans, including the Management Incentive Plan and the Stock Plan, as well as the performance results calculated for 2016.

Table of Contents**2016 PERFORMANCE METRICS, GOALS AND RESULTS**

<b>Metric 2016</b>	<b>Definition</b>	<b>Goals</b>	<b>Result</b>	<b>Weight</b>
<b>Earnings Per Share ( EPS )</b>	Target band set based on approved budget with a \$0.10 band to reflect variability based upon weather	Minimum: budget EPS minus \$0.20  Target: budget EPS plus or minus \$0.05  Maximum: budget EPS plus \$0.10	Above Target,  Below Maximum	40%
<b>Gas Safety</b>	Response to natural gas odor calls measured against Maine, Massachusetts, and New Hampshire minimum performance level for service quality	Minimum: 97%  Target: 98%  Maximum: 99%	Above  Maximum	10%

<b>Electric Reliability</b>	Target set for reliability performance as determined in accordance with the utility industry's SAIDI (System Average Interruption Duration Index) standard	Minimum:	Above	10%
		191 minutes	Maximum	
		Target:		
		156 minutes		
		Maximum:		
		121 minutes		

<b>Customer Satisfaction</b>	Customer satisfaction measured by direct customer survey feedback compared to the current national benchmark for residential customer satisfaction	Minimum:	Above Target,	10%
		target minus 5%	Below Maximum	
		Target:		
		national benchmark		
		Maximum:		
		target plus 5%		

<b>Cost Per Customer</b>	Distribution cost per customer measured against same-year performance of peer utility companies in the northeast; results weighted 50% electric and 50% gas	Minimum:	Maximum	30%
		better than most costly third of peers	(both electric & gas)	
		Target:		
		better than peer average		

Maximum:  
in the least cost third of peers

**TOTAL**

**100%**

For the peer utility companies referenced in the table above, actual performance is compared to a select group of utility companies that have service territory characteristics comparable to Unitil. This peer group is comprised of: Algonquin Power & Utilities Corp., Avangrid, Blackstone Gas Co., Emera, Inc., Eversource, Fortis, Inc., Gas Natural, Gaz Métro, National Grid, and NiSource, Inc.

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The Compensation Committee generally meets in late January or early February each year, following certification of the fiscal year financial results by the Company's independent registered public accounting firm, to approve the payout of the annual cash incentive awards and to approve the annual grant of restricted stock awards under the Stock Plan. The Committee approved the 2017 annual cash incentive awards and the annual grant of restricted stock awards under the Stock Plan on January 30, 2017.

## **Incentive Compensation Formulas**

### **Performance Factor**

For purposes of the restricted stock awards under the Stock Plan, the Performance Factor was determined based upon the Weighted Performance Factor as shown below.

The Weighted Performance Factor, as shown in the formulas above, is the total actual quantitative performance calculation derived by multiplying each weight by the corresponding factor and adding the results. The factor is based upon where the actual performance results fall on the continuum of minimum target maximum, with target assigned a factor of 100%, minimum assigned a factor of 50%, and maximum assigned a factor of 150%.

As provided in the Compensation Committee Charter, the Committee has discretion to establish policies, objectives, rules, and other procedures necessary for the effective operation of the Company's compensation plans and programs. This discretion includes the authority to increase or decrease the annual cash incentive award payments under the Company's incentive plans, including the Management Incentive

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Plan and the restricted stock awards under the Stock Plan. The Committee also has the freedom to decide to pay no award when one would otherwise be paid. The Committee has in the past exercised its discretion to both increase and decrease certain awards when such calculation did not properly balance the interests of the employees and the shareholders. For awards for 2016 results, the Committee did not exercise any discretion to adjust the awards.

## **Other Benefits**

### **Unitil Corporation Retirement Plan (the Retirement Plan )**

The Retirement Plan is a traditional Defined Benefit Pension Plan covering certain employees of Unitil and its subsidiaries. It provides retirement income benefits based upon years of service, age at retirement and final five-year average salary. The Retirement Plan is closed to new participants, effective January 1, 2010. New employees participate in an enhanced 401(k) plan instead of the Retirement Plan. In addition, at the time of closure of the Retirement Plan, existing employee participants were offered a one-time opportunity to elect to remain an active participant in the Retirement Plan, or to accept a frozen Retirement Plan benefit and move to the enhanced 401(k) Plan.

### **Supplemental Executive Retirement Plan ( SERP )**

The purpose of the SERP is to provide enhanced retirement benefits to certain key executives selected by the Board in order to encourage continued service by these executives until retirement. Currently, Mr. Schoenberger, Mr. Collin, Mr. Meissner, Mr. Black and Mr. Long have been named by the Board to participate in the SERP.

See also the Pension Benefits Table in the section entitled *Compensation of Named Executive Officers* for the present value of the accumulated benefit for each Named Executive Officer.

## **Change of Control Agreements**

The Company provides certain executives with protection from job loss due to a change of control in the Company in the form of Change of Control Agreements ( Change of Control Agreements ). This protection is primarily provided so that the executives will make decisions and take actions that are in the best interest of shareholders and not unduly influenced by the fear of job loss. The Company maintains both two-year (executed in 2001 and later) and three-year (executed before 2001) Change of Control Agreements. Mr. Schoenberger, Mr. Collin and Mr. Black have three-year Change of Control Agreements, and Mr. Meissner and Mr. Long have two-year Change of Control Agreements in place.



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All existing Change of Control Agreements are double trigger agreements, meaning that two events must occur in order for payments to be made: (i) a change of control must occur; and (ii) an adverse employment action must occur, meaning that the Company must terminate the executive's employment other than for cause or disability or the executive must terminate his employment for good reason. Double trigger agreements were chosen to protect the shareholders from executives choosing to leave the Company as result of a change of control where there is no adverse employment action. All Change of Control Agreements were amended effective June 30, 2008, with the objective of complying with the provisions of IRS Code Section 409A ( 409A Amendment ). See also the section entitled *Compensation of Named Executive Officers - Potential Payments Upon Termination or Change of Control* for a full description of change of control as defined in the Change of Control Agreements.

**Employment Agreement - Robert G. Schoenberger**

The Company entered into an employment agreement (the Employment Agreement ) with Mr. Schoenberger, which was effective November 1, 2015 for a term of three years, with an end date of October 31, 2018. For a description of the Employment Agreement, see the sections entitled *Compensation of Named Executive Officers - Employment Agreement of the Chief Executive Officer* and *Compensation of Named Executive Officers - Potential Payments Upon Termination or Change of Control*.

**Executive Perquisites**

The Company limits the use of perquisites as a method of compensation. Mr. Schoenberger receives annual reimbursement for a club membership and is also provided with a Company automobile for both business and personal use. Please see the All Other Compensation column of the Summary Compensation Table in the section entitled *Compensation of Named Executive Officers*. Both of these perquisites were provided to Mr. Schoenberger pursuant to his Employment Agreement. No other perquisites are provided to Mr. Schoenberger or any Named Executive Officer.

**INTERNAL REVENUE CODE SECTION 162(M)**

In general, under Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code ), the Company cannot deduct, for federal income tax purposes, compensation in excess of \$1,000,000 paid to the CEO and certain Executive Officers. However, this deduction limitation does not apply to compensation that constitutes qualified performance-based compensation within the meaning of Section 162(m) of the Code and applicable regulations. The Compensation Committee considers the limitations on deductions imposed by Section 162(m) of the Code and the exception for qualified performance-based compensation. The Committee reserves its right to authorize executive compensation that may or may not be subject to the deduction limitations of Section 162(m) of the Code when it believes that such compensation is appropriate and in the best interests of the Company and its shareholders.



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**STOCK OWNERSHIP REQUIREMENT FOR EXECUTIVE OFFICERS**

The Company does not have a formal policy requiring stock ownership by Executive Officers. One of the key objectives of the Stock Plan is to promote ownership of the Company's stock by members of management, including Executive Officers. The Stock Plan has been successful in this objective, with approximately 99% of the restricted stock granted to date that has vested being held by Executive Officers as unrestricted common stock.

**OTHER EMPLOYEE BENEFITS**

**Active Employee Benefits**

The Company provides a comprehensive package of employee benefits to substantially all employees. These benefits include several medical insurance plans, a dental insurance plan, a vision insurance plan, two group life insurance plans, a long-term disability insurance plan, a defined benefit pension plan, a 401(k) retirement savings plan (which includes company matching contributions), and other ancillary benefits plans and policies.

**Retired Employee Benefits**

The Company provides company-paid life insurance, as well as company-subsidized medical insurance, to qualifying retirees. For non-union employees hired before December 31, 2009 and retiring on or after January 1, 2010, the Company will subsidize post-retirement medical premiums at the same percentage as active employees. For employees hired after December 31, 2009, this subsidy ends when the retiree attains age 65. Post-retirement benefits for employees represented by unions are administered in accordance with the applicable collective bargaining agreement.

**COMPENSATION COMMITTEE REPORT**

This report is submitted by the Compensation Committee of Unitil with respect to the review and approval of the Compensation Discussion and Analysis, which appears above.

In discharging its oversight responsibility, the Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management, and has recommended to the Board that the Compensation Discussion and Analysis be included in this proxy statement for the Annual Meeting.

**Compensation Committee Members**

*David P. Brownell, Lisa Crutchfield, Eben S. Moulton (chairman) and Dr. Sarah P. Voll*

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## COMPENSATION OF NAMED EXECUTIVE OFFICERS

## Summary Compensation Table

The table below shows the information specified in paragraph (c)(2) of Item 402 of Regulation S-K concerning the compensation of the CEO, the CFO and the Company's three other most highly compensated officers for each of fiscal years 2014, 2015 and 2016.

## SUMMARY COMPENSATION TABLE

Name and Principal Position <sup>(1)</sup> (a)	Year (b)	Salary Bonus Awards (A) Awards (B) Award (C) (3)					Earnings <sup>(4)</sup> (h)	Change in Non-Equity Pension Value & Incentive Non-Qualified Plan Deferred All Other		Total (j)
		(\$) (c)	(\$) (d)	(\$) (e)	\$ (f)	(\$) (g)		(\$) (i)	(\$) (i)	
<b>Robert G. Schoenberger</b> Chairman of the Board, Chief Executive Officer & President	2016	643,648		668,556		581,536	790,531	414,804 <sup>(5)</sup>		3,099,075
	2015	614,168		669,588		501,161	747,053	356,961		2,888,931
	2014	584,922		591,895		519,411	1,298,110	203,524		3,197,862
<b>Mark H. Collin</b> Senior Vice President, Chief Financial Officer & Treasurer	2016	324,880		152,813		203,212	351,731	72,532 <sup>(6)</sup>		1,105,168
	2015	310,000		153,164		189,720	148,101	71,366		872,351
	2014	287,675		150,773		149,016	434,992	106,151		1,128,607
<b>Thomas P. Meissner, Jr.</b> Senior Vice President & Chief Operating Officer	2016	324,880		152,813		203,212	290,012	55,163 <sup>(7)</sup>		1,026,080
	2015	310,000		153,164		189,720	120,695	47,578		821,157
	2014	287,675		150,773		149,016	326,347	35,044		948,855
<b>Todd R. Black</b> Senior Vice President, Unitil Service	2016	236,090		85,502		114,858	149,364	33,712 <sup>(8)</sup>		619,526
	2015	224,848		85,581		107,028	49,192	30,275		496,924
	2014	213,802		70,162		94,928	202,404	23,639		604,935
<b>George E. Long, Jr.</b>	2016	222,013		85,502		108,009	268,261	44,477 <sup>(9)</sup>		728,262

Vice President,	2015	210,439	85,581	100,169	403,581	38,045	837,815
Unitil Service	2014	196,029	70,162	87,037	203,546	28,494	585,268

## NOTES:

- (1) Officers of the Company also hold various positions with subsidiary companies. Compensation for those positions is included in the above table.
- (2) Values shown in column (e) represent the grant date fair value, calculated in accordance with FASB ASC Topic 718 and based on the closing price of Unitil common stock on the date of grant, of awards of restricted stock granted under the Stock Plan for results attained during the years 2014 – 2016. Stock Plan grants were made January 26, 2015 for 2014 results at a price of \$37.32, January 26, 2016 for 2015 results at a price of \$36.73, and January 30, 2017 for 2016 results at a price of \$45.48. See also the Grants of Plan-Based Awards Table in the section entitled *Compensation of Named Executive Officers*.
- (3) The terms of the Management Incentive Plan provide a cash incentive opportunity if the Company meets certain pre-established performance targets (see the section entitled *Compensation Discussion and Analysis*). The amounts shown for each Named Executive Officer reflect the cash incentive awarded on January 26, 2015 for 2014 Management Incentive Plan results, January 26, 2016 for 2015 Management Incentive Plan results, and January 30, 2017 for 2016 Management Incentive Plan results. See also the Grants of Plan-Based Awards Table in the section entitled *Compensation of Named Executive Officers*.

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NOTES, continued:

- (4) The amounts shown reflect the change in pension value plus the change in the SERP value. The Company does not have a non-qualified deferred compensation plan.
- (5) All Other Compensation for Mr. Schoenberger for the year 2016 includes use of a Company vehicle, club dues, the Company's contributions to 401(k) and HSA accounts, non-preferential dividends earned in 2016 on the 18,230 shares of restricted stock awarded in 2016, which are valued at \$25,887, and the tax adjustment on the 18,230 shares of restricted stock that vested for tax purposes in 2016 in accordance with the provisions of the Stock Plan, which is valued at \$363,709. Under the terms of the Company's Stock Plan, all unvested shares become fully vested upon retirement. According to IRS regulations, shares of restricted stock become taxable as current income when they become non-forfeitable. Mr. Schoenberger reached retirement eligibility age in 2012, under the provisions of the Unitil Corporation Retirement Plan, and his restricted stock would vest if he elected retirement. The IRS therefore requires the Company to treat all of Mr. Schoenberger's unvested restricted stock as taxable income. Taxes were paid on this additional taxable income in accordance with the tax adjustment provision of the Stock Plan. This tax adjustment is further described in the section entitled *Compensation of Named Executive Officers - Equity Compensation Plan Information*.
- (6) All Other Compensation for Mr. Collin for the year 2016 includes the Company's contributions to 401(k) and HSA accounts, non-preferential dividends earned in 2016 on the 4,170 shares of restricted stock awarded in 2016, and the tax adjustment on the 4,170 shares of restricted stock that vested in 2016 in accordance with the provisions of the Stock Plan, which is valued at \$57,661. Under the terms of the Company's Stock Plan, all unvested shares become fully vested upon retirement. According to IRS regulations, shares of restricted stock become taxable as current income when they become non-forfeitable. Mr. Collin reached retirement eligibility age in 2014, under the provisions of the Unitil Corporation Retirement Plan, and his restricted stock would vest if he elected retirement. The IRS therefore requires the Company to treat all of Mr. Collin's unvested restricted stock as taxable income. Taxes were paid on this additional taxable income in accordance with the tax adjustment provision of the Stock Plan. This tax adjustment is further described in the section entitled *Compensation of Named Executive Officers - Equity Compensation Plan Information*.
- (7) All Other Compensation for Mr. Meissner for the year 2016 includes the Company's contributions to 401(k) and HSA accounts, non-preferential dividends earned in 2016 on the 4,170 shares of restricted stock awarded in 2016, and the tax adjustment on the 2,792 shares of restricted stock that vested in 2016 in accordance with the provisions of the Stock Plan, which is valued at \$40,292.
- (8) All Other Compensation for Mr. Black for the year 2016 includes the Company's contributions to 401(k) and HSA accounts, non-preferential dividends earned in 2016 on the 2,330 shares of restricted stock awarded in 2016, and the tax adjustment on the 1,483 shares of restricted stock that vested in 2016 in

accordance with the provisions of the Stock Plan, which is valued at \$21,453.

- (9) All Other Compensation for Mr. Long for the year 2016 includes the Company's contributions to 401(k) and HSA accounts, non-preferential dividends earned in 2016 on the 2,330 shares of restricted stock awarded in 2016, and the tax adjustment on the 2,330 shares of restricted stock that vested for tax purposes in 2016 in accordance with the provisions of the Stock Plan, which is valued at \$32,218. Under the terms of the Company's Stock Plan, all unvested shares become fully vested upon retirement. According to IRS regulations, shares of restricted stock become taxable as current income when they become non-forfeitable. Mr. Long reached retirement eligibility age in 2011, under the provisions of the Unitil Corporation Retirement Plan, and his restricted stock would vest if he elected retirement. The IRS therefore requires the Company to treat all of Mr. Long's unvested restricted stock as taxable income. Taxes were paid on this additional taxable income in accordance with the tax adjustment provision of the Stock Plan. This tax adjustment is further described in the section entitled *Compensation of Named Executive Officers - Equity Compensation Plan Information*.

Table of Contents**Reported Versus Realized Pay in 2016**

Since total reported pay for each Named Executive Officer in the 2016 Summary Compensation Table is comprised of a significant amount of potential pay, pay actually realized each year is also calculated. This total may include incentive compensation paid in 2016 for the prior year, and equity compensation that was granted in prior years, but vested in 2016. Generally, realized pay does not include the change in pension value or the value of restricted stock that is unvested at the time of grant. The table below shows realized pay in 2016 for each Named Executive Officer, as well as the percentage of realized pay to reported pay. For the years 2014 to 2016, in the aggregate, realized pay was an average of 61% of reported pay.

**2016 REALIZED PAY**

Name	Salary (\$) (a)	Restricted	Non-Equity	All Other	Total (\$) (f)	Percentage
		Stock Vested in 2016 (\$) (c)	Incentive Plan Compensation <sup>(2)</sup> (\$) (d)	Compensation <sup>(3)</sup> (\$) (e)		Reported Pay <sup>(4)</sup> (\$) (g)
<b>Robert G. Schoenberger</b>	643,648	414,100	501,161	414,804	1,973,713	64%
<b>Mark H. Collin</b>	324,880	107,358	189,720	72,532	694,490	63%
<b>Thomas P. Meissner, Jr.</b>	324,880	107,358	189,720	55,163	677,121	66%
<b>Todd R. Black</b>	236,090	57,203	107,028	33,712	434,033	70%
<b>George E. Long, Jr.</b>	222,013	57,203	100,169	44,477	423,862	58%

## NOTES:

- (1) The values shown in column (c) represent the total value of shares of Restricted Stock that vested in 2016, and includes (i) shares that vested on February 3, 2016 at a closing price of \$39.68 pursuant to the terms of the restricted stock awards granted on February 3, 2012, (ii) shares that vested on February 4, 2016 at a closing price of \$39.34 pursuant to the terms of the restricted stock awards granted on February 4, 2013, (iii) shares that vested on February 1, 2016 at a closing price of \$39.27 pursuant to the terms of the restricted stock awards granted on January 31, 2014, and (iv) shares that vested on January 26, 2016 at a closing price

of \$36.73 pursuant to the terms of the restricted stock awards granted on January 26, 2015. This information is also included in the Options Exercised and Stock Vested Table in the section entitled *Compensation of Named Executive Officers*.

- (2) The amounts shown for each Named Executive Officer reflect the cash incentive awarded on January 26, 2016 for 2015 Management Incentive Plan results. Each cash award was paid at 139% of Target. See also column (g) of the Summary Compensation Table in the section entitled *Compensation of Named Executive Officers*.
- (3) The amounts shown for each Named Executive Officer reflect the amounts also shown in column (i) of the Summary Compensation Table. Compensation in the All Other Compensation category for 2016 was fully realized.
- (4) The values shown for each Named Executive Officer reflect the percentage of total reported pay as shown in the Summary Compensation Table on the preceding pages.

Table of Contents**Grants of Plan-Based Awards**

The table below provides information with respect to the grants of plan-based awards, including Management Incentive Plan awards and Stock Plan awards, made to the Named Executive Officers for the year 2016.

**GRANTS OF PLAN-BASED AWARDS IN FISCAL YEAR 2016**

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards <sup>(1)</sup>			Estimated Future Payouts Under Equity Incentive Plan Awards <sup>(2)</sup>			All Other Grants: Fair Value of Stock and Option Awards	
		Threshold	Target	Max	Threshold	Target	Max	(#)	(\$)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
<b>Robert G. Schoenberger</b>	1/30/17 <sup>(3)</sup>	209,186	418,371	627,557					
	1/30/17 <sup>(4)</sup>				4,900	9,800	14,700		668,556
<b>Mark H. Collin</b>	1/30/17 <sup>(5)</sup>	73,098	146,196	219,294					
	1/30/17 <sup>(6)</sup>				1,120	2,240	3,360		152,813
<b>Thomas P. Meissner, Jr.</b>	1/30/17 <sup>(7)</sup>	73,098	146,196	219,294					
	1/30/17 <sup>(8)</sup>				1,120	2,240	3,360		152,813
<b>Todd R. Black</b>	1/30/17 <sup>(9)</sup>	41,316	82,631	123,947					
	1/30/17 <sup>(10)</sup>				630	1,250	1,880		85,502
<b>George E. Long, Jr.</b>	1/30/17 <sup>(11)</sup>	38,852	77,705	116,557					
	1/30/17 <sup>(12)</sup>				630	1,250	1,880		85,502

## NOTES:

- (1) The Threshold reference shown in the table means the minimum threshold performance level that must be met to receive the minimum cash incentive award. Failure to meet the minimum threshold for all performance measures would result in no award.



- (2) The Threshold reference shown in the table means the minimum threshold performance level that must be met to receive the minimum stock award. Failure to meet the minimum threshold for all performance measures would result in no award. See the section entitled *Compensation of Named Officers Equity Compensation Plan Information* below for additional information on the mechanics of the Stock Plan.
- (3) The Compensation Committee selected the performance metrics and goals for the 2016 Management Incentive Plan awards on March 2, 2016, and payment was made on January 30, 2017. The estimated future payout information shown for the Management Incentive Plan is for a payment in 2017 based on 2016 performance. Mr. Schoenberger's actual award was 139% of Target, for a total award of \$581,536. See also column (g) of the Summary Compensation Table in the section entitled *Compensation of Named Executive Officers*.
- (4) The estimated future payout information shown for the Stock Plan is for a grant in 2017 based on 2016 performance. Mr. Schoenberger's actual stock award was 150% of Target, for a total award of 14,700 shares of restricted stock with a closing market price of \$45.48 per share on the date of grant. See also column (e) of the Summary Compensation Table in the section entitled *Compensation of Named Executive Officers*.
- (5) The Compensation Committee selected the performance metrics and goals for the 2016 Management Incentive Plan awards on March 2, 2016, and payment was made on January 30, 2017. The estimated future payout information shown for the Management Incentive Plan is for a payment in 2017 based on 2016 performance. Mr. Collin's actual award was 139% of Target, for a total award of \$203,212. See also column (g) of the Summary Compensation Table in the section entitled *Compensation of Named Executive Officers*.

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NOTES, continued:

- (6) The estimated future payout information shown for the Stock Plan is for a grant in 2017 based on 2016 performance. Mr. Collins' actual stock award was 150% of Target, for a total award of 3,360 shares of restricted stock with a closing market price of \$45.48 per share on the date of grant. See also column (e) of the Summary Compensation Table in the section entitled *Compensation of Named Executive Officers*.
- (7) The Compensation Committee selected the performance metrics and goals for the 2016 Management Incentive Plan awards on March 2, 2016, and payment was made on January 30, 2017. The estimated future payout information shown for the Management Incentive Plan is for a payment in 2017 based on 2016 performance. Mr. Meissner's actual award was 139% of Target, for a total award of \$203,212. See also column (g) of the Summary Compensation Table in the section entitled *Compensation of Named Executive Officers*.
- (8) The estimated future payout information shown for the Stock Plan is for a grant in 2017 based on 2016 performance. Mr. Meissner's actual stock award was 150% of Target, for a total award of 3,360 shares of restricted stock with a closing market price of \$45.48 per share on the date of grant. See also column (e) of the Summary Compensation Table in the section entitled *Compensation of Named Executive Officers*.
- (9) The Compensation Committee selected the performance metrics and goals for the 2016 Management Incentive Plan awards on March 2, 2016, and payment was made on January 30, 2017. The estimated future payout information shown for the Management Incentive Plan is for a payment in 2017 based on 2016 performance. Mr. Black's actual award was 139% of Target, for a total award of \$114,858. See also column (g) of the Summary Compensation Table in the section entitled *Compensation of Named Executive Officers*.
- (10) The estimated future payout information shown for the Stock Plan is for a grant in 2017 based on 2016 performance. Mr. Black's actual stock award was 150% of Target, for a total award of 1,880 shares of restricted stock with a closing market price of \$45.48 per share on the date of grant. See also column (e) of the Summary Compensation Table in the section entitled *Compensation of Named Executive Officers*.
- (11) The Compensation Committee selected the performance metrics and goals for the 2016 Management Incentive Plan awards on March 2, 2016, and payment was made on January 30, 2017. The estimated future payout information shown for the Management Incentive Plan is for a payment in 2017 based on 2016 performance. Mr. Long's actual award was 139% of Target, for a total award of \$108,009. See also column (g) of the Summary Compensation Table in the section entitled *Compensation of Named Executive Officers*.

- (12) The estimated future payout information shown for the Stock Plan is for a grant in 2017 based on 2016 performance. Mr. Long's actual stock award was 150% of Target, for a total award of 1,880 shares of restricted stock with a closing market price of \$45.48 per share on the date of grant. See also column (e) of the Summary Compensation Table in the section entitled *Compensation of Named Executive Officers*.

## **NON-EQUITY COMPENSATION PLAN INFORMATION**

### **Management Incentive Plan**

The Management Incentive Plan, in which all Named Executive Officers participate, was established in December 1998. On June 5, 2013, the Management Incentive Plan was amended and restated to clarify that the Compensation Committee selects participants in the plan and establishes their individual target awards. The plan provides cash incentive payments that are tied directly to achievement of the Company's performance metrics and goals. If the Company achieves the performance metrics and goals selected by the Committee, then the Company makes the cash incentive payments to participants early in the year following such achievement.

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On March 2, 2016, the Compensation Committee selected annual performance metrics and goals and target annual cash incentive awards for 2016 under the Management Incentive Plan. Based on 2016 results achieved as compared to the 2016 Management Incentive Plan performance goals, 139% of the target amount was earned, and the Committee approved payments of 139% of the target amount for Management Incentive Plan participants on January 30, 2017. For more detailed information with regard to performance metrics and goals, see the section entitled *Compensation Discussion and Analysis*.

**EQUITY COMPENSATION PLAN INFORMATION****Stock Plan**

The Stock Plan is an equity-based plan in which selected management employees, including all Named Executive Officers, participate. Awards under the Stock Plan vary each year based on the achievement of the prior year's annual incentive award performance goals. For more detailed information with regard to performance metrics and goals, see the section entitled *Compensation Discussion and Analysis*.

Based on 2016 results described above, awards of restricted stock were granted at 150% of the target amount. The Compensation Committee granted awards to Stock Plan participants on January 30, 2017. Grants of restricted stock generally vest at a rate of 25% per year beginning in the year following the year of the grant. All shares of restricted stock, regardless of vesting status, are fully eligible for quarterly dividend payments, as well as for participation in the Dividend Reinvestment and Stock Purchase Plan, and have full voting rights. In 2016, the Company paid four quarterly non-preferential dividends of \$0.355 per share on all shares of common stock outstanding, which included all shares of unvested restricted stock, as of each respective record date.

The Compensation Committee sets the target restricted stock awards based upon recommendations from Willis Towers, with the goal of granting a target award with a value equal to the market median of the broad-based published compensation survey group at the time of the grant. The Committee also used information from the proxy statements of the Company's peer group, at the 25<sup>th</sup> percentile target, as a secondary source to set the CEO's target award. This award is then reduced for anticipated income taxes and Medicare taxes, with plan participants receiving the shares net of such taxes, subject to the vesting schedule. As the shares vest, they become taxable income to the participant, and the taxes, previously accounted for, are credited back to participants. This procedure reduces both the dilutive effect of the Stock Plan by granting fewer shares than would otherwise be granted, and the volatility of the Company's stock in the market by eliminating participants' sale of vested shares that may be otherwise completed to pay personal income taxes. Additional information concerning the process for calculating grants of restricted stock is included in the section entitled *Compensation Discussion and Analysis*.

The restricted stock may not be sold, transferred, pledged, assigned or otherwise alienated or hypothecated prior to vesting. Unvested restricted stock is subject to forfeiture if the participant's employment is terminated for any reason other than the participant's death, disability, retirement, or in connection with a change of control. Under the terms of the Company's Stock Plan, all unvested shares become fully vested upon retirement. According to IRS regulations, shares of restricted stock become taxable as current income

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when they become non-forfeitable, which is upon eligibility for retirement. Taxes are paid on this additional taxable income. Upon the occurrence of death, disability, or a change of control of the Company, unless otherwise specifically prohibited under applicable laws, any restrictions and transfer limitations imposed on restricted stock will immediately lapse. The term "change of control" is defined in the section entitled *Compensation of Named Executive Officers - Definition of Change of Control, Cause and Good Reason*.

**Salary in Proportion to Total Compensation**

The table below provides information with respect to salary in proportion to total compensation for Named Executive Officers for the year 2016.

<b>SALARY IN PROPORTION TO TOTAL COMPENSATION</b>			
<b>Name</b>	<b>Salary</b>	<b>Total Compensation</b>	<b>Salary as a % of Total Compensation</b>
<b>(a)</b>	<b>(\$) (b)</b>	<b>(\$) (c)</b>	<b>(d)</b>
<b>Robert G. Schoenberger</b>	643,648	3,099,075	20.8 %
<b>Mark H. Collin</b>	324,880	1,105,168	29.4 %
<b>Thomas P. Meissner, Jr.</b>	324,880	1,026,080	31.7 %
<b>Todd R. Black</b>	236,090	619,526	38.1 %
<b>George E. Long Jr.</b>	222,013	728,262	30.5 %

**Table of Contents****Option Exercises & Stock Vested**

The table below provides information with respect to the shares of stock granted under the Stock Plan in previous years that vested during 2016.

**OPTION EXERCISES AND STOCK VESTED**

Name	Option Awards <sup>(1)</sup>		Stock Awards	
	Number of Shares Acquired on Exercise	Value Realized on Exercise	Number of Shares Acquired Upon Vesting	Value Realized Upon Vesting <sup>(2)</sup>
(a)	(b)	(c)	(d)	(e)
<b>Robert G. Schoenberger</b>			10,780	414,100
<b>Mark H. Collin</b>			2,792	107,358
<b>Thomas P. Meissner, Jr.</b>			2,792	107,358
<b>Todd R. Black</b>			1,483	57,203
<b>George E. Long Jr.</b>			1,483	57,203

## NOTES:

- (1) The Company has no option plan and no option awards outstanding.
- (2) Reflects the value of restricted stock based on a total of (i) the closing price of \$39.68 for shares that vested on February 3, 2016 pursuant to the terms of the restricted stock awards granted on February 3, 2012, (ii) the closing price of \$39.34 for shares that vested on February 4, 2016 pursuant to the terms of the restricted stock awards granted on February 4, 2013, (iii) the closing price of \$39.27 for shares that vested on February 1, 2016 pursuant to the terms of the restricted stock awards granted on January 31, 2014, and (iv) the closing price of \$36.73 for shares that vested on January 26, 2016 pursuant to the terms of the restricted stock awards granted on January 26, 2015.

Table of Contents**Outstanding Equity Awards at Fiscal Year End**

The table below provides information with respect to the outstanding equity awards of the Named Executive Officers as of December 31, 2016, which includes unvested stock awards granted under the Stock Plan. The Company has no option plan and no option awards outstanding.

**OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END**

Name	Stock Awards		Equity Incentive Plan	
	Number of Shares or Units of Stock That Have Not Vested	Market Value of Shares or Units of Stock That Have Not Vested	Awards Earned Shares, Units or Other Rights That Have Not Vested	Payout Value of Other Rights That Have Not Vested
(a)	(b)	(c)	(d)	(e)
<b>Robert G. Schoenberger</b>	1,518 <sup>(2)</sup>	68,803		
	7,015 <sup>(3)</sup>	318,060		
	11,895 <sup>(4)</sup>	539,319		
	18,230 <sup>(5)</sup>	826,548		
	508 <sup>(2)</sup>	23,010		
<b>Mark H. Collin</b>	1,350 <sup>(3)</sup>	61,209		
	3,030 <sup>(4)</sup>	137,380		
	4,170 <sup>(5)</sup>	189,068		
<b>Thomas P. Meissner, Jr.</b>	508 <sup>(2)</sup>	23,010		
	1,350 <sup>(3)</sup>	61,209		

	3,030 <sup>(4)</sup>	137,380
	4,170 <sup>(5)</sup>	189,068
<b>Todd R. Black</b>	290 <sup>(2)</sup>	13,149
	765 <sup>(3)</sup>	34,685
	1,410 <sup>(4)</sup>	63,929
	2,330 <sup>(5)</sup>	105,642
<b>George E. Long, Jr.</b>	290 <sup>(2)</sup>	13,149
	765 <sup>(3)</sup>	34,685
	1,410 <sup>(4)</sup>	63,929
	2,330 <sup>(5)</sup>	105,642

## NOTES:

- (1) Based on the closing price of Unitil common stock as of December 31, 2016, which was \$45.34.
- (2) Shares of restricted stock were granted on February 4, 2013 pursuant to the Stock Plan which vested 25% on February 4, 2014, 25% on February 4, 2015, and 25% on February 4, 2016. The unvested shares shown in the table (25% of the total 2013 grant) fully vested on February 4, 2017.
- (3) Shares of restricted stock were granted on January 31, 2014 pursuant to the Stock Plan which vested 25% on January 30, 2015, and 25% on February 1, 2016. The unvested shares shown in the table (50% of the total 2014 grant) vested an additional 25% on January 31, 2017; and will further vest 25% on January 31, 2018.
- (4) Shares of restricted stock were granted on January 26, 2015 pursuant to the Stock Plan which vested 25% on January 26, 2016. The unvested shares shown in the table (75% of the total 2015 grant) vested an additional 25% on January 26, 2017; and will further vest 25% on January 26, 2018, and January 26, 2019, respectively.
- (5) Shares of restricted stock were granted on January 26, 2016 pursuant to the Stock Plan. The unvested shares shown in the table (100% of the total 2016 grant) vested 25% on January 26, 2017; and will further vest 25% on January 26, 2018, January 26, 2019, and January 26, 2020, respectively.



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**EMPLOYMENT AGREEMENT**

Mr. Schoenberger is the only employee who has an Employment Agreement with the Company, the term of which is November 1, 2015 through October 31, 2018, that provides Mr. Schoenberger's employment as chairman of the Board, CEO and president of the Company will continue through October 31, 2018. The Employment Agreement also provides that Mr. Schoenberger will participate in the Management Incentive Plan, the SERP, other employee benefit plans available to the Company's executives, and the Company's stock plans (which include the Stock Plan). The Employment Agreement also states that Mr. Schoenberger's Change of Control Agreement will remain in effect. The Employment Agreement's termination provisions are discussed below under the section entitled *Compensation of Named Executive Officers Potential Payments Upon Termination or Change of Control*.

**THE RETIREMENT PLAN**

The Retirement Plan is a tax-qualified defined benefit pension plan and related trust agreement that provides retirement annuities for eligible employees of Unitil and its subsidiaries. Since the Retirement Plan is a defined benefit plan, contributions are made by Unitil generally for all participants, and no amounts were contributed or accrued specifically for the benefit of any Executive Officer of Unitil under the Retirement Plan. Directors of Unitil who are not or have not been officers of Unitil or any of its subsidiaries are not eligible to participate in the Retirement Plan. Please see the section entitled *Compensation Discussion and Analysis* for information regarding the closure of the Retirement Plan, which became effective on June 1, 2013.

The Retirement Plan provides participants with early retirement benefits upon the attainment of age 55 with at least 15 years of service. The early retirement benefit is an unreduced pension at age 60 with a reduction of 5% per year for each year prior to age 60. As of December 31, 2016, Mr. Collin and Mr. Long are the Named Executive Officers eligible for early retirement benefits under the Retirement Plan. Mr. Schoenberger is eligible for normal retirement. A participant is 100% vested for benefits under the Retirement Plan after five years of service with Unitil or one of its subsidiaries. The formula for determining annual benefits under the Retirement Plan's life annuity option is shown below.

Table of Contents**Pension Benefits**

The table below provides information with respect to the actuarial present value of the accumulated benefit under the Retirement Plan and the SERP for all Named Executive Officers as of December 31, 2016. The amounts shown in column (d) were determined using interest rate and post-retirement mortality rate assumptions consistent with those used in the Company's financial statements, which are included in Note 10 to the Company's Annual Report on Form 10-K filed with the SEC on February 2, 2017.

**PENSION BENEFITS**

Name	Plan	Number of Years		Present Value of	
		Credited	Service	Accumulated	Payments During
(a)	(b)	(#)	(c)	Benefit <sup>(1)</sup>	Last Fiscal Year
				(\$)	(\$)
				(d)	(e)
<b>Robert G. Schoenberger</b>	Retirement Plan			1,268,426	
	SERP	19		5,627,138	
		19			
<b>Mark H. Collin</b>	Retirement Plan			1,214,928	
	SERP	28		619,590	
		28			
<b>Thomas P. Meissner, Jr.</b>	Retirement Plan			906,345	
	SERP	22		454,075	

<b>Todd R. Black</b>	Retirement Plan		629,844
	SERP	19	104,101
		19	
<b>George E. Long, Jr.</b>	Retirement Plan		892,177
	SERP	23	530,193
		23	

NOTES:

- (1) The present value amounts calculated by the Company's actuary are based on assumptions for the growth of the Company's 401(k) contribution (SERP only), participant's salary, participant's age, the 2016 discount rate of 4.10%, and a discount factor of 2.75%.

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**Table of Contents****THE SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN**

The Company also maintains a SERP, a non-qualified defined benefit plan. The SERP provides for supplemental retirement benefits to executives selected by the Board. As of December 31, 2016, all of the Named Executive Officers have been selected by the Board to receive SERP benefits upon attaining normal retirement eligibility, which occurs when the participant attains age 65, or early retirement eligibility, which occurs when the participant attains both age 55 and has completed 15 years of service. For a participant who elects to begin receiving early retirement benefits under the SERP prior to attaining age 60, the benefits are reduced by 0.417 of 1% for each full calendar month that commencement of benefits precedes attainment of age 60. As of December 31, 2016, of the Named Executive Officers participating in the SERP, Mr. Collin and Mr. Long are eligible for early retirement. Mr. Schoenberger is eligible for normal retirement.

If a participant terminates employment for any reason prior to retirement, other than due to death or in connection with a change in control as described below, the participant will not be entitled to any benefits under the SERP. Annual benefits are based on an amount equal to 60% of a participant's final average earnings, which includes annual salary and annual cash incentives, less the participant's benefits payable under the Retirement Plan, less other retirement income payable to the participant by Unitil or any previous employer, and less income that a participant receives as a primary Social Security benefit.

If a change in control occurs and a participant's employment terminates prior to the earlier to occur of the participant being eligible for retirement or early retirement, then the participant will begin to receive benefits on the earlier to occur of the date on which they would have attained normal or early retirement eligibility. In this case, the participant's benefits would be determined by assuming the participant had remained employed and continued to accrue additional years of service. The term "change in control" as used in the SERP is defined in the section entitled *Compensation of Named Executive Officers - Definition of Change of Control, Cause and Good Reason*.

**POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE OF CONTROL**

Upon termination of employment following a change of control of the Company, severance benefits will be paid to the Named Executive Officers. The severance benefits for termination other than a change of control that are payable to Mr. Schoenberger are addressed in his Employment Agreement, discussed below, and he would receive the benefits provided to him under that agreement. The other Named Executive Officers are not covered under employment agreements and any severance benefits payable to them would be paid in the event of an adverse employment action following a change of control of the Company. In addition, the Stock Plan provides that unvested restricted stock will vest immediately upon (i) death, (ii) disability (as defined in the Company's Long-Term Disability Plan), (iii) retirement or (iv) a change of control of the Company (as defined in the Stock Plan). The Management Incentive Plan also provides that unvested awards under the plan are forfeited if the participant's employment terminates other than by reason of (i) death, (ii) disability (as defined in the Company's Long-Term Disability Plan) or (iii) retirement at or after attaining age 55.

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**Change of Control**

The Company maintains Change of Control Agreements with certain key management employees, including all Named Executive Officers, to provide continuity in the management and operation of the Company and its subsidiaries, and so that key management employees will make decisions and take actions that are in the best interest of shareholders and not unduly influenced by the fear of job loss in the event of a change of control. The Board approves all Change of Control Agreements. The Company maintains both two-year (executed in 2001 and later) Change of Control Agreements and three-year (executed prior to 2001) Change of Control Agreements. All existing Change of Control Agreements are double trigger agreements, meaning that two events must occur in order for benefits to be paid: (i) a change of control must occur (upon which the agreement becomes effective); and (ii) an adverse employment action must occur during the term of the agreement, meaning that the Company must terminate the executive's employment other than for cause or disability or the executive must terminate his employment for good reason. The term of each Change of Control Agreement begins upon a change of control of the Company. Double trigger Change of Control Agreements were chosen to discourage executives from choosing to leave the Company as the result of a change of control where there is no adverse employment action. The terms change of control and cause and good reason are defined in the section entitled *Compensation of Named Executive Officers Definition of Change of Control, Cause and Good Reason*.

**Table of Contents****Estimated Present Value of Benefits**

The following tables show the payments and benefits the Named Executive Officers would have received in connection with a variety of employment termination scenarios, as well as upon a change of control, assuming that employment termination or the change of control was effective as of December 31, 2016. The actual amounts that would be paid can only be determined at the time of an actual separation from the Company. All of the payments and benefits described below would be provided by the Company or its subsidiaries.

**ESTIMATED PRESENT VALUE OF BENEFITS**

Named Executive Officer:	Termination		Retirement		Change in Control	
	By the Company for other than Death, Disability, Or Cause; or Voluntary Termination for Good Reason (without a Change of Control) <sup>(1)</sup>	By the Company for Cause; or Voluntary Termination other than for Good Reason or Retirement (without a Change of Control) <sup>(4)</sup>	Due to Death or Disability (with or without a Change of Control) <sup>(2)(3)</sup>	Retirement (without a Change of Control) <sup>(2)(6)</sup>	Without Adverse Employment Action <sup>(2)</sup>	With Adverse Employment Action <sup>(7)</sup>
(a)	(b)	(c)	(d)	(e)	(f)	(g)
Robert G. Schoenberger	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)

<b>Compensation:</b>					
Severance	2,217,566				3,226,600
2016 Management Incentive Plan Award		581,536	581,536		
<b>Benefits:</b>					
Additional Pension Benefit					548,496
Additional 401(k) Match					23,364
Insurance Continuation	100,316				100,316
Accelerated Vesting of Restricted Stock <sup>(8)</sup>		1,752,708	1,752,708	1,752,708	1,752,708
Estimated Amount of Excise Tax Gross Up					1,523,960
<b>Total</b>	<b>2,317,882</b>	<b>2,334,244</b>	<b>2,334,244</b>	<b>1,752,708</b>	<b>7,175,444</b>

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## ESTIMATED PRESENT VALUE OF BENEFITS

Named Executive Officer:	Termination		Retirement		Change in Control		
	By the Company for other than Death, Disability,  Or Cause; or Voluntary Termination for Good Reason or Due to Death Good Reason (without a Change of Control) (a)	By the Company for Cause; or Voluntary Termination other than for Good Reason or Retirement (without a Change of Control) (b)	or Disability (with or without a Change of Control) (2)(3)	or Retirement (without a Change of Control) (4)	With or without a Change of Control (2)(5)	Without Adverse Action (2)	With Adverse Action (7)
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	
<b>Mark H. Collin</b>	(a)	(b)	(c)	(d)	(e)	(f)	(g)
<b>Compensation:</b>							
Severance							1,430,335
2016 Management Incentive Plan Award			203,212		203,212		
<b>Benefits:</b>							
Additional Pension Benefit							319,367
Additional 401(k) Match							23,364
Insurance Continuation							69,996
Accelerated Vesting of Restricted Stock <sup>(8)</sup>			410,644		410,644	410,644	410,644
Estimated Amount of Excise Tax Gross Up							744,963
			613,856		613,856	410,644	2,998,669



**Total**

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## ESTIMATED PRESENT VALUE OF BENEFITS

Named Executive Officer:	Termination		Retirement	Change in Control			
	By the Company for other than Death, Disability,  Or Cause; or Voluntary Termination for Good Reason or Due to Death Retirement With Good or Reason Disability (without (with or a without a ChangeChange of of Control) Control) (2)(3)	By the Company for Cause; or Voluntary Termination other than for  Good Reason or Retirement With a without Change a of Change of Control) (4)	(without a Change of Control) (2)	Without Adverse Employment Action (2)	With Adverse Employment Action (7)		
	(\$)	(\$)	(\$)	(\$)	(\$)		
<b>Thomas P. Meissner, Jr.</b>	(a)	(b)	(c)	(d)	(e)	(f)	(g)
<b>Compensation:</b>							
Severance							966,431
2016 Management Incentive Plan Award			203,212				
<b>Benefits:</b>							
Additional Pension Benefit							307,864
Additional 401(k) Match							15,786
Insurance Continuation							63,131
Accelerated Vesting of Restricted Stock <sup>(8)</sup>			410,644		410,644		410,644
Estimated Amount of Excise Tax Gross Up							520,649
<b>Total</b>			613,856		410,644		2,284,505



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## ESTIMATED PRESENT VALUE OF BENEFITS

Named Executive Officer:	Termination		Retirement		Change in Control		
	By the Company for other than Death, Disability, Or Cause; or Voluntary Termination for Good Reason or Due to Death or Retirement (without a Change of Control)	By the Company for Cause; or Voluntary Termination other than for Good Reason or Retirement (without a Change of Control)	With or without a Change of Control	With or without a Change of Control	Without Adverse Employment Action	With Adverse Employment Action	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
<b>Todd R. Black</b>							
	(a)	(b)	(c)	(d)	(e)	(f)	(g)

**Compensation:**

Severance							967,296
2016 Management Incentive Plan Award			114,858				

**Benefits:**

Additional Pension Benefit							113,376
Additional 401(k) Match							23,364
Insurance Continuation							91,591

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Accelerated Vesting of Restricted Stock <sup>(8)</sup>	217,405	217,405	217,405
Estimated Amount of Excise			
Tax Gross Up			488,494
<b>Total</b>	332,263	217,405	1,901,526

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## ESTIMATED PRESENT VALUE OF BENEFITS

	Termination		Retirement	Change in Control			
	By the Company for other than Death, Disability,  Or Cause; or Voluntary Termination for Good Reason or Disability (without a Change of Control)	By the Company for Cause; or Voluntary Termination other than for Good Reason or Retirement (without a Change of Control)	With or without a Change of Control (2)(5)	Without Adverse Employment Action (2)	With Adverse Employment Action (7)		
Named Executive Officer:	(a)	(b)	(c)	(d)	(e)	(f)	(g)
George E. Long, Jr.	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)

<b>Compensation:</b>						
Severance						614,683
2016 Management Incentive Plan Award		108,009		108,009		
<b>Benefits:</b>						
Additional Pension Benefit						149,437
Additional 401(k) Match						15,786

Insurance Continuation				45,847
Accelerated Vesting of Restricted Stock <sup>(8)</sup>	217,405	217,405	217,405	217,405
Estimated Amount of Excise Tax Gross Up				
<b>Total</b>	325,414	325,414	217,405	1,043,158

## NOTES:

- (1) Unless otherwise noted, the amounts shown are the estimated present value calculated using a discount rate of 4.10% and a discount factor of 2.75%. The total for this column was calculated by adding (i) the present value of two years' base salary and two years' Management Incentive Plan cash award; and (ii) the present value of two years' medical, dental and life insurance continuation for the individual and his eligible dependents, including an amount that would reflect a gross up for tax purposes on the cost of such continued coverage. The form and amount of benefits that would be provided under the Retirement Plan and the SERP are disclosed in the Pension Benefits Table above.
- (2) The totals for these columns include payments of the 2016 Management Incentive Plan awards based on actual 2016 performance for participants whose employment with Unitil is assumed to have terminated due to death (all Named Executive Officers), disability (all Named Executive Officers) or retirement at or after attaining age 55 (Mr. Schoenberger, Mr. Collin and Mr. Long). The totals for these columns also include the value of all unvested restricted stock held pursuant to the Stock Plan, which would accelerate vesting upon the occurrence of the specific event. See footnote 8 for a discussion of how this value was calculated. The form and amount of benefits that would be provided under the Retirement Plan and the SERP are disclosed in the Pension Benefits Table above. The form or amount of any payment or benefit under the Retirement Plan and the SERP would not be enhanced in connection with (i) the individual's death or disability (without a change of control), or (ii) a change of control (without an adverse employment action).

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NOTES, continued:

- (3) In the event of death, the actuarial present value of benefits under the Retirement Plan would be decreased from the amounts shown in the Pension Benefits Table above to \$675,908 for Mr. Schoenberger, \$911,797 for Mr. Collin, \$463,208 for Mr. Meissner, \$322,144 for Mr. Black, and \$659,656 for Mr. Long. In the event of death, the actuarial present value of the benefit under the SERP would be decreased from the amounts shown in the Pension Benefits Table above to \$2,998,542 for Mr. Schoenberger, \$464,999 for Mr. Collin, \$337,414 for Mr. Meissner, \$77,415 for Mr. Black, and \$392,013 for Mr. Long.
- (4) If the individual's employment is terminated by the Company for cause or due to a voluntary termination by the individual other than for good reason or retirement, the individual would not be entitled to any severance payments or other benefits and any unvested shares of restricted stock would be forfeited.
- (5) In the event of retirement, the actuarial present value of benefits under the Retirement Plan would be increased from the amounts shown in the Pension Benefits Table above to \$1,732,222 for Mr. Collin, and \$1,249,593 for Mr. Long. In the event of retirement, the actuarial present value of the benefit under the SERP would be increased from the amount shown in the Pension Benefits Table above to \$883,399 for Mr. Collin, and \$811,729 for Mr. Long.
- (6) In the event of retirement, the actuarial present value of benefits under both the Retirement Plan and the SERP would be unchanged from the amounts shown in the Pension Benefits Table above for Mr. Schoenberger because he has reached normal retirement age, 65.
- (7) Unless otherwise noted, the amounts shown are the estimated present value of change of control benefits (with an adverse employment action) and were calculated using a discount rate of 4.10% and a discount factor of 2.75%. The totals for column (g), Change of Control (with an adverse employment action) in the tables above were calculated by adding (i) the present value of three years' (for Mr. Schoenberger, Mr. Collin and Mr. Black) or two years' (for Mr. Meissner and Mr. Long) base salary and target Management Incentive Plan cash award; (ii) the present value of the benefit, in addition to the amount reflected in the Pension Benefit Table above, the individual would have received under the Retirement Plan and the SERP, based on an additional two or three years of service credit for eligibility and benefit purposes pursuant to the individual's Change of Control Agreement; (iii) the present value of contributions that would have been made by the Company under the 401(k) assuming two or three additional years of continued employment after the termination date pursuant to the individual's Change of Control Agreement; (iv) the value of all unvested restricted stock held (see footnote 8 for a discussion of how this value was calculated), which would accelerate upon the occurrence of the specified event; (v) the present value of two or three years' medical, dental and life insurance continuation for the individual and his eligible dependents, including an amount that would reflect a gross up for tax purposes on the cost of such continued coverage pursuant to the individual's



Change of Control Agreement; and (vi) the estimated amount of excess parachute excise tax gross-up that is equal to the 20% excise tax (which excise tax is itself grossed up for taxes) on the amount of severance and other benefits payable on December 31, 2016 that exceeds the individual's average W-2 earnings for the years 2012 to 2016. The benefits provided under the Change of Control Agreements are payable in the form of a lump sum cash payment made from the general funds of the Company. The Company is not required to establish a special or separate fund or other segregation of assets to assure such payments. Each Change of Control Agreement also provides for continued participation in the Company's group medical, dental and life insurance plans for a period of two or three years, based on the term of the agreement, commencing with the month in which the termination occurs.

- (8) The amounts shown are equal to the total number of restricted shares that would have vested upon the occurrence of the specified event, multiplied by the closing stock price on the last business day of the year (December 30, 2016) of \$45.34.

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**Definition of Change of Control, Cause & Good Reason**

**Change of Control**

A change of control is defined in the Change of Control Agreements and the SERP as noted below. Should the change of control be approved by shareholders, and if the Board determines the approved transaction will not be completed and is abandoned prior to any termination of the employee's employment, a change of control shall no longer be in effect and the provisions of any Change of Control Agreement shall continue as if a change of control had not occurred.

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**Cause**

Cause is defined in the Change of Control Agreements as the occurrence of any of the events noted below.

**Good Reason**

Good reason is defined in the Change of Control Agreements as noted below. None of the events listed below will constitute good reason unless the employee has given written notice to the Company, specifying the event relied upon for such termination within 90 days after the occurrence of the event and the Company has not remedied the event within 30 days of receipt of the notice.

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**Change of Control**

A change of control is defined in the Stock Plan as noted below.

**Employment Agreement of the Chief Executive Officer**

Mr. Schoenberger's Employment Agreement provides that (i) it does not affect Mr. Schoenberger's rights or obligations under the Severance Agreement dated June 30, 2008 ( Mr. Schoenberger's Change of Control Agreement ) and (ii) as long as Mr. Schoenberger's Change of Control Agreement is not in effect, it does not affect the Employment Agreement or Mr. Schoenberger's rights or obligations under the Employment Agreement. As discussed in the section entitled *Compensation of Named Executive Officers Potential Payments Upon Termination or Change of Control*, Mr. Schoenberger's Change of Control Agreement provides for severance benefits upon termination of employment following a change in control of the Company. Mr. Schoenberger's Change of Control Agreement also provides that, if it becomes effective due to a change in control, it will supersede the Employment Agreement.

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Under the terms of the Employment Agreement, the Company may terminate Mr. Schoenberger's employment for any reason. If Mr. Schoenberger's employment is terminated by the Company during the term of the Employment Agreement for any reason other than death, disability or cause, or if Mr. Schoenberger terminates his employment with good reason, then the Company shall pay Mr. Schoenberger (i) all accrued and unpaid salary, bonus and expense reimbursements, (ii) a lump sum cash payment equal to the present value of 24 monthly payments of base salary (as in effect at the time of

termination), (iii) a lump sum cash payment equal to the present value of two annual bonus payments (assuming each bonus payment is an amount equal to the average of the annual bonus amounts received by Mr. Schoenberger in the two calendar years preceding the year of termination), and (iv) a lump sum cash amount equal to the present value of the cost that the Company would have incurred to provide group medical, dental and life insurance coverage to Mr. Schoenberger and his eligible dependents for two years (grossed up for tax purposes). The estimated amounts of the lump sum payments as of December 31, 2016 are shown in the table above.

## **Definitions Under the Employment Agreement**

Cause and good reason are defined under the Employment Agreement as noted below.

None of the events noted will constitute good reason unless the executive gives the Company notice of his termination for good reason within 90 days of the initial existence of the event and the executive gives the Company 30 days prior written notice and the Company fails to cure the event condition within the 30 day period.



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If Mr. Schoenberger terminates his employment for any reason other than good reason, or if his employment is terminated due to his death, or if the Company terminates Mr. Schoenberger's employment as a result of disability or cause, the Company shall have no obligation under the Employment Agreement except for accrued and unpaid salary, bonus and expense reimbursement. Further, upon Mr. Schoenberger's retirement, the Company will remit on his behalf all applicable Medicare taxes due and payable on the then present value of the SERP benefits, as well as any Federal, State, city, local or payroll taxes payable upon the Medicare tax payment.

The Employment Agreement also contains provisions that prohibit Mr. Schoenberger from engaging in any business that is competitive with the Company's business, soliciting any employee to leave the employment of the Company for employment with a competitive company, or diverting any business of the Company to a competitive company, in each case for a period of 12 months following termination. Mr. Schoenberger is also prohibited under the terms of the Employment Agreement from disclosing any confidential information at any time or for any reason, and from disclosing any negative, adverse or derogatory information about the Company, its management, or about any product or service that the Company provides, or about the Company's prospects for the future at any time or for any reason, except, in each case, Mr. Schoenberger may report possible violations of federal law or regulations and make disclosures protected under whistleblower provisions of federal law or regulations.

**COMPENSATION OF DIRECTORS**

The following table shows the compensation received by the members of the Board in 2016.

**DIRECTORS COMPENSATION**

Name <sup>(1)</sup>	Fees Earned or Paid in Cash	Stock Awards <sup>(2)</sup>	Option Awards <sup>(3)</sup>	Non-Equity Incentive Plan Compensation <sup>(3)</sup>	Change in	All Other Compensation	Total
					Pension Value & Non-qualified Deferred Compensation		
(a)	(b)	(c)	(d)	(e)	Earnings <sup>(4)</sup>	(g) <sup>(5)</sup>	(h)
<b>Robert V. Antonucci</b> <sup>(6)</sup>	60,000	51,989				479	112,468
<b>David P. Brownell</b> <sup>(7)</sup>	68,000	51,989				479	120,468
<b>Lisa Crutchfield</b> <sup>(8)</sup>	64,000	51,989				479	116,468
	72,000	51,989				479	124,468

<b>Albert H. Elfner, III</b> <sup>(9)</sup>				
<b>Edward F. Godfrey</b> <sup>(10)</sup>	67,000	51,989	479	119,468
<b>Michael B. Green</b> <sup>(11)</sup>	65,000	51,989	479	117,468
<b>Eben S. Moulton</b> <sup>(12)</sup>	68,000	51,989	479	120,468
<b>M. Brian O Shaughnessy</b> <sup>(13)</sup>	63,000	51,989	479	115,468
<b>Robert G. Schoenberger</b> <sup>(14)</sup>				
<b>Sarah P. Voll</b> <sup>(15)</sup>	60,000	51,935	481	112,416
<b>David A. Whiteley</b> <sup>(16)</sup>	63,000	51,989	479	115,468



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## NOTES:

- (1) With the exception of Mr. Schoenberger, no member of the Board had any unvested stock awards or unexercised option awards outstanding as of December 31, 2016. Mr. Schoenberger's unvested stock awards are reflected in the Outstanding Equity Awards at Fiscal Year End Table, which is in the section entitled *Compensation of Named Executive Officers*.
- (2) Stock awards are the stock-based component of the annual retainer for Board service. The amount reflected is the weighted average cash equivalent value of 1,356 shares of common stock or 1,350 RSUs, as elected by each Director, which is the grant date fair value calculated in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718. RSUs are granted to the Directors who have elected to receive RSUs in lieu of common stock as the stock-based component of the annual retainer for Board service. RSUs will settle as 70% stock and 30% cash upon retirement or other separation from the Board.
- (3) Members of the Board do not receive option awards and, with the exception of Mr. Schoenberger, did not participate in any non-equity incentive compensation plans. Mr. Schoenberger's non-equity compensation is reflected in the Summary Compensation Table, which is in the section entitled *Compensation of Named Executive Officers*.
- (4) With the exception of Mr. Schoenberger, members of the Board are not eligible to participate in the Unitil Corporation Retirement Plan. Mr. Schoenberger's change in pension value is reflected in the Summary Compensation Table, which is in the section entitled *Compensation of Named Executive Officers*. The Company does not have a nonqualified deferred compensation plan.
- (5) All other compensation includes dividends paid in 2016 on common stock, or dividend equivalents paid in 2016 on RSUs, in connection with the stock-based component of the annual retainer for Board service in 2016.
- (6) Dr. Antonucci's stock award consists of 1,350 RSUs.
- (7) Mr. Brownell's stock award consists of 1,350 RSUs.
- (8) Ms. Crutchfield's stock award consists of 1,350 RSUs.
- (9) Mr. Elfner's stock award consists of 1,350 RSUs.

- (10) Mr. Godfrey s stock award consists of 1,350 RSUs.
- (11) Mr. Green s stock award consists of 1,350 RSUs.
- (12) Mr. Moulton s stock award consists of 1,350 RSUs.
- (13) Mr. O Shaughnessy s stock award consists of 1,350 RSUs.
- (14) As chairman of the Board, CEO and president of the Company, Mr. Schoenberger receives no separate compensation in the form of retainer fees for his service on the Board of Unitil or any subsidiary company. Mr. Schoenberger s compensation is reflected in the Summary Compensation Table, which is in the section entitled *Compensation of Named Executive Officers*.
- (15) Dr. Voll s stock award consists of 1,356 shares of common stock.
- (16) Mr. Whiteley s stock award consists of 1,350 RSUs.

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The Company uses a combination of cash and stock-based compensation to attract and retain qualified candidates to serve on the Board. In setting compensation for Directors, the significant amount of time that Directors dedicate to the fulfillment of their duties to the Company, as well as the skill level required of members of the Board, is considered. All matters concerning Directors' compensation are subject to approval by the full Board upon the recommendation of the Nominating and Governance Committee.

The stock portion of the Directors' annual retainers may be paid in shares of common stock or in RSUs at the Director's election.

The Director shall have no rights of a shareholder of the Company with respect to the RSUs or the Shares underlying the RSUs, including the right to vote the RSUs or the underlying shares, or to receive dividends. However, the Director may be entitled to receive dividend equivalents, which will be converted to additional RSUs at the time of settlement.

In October 2015, the Nominating and Governance Committee reviewed Directors' compensation for the 2016 compensation year using compensation information data that, at the committee's request, was prepared by management using Main Data Group's Snapshot Data executive compensation benchmarking software platform, as well as the Equilar Insight executive compensation benchmarking software platform. The data provided included information regarding the 25<sup>th</sup> percentile of Unitil's 2015 compensation peer group. Consistent with the Committee's guideline, the 25<sup>th</sup> percentile of Unitil's compensation peer group was targeted as a benchmark for Directors' compensation, including the stock-based component thereof. Based on the information provided, the Committee determined that Directors' annual compensation was within the 25<sup>th</sup> percentile of the peer group. Therefore, the Committee concluded that the current compensation structure previously approved by the Board and in place for the 2015 compensation year remained reasonable and sufficient to attract high-quality new Board members, and no change to Directors' compensation was recommended for the 2016 compensation year.

In October 2016, the Nominating and Governance Committee reviewed Directors' compensation for the 2017 compensation year using compensation information data that, at the Committee's request, was again prepared by management using Main Data Group's Snapshot Data executive compensation benchmarking software platform. The Committee employed the same methodology as the 2015 review using Unitil's 2016 compensation peer group. The Director's compensation information showed that annual Directors' compensation was slightly below the 25<sup>th</sup> percentile of Unitil's peer group. Based on the information provided, the Committee recommended an increase in the cash component of Directors' compensation to \$65,000, and an increase in the stock-based component of Directors' compensation to \$60,000 for each member of the Board who is not an officer of Unitil or any of its subsidiaries, effective January 1, 2017 for the 2017 compensation year. This recommendation was approved by the Board on January 25, 2017.



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In 2016, members of the Board who were not officers of Unitil or any of its subsidiaries were paid an annual cash retainer fee of \$57,000, which was paid in quarterly installments. In addition, non-chair members of the Audit Committee, Compensation Committee, Executive Committee, and Nominating and Governance Committee (the Committees ) received an annual cash retainer fee of \$3,000, also paid quarterly. The chairs of the Committees each received an annual cash retainer fee of \$8,000, paid quarterly. In 2016, the stock-based compensation component was \$52,000 for each such member of the Board. For such members of the Board who elected to receive common stock as the stock-based component of the annual retainer, \$52,000 for each applicable Board member was used to purchase the equivalent number of shares, rounded up to the nearest whole share, of Unitil common stock on the open market on October 3, 2016, as approved by the Board. For members of the Board who elected to receive RSUs in lieu of common stock as the stock-based component of the annual retainer, the number of RSUs to provide to each applicable Board member was calculated by dividing \$52,000 by the closing market price of Unitil common stock on October 3, 2016, rounded up to the nearest whole share, pursuant to the terms and conditions of the Stock Plan, and as approved by the Board.

Directors who served on the Pension Committee also received a meeting fee of \$1,000 for each meeting attended. No retainer fee was paid to the members of the Pension Committee, which is not one of the standing committees of the Board. No annual retainer fee was paid by Fitchburg, Granite, Northern, or Unitil Energy, and no separate meeting fees are paid for regularly-scheduled Board meetings or standing committee meetings, or any meeting of the Fitchburg, Granite, Northern, or Unitil Energy boards of directors. Directors also receive a meeting fee of \$2,000 for each special meeting attended in person. All Directors were reimbursed for expenses incurred in connection with their attendance at Board meetings and meetings of any Committee upon which they served.

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**PROPOSAL 1: ELECTION OF DIRECTORS**

Proposal 1 is asking shareholders to elect five Directors each for a three-year term.

Article III of Unitil's Bylaws and Article 7 of the Articles of Incorporation provide for a Board of between nine and fifteen Directors divided into three classes, and that the number of Directors shall be determined by the Board, which has set the number at 11. The Bylaws further provide that each class shall be as nearly equal in number as possible, and each with their respective terms of office arranged so that the term of office of one class expires in each year, at which time a corresponding number of Directors is elected for a term of three years.

**Voting Recommendation**

The Board believes that the five Directors standing for re-election possess the various qualifications, attributes, skills and experiences to contribute to an effective and well-functioning Board and that, individually and as a group, the Director nominees possess the necessary qualifications to effectively oversee the business and the long-term interests of shareholders. The Board recommends that shareholders vote **FOR** the election of each Director listed below.

**INFORMATION ABOUT NOMINEES FOR DIRECTOR**

Dr. Antonucci, Mr. Brownell, Mr. Elfner, Mr. Green and Mr. O'Shaughnessy are standing for election to the Board this year upon the recommendation of the members of the Nominating and Governance Committee and the approval of the Board. Each nominee has been a member of the Board since the date indicated and, except as otherwise noted, each nominee has held his or her present position (or another executive position with the same employer) for more than the past ten years. All of the nominees are independent under NYSE corporate governance rules, and all are free of involvement in any Related Person Transaction. If elected, each Director will hold office until the 2020 annual meeting of shareholders and until his or her successor is elected and qualified.

Proxies will be voted for the Director nominees whose names are listed below unless instructed otherwise. The Company has no reason to believe that any of the nominees will be unable or unwilling to serve if elected. However, if any nominee should become unable for any reason or unwilling for good cause to serve, proxies may be voted for another person nominated as a substitute by the Board, or the Board may reduce the number of Directors. Each of the nominees has consented to being named in this proxy statement and to serve if elected.

**Table of Contents****Robert V. Antonucci**

Dr. Antonucci retired from Fitchburg State University ( FSU ) in Fitchburg, Massachusetts in June 2015, where he served as president since 2003. Post retirement, Dr. Antonucci was named president-emeritus of FSU. Prior to his employment with FSU, Dr. Antonucci was president of the School Group of Riverdeep, Inc., San Francisco, California, from 2001 until 2003 and president and chief executive officer of Harcourt Learning Direct and Harcourt Online College, Chestnut Hill, Massachusetts from 1998 until 2001. Dr. Antonucci also served as the commissioner of education for the Commonwealth of Massachusetts from 1992 until 1998. In addition, Dr. Antonucci also serves as a director of the Reliant Medical Group, the chair of the board of the National Graduate School, and a director of the Falmouth Road Race, Inc.

**Director Since:** 2004**Age:** 71**Board Committees:** Audit**Other Public Company Boards:** None**Individual Qualifications**

Business and education industry expertise; community and public policy insight; Audit Committee financial expert; proven leadership experience; tenure on the Board

**David P. Brownell**

Mr. Brownell has been a retired senior vice president of Tyco International Ltd. ( Tyco ) (a diversified global manufacturing and service company), Portsmouth, New Hampshire, since 2003. Mr. Brownell had been with Tyco since 1984. Mr. Brownell is a former member of the board of the University of New Hampshire ( UNH ) Foundation. Mr. Brownell was also interim president of the UNH Foundation, former vice chairman of the board of the UNH Foundation, former volunteer board president of the United Way of the Greater Seacoast (New Hampshire), former vice chairman of the board of Exeter Health Resources and a former board member of the New Hampshire Junior Achievement Advisory Council.

**Director Since:** 2001**Age:** 73**Board Committees:** Compensation; Nominating and Governance (chair)**Other Public Company Boards:** None**Individual Qualifications**

Multinational business experience; investor relations and marketing expertise; proven leadership experience; tenure on the Board

### Albert H. Elfner, III

Mr. Elfner was the chairman of Evergreen Investment Management Company, Boston, Massachusetts, from 1994 until 1999 and its chief executive officer from 1995 until 1999. Prior to 1994, Mr. Elfner held various senior management positions at Keystone Investments, Incorporated ( Keystone ), Boston, Massachusetts. Mr. Elfner also currently serves as a director and member of the executive committee of Main Street America Insurance Company ( Main Street ), Jacksonville, Florida, as well as chairman of the Main Street audit committee. Mr. Elfner is also a Chartered Financial Analyst.

**Director Since:** 1999

**Age:** 72

**Board Committees:**  
Executive (chair); Nominating and Governance

**Other Public Company Boards:** None

### Individual Qualifications

Chartered financial analyst; financial industry expertise; proven leadership; corporate governance expertise; tenure on the Board



**Table of Contents****Michael B. Green**

Mr. Green served as the president and chief executive officer of Capital Region Health Care and Concord Hospital, Concord, New Hampshire, from 1992 until his retirement in January 2014. In addition, Mr. Green currently serves as a director of Concord General Mutual Insurance Company ( Concord General ), including membership on the executive and governance committees, and chair of the audit committee; a director of Green Mountain Insurance Company, which is an affiliate company of Concord General; a director of New Hampshire Mutual Bancorp including membership on the investment and compensation committees; and as vice chairman of Merrimack County Savings Bank, including membership on the investment and audit committees, and chair of the compensation committee. Mr. Green formerly served on the board of the Foundation for Healthy Communities.

**Director Since:** 2001**Age:** 67**Board Committees:** Audit

(chair)

**Other Public Company Boards:** None**Individual Qualifications**

Business and healthcare industry expertise; Audit Committee financial expert; proven leadership experience; tenure on the Board

**M. Brian O Shaughnessy**

Mr. O Shaughnessy has been the chairman of the board of Revere Copper Products, Inc. ( Revere ), Rome, New York, since 1989. Mr. O Shaughnessy also served as chief executive officer and president of Revere from 1988 until 2007. Mr. O Shaughnessy also serves on the board of directors of three copper industry trade associations, three manufacturing associations in New York State regarding energy-related issues, and the Coalition for a Prosperous America ( CPA ). Mr. O Shaughnessy is the chief co-chair of CPA.

**Director Since:** 1998**Age:** 74**Board Committees:** Executive; Nominating and Governance**Other Public Company Boards:** None**Individual Qualifications**

Manufacturing, mining and energy industry expertise; proven leadership experience; business and public policy insight; tenure on the Board

**Table of Contents****INFORMATION ABOUT DIRECTORS WITH CONTINUING TERMS OF OFFICE**

The Directors listed below were elected by shareholders in either 2015 or 2016 for terms of three years, respectively.

**Lisa Crutchfield**

Ms. Crutchfield is the managing principal for Hudson Strategic Advisors LLC, ( Hudson ) an economic analysis and strategic advisory firm to energy companies, financial services companies, and government agencies. Prior to leading Hudson, she served as executive vice president of regulation and pricing for National Grid USA ( National Grid ), an international electric and gas company in Waltham, Massachusetts, from November 2008 to July 2011. Prior to joining National Grid, Ms. Crutchfield served as senior vice president for regulatory and external affairs for PECO Energy Company, an Exelon Corporation company, located in Philadelphia, Pennsylvania from 2003 until October 2008, and vice president of energy policy and strategy for Duke Energy Corporation in Charlotte, North Carolina from 1997 until 2000. Ms. Crutchfield also served as Vice Chairman of the Pennsylvania Public Utilities Commission from 1993 until 1997. Since June 2014, Ms. Crutchfield also serves on the board of directors of Fulton Financial Corporation located in Lancaster, Pennsylvania.

**Director Since:** 2012**Age:** 53**End of Current Term:** 2019**Board Committees:**  
Compensation**Other Public Company Boards:** Fulton Financial Corporation**Individual Qualifications**

Utility industry experience; utility regulation strategy expertise; former vice chair - Pennsylvania Public Utility Commission; utility regulation policy and market economics insight; proven leadership

**Edward F. Godfrey**

Mr. Godfrey was the executive vice president and chief operating officer of Keystone Investments, Incorporated ( Keystone ), Boston, Massachusetts, from 1997 until 1998. Mr. Godfrey was senior vice president, chief financial officer and treasurer of Keystone from 1988 until 1996. Mr. Godfrey has also been a director of Vector Fleet Management, LLC, Charlotte, North Carolina, since 2006.

**Director Since:** 2002**Age:** 67**End of Current Term:** 2019

**Board Committees:** Audit;  
Executive

**Other Public Company  
Boards:** None

### Individual Qualifications

Financial expertise; financial industry experience; Audit Committee financial expert; proven leadership; tenure on the Board

### Eben S. Moulton

Mr. Moulton has been the managing partner of Seacoast Capital Corporation (a private investment company), of Danvers, Massachusetts, since 1995. Mr. Moulton also serves as a director of several private companies.

**Director Since:** 2000

**Age:** 70

**End of Current Term:** 2019

**Board Committees:**

Compensation (chair);  
Executive

**Other Public Company  
Boards:** None

### Individual Qualifications

Business, financial and energy industry expertise; proven leadership; tenure on the Board

**Table of Contents****Robert G. Schoenberger**

Mr. Schoenberger has been Unitil's Chairman of the Board of Directors since October 1997, and has also served as Unitil's Chief Executive Officer since 1997 and as President since 2003. Prior to his employment with Unitil, Mr. Schoenberger was president and chief operating officer of the New York Power Authority from 1993 until 1997. Mr. Schoenberger also served as chairman and trustee of Exeter Health Resources, Exeter, New Hampshire, from 1998 until 2009, and again as trustee and a member of the executive committee since 2012. Mr. Schoenberger also serves as a director of the Edison Electric Institute since 2011, and formerly served as a director of Satcon Technology Corporation, Boston, Massachusetts (a company that developed innovative power conversion solutions for the renewable power industry) from 2007 until 2013.

**Director Since:** 1997**Age:** 66**End of Current Term:** 2018**Board Committees:**  
Executive**Other Public Company Boards:** None**Individual Qualifications**

Unitil's chairman of the Board, CEO and president since 1997; extensive utility industry expertise; regulated industry expertise; proven leadership experience; tenure on the Board

**Sarah P. Voll**

Dr. Voll retired in 2010 as special consultant from National Economic Research Associates, Inc. ( NERA ), Washington, District of Columbia. Dr. Voll had been with NERA in the position of vice president since 1999, and in the position of senior consultant from 1996 until 1999. Prior to her employment with NERA, Dr. Voll was a staff member at the New Hampshire Public Utilities Commission from 1980 until 1996.

**Director Since:** 2003**Age:** 74**End of Current Term:** 2018**Board Committees:**  
Compensation**Other Public Company Boards:** None**Individual Qualifications**

Utility regulation expertise; proven leadership; former chief economist and executive director New Hampshire Public Utilities Commission; well-published consultant to utility and regulatory organizations worldwide; tenure on the Board

## David A. Whiteley

Mr. Whiteley has been the owner of Whiteley BPS Planning Ventures LLC, St. Louis, Missouri, a private consulting firm specializing in utility planning, operations, and management, since 2009. He has also served as the executive director of the Eastern Interconnection Planning Collaborative since 2011. Mr. Whiteley served as an executive vice-president of the North American Electric Reliability Corporation from 2007 to 2009. Prior to that, Mr. Whiteley served as senior vice president Energy Delivery Services for Ameren Corporation, a multi-state electric and gas utility, headquartered in St. Louis, Missouri from 2005 to 2007 and as senior vice president Energy Delivery, from 2003 to 2005. Mr. Whiteley started his employment at Ameren Corporation's predecessor, Union Electric Company, in 1978. Mr. Whiteley is a registered professional engineer in the states of Missouri and Illinois.

**Director Since:** 2012

**Age:** 60

**End of Current Term:** 2019

**Board Committees:** Audit; Nominating and Governance

**Other Public Company Boards:** None

## Individual Qualifications

Utility industry experience; utility operations and energy delivery expertise; Registered Professional Engineer; electric utility reliability standards public policy insight; proven leadership experience

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**PROPOSAL 2: RATIFICATION OF SELECTION OF  
DELOITTE & TOUCHE LLP, AS INDEPENDENT REGISTERED  
PUBLIC ACCOUNTING FIRM FOR 2017**

Proposal 2, as a matter of good corporate governance, is asking shareholders to ratify the Audit Committee's selection of Deloitte & Touche LLP to serve as the Company's independent registered public accounting firm.

**Voting Recommendation**

The Board and the Audit Committee believe that the retention of Deloitte & Touche LLP to serve as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2017 is in the best interests of the Company and its shareholders. The Board and the Audit Committee recommend that shareholders vote **FOR** the ratification of the selection and appointment of Deloitte & Touche LLP.

**INFORMATION ABOUT THE RATIFICATION OF DELOITTE & TOUCHE LLP**

The Audit Committee annually reviews the qualifications, performance and independence of the Company's independent registered public accounting firm in accordance with regulatory requirements and guidelines.

Based on this review, the Audit Committee has appointed Deloitte & Touche LLP (Deloitte), which has served as the Company's independent registered public accounting firm since 2014, as the independent registered public accounting firm to perform annual audit and quarterly review services for fiscal year 2017. Although shareholder approval is not required for the appointment of Deloitte, the Board and the Audit Committee have determined that it would be desirable as a good corporate governance practice to request shareholders to ratify the selection of Deloitte. Ratification requires the affirmative vote of a majority of the shares entitled to vote on, and voted for or against, the matter, represented in person or by proxy at the Annual Meeting. If the shareholders do not ratify the appointment, the Audit Committee may reconsider the appointment. Even if the appointment is ratified, the Audit Committee, in its discretion, may select a different independent registered public accounting firm if it subsequently determines that such a change would be in the best interest of the Company and its shareholders.

Representatives of Deloitte will be present at the Annual Meeting and will have an opportunity to make a statement, if they wish. They will also be available to respond to questions from shareholders at the meeting.

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**PROPOSAL 3: APPROVAL, ON AN ADVISORY BASIS, OF THE COMPENSATION OF THE COMPANY S NAMED EXECUTIVE OFFICERS**

Proposal 3 is asking shareholders to cast a non-binding advisory vote to approve the compensation of the Named Executive Officers.

**Voting Recommendation**

In deciding how to vote on this proposal, the Board and the Compensation Committee encourage shareholders to read the Compensation Discussion and Analysis, compensation tables and narrative discussion contained in this proxy statement. The Board recommends an advisory vote **FOR** the approval of the compensation of the Company s Named Executive Officers.

**INFORMATION ABOUT THE ADVISORY VOTE ON EXECUTIVE COMPENSATION**

In accordance with Section 14A of the Exchange Act and Rule 14a-21(a), shareholders are being asked to approve the compensation of the Named Executive Officers, as disclosed pursuant to Item 402 of Regulation S-K, which includes the Compensation Discussion and Analysis, compensation tables and narrative discussion contained in this proxy statement. This proposal, commonly known as a say-on-pay vote, gives shareholders the opportunity to express their views on the compensation of the Named Executive Officers. This vote is not intended to address any specific item of compensation, but rather the overall compensation of the Named Executive Officers.

As discussed in the *Compensation Discussion and Analysis* section, Unitil s executive compensation programs are designed to attract, retain and motivate executives who are critical to the Company s long-term growth and profitability. Under these programs, the Company s executives are incentivized to achieve specific Company performance goals established by the Compensation Committee, without encouraging undue or unreasonable risk-taking. The Compensation Committee reviews the executive compensation programs regularly to ensure executive compensation is aligned with the interests of shareholders, as well as with current market practices. Please see the *Compensation Discussion and Analysis* and the *Compensation of Named Executive Officers* sections for information about executive compensation programs, including information about the fiscal year 2016 compensation of the Named Executive Officers.

The Board recommends that shareholders vote **FOR** the following resolution:

RESOLVED, that the compensation paid to the Company s Named Executive Officers, as disclosed in this proxy statement pursuant to Item 402 of Regulation S-K (including the *Compensation Discussion and Analysis* and the *Compensation of Named Executive Officers* sections of this proxy statement) is hereby APPROVED.

As an advisory vote, this proposal is not binding upon the Company, the Compensation Committee, or the Board. However, the Board, as well as the Compensation Committee, which is responsible for designing and administering the Company s executive compensation program, values the opinions expressed by shareholders, and will consider the outcome of the vote when making future decisions regarding executive compensation.



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**PROPOSAL 4: ADVISORY VOTE ON  
THE FREQUENCY OF FUTURE ADVISORY VOTES  
ON EXECUTIVE COMPENSATION**

Proposal 4 is asking shareholders to vote, on an advisory basis, as to whether future approval, on an advisory basis, of the compensation of the Company's Named Executive Officers should occur every one, two or three years.

**Voting Recommendation**

The Board and the Compensation Committee believe that a three year frequency of future shareholder advisory votes on executive compensation is in the best interests of the Company and its shareholders.

The Board recommends a vote for holding future shareholder advisory votes to approve the compensation of the Company's Named Executive Officers every **THREE** years.

**INFORMATION ABOUT THE ADVISORY VOTE ON THE FREQUENCY OF FUTURE ADVISORY VOTES ON EXECUTIVE COMPENSATION**

After consideration, the Board recommends that shareholders vote in favor of holding future shareholder advisory votes to approve the compensation of the Company's Named Executive Officers every three years. The Board supports a triennial vote because it believes that this frequency will provide the Company with sufficient time to discuss with shareholders the results of the vote on executive compensation and, if necessary, to develop an action plan to respond. A triennial vote will also align more suitably with the Company's long-term strategic objectives and the relationship of the Company's executive compensation programs to those strategic objectives, and will relieve the administrative burden and expense of soliciting shareholder approval annually.

The frequency one year, two years or three years that receives the greatest number of votes will be considered to have been approved by shareholders.

As an advisory vote, this proposal is not binding upon the Company, the Compensation Committee, or the Board. However, the Board, as well as the Compensation Committee, which is responsible for designing and administering the Company's executive compensation program, values the opinions expressed by shareholders, and it and the Board will consider the outcome of the vote when setting the frequency of future shareholder advisory votes to approve the compensation of the Company's Named Executive Officers.

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**OTHER MATTERS**

The Board and management do not intend to bring before the Annual Meeting any matters other than those described above and know of no other matters that may properly come before the Annual Meeting or other matters incident to the conduct of the meeting. If any other matter properly comes before the Annual Meeting, it is the intention of the persons named as proxies to vote the shares represented in accordance with their judgment on such matter.

Discretionary authority with respect to such other matters is granted by the execution of the enclosed proxy or the submission of a proxy via the Internet.

**Announcement of Voting Results**

The Company will announce the preliminary voting results at the 2017 Annual Meeting, and will report the final results in a Current Report on Form 8-K filed with the SEC, which will also be available in the Investor Relations section of the Company's website at [www.unitil.com/investors](http://www.unitil.com/investors). The Company will retain Computershare Investor Services as the independent tabulator to receive and tabulate the proxies, and as independent inspector of election to certify the results.

**Information Incorporated By Reference**

The Company has made previous filings under the Securities Act of 1933, as amended, and the Exchange Act that incorporate future filings, including this proxy statement, in whole or in part. However, the Compensation Committee Report and the Audit Committee Report shall not be incorporated by reference into any such filings.

**SHAREHOLDER PROPOSALS**

Any proposal submitted by a shareholder of Unitil for inclusion in the proxy material for Unitil's 2018 annual meeting of shareholders must be received by Unitil at its corporate headquarters by November 20, 2017.

Unitil's Bylaws provide that any proposal or Director nomination submitted by a shareholder of Unitil for consideration at Unitil's 2018 annual meeting of shareholders must be received by Unitil at its corporate headquarters not earlier than December 27, 2017 and not later than January 26, 2018. However, if the date of Unitil's 2018 annual meeting of shareholders is not within 30 days of April 26, 2018, then the proposal or Director nomination must be received not later than the close of business on the tenth day following the earlier of (i) the day on which notice of the date of Unitil's 2018 annual meeting of shareholders was mailed and (ii) the day on which public disclosure of the date of Unitil's 2018 annual meeting of shareholders was made. The proposal or Director nomination also must comply with the other requirements set forth in the Company's Bylaws.

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**SOLICITATION OF PROXIES**

The Company anticipates first mailing definitive copies of this proxy statement on or about March 20, 2017. Unitil is asking for your proxy and will pay all of the costs associated with asking for shareholders' proxies for the 2017 Annual Meeting. In addition to the use of the mail, proxies may be solicited by the Directors, officers and employees of Unitil by personal interview, telephone or otherwise. Directors, officers and employees will not be additionally compensated, but may be reimbursed for out-of-pocket expenses in connection with solicitation. Arrangements also will be made with brokerage houses and other custodians, nominees and fiduciaries for the forwarding of solicitation material to Street Name Holders, and Unitil will reimburse custodians, nominees and fiduciaries for reasonable out-of-pocket expenses in connection with the forwarding of solicitation material.

Unitil has also retained Alliance Advisors, LLC to assist in the solicitation of proxies and will bear all reasonable solicitation fees and expenses associated with such retention at an estimated fee of \$15,000 plus reasonable out-of-pocket expenses, of which approximately \$10,000 has been incurred as of the date hereof. Alliance Advisors, LLC and certain related persons will be indemnified against certain liabilities arising out of or in connection with the engagement.

**COMPANY DOCUMENTS & INFORMATION**

Unitil will promptly deliver free of charge, upon request, a copy of the Corporate Governance Guidelines, Board Committee Charters or Code of Ethics to any shareholder or other interested party requesting a copy.

The 2016 Annual Report on Form 10-K ( 2016 Form 10-K ) includes our financial statements for the year ended December 31, 2016. We have furnished the 2016 Form 10-K to all shareholders. The Form 10-K does not form any part of the material for the solicitation of proxies. Unitil will furnish without charge to any shareholder or other interested party a copy of its 2016 Form 10-K.

All requests for Company documents should be directed to the Office of the Secretary, Unitil Corporation, 6 Liberty Lane West, Hampton, NH 03842-1720; or to [InvestorRelations@unitil.com](mailto:InvestorRelations@unitil.com); or by calling toll free 800-999-6501.

We invite you to visit our website [www.unitil.com](http://www.unitil.com) for more information about the Company, our people, technologies, community involvement, as well as for detailed and historical financial information, and additional information on the Company's governance and leadership.

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***IMPORTANT ANNUAL MEETING INFORMATION***

**Admission Ticket**

**Electronic Voting Instructions**

**Available 24 hours a day, 7 days a week!**

Instead of mailing your proxy, you may choose one of the voting methods outlined below to vote your proxy.

VALIDATION DETAILS ARE LOCATED BELOW IN THE TITLE BAR.

**Proxies submitted by the Internet must be received by 1:00 a.m., ET, on April 26, 2017.**

**Vote by Internet**

Go to **[www.investorvote.com/UTL](http://www.investorvote.com/UTL)**

Or scan the QR code with your smartphone

Follow the steps outlined on the secure website

Using a **black ink** pen, mark your votes with an **X** as shown in this example. Please do not write outside the designated areas.

**Annual Meeting Proxy Card**

**IF YOU HAVE NOT VOTED VIA THE INTERNET, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.**

**A Proposals** The Board recommends a vote **FOR** all nominees in Proposal 1, and **FOR** Proposals 2 and 3, and every **3 YEARS** for Proposal 4.

- |                           |            |                 |                             |            |                 |
|---------------------------|------------|-----------------|-----------------------------|------------|-----------------|
| 1. Election of Directors: | <b>For</b> | <b>Withhold</b> |                             | <b>For</b> | <b>Withhold</b> |
| 01 - Robert V. Antonucci  |            |                 | 02 - David P. Brownell      |            | 03 - Albert H.  |
| 04 - Michael B. Green     |            |                 | 05 - M. Brian O Shaughnessy |            |                 |

- |   |            |                |                |   |            |                |                |
|---|------------|----------------|----------------|---|------------|----------------|----------------|
| 2. To ratify the selection of independent registered public accounting firm, Deloitte & Touche LLP, for fiscal year 2017. | <b>For</b> | <b>Against</b> | <b>Abstain</b> | 3. Advisory vote on the approval of Executive Compensation. | <b>For</b> | <b>Against</b> | <b>Abstain</b> |
|---|------------|----------------|----------------|---|------------|----------------|----------------|

- |   |               |                |                |                |
|---|---------------|----------------|----------------|----------------|
| 4. Advisory vote on frequency of the future advisory votes on Executive Compensation. | <b>1 Year</b> | <b>2 Years</b> | <b>3 Years</b> | <b>Abstain</b> |
|---|---------------|----------------|----------------|----------------|

**This proxy will be voted in accordance with the instructions given above. If no instructions are given, the proxies named herein will have authority to vote FOR all nominees in Proposal 1, and FOR Proposals 2 and 3, and every 3 YEARS for Proposal 4.**

**B Non-Voting Items**

**Change of Address** Please print new address below.

**Meeting Attendance**

Mark box to the right if you plan to attend the Annual Meeting.

**C Authorized Signatures** This section must be completed for your vote to be counted. Date and Sign Below Please sign exactly as name(s) appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, corporate officer, trustee, guardian, or custodian, please give full title.

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Date (mm/dd/yyyy)  
date below.

Please print

Signature 1 Please keep signature  
within the box.

Signature 2 Please keep signature  
within the box.

/ /

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**Unitil Corporation**

**2017 Annual Meeting of Shareholders**

**Wednesday, April 26, 2017 at 11:30 A.M.**

**6 Liberty Lane West**

**Hampton, New Hampshire**

Dear Shareholder:

Please take note of the important information enclosed with this Proxy Card. This information relates to the management of your Company and requires your immediate attention and approval. Details are discussed in the enclosed proxy materials. Your vote counts, and you are strongly encouraged to exercise your right to vote your shares.

Your proxy must be submitted either in writing on the attached card or via the Internet prior to the Annual Meeting of Shareholders on April 26, 2017, unless you plan to vote in person at the meeting. Thank you in advance for your prompt consideration.

**If you would like additional information, please call 800-999-6501 or contact us at  
InvestorRelations@unitil.com.**

**IF YOU HAVE NOT VOTED VIA THE INTERNET, FOLD ALONG THE PERFORATION, DETACH AND  
RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.**

**Proxy Unitil Corporation**

**THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS**

The undersigned, revoking all previous proxies, hereby appoints MARK H. COLLIN and ROBERT G. SCHOENBERGER, and each of them, proxies with power of substitution to each, to vote for the undersigned at the Annual Meeting of Shareholders of Unitil Corporation (the Company) to be held at the office of the Company, 6 Liberty Lane West, Hampton, New Hampshire on Wednesday, April 26, 2017, at 11:30 A.M., and at any and all

adjournments or postponements thereof, with all powers the undersigned would possess if personally present and voting and particularly with respect to the matters and in accordance with the instructions set forth on the reverse side hereof, and in their discretion upon any other business that may properly come before the meeting or any adjournments or postponements thereof.

**This proxy will be voted in accordance with the instructions given on the reverse side hereof. If no instructions are given, the proxies named herein will have authority to vote FOR all nominees in Proposal 1, and FOR Proposals 2 and 3, and every 3 YEARS for Proposal 4.**

**Notice to Participants of the Unitil Corporation Tax Deferred Savings and Investment Plan:**

The enclosed proxy material pertains to securities that are held by the plan trustee in your retirement account but are not registered in your name. Such securities can be voted only by the plan trustee as holder of record. This proxy card will be used to provide voting instructions to the plan trustee for any shares of Company common stock held for your benefit in the plan. The plan trustee shall vote your securities in accordance with your instructions. The plan trustee will vote shares allocated to the plan participants' accounts for which it has not received instructions and any shares that have not been allocated to plan participants' accounts in the same percentage as shares for which voting instructions are received from other plan participants.

**IF YOU HAVE NOT VOTED VIA THE INTERNET, PLEASE MARK, SIGN AND DATE THIS PROXY CARD ON THE REVERSE SIDE HEREOF AND RETURN PROMPTLY USING THE ENCLOSED ENVELOPE.**