

PACWEST BANCORP  
Form DEF 14A  
March 28, 2019

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

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934 (Amendment No. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

**PACWEST BANCORP**

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(Name of Registrant as Specified In Its Charter)

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(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:
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(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

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9701 Wilshire Boulevard, Suite 700  
Beverly Hills, California 90212

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**NOTICE OF 2019 ANNUAL MEETING OF STOCKHOLDERS**  
**Monday, May 13, 2019**  
**10:30 a.m. Pacific Time**

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**Place:**

Montage Beverly Hills Hotel, 225 North Canon Drive, First Floor Library, Beverly Hills, California 90210

**Items of Business:**

**Election of Directors.** To elect twelve (12) members to the Board of Directors (the "Board") of PacWest Bancorp (the "Company") to serve until the 2020 Annual Meeting of Stockholders;

**Advisory Vote on Executive Compensation.** To approve, on an advisory basis (non-binding), the compensation of the Company's named executive officers; and

**Ratification of the Appointment of Independent Auditors.** To ratify the appointment of KPMG LLP as the Company's independent auditors for the fiscal year ending December 31, 2019.

**Other Business:**

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**Other Business.** To consider and act upon such other business and matters or proposals as may properly come before the 2019 Annual Meeting of Stockholders (the "Annual Meeting") or any adjournments or postponements thereof.

As of the date of this notice, the Board knows of no other matters that may be brought before stockholders at the Annual Meeting.

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**Who May Vote:**

You may vote if you were a stockholder of record on the close of business on March 18, 2019.

**YOUR VOTE IS IMPORTANT.**

We appreciate you taking the time to vote promptly. After reading the Proxy Statement, please vote at your earliest convenience by telephone, internet, or, if you received printed proxy materials, by completing, signing and returning by mail a proxy card. If you decide to attend the Annual Meeting and would prefer to vote by ballot, your proxy will be revoked automatically and only your vote at the Annual Meeting will be counted. **YOUR SHARES CANNOT BE VOTED UNLESS YOU VOTE BY: (1) TELEPHONE, (2) INTERNET, (3) COMPLETING, SIGNING AND RETURNING BY MAIL A PAPER PROXY CARD IF YOU RECEIVED PRINTED PROXY MATERIALS, OR (4) ATTENDING THE ANNUAL MEETING AND VOTING IN PERSON.** Please note that all votes cast via telephone or the internet must be cast prior to 11:59 p.m., Eastern Time, on May 12, 2019.

**Whether or not you plan to attend the Annual Meeting, please vote as soon as possible to make sure that your shares are represented at the Annual Meeting. Voting by proxy will not prevent you from voting in person if you choose to attend the Annual Meeting.**

If you plan to attend the Annual Meeting, please note that admission will be on a first come, first served basis. You may obtain directions to the Montage Beverly Hills Hotel, 225 North Canon Drive, First Floor Library, Beverly Hills, California 90210 by calling the Montage Beverly Hills Hotel directly at (855) 691-1162. Each stockholder who attends may be asked to present valid picture identification such as a driver's license or passport. Stockholders holding stock in brokerage accounts ("street name" holders) will also need to bring a copy of a brokerage account statement reflecting stock ownership as of the March 18, 2019 record date. Cameras, recording devices and other electronic devices will not be permitted at the Annual Meeting.

Thank you in advance for your cooperation and continued support. We look forward to seeing you at the Annual Meeting.

By Order of the Board of Directors,

/s/ KORI L. OGROSKY

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*Kori L. Ogrosky, Executive Vice President, General Counsel and  
Corporate Secretary*

Beverly Hills, California  
March 28, 2019

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## **PROXY SUMMARY**

This summary highlights information contained elsewhere in this Proxy Statement. The Board of Directors of PacWest Bancorp is referred to in this Proxy Statement as the "Board of Directors", the "Board" or "Board". PacWest Bancorp is referred to in this Proxy Statement as "PacWest", the "Company", "we" or "our". Pacific Western Bank is referred to in this Proxy Statement as the "Bank".

This summary does not contain all of the information that you should consider, and you should read the entire Proxy Statement before voting. For more complete information regarding the Company's 2018 performance, please review the Company's Annual Report on Form 10-K for the year ended December 31, 2018 (the "Annual Report").

## **VOTING AND MEETING INFORMATION**

Please carefully review the proxy materials for the 2019 Annual Meeting of Stockholders (the "Annual Meeting") that will be held on May 13, 2019 at 10:30 a.m., Pacific Time, at the Montage Beverly Hills Hotel and follow the instructions below to cast your vote on all of the voting matters.

### **Who is Eligible to Vote**

You are entitled to vote at the Annual Meeting if you were a stockholder of record at the close of business on March 18, 2019 (the "Record Date"). On the Record Date, there were 119,849,670 shares of common stock outstanding and entitled to vote at the Annual Meeting.

### **Advance Voting Methods**

Even if you plan to attend the Annual Meeting in person, please vote right away using one of the following advance voting methods (see page 6 for additional details).

#### **You can vote in advance in one of three ways:**

Visit the website listed on your proxy card to vote **VIA THE INTERNET**;

Call the telephone number on your proxy card to vote **BY TELEPHONE**; or

If you received a paper proxy card, complete, sign, date and return the proxy card in the enclosed envelope **BY MAIL**.

### **Attending and Voting at the Annual Meeting**

All stockholders of record as of the Record Date may vote in person at the Annual Meeting. Beneficial owners of shares held in "street name" may vote in person at the Annual Meeting if they have a legal proxy, as described in the response to question 2 on page 6.

### **Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting**

Unless you previously elected to receive paper copies of our proxy materials, we are sending our stockholders a Notice Regarding the Availability of Proxy Materials for the Annual Meeting (the "Notice") that will instruct you on how to access the proxy materials and proxy card to vote your

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shares by telephone or over the internet. If you would like to receive a paper copy of our proxy materials free of charge, please follow the instructions included in the Notice.

It is anticipated that the Notice will be mailed to stockholders on or before April 3, 2019.

**This Proxy Statement and our Annual Report are available at our website at [www.pacwestbancorp.com/FinancialDocs](http://www.pacwestbancorp.com/FinancialDocs) under the section "Stockholder Meeting Documents".**

**Ballot Items**

Stockholders are being asked to vote on the following proposals at the Annual Meeting:

	<b>Board Recommendation</b>
<b>PROPOSAL 1. Election of Directors</b> (page 20) To elect twelve (12) directors.	<b>FOR</b>
<b>PROPOSAL 2. Advisory Vote on Executive Compensation</b> (page 55) To approve, on an advisory basis (non-binding), the compensation of the Company's named executive officers.	<b>FOR</b>
<b>PROPOSAL 3. Ratification of the Appointment of Independent Auditors</b> (page 60) To ratify the appointment of KPMG LLP as the Company's independent auditors for the fiscal year ending December 31, 2019.	<b>FOR</b>

**Director Nominees**(page 23)

The following table provides summary information about each director nominee:

Name	Age <sup>(1)</sup>	Independent	Director Since	Committee Memberships <sup>(2)</sup>
Tanya M. Acker	48	Yes	2016	R A, ALM (Chair), CNG,
Paul R. Burke	56	Yes	2015	E
Craig A. Carlson	68	Yes	2010	A, E, R (Chair)
John M. Eggemeyer, III	73	Yes	2000	E (Chair)
C. William Hosler	55	Yes	2014	A, CNG, E
Susan E. Lester	62	Yes	2003	A (Chair), ALM, E, R
Roger H. Molvar	63	Yes	2014	A, CNG, R
James J. Pieczynski	56	No	2014	ALM, R
Daniel B. Platt	72	Yes	2003	ALM, R
Robert A. Stine	72	Yes	2000	CNG (Chair), E
Matthew P. Wagner	62	No	2000	ALM, E, R
Mark T. Yung	45	Yes	2017	A, R

(1) As of the Record Date

(2) A = Audit Committee; ALM = Asset/Liability Management Committee; CNG = Compensation, Nominating and Governance Committee; E = Executive Committee; R = Risk Committee





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**Compensation Matters Executive Summary**(page 32)

The Compensation Discussion and Analysis ("CD&A") provides information about our executive compensation philosophy and objectives and the process governing our named executive officers, ("NEOs") 2018 total compensation. The Company's compensation disclosures in this Proxy Statement include the following NEOs (the Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO") and the three highest paid other executive officers).

We assess executive officer performance by analyzing specific, achieved Company financial goals. The Company's executive compensation program balances short and long-term Company performance with stockholder value creation. We align executive compensation to the success of the Company and the interests of our stockholders by making annual cash incentive bonus payments to executive officers based on Company achievement of pre-established performance measures that are directly tied to Company performance. Executive officers are only entitled to target or above-target annual cash incentive bonus payments if the Company delivers target or above-target performance with respect to these performance measures.

In addition, the Company's long-term incentive compensation plan ties a meaningful portion of executive officer compensation to Company performance. Specifically, 50% of an executive officer's long-term incentive compensation is granted in the form of performance-based restricted stock units ("RSUs") that vest only upon the attainment of key Company financial performance metrics measured over a three-year period. The other 50% of an executive officer's long-term incentive compensation is time-based restricted stock awards ("RSAs") that vest ratably over four years. The Company believes this long-term incentive compensation grant structure appropriately aligns Company performance with stockholder interests.

Details of our executive compensation philosophy, objectives, process and decisions can be found under the CD&A section of this Proxy Statement.

**Corporate Governance**(page 11)

The Company is committed to maintaining strong governance practices, and the Board regularly reviews its governance procedures to ensure compliance with laws, rules and regulations. Our website at [www.pacwestbancorp.com](http://www.pacwestbancorp.com) includes important information about our policies and Board committee charters, including the Company's Corporate Governance Guidelines (the "Guidelines"), our Code of Business Conduct and Ethics and certain Company U.S. Securities and Exchange Commission ("SEC") filings and press releases. Examples of our corporate governance practices are

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set forth in the "Corporate Governance" section of this Proxy Statement, and certain governance practices are highlighted below:

**Stockholder Rights**

Annual "say-on-pay" stockholder vote

Annual election of all directors

Majority vote standard in uncontested director elections

No stockholder rights plan ("poison pill")

Active stockholder engagement

**Strong Governance**

Anti-hedging and anti-pledging policy

Annual Board and Committee self-assessments and evaluations

Annual review of director skill sets and experience

Director refreshment, succession planning and diversity

Stock ownership guidelines for all executive officers and directors

**Executive Compensation Program**

Pay for performance

Strong link between pay philosophy and strategic objectives

Maximum payout caps for incentive compensation

Independent compensation consultant and peer review

Double trigger equity award provisions in the event of a change in control

Clawback of incentive compensation for executives

In 2018, one of our directors did not receive a majority of votes cast at the 2018 Annual Meeting of Stockholders (the "2018 Annual Meeting"), and she tendered her resignation to the Board for consideration. As more fully described on page 20, the Board ultimately rejected the director's resignation and reaffirmed the appointment of the director to the Board. In response to the vote, the Board took action to ensure attendance by Board members of at least 75% of all Board and committee meetings, including ensuring that the Board's calendar accommodated the schedules of all Board members. In addition, the General Counsel reviewed Board attendance throughout the year to ensure attendance compliance.

#### **Stockholder Engagement**

Throughout 2018, we solicited stockholder input on a number of Company matters, including corporate strategy, and operational, financial, corporate governance and executive compensation matters to ensure that our actions are informed by the viewpoints of our stockholders.

As a result of these conversations, we made certain governance enhancements to address feedback we received, including the following:

Annual review of director skill sets and experience;

Focus on Board composition, refreshment, succession planning and diversity;

Continued stockholder outreach; and

Enhanced proxy disclosure to more clearly articulate compensation and corporate governance practices.

In addition, we regularly review and improve our pay practices to ensure they are aligned with stockholder interests. Our 2018 "say-on-pay" 96% approval vote confirmed that our stockholders concur with our compensation principles and process.

Stockholders are urged to read the CD&A section and other information in this Proxy Statement to better understand how the Company's executive compensation program engages and aligns with the

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Company's short- and long-term performance and creates long-term stockholder value. In addition, the compensation program provides incentives needed to attract, reward, motivate and retain key executives who are critical to executing the Company's strategy for long-term success.

**Information About the Annual Meeting and Voting**(page 6)

Please see the Information About the Annual Meeting and Voting section beginning on page 6 for important information about the Annual Meeting. The deadlines to submit stockholder proposals for the 2020 Annual Meeting of Stockholders can be found in the "Other Business" section on page 70.

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## PROXY STATEMENT

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors to be used at our Annual Meeting and at any postponements or adjournments thereof.

## INFORMATION ABOUT THE ANNUAL MEETING AND VOTING

### *1. Who is entitled to vote? How many votes am I entitled to?*

Only stockholders of record as of the Record Date may vote at the Annual Meeting. According to our transfer agent, EQ Shareowner Services, as of the Record Date, there were 119,849,670 shares of common stock outstanding held by approximately 1,772 stockholders, excluding 1,288,190 shares of unvested, time-based restricted stock.

Each holder of the Company's common stock is entitled to one vote for each share recorded in his or her name on the books of the Company as of the close of business on the Record Date on any matter submitted to the stockholders for a vote, except that stockholders may vote their shares cumulatively for the election of director nominees if certain conditions are met at the Annual Meeting. Cumulative voting may only be exercised at the Annual Meeting if: (i) the name of the candidate or candidates is placed in nomination prior to voting and (ii) at least one stockholder has given advance notice of his or her intention to cumulate his or her votes.

Cumulative voting provides each stockholder with a number of votes equal to the number of directors to be elected multiplied by the number of shares held by such stockholder, which such stockholder can then vote in favor of one or more director nominees. For example, if you held 100 shares as of the Record Date, you would be entitled to 1,200 votes which you could then distribute among one or more director nominees since there are twelve (12) directors to be elected. As of the date of this Proxy Statement, we have not received written notice from any stockholder that he or she intends to vote his or her shares cumulatively.

### *2. What different methods can I use to vote?*

**By Telephone or the Internet** Stockholders can vote their shares via telephone or the internet as instructed in the Notice. The telephone and internet procedures are designed to authenticate a stockholder's identity, to allow stockholders to vote their shares and to confirm a stockholder's instructions have been properly recorded. The telephone and internet voting facilities will close at 11:59 p.m., Eastern Time, on May 12, 2019.

**By Mail** Stockholders that receive a paper proxy card may vote by completing, signing and dating the proxy card and mailing it in the pre-addressed envelope that accompanies the delivery of the proxy card. Proxy cards submitted by mail must be received by us prior to the Annual Meeting. If your shares are held in "street name", you should check with your bank, broker or other agent and follow the voting procedures required by your bank, broker or other agent to vote your shares.

**In Person** Shares held in your name as the stockholder of record may be voted by you in person at the Annual Meeting. Each stockholder who attends the Annual Meeting may be asked to present valid picture identification such as a driver's license or passport. Stockholders holding stock in brokerage accounts ("street name" holders) will also need to bring a copy of a brokerage account statement reflecting stock ownership as of the Record Date.

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**3. How many shares must be represented at the Annual Meeting to constitute a "quorum"?**

A majority of the Company's outstanding shares of common stock must be present at the Annual Meeting, either in person or by proxy, to constitute a quorum, and there must be a quorum for the Annual Meeting to be held. If you return a signed proxy card, you will be counted as being present even if you abstain from voting. Broker non-votes (i.e., proxies from banks, brokers or other nominees indicating that such entities have not received instructions from the beneficial owners or other persons entitled to vote as to a matter which such bank, broker, or other nominee does not have discretionary power to vote) will also be counted as being present for purposes of determining a quorum.

**4. What is the vote necessary to approve each of the proposals being considered at the Annual Meeting?**

The election of director nominees proposal requires the affirmative vote of a majority of the votes cast with respect to such director in an uncontested election (meaning the number of shares voted "for" a nominee must exceed the number of shares voted "against" such nominee). As of the date of this Proxy Statement, none of the director nominees is being contested, but in a contested election (where the number of director nominees exceeds the number of director nominees to be elected) the standard for election of director nominees is a plurality of the votes cast such that the 12 director nominees receiving the greatest numbers of votes "for" would be elected as directors without regard to the number of shares voted against such director nominees. The director nominee proposal and the other proposals being considered at the Annual Meeting are set forth below.

<b>Proposals</b>	<b>Votes Required</b>	<b>Effect of Abstentions</b>
<b>1. Election of Directors</b>	Majority of votes cast	No effect
<b>2. Advisory Vote on Executive Compensation</b>	Majority of shares present and entitled to vote	Vote Against
<b>3. Ratification of the Appointment of Independent Auditors</b>	Majority of shares present and entitled to vote	Vote Against

Broker non-votes will not have an impact on the vote on any proposal.

**5. If I hold shares of PacWest common stock pursuant to the PacWest 401(k) Plan, will I be able to vote?**

Yes. You will receive a proxy card for the shares held in your 401(k) plan account that you should return as instructed on the proxy card.

**6. Why did I receive a Notice Regarding the Availability of Proxy Materials for the Annual Meeting instead of paper copies of the proxy materials?**

We sent our stockholders by mail or email a Notice containing instructions on how to access our proxy materials over the internet and vote online. This Notice is not a proxy card and cannot be used to vote your shares. If you received a Notice, you will not receive paper copies of the proxy

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materials unless you request the materials by following the instructions on the Notice or on the website referred to in the Notice.

We provided some of our stockholders with paper copies of the proxy materials instead of the Notice. If you received paper copies of the Notice or proxy materials, we encourage you to help us save money and the environment by signing up to receive all future proxy materials electronically as described below under "*How can I receive my proxy materials electronically in the future?*".

*7. What is the difference between a stockholder of record and a beneficial owner of shares held in "street name"?*

**Stockholder of Record.** If your shares are registered directly in your name with our transfer agent, you are considered a stockholder of record with respect to those shares and the Notice is sent directly by the Company to you. If you requested printed copies of the proxy materials by mail, you will also receive a proxy card.

**Beneficial Owner of Shares Held in Street Name.** If your shares are held in an account at a brokerage firm, bank, broker-dealer or other similar organization, then you are a beneficial owner of shares held in "street name" and the Notice will be forwarded to you by that organization. The organization holding your account is considered the stockholder of record for purposes of voting at the Annual Meeting. As a beneficial owner, you have the right to instruct that organization how to vote the shares held in your account.

*8. Why did I receive more than one Notice or multiple proxy cards?*

You may receive more than one Notice or multiple proxy cards if you hold your shares in different ways (i.e., joint tenancy, in trust, or in custodial accounts). You should vote each proxy that you receive.

*9. How can I receive my proxy materials electronically in the future?*

To receive proxy materials electronically by email, follow the instructions described below or in the Notice.

If you received proxy materials by mail and you would like to sign up to receive future materials electronically, please have your proxy card available and register by going to: (i) [www.proxyvote.com](http://www.proxyvote.com) and follow the instructions for requesting meeting materials, (ii) call 1-800-579-1639, or (iii) contact your brokerage firm, bank, or other similar organization that holds your shares.

If you previously agreed to electronic delivery of our proxy materials and desire to receive paper copies of these materials for the Annual Meeting or for future meetings, please follow the instructions on the website referred to in the Notice.

*10. What do I have to do to vote?*

If your shares are registered in your own name with our transfer agent, you may vote by internet or by telephone as indicated on the proxy card. If you received a paper proxy card, you may also vote by mail by completing, signing and dating the proxy card and returning it in the enclosed postage-paid envelope.

If you mark the proxy card to show how you wish to vote, then your shares will be voted as you direct. If you return a signed proxy card but do not mark the proxy card to show how you wish to vote, your shares will be voted as follows:

"FOR" the election of each of the director nominees under "**PROPOSAL 1 ELECTION OF DIRECTORS**";



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"FOR" the approval, on an advisory basis (non-binding), of the compensation of the Company's named executive officers under "**PROPOSAL 2 ADVISORY VOTE ON EXECUTIVE COMPENSATION**"; and

"FOR" the ratification of the appointment of KPMG LLP as the Company's independent auditors for 2019 under "**PROPOSAL 3 RATIFICATION OF THE APPOINTMENT OF INDEPENDENT AUDITORS**".

**11. *May I revoke or change my vote?***

You may change or revoke your vote at any time before it is counted at the Annual Meeting by:

Notifying our Corporate Secretary in writing at 9701 Wilshire Boulevard, Suite 700, Beverly Hills, California, 90212 that you wish to revoke your proxy;

Submitting a later-dated proxy card prior to proxy cards being counted at the Annual Meeting;

Attending the Annual Meeting and voting in person;

Calling the toll-free number on the Notice or proxy card not later than 11:59 p.m., Eastern Time, on May 12, 2019 and following the directions provided; or

Going to the website listed on the Notice or proxy card, following the instructions provided and submitting your change no later than 11:59 p.m., Eastern Time, on May 12, 2019.

Attending the Annual Meeting will not automatically revoke your prior proxy. You must comply with one of the methods indicated above in order to revoke your proxy.

If you hold your shares in "street name", you should receive a proxy card from your bank or brokerage firm asking you how you want to vote your shares. If you do not receive a proxy card, then you should contact the bank or brokerage firm in whose name your shares are registered and obtain a proxy card from them. Please refer to the information in the materials provided by your bank or brokerage firm for an explanation of: (i) how to vote, (ii) how to change or revoke your vote and (iii) the effect of not indicating a vote.

**12. *How will voting on any other business be conducted?***

Although we do not know of any business to be considered at the Annual Meeting other than the proposals listed in this Proxy Statement, if any other business is properly presented at the Annual Meeting, a submitted proxy gives authority to any of the persons named on the proxy card as your designated proxies, and each of them, to vote on such matters in his or her discretion.

**13. *Who pays the cost of soliciting proxies on behalf of the Company?***

The Company pays the cost of preparing, assembling and mailing the proxy materials and soliciting proxies for the Annual Meeting. In addition to the solicitation of proxies by mail, solicitation may be made by certain directors, officers and employees of the Company or its subsidiaries telephonically, electronically, or by other means of communication. These directors, officers and employees receive no additional compensation for their services. We will reimburse brokers and other nominees for costs incurred by them in mailing proxy materials in accordance with applicable laws.

**14. *How do I get more information about the Company?***

The Notice provides internet instructions on how to access and review the proxy materials, including our Annual Report, that contains our consolidated financial statements. Our Annual Report includes a list of exhibits filed with the SEC, but it does not include the exhibits.



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If you wish to receive copies of the exhibits, please write to the following address:

Investor Relations  
PacWest Bancorp  
9701 Wilshire Blvd, Suite 700  
Beverly Hills, California 90212

You may also send your request by email to [investor-relations@pacwestbancorp.com](mailto:investor-relations@pacwestbancorp.com).

The Company's Annual Report is included with the proxy materials.

*15. What is "householding" and how does it affect me?*

Stockholders of record who have the same address and last name and do not participate in electronic delivery of proxy materials will receive only one copy of the Notice unless we are notified that one or more of these stockholders wishes to receive individual copies. This "householding" procedure will reduce our printing costs and postage fees.

Stockholders who participate in householding will continue to receive separate proxy cards. If you are eligible for householding and you and other stockholders of record with whom you share an address receive multiple copies of the Notice and any accompanying documents, or if you hold Company stock in more than one account and, in either case, you wish to receive only a single copy of each of these documents for your household, please contact our transfer agent, EQ Shareowner Services, P.O. Box 64874, St. Paul, Minnesota 55164-0874 or by telephone at 1-800-468-9716.

If you participate in householding and wish to receive a separate copy of the Notice and any accompanying documents, or, if you do not wish to continue to participate in householding and prefer to receive separate copies of these documents in the future, please contact EQ Shareowner Services as indicated above. Requests will be responded to promptly.

If you are a beneficial owner, you can request information about householding from your broker, bank or other holder of record.

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## **CORPORATE GOVERNANCE**

### **Governance Framework**

The Company is committed to a robust governance framework and we have adopted the following corporate governance best practices:

Directors elected annually

Board recruitment and refreshment

Majority vote standard for the election of directors in uncontested elections

Codified independent lead director role

Majority independent directors

Independent key committees

Annual Board and committee self-assessments

Annual Board review of senior management succession plans

Anti-hedging policy

Active stockholder engagement program

Stock ownership guidelines for directors and executive officers

Clawback provisions for executive incentive compensation

Double trigger change of control provisions for stock awards

No tax gross-up payments

### **Board Leadership Structure**

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Each year, the Board evaluates the Company's board leadership structure to ensure that it remains an appropriate structure for our Company and stockholders. Our current structure provides for separate roles of the Chairman of the Board ("Chairman") and CEO, a lead independent director ("Lead Independent Director") and active, independent directors. We believe this structure provides for open communication between the Board and management and provides the oversight and safeguards necessary to operate our business successfully.

### **Board Leadership Structure**

Chairman of the Board: John M. Eggemeyer, III

CEO: Matthew P. Wagner

Lead Independent Director: C. William Hosler

All Committees chaired by independent directors

In Mr. Eggemeyer's role as Chairman, he has responsibility for, among other things:

Chairing meetings of the Company's Board and the annual meeting of stockholders;

Reviewing and approving Board meeting agendas, meeting schedules and information provided to the Board and ensuring such information is appropriately disseminated;

Acting as liaison between the non-management members of the Board and management;

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Meeting periodically with the CEO for informal discussion concerning major issues involving the Company; and

Providing input to the CNG Committee concerning the performance of the CEO.

In Mr. Hosler's role as Lead Independent Director, he has considerable authority and responsibility, including the following:

Presiding at all meetings of the Board at which the Chairman is not present, including executive sessions of the independent directors;

Serving as a liaison between the Chairman and the independent directors;

Serving as a member of the Executive Committee (see " Board Committees Executive Committee" below);

Reviewing and approving Board meeting agendas, meeting schedules and information provided to the Board;

Ensuring that matters of concern or of interest to the independent directors are appropriately scheduled for discussion at Board meetings;

Calling meetings of the independent directors;

Being available for consultation and direct communication with stockholders, as appropriate; and

Performing such other duties as the Chairman or the Board may from time to time delegate or request.

**Board Attendance**

The CNG Committee regularly considers the composition of our Board to ensure there is a proper combination of skills and viewpoints.

During 2018, the Board met nine times. The independent directors met four times in executive session during 2018, and Mr. Hosler, the Lead Independent Director, presided over these sessions. In 2018, each director attended at least 75% of the meetings of the Company's Board and the committees on which he or she served.

Directors are encouraged, but not required, to attend the Annual Meeting. Five directors attended the 2018 Annual Meeting. The Company assists in making arrangements for directors that attend the Annual Meeting and reimburses directors for reasonable expenses in connection with his or her attendance.

**Independent Director Information**

In 2018, independent directors comprised a majority of the Board in accordance with the Company's Guidelines. At least annually, the Board, with the assistance of the CNG Committee, evaluates director independence based on the Nasdaq listing standards and applicable SEC rules and regulations.

In February 2019, the Board affirmatively determined, upon the recommendation of the CNG Committee, that each director nominee, with the exceptions of Messrs. Pieczynski and Wagner, met the independence requirements of the Nasdaq listing standards and applicable SEC rules and regulations, including the independence requirements for committee membership. In making such determinations, the Board evaluated banking, commercial, service, familial, or other transactions



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involving each director or immediate family member and their related interests, on the one hand, and the Company, on the other hand, if any.

In identifying and recommending director nominees, the CNG Committee places emphasis on the "Selection of Directors" criteria in our Guidelines, namely: (i) personal qualities and characteristics, accomplishments and professional reputation; (ii) current knowledge and contacts in the communities in which the Company does business and in the banking industry or other industries relevant to the Company's business; (iii) ability and willingness to commit adequate time to Board and committee matters; (iv) the fit of the skills and personality of director nominees with those of other directors in creating a Board that is effective, collegial and responsive to the needs of the Company; (v) diversity of viewpoints, backgrounds, experience and geographical location; and (vi) ability and skill set as well as other relevant experience.

The CNG Committee does not set specific, minimum qualifications that a director nominee must meet in order for the CNG Committee to recommend the director nominee to the Board. The CNG Committee believes that each director nominee should be evaluated based on his or her individual merits taking into account the needs of the Company and the composition of the Board. The CNG Committee evaluates the composition of the Board, including whether the diversity of the Board members is appropriate to advise the Company on its risks and opportunities, through its annual Board self-evaluation process.

The CNG Committee members may seek input from other Board members in identifying possible director nominee candidates and may, at its discretion, engage one or more search firms to assist in the recruitment of director nominee candidates. The CNG Committee will consider candidates recommended by stockholders against the same criteria as director nominees not proposed by stockholders. Stockholders who wish to submit director nominees for consideration by the CNG Committee for election at the 2020 Annual Meeting of Stockholders (the "2020 Annual Meeting") should follow the process detailed in the section entitled " Other Business Director Nominations" on page 71.

**Board Committees**

**Risk Committee**

The Board delegates authority to the Risk Committee to oversee specific, risk-related issues while facilitating Board comprehension of the Company's overall risk tolerance and enterprise-wide risk management activities and their effectiveness. The Risk Committee approves and periodically reviews the Company's enterprise-wide risk management policies and oversees the implementation of the Company's enterprise-wide risk management framework, including the strategies, policies, procedures and systems established by management to identify, assess, measure and manage the Company's material risk categories, including credit and liquidity risk.

The Risk Committee also serves as a resource to management and its committees including, but not limited to, the Enterprise Risk Management Steering Committee, the Credit Committees, the Model Governance Committee and the Capital Committee in overseeing risk across the Company. The responsibilities of the Risk Committee include, among other things:

Overseeing management's implementation of a risk management framework that is commensurate with the Company's structure, risk profile, complexity, activities and size, including the development and implementation of effective policies, processes and procedures designed to ensure that risks are properly controlled, quantified and within the Company's risk appetite and risk tolerance ranges and periodically reviewing and evaluating such framework, policies, processes and procedures;



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Periodically reviewing and approving the Company's enterprise-wide risk management policies;

At least annually, reviewing and recommending to the Board for approval the Company's Risk Appetite Statement ("RAS");

On a quarterly basis, reviewing and recommending to the Board for approval the Company's Risk Dashboard, including the limits and tolerance ranges within it;

Reviewing reports from management, including the Chief Risk Officer ("CRO"), the Chief Credit Officer ("CCO"), the CFO and the Capital Committee and, if appropriate, other Board committees, regarding matters relating to risk management and/or the Company's risk and compliance organization, including relevant emerging risks, other selected risk topics and/or risk issues; and

Overseeing other risk management activities, including internal and external credit review, credit management and administration, allowance for credit losses, compliance and Bank Secrecy Act ("BSA"), capital planning and stress testing and operations and systems risk.

The Company's CRO, CCO, CFO and Executive Vice President, Operations & Systems Administration report on a quarterly basis to the Risk Committee, or more frequently as needed, regarding areas within their supervision that pertain to the Company's risk profile. The Risk Committee also receives reports from the Company's external credit review consultants.

A copy of our Risk Committee charter, last approved by the Board in February 2019, may be obtained on the Company's website at [www.pacwestbancorp.com](http://www.pacwestbancorp.com) under the section titled "Corporate Governance". During 2018, the Risk Committee met four times.

**Asset/Liability Management ("ALM") Committee**

The ALM Committee monitors the asset and liability strategies of the Company to ensure compliance with all applicable regulatory and reporting requirements and Company policies. The objective of the Company's ALM policy is: (i) to manage balance sheet and off-balance sheet assets and liabilities in an effort to maximize the spread between interest earned on our interest-earning assets and interest paid on our interest-bearing liabilities, (ii) to maintain acceptable levels of interest rate risk and (iii) to ensure that the Company has the ability to pay liabilities as they come due and fund continued asset growth. The Company's ALM activities are typically discussed monthly by the executive management members responsible for managing ALM activities. The responsibilities of the ALM Committee include, among other things:

Reviewing the Asset Liability Management Policy, the Investment Policy, the Interbank Liability Policy, the Volcker Rule Policy and the Contingency Funding Plan Policy;

Reviewing with management investment processes and procedures which focus on the strategic directions of the Company;

Reviewing the execution of asset/liability management and investment strategies;

Reviewing the established monitoring and reporting system which focuses on measuring the Company's exposure to interest rate risk and liquidity position;

Monitoring performance of the Bank's investment portfolio and strategies; and

Reviewing and approving changes to Treasury policies and recommending approval by the Board.



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A copy of our ALM Committee charter, last approved by the Board in February 2019, may be obtained on the Company's website at [www.pacwestbancorp.com](http://www.pacwestbancorp.com) under the section titled "Corporate Governance". During 2018, the ALM Committee met four times.

**Audit Committee**

The Audit Committee assists the Board in its oversight responsibilities for: (i) the quality and integrity of the Company's financial statements, (ii) the Company's compliance with legal and regulatory requirements, (iii) the independent auditors' qualifications and independence, (iv) the performance of the independent auditors and the Company's internal audit function and (v) in conjunction with the Company's Risk Committee, the Company's risk management functions.

The responsibilities of the Audit Committee include, among other things:

With respect to the independent auditors: (i) to be directly responsible for the appointment, compensation, retention and oversight of the work of the independent auditors (including the resolution of disagreements between management and the independent auditors regarding accounting and financial reporting matters), (ii) to be directly responsible for the appointment, compensation, retention and oversight of the work of any other registered public accounting firm engaged for the purpose of preparing or issuing an audit report or to perform audit, review, or attestation services and (iii) to pre-approve, or to adopt appropriate procedures to pre-approve, all audit and non-audit services to be provided by the independent auditors.

With respect to the internal audit function: (i) in conjunction with the Company's Chief Audit Executive, to select, engage, oversee and retain the Company's internal auditors and to review and evaluate qualifications, performance and independence of the managing partner and other members of the internal audit function (whether out-sourced or performed in-house) and (ii) to review reports from the internal auditors regarding internal controls and procedures, the Company's financial controls, accounting system, operational controls and procedures, regulatory and legal compliance and changes to the Company's policy and procedures manuals.

With respect to accounting principles and policies, financial reporting and internal control over financial reporting: (i) to review from management, the internal auditors and the independent auditors a timely analysis of significant issues and practices relating to accounting principles and policies, financial reporting and internal control over financial reporting and (ii) to review and assess the adequacy of the Company's Related-Party Transactions Policy ("RPT Policy") at least annually and recommend any changes to the Board and to review and approve all related-party transactions of the Company.

With respect to financial reporting, review with management disclosures contained in press releases and financial statement filings with the SEC.

Management is responsible for the preparation, presentation and integrity of the Company's financial statements and the effectiveness of internal control over financial reporting. Management is responsible for maintaining appropriate accounting and financial reporting principles and policies and internal controls and procedures that provide for compliance with accounting standards and applicable laws and regulations. The independent auditors are responsible for planning and carrying out an audit of the Company's annual financial statements, reviewing the Company's quarterly financial statements prior to the filing of each quarterly report on Form 10-Q, annually reporting on the effectiveness of the Company's internal control over financial reporting and other procedures. Our independent auditors, KPMG LLP and its team members have extensive, long-term knowledge of the Company and the banking industry.

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The Board determined that the following nominees to the Audit Committee are financially literate and that each of Ms. Lester and Messrs. Burke, Carlson, Hosler, Molvar and Yung is qualified as an audit committee financial expert with accounting or related financial management expertise, in each case in accordance with the SEC rules and the NASDAQ listing standards. The biographies of each director nominee, including the background and experience of Ms. Lester and each of Messrs. Burke, Carlson, Hosler, Molvar and Yung, are under the section titled "Proposal 1: Election of Directors" beginning on page 20. Information regarding the functions performed by the Audit Committee can be found in the "Audit Committee Report" included in this Proxy Statement and in the Audit Committee charter.

A copy of our Audit Committee charter, last approved by the Board in February 2019, may be obtained on the Company's website at [www.pacwestbancorp.com](http://www.pacwestbancorp.com) under the section titled "Corporate Governance". During 2018, the Audit Committee met 15 times.

**Compensation, Nominating and Governance Committee**

The CNG Committee reviews, approves and makes recommendations to the Board on matters concerning the compensation and benefits, including equity compensation, of the Company's executive officers, directors and employees. The CNG Committee is responsible for the creation of compensation principles and processes that are designed to balance risk and reward in a way that does not encourage unnecessary risk taking by our employees. The CNG Committee also ensures that our compensation programs are competitive and aligned with our stockholders' long-term interests. The responsibilities of the CNG Committee include, among other things:

Reviewing and approving corporate goals and objectives relevant to the compensation of the CEO, evaluating the performance of the CEO in light of those goals and objectives and recommending to the Board for determination, the CEO's compensation level;

Determining the compensation of all other executive officers of the Company;

Approving any new equity compensation plan or any material change to an existing plan where stockholder approval is not required, making recommendations to the Board with respect to the Company's incentive compensation plans and equity-based plans, the Company's 401(k) plan(s), or other employee benefit plans, overseeing the activities of the individuals and committees responsible for administering these plans and discharging any responsibilities imposed on the Committee by any of these plans;

Approving the annual performance measures, performance targets, performance weights, achievement levels and award opportunities under the Company's Executive Incentive Plan ("EIC Plan");

Reviewing, at least annually, all components of CEO and executive officer compensation, including perquisites; and

With respect to equity based compensation, approving grants of equity based awards to eligible employees.

The CNG Committee assists the Board in promoting the best interests of the Company and its stockholders through the implementation of sound corporate governance principles and practices, which helps to frame our organization-wide risk management policies, including oversight of the Company's Stock Ownership and Clawback Policy (the "Stock Ownership Policy").

For further information with respect to the Company's processes and procedures in the consideration and determination of director compensation, please see the section titled "Director Compensation" on page 21. For further information with respect to the Company's processes and procedures in the

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consideration and determination of executive compensation, please see the CD&A section beginning on page 31.

A copy of our CNG Committee charter, last approved by the Board in February 2019, may be obtained on the Company's website at [www.pacwestbancorp.com](http://www.pacwestbancorp.com) under the section titled "Corporate Governance". During 2018, the CNG Committee met five times.

**Executive Committee**

The primary purpose of the Executive Committee is to meet when it is impractical for the full Board to meet and act on behalf of the Board, subject to such limitations as the Board, the Executive Committee charter and applicable law may impose. In addition, the Executive Committee is a forum to review other significant matters, including strategic opportunities, not addressed by the other Board committees and to make appropriate recommendations to the Board.

A copy of our Executive Committee charter, last approved by the Board in February 2019, may be obtained on the Company's website at [www.pacwestbancorp.com](http://www.pacwestbancorp.com) under the section titled "Corporate Governance". During 2018, the Executive Committee met once.

**Board's Role in Risk Oversight**

We believe that effective risk management is of primary importance to the success of our Company because our business exposes us to credit, interest rate and price, liquidity, operations, information technology, compliance, strategic, reputation, human resources and capital risks. As a result, we have a comprehensive enterprise-wide risk management process that monitors, measures, evaluates and manages these risks.

The Board is responsible for overseeing the Company's risk management processes and effectively challenging management's strategic initiatives. The Board's risk management oversight is managed through the responsibilities of the following Board standing committees: (i) the Risk Committee, (ii) the ALM Committee, (iii) the Audit Committee and (iv) the CNG Committee. Each of these committees is responsible for monitoring risks within their areas of responsibility as well as Company risks. Each committee reports to the Board and has the responsibility for ensuring that overall risk awareness and risk management is appropriate. Our RAS establishes the Company's risk appetite and tolerance for each of our core risk pillars referenced above as well as it details the policies and procedures for assessing, measuring and controlling these risks. Management has identified several key risk and performance indicators that are tracked quarterly and reported to the Board through a risk dashboard.

The Board engages in regular risk-management discussions with the CEO; CFO; CCO; CRO; CAE; Executive Vice President, Operations & Systems Administration; Executive Vice President, Human Resources; Executive Vice President, General Counsel; and other Company officers as the Board may deem appropriate.

As a general matter, except for cases in which a particular committee may choose to meet in executive session, all Board members are invited (but not required) to attend the regular meetings of all Board committees. We believe that this open and collaborative structure provides for a more informed Board and helps the Board understand and monitor internal and external risks.

Company management is responsible for day-to-day risk management. Our Internal Audit, Risk Management, Information Technology, Human Resources, Legal, Accounting, Finance and Treasury departments, among others, monitor compliance with Company-wide policies and procedures and the day-to-day risk management of the Company. We believe that this approach to risk management adequately addresses the Company risks.

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**Certain Relationships and Related-Party Transactions**

**Related-Party Transactions Policy**

The RPT Policy prohibits Related-Party Transactions unless they are approved or ratified by the Audit Committee. The Board-approved RPT Policy governs the approval of a related-party transaction ("RPT"). A RPT includes any transaction involving:

A director or director nominee, executive officer, or any of his or her respective immediate family members (each, a "Parent Related Person");

Any entity for which any Parent Related Person is an executive officer or general partner ("Parent Related Entity");

Any person/entity or affiliated group that beneficially owns 5% or more of the outstanding shares of Company common stock or any of their immediate family members (a "5% Owner"); and

Any other entity: (i) in which one or more Parent Related Persons, Parent Related Entities or 5% Owners individually or in the aggregate (aggregating the interests of all such persons), direct or indirectly, possesses a 10% or greater equity or voting interest or (ii) that is otherwise controlled by any one or more Parent Related Persons, Parent Related Entities, or 5% Owners, individually or in the aggregate.

These transactions need to be disclosed under Item 404(a) of Regulation S-K promulgated by the SEC. Such transactions do not include, however, indemnification payments or compensation paid to directors and executive officers for their services as directors and executive officers.

Our General Counsel, in consultation with management and outside counsel, analyzes all potential RPTs to determine whether a transaction constitutes a RPT. If a transaction is a RPT, the Audit Committee will review the transaction to determine whether to approve the transaction. In making its determination, the Audit Committee considers several factors including, but not limited to:

Whether the terms of the RPT are fair to the Company and on the same basis as would apply if the transaction did not involve a related party;

Whether there are business reasons for the Company to enter into the RPT;

Whether the RPT would impair the independence of an outside director; and

Whether the RPT would present an improper conflict of interest for any director or executive officer of the Company, taking into account the size of the transaction, the overall financial position of the director, executive officer, or other related party, the direct or indirect nature of the director, executive officer, or other related party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Audit Committee deems relevant.

Any member of the Audit Committee that has an interest in a transaction under review must abstain from voting on the RPT, but may, if the Audit Committee Chairperson requests, participate in the Audit Committee's discussion of the transaction.

During 2018, the Bank provided a revolving line of credit, with a limit of \$5 million, to an entity in which Mr. Yung is the executive chairman and has an ownership interest of approximately 3%. Interest income and fees associated with this revolving line of credit were \$192,874 for the year ended December 31, 2018. The principal balance of this revolving line of credit varied in 2018 and was \$2,709,560 as of December 31, 2018.



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**Family Relationships**

There are no family relationships among any of the directors or executive officers of the Company.

**Compensation Committee Interlocks and Insider Participation**

During 2018, Messrs. Burke, Hosler, Molvar and Stine served on the CNG Committee. None of these current directors was formerly, or during 2018, an officer or employee of the Company or any of its subsidiaries.

No executive officer of the Company serves on the board of directors of any other company that has one or more executive officers serving as a member of the CNG Committee. In addition, no executive officer of the Company serves as a member of the compensation committee of the board of any other company that has one or more executive officers serving as a member of the Board of Directors or the CNG Committee. No such interlocking relationships existed during 2018.



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## **PROPOSAL 1: ELECTION OF DIRECTORS**

### **Nominees**

The Board is currently composed of 12 directors, of which 11 directors were elected at the 2018 Annual Meeting.

#### **2018 Annual Meeting Director Nominee Vote**

One director, Ms. Tanya Acker, did not receive a majority of votes cast at the 2018 Annual Meeting.

The Company's Amended and Restated Bylaws and Corporate Governance Guidelines each provides that any nominee for director who receives a greater number of "against" votes than "for" votes shall promptly tender his or her resignation following certification of the vote for consideration by the CNG Committee. At the 2018 Annual Meeting, Ms. Acker received a greater number of "against" votes than "for" votes and, accordingly, she tendered her resignation to the Board on May 15, 2018, following certification of the vote.

The CNG Committee promptly considered Ms. Acker's tendered resignation and recommended to the Board not to accept the resignation. In considering whether to recommend that the Board accept or reject Ms. Acker's tendered resignation, the CNG Committee evaluated the best interests of stockholders and the Company and considered all factors it believed relevant, including, without limitation: (a) the reasons Ms. Acker did not receive the required vote and whether the underlying cause or causes were curable; (b) the expertise Ms. Acker brings to the Board through her experience as an attorney and arbitrator and as a director of several nonprofit organizations and particularly in the areas of legal and regulatory matters, risk management and strategic planning; and (c) feedback the Company received from a number of its stockholders as a result of the Company's outreach to stockholders in respect of this matter. In addition, the CNG Committee considered that over 48% of the votes cast by stockholders were for Ms. Acker to remain on the Board.

The CNG Committee determined that the primary factor that led to the negative vote for Ms. Acker was the negative recommendation by Institutional Shareholder Services based upon Ms. Acker's failure to attend at least 75% of the 2017 Board meetings. Ms. Acker's failure to meet the 75% standard was excused due to her inability to attend some of the meetings due to prior commitments that could not be rescheduled as well as certain meetings that were scheduled on short notice. Ms. Acker, however, attended all in-person meetings. In addition, Ms. Acker missed the 75% standard by 2 percentage points (having attended 73% of the Board meetings). During 2018, Ms. Acker attended 100% of the Board meetings.

The Board acted on the recommendation of the CNG Committee and rejected Ms. Acker's resignation and reaffirmed her appointment as a director. As a result, Ms. Acker continued to serve as a director in 2018.

Ms. Acker did not participate in the deliberations by the CNG Committee or the Board with regard to her tendered resignation.

In response to the vote, the Board took action to ensure attendance by Board members of at least 75% of all Board and committee meetings including ensuring that the Company's Board calendar accommodated the schedules of all Board members. In addition, the General Counsel reviewed Board attendance throughout the year to ensure attendance compliance.

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The 12 director nominees have been recommended by the CNG Committee and approved by the Board as nominees for election to serve as directors of the Company until the 2020 Annual Meeting or until their successors are duly elected and qualified. All director nominees are current directors.

**Director Core Competencies**

Our Board members represent a mix of experience, tenure, diversity, leadership, skills and qualifications in areas of importance to our Company. The CNG Committee believes the following director qualifications are the most important to oversee the interests of our Company:

**Vote Required**

In an uncontested election, a director must be elected by a majority of the votes cast with respect to him or her (meaning the number of shares voted "for" a nominee must exceed the number of shares voted "against" such nominee). In a contested election (a situation in which the number of nominees exceeds the number of directors to be elected), the standard for election of directors will be a plurality of the votes cast such that the nominees receiving the greatest number of votes "for" will be elected as directors without regard to the number of shares voted "against" such nominee.

A director who does not receive a majority of the votes cast in an uncontested election must tender his or her resignation to the Board. The CNG Committee will consider the resignation and make a recommendation to the Board whether to accept or reject the resignation or whether other action should be taken. The Board will act on the CNG Committee's recommendation and publicly disclose its decision and the rationale within 90 days from the date the election results are certified. A director who failed to receive a majority of the votes cast will not participate in the Board's decision.

With respect to the election of directors, absent any specific instruction in the proxies solicited by the Board, the proxies will be voted in the sole discretion of the proxy holders to effect the election of all 12 of the Board's nominees. In the event that any of the Board's nominees are unable to serve as directors, it is intended that each proxy will be voted for the election of such substitute nominees, if any, as shall be designated by the Board. The Company has no reason to believe that any of the nominees will be unable to serve as directors.

*The PacWest Board of Directors recommends a vote "FOR" all of the director nominees listed below.*

**Director Compensation**

The CNG Committee evaluates director compensation and compares the Company's director compensation to that offered by peer companies. The CNG Committee recommends to the Board non-employee director compensation and the Board determines director compensation for each fiscal year. The compensation is designed to attract and retain qualified directors and to compensate them for the time and risk associated with being a director. The Company reimburses its directors for reasonable travel, lodging, food and other expenses incurred in connection with their service on the

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Board and Board committees. In 2018, the CNG Committee engaged an independent compensation consultant, Pearl Meyer, to perform a competitive assessment with respect to total non-employee director compensation, including Lead Independent Director compensation and Chairman of the Board compensation, equity grant levels, and non-employee director stock ownership guidelines. Based on Pearl Meyer's recommendations, the CNG Committee did not increase director cash retainers or annual equity grants. 2018 director compensation was as follows:

Annual Retainers for Board Service: An annual cash retainer of \$172,000 for the Chairman, \$126,000 for the Lead Independent Director and \$86,000 for each other non-employee director serving on the Board.

Committee Chair Fees: Annual retainers for the non-employee chairpersons of each of the Board committees (other than the Executive Committee) of \$40,000.

Equity Grants: Annual grants of fully-vested shares of Company common stock of approximately \$57,000 based on the closing price of Company common stock on the date of the Annual Meeting. The Chairman receives an additional annual grant of fully-vested shares of Company common stock of approximately \$57,000.

**Stock Ownership Guidelines for Non-Employee Directors**

In an effort to ensure that the interests of our non-employee directors are aligned with our stockholders, the Company established non-employee director stock ownership guidelines that require non-employee directors to own shares equal to five times their annual cash retainer. Executive officers, including those serving as directors, are subject to stock ownership guidelines as more particularly described below. Non-employee directors are expected to meet this requirement within five years of the later of May 16, 2016 or the date of their election or appointment to the Board. If the compliance date were the Record Date, other than the two directors who joined the Board in 2016 and 2017, all of the non-employee director nominees meet the stock ownership guidelines for non-employee directors.

The table below presents all compensation paid to Company non-employee directors who served during 2018:

**2018 Non-Employee Director Compensation Table**

<b>Name</b>	<b>Fees Earned or Paid in Cash (\$)</b>	<b>Stock Awards (\$)(1)</b>	<b>All Other Compensation (\$)</b>	<b>Total (\$)</b>
John M. Eggemeyer, III, Chairman	\$172,000	\$113,977	\$6,000 <sup>(2)</sup>	\$291,977
Tanya M. Acker	\$86,000	\$56,988		\$142,988
Paul R. Burke	\$126,000	\$56,988		\$182,988
Craig A. Carlson	\$126,000	\$56,988		\$182,988
C. William Hosler	\$126,000	\$56,988		\$182,988
Susan E. Lester	\$126,000	\$56,988		\$182,988
Roger H. Molvar	\$86,000	\$56,988		\$142,988
James J. Pieczynski <sup>(3)</sup>				
Daniel B. Platt	\$86,000	\$56,988		\$142,988
Robert A. Stine	\$126,000	\$56,988		\$182,988
Matthew P. Wagner <sup>(3)</sup>				
Mark T. Yung	\$86,000	\$56,988		\$142,988

(1)

Amounts shown are based on the market value of the underlying stock on the date of grant. For further information, see Note 17. *Stock-Based Compensation*, to the Company's audited financial statements for the

year ended December 31, 2018 included in the Company's Annual Report.

- (2) Represents life insurance premiums paid by the Company.
- (3) No compensation received for service on the Company's Board because individual is an employee director.

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**Director Nominees**

The skills, qualities, attributes and experience of the members of the Board provide the Company with a diverse range of perspectives to effectively address the Company's strategic objectives and represent our stockholders' best interests. The biographies below describe the skills, qualities, attributes and experience of the Board nominees.

**Tanya M. Acker**

*Independent Director*

**Age:** 48

**Director Since:**  
2016

**Committees:**  
Risk

**Background:** Ms. Acker has served as a director of the Company since 2016 and she is currently a member of the Risk Committee. Ms. Acker has served as a director of Rainbow Services, a nonprofit organization that provides assistance to victims of domestic violence since March 2017. Ms. Acker is an attorney and arbitrator who has served as one of three judges on a syndicated television court program since 2014. Ms. Acker has served as a trustee and as a member of various committees of the Board of Trustees of Pacific Battleship Center, a nonprofit organization that operates the Battleship IOWA museum since 2015. Ms. Acker has served on the board of Public Counsel since 2008, an organization that provides free legal services and she is a member of the Douglas Dinner, Executive and Nominating Committees. Ms. Acker is also Of Counsel at Progress, LLP where her practice focuses on business counseling and litigation. Ms. Acker has served as a director, member of the Executive Committee and legal counsel for the Western Los Angeles County Council of the Boy Scouts of America since 2013. Ms. Acker has served on the Executive Board of the Western Region of the Boy Scouts of America since 2018, and she serves on the Boy Scouts of America board where she is on the National Executive Board and Diversity Committee. Ms. Acker has served as a trustee of the Boy Scouts of America Foundation since 2018. Ms. Acker has served as a director of the Western Justice Center, a nonprofit organization that promotes alternative dispute resolution since 2011 and she is a member of the Program Committee. Ms. Acker is also the owner, president and chief executive officer of Free Eagle Ventures, Inc., a California loan-out company. Ms. Acker operated her own private law practice from 2005 until 2013, after which she joined the firm Goldberg, Lowenstein and Weatherwax.

**Board Qualifications:** Legal and Regulatory, Risk Management, Strategic Planning

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**Paul R. Burke**

*Independent Director*

**Age:** 56

**Director Since:**  
2015

**Committees:**

ALM (Chairperson)  
Audit  
CNG  
Executive

**Background:** Mr. Burke has served as a director of the Company since 2015 and he is currently chairperson of the ALM Committee and a member of the Audit, CNG and Executive Committees. Mr. Burke is an officer and director of Northaven Management, Inc., a privately owned investment management firm that he co-founded in 1995 that focuses exclusively on equity investments in the financial services industry. Mr. Burke is also managing director and serves on the board of directors for Kilowatt Labs, Inc., a company that designs, manufactures and sells energy storage and power management solutions. Mr. Burke has served as a director of Optisure Risk Holdings, Inc., formerly known as Kinloch Holdings, Inc., a private insurance brokerage firm since 2009 and he has served as its chairman and president since 2015 and he previously served as acting chief executive officer. Mr. Burke served as director of Square 1 Financial, Inc., a publicly-traded financial services company that the Company acquired on October 6, 2015, where he served as chairman of the Compensation Committee and as a member of the Audit, Asset Liability and various other Committees from 2010 to 2015. He also served as a director of Square 1 Bank from 2012 until 2015. Mr. Burke served as a director of Eastern Insurance Holdings, Inc., a publicly-traded property and casualty insurer, from 2001 to 2014, where he chaired the Audit Committee and served as a member of various other committees.

**Board Qualifications:** Audit/Financial Reporting, Business Operations, Corporate and Investment Banking, Financial Services Experience, Leadership Experience of Highly-Regulated Business, Legal and Regulatory, Mergers and Acquisitions, Public Company Board Service, Risk Management, Strategic Planning

**Craig A. Carlson**

*Independent Director*

**Age:** 68

**Director Since:**  
2010

**Committees:**

Audit  
Executive  
Risk (Chairperson)

**Background:** Mr. Carlson has served as a director of the Company since 2010 and he is currently chairperson of the Risk Committee and member of the Audit and Executive Committees. Mr. Carlson is currently a self-employed, financial institution consultant and California real estate broker. He was formerly a bank regulator for 36 years and has over 26 years of experience supervising a bank examination staff of over 125 individuals. Mr. Carlson was senior deputy commissioner and chief examiner of the Banking Program for the California Department of Financial Institutions ("DFI"), currently known as the California Department of Business Oversight, from March 2007 until his retirement in June 2010. In this position, he was responsible for the supervision and regulation of all state chartered commercial and industrial banks as well as other institutions and he served as a key advisor to the Commissioner of the DFI. Previously, he held positions for the DFI as senior deputy commissioner and deputy commissioner for the San Diego/Orange County Region for the DFI. Mr. Carlson has been a faculty member of the California Banking School and is an active member of the Conference of State Bank Supervisors where he presently serves as a member of its Accreditation Review team.

**Board Qualifications:** Audit/Financial Reporting, Business Operations, Corporate and Investment Banking, Financial Services Experience, Legal and Regulatory, Risk Management

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**John M. Eggemeyer, III**  
*Chairman of the Board*

**Age:** 73

**Director Since:**  
2000

**Committees:**  
Executive (Chairperson)

**Background:** Mr. Eggemeyer is Chairman of the Board of the Company, a position he has held since 2000 when the Company was founded and he is currently the chairperson of the Executive Committee. Mr. Eggemeyer has been an investor, executive and financial advisor in the field of commercial banking for over 30 years. Mr. Eggemeyer is founder and managing principal of Castle Creek Capital LLC, a private equity firm founded in 1990 that specializes in the financial services industry. Mr. Eggemeyer has served as a director of The Bancorp, Inc. since December 2016. Mr. Eggemeyer currently serves as a trustee of Northwestern University where he serves on the Finance and Innovation and Entrepreneurship Committees. Mr. Eggemeyer served as a director of Guaranty Bancorp from 2004 until 2018 and Heritage Commerce Corp. from August 2010 to December 2016.

**Board Qualifications:** Audit/Financial Reporting, Business Operations, Corporate and Investment Banking, Financial Services Experience, Leadership Experience of Highly-Regulated Business, Legal and Regulatory, Mergers and Acquisitions, Public Company Board Service, Risk Management, Strategic Planning

**C. William Hosler**  
*Lead Independent  
Director*

**Age:** 55

**Director Since:** 2014

**Committees:**  
Audit  
CNG  
Executive

**Background:** Mr. Hosler is the Lead Independent Director and has served as a director of the Company since 2014 and he is currently a member of the Audit, CNG and Executive Committees. Mr. Hosler is the chief financial officer and member of the board of directors of Catellus Acquisition Company, LLC, a commercial real estate property ownership, management and development company. Mr. Hosler also serves as a director of Fantex, Inc., a Delaware brand building company, where he chairs the Audit Committee and is a member of the Conflicts Committee. Mr. Hosler also serves as a director of the Claremont Country Club where he is the treasurer and is a member of the Building and Finance Committees. Mr. Hosler also serves as chair of the City of Piedmont Budget Advisory and Financial Planning Committee. Mr. Hosler served as a director of CapitalSource Inc. from 2007 until 2014. Mr. Hosler previously served on the board of directors, Audit Committee and Corporate Governance and Nominating Committee of Parkway Properties, Inc., a self-administered, real estate investment trust.

**Board Qualifications:** Audit/Financial Reporting, Business Operations, Corporate and Investment Banking, Financial Services Experience, Leadership Experience of Highly-Regulated Business, Legal and Regulatory, Mergers and Acquisitions, Public Company Board Service, Risk Management, Strategic Planning

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**Susan E. Lester**

*Independent Director*

**Age:** 62

**Director Since:**  
2003

**Committees:**

ALM  
Audit  
(Chairperson)  
Executive  
Risk

**Background:** Ms. Lester has served as a director of the Company since 2003 and she is currently the chairperson of the Audit Committee and member of the ALM, Risk and Executive Committees. Ms. Lester has served as a public director for The Options Clearing Corporation, an equity derivatives clearing organization where she chairs the Audit Committee and is a member of the Governance and Nominating Committee since April 2016. Ms. Lester is also a trustee of the Francis Parker School where she serves as the chair of the Finance Committee and she is a member of the Compensation and Executive Committees. Ms. Lester served as a director of Arctic Cat, Inc., a publicly traded company, from 2004 to March 2017 where she chaired the Audit Committee and was a member of the Governance Committee. Ms. Lester served as a director from December 2010 until January 2014, where she was a member of the Audit, Governance and Risk and Compliance Committees of Lender Processing Services, Inc. Ms. Lester is a former trustee and treasurer of Hazeltine National Golf Club and a former chair of the Board of Trustees of the College of St. Benedict.

**Board Qualifications:** Audit/Financial Reporting, Business Operations, Corporate and Investment Banking, Financial Services Experience, Leadership Experience of Highly-Regulated Business, Legal and Regulatory, Mergers and Acquisitions, Public Company Board Service, Risk Management, Strategic Planning

**Roger H. Molvar**

*Independent Director*

**Age:** 63

**Director Since:**  
2014

**Committees:**

Audit  
CNG  
Risk

**Background:** Mr. Molvar has served as a director of the Company since 2014 and he is currently a member of the Audit, CNG and Risk Committees. Mr. Molvar is currently a private investor. Mr. Molvar has served on the board of directors of First Financial Northwest, Inc., First Financial Northwest Bank and First Financial Diversified Corporation (collectively, "First Financial") since 2015 and he has served as the chairman of the board of all three First Financial entities since June 2017. As a board member of First Financial, Mr. Molvar is a member of the Compensation and Awards Committee and he chairs the Audit/Compliance/Risk Committee. Mr. Molvar is the chair of the SEC and Financial Reporting Institute at the University of Southern California and is a member of the Audit Committee Network. Mr. Molvar served as a director of CapitalSource Bank from its formation in 2008 until its merger with Pacific Western Bank in 2014 and he previously served as a director and a member of the Audit Committee of Farmers and Merchants Bank of Long Beach, California.

**Board Qualifications:** Audit/Financial Reporting, Business Operations, Corporate and Investment Banking, Financial Services Experience, Leadership Experience of Highly-Regulated Business, Legal and Regulatory, Mergers and Acquisitions, Public Company Board Service, Risk Management, Strategic Planning



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**James J. Pieczynski**

*Director*

**Age:** 56

**Director Since:**  
2014

**Committees:**  
ALM  
Risk

**Background:** Mr. Pieczynski has served as a director of the Company since 2014, where he serves as a member of the ALM and Risk Committees. Mr. Pieczynski is also a director of Pacific Western Bank. Mr. Pieczynski has served as Executive Vice President, Vice Chairman of the Company and Pacific Western Bank since June 2018. Mr. Pieczynski was Executive Vice President of the Company and President of the CapitalSource Division of Pacific Western Bank from April 2014 to June 2018. Mr. Pieczynski served as a director of CapitalSource Inc. from January 2010 to April 2014 and as chief executive officer of CapitalSource Inc. from January 2012 to April 2014. Mr. Pieczynski also served as president of CapitalSource Bank from January 2012 to April 2014 and he was a member of the board of directors of CapitalSource Bank from January 2013 to April 2014. Mr. Pieczynski also serves on the board of directors, chairs the Nominating and Corporate Governance Committee and is a member of the Audit and Compensation Committees of LTC Properties, Inc., a self-administered real estate investment trust. Mr. Pieczynski also serves as a director for the Conejo Teen Organization, Inc. and Sherwood Cares, both of which are nonprofit organizations.

**Board Qualifications:** Audit/Financial Reporting, Business Operations, Corporate and Investment Banking, Financial Services Experience, Leadership Experience of Highly-Regulated Business, Legal and Regulatory, Mergers and Acquisitions, Public Company Board Service, Risk Management, Strategic Planning

**Daniel B. Platt**

*Independent Director*

**Age:** 72

**Director Since:**  
2003

**Committees:**  
ALM  
Risk

**Background:** Mr. Platt has served as a director of the Company since 2003 and he is currently a member of the ALM and Risk Committees. Mr. Platt is a former executive vice president of the Company and he oversaw the Special Assets Group of Pacific Western Bank from November 2009 until his retirement in April 2014. Mr. Platt served as a director of Pacific Western Bank from November 2009 until April 2014. Mr. Platt serves as a director for a number of charitable organizations including: (i) A Step Beyond where he serves as chairman and was previously treasurer, (ii) The Barnabus Group where he also serves as treasurer and (iii) the Rancho Santa Fe Foundation where he serves as treasurer and chairman of the Finance Committee.

**Board Qualifications:** Audit/Financial Reporting, Business Operations, Corporate and Investment Banking, Financial Services Experience, Leadership Experience of Highly-Regulated Business, Legal and Regulatory, Mergers and Acquisitions, Public Company Board Service, Risk Management, Strategic Planning

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**Robert A. Stine**

*Independent Director*

**Age:** 72

**Director Since:**  
2000

**Committees:**  
CNG  
(Chairperson)  
Executive

**Background:** Mr. Stine has served as a director of the Company since 2000 when the Company was founded and he is currently the chairperson of the CNG Committee and member of the Executive Committee. Mr. Stine has served as a director of Bolthouse Properties, LLC, a privately held real estate development and land management company based in Kern County, California since 2015. Mr. Stine is also a director of Rancho Santa Fe Foundation where he chairs the Governance, Nominating and Compensation Committee. Mr. Stine is the former president and chief executive officer of Tejon Ranch Co., a publicly traded real estate development and agri business company, which positions he held from May 1996 until his retirement in December 2013. Mr. Stine also served as a director of Tejon Ranch Co. from 1996 until May 2015. He was also a founding director of Valley Republic Bank, a community bank located in Kern County, California, a position he held from 2008 until May 2015.

**Board Qualifications:** Audit/Financial Reporting, Business Operations, Corporate and Investment Banking, Financial Services Experience, Leadership Experience of Highly-Regulated Business, Legal and Regulatory, Mergers and Acquisitions, Public Company Board Service, Risk Management, Strategic Planning

**Matthew P. Wagner**

*Director*

**Age:** 62

**Director Since:**  
2000

**Committees:**  
ALM  
Executive  
Risk

**Background:** Mr. Wagner has been the President and CEO of PacWest Bancorp and Pacific Western Bank and a director of the Company since 2000. He is currently a member of the ALM, Risk and Executive Committees. Mr. Wagner also serves on Pacific Western Bank's Board of Directors.

**Board Qualifications:** Audit/Financial Reporting, Business Operations, Corporate and Investment Banking, Financial Services Experience, Leadership Experience of Highly-Regulated Business, Legal and Regulatory, Mergers and Acquisitions, Public Company Board Service, Risk Management, Strategic Planning

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**Mark T. Yung**

*Independent Director*

**Age:** 45

**Director Since:**  
2017

**Committees:**

Audit  
Risk

**Background:** Mr. Yung has served as a director of the Company since 2017 and he is currently a member of the Audit and Risk Committees. Mr. Yung is co-founder and managing principal of OCV Management, LLC, an investor, owner and operator of technology and life science companies based in Los Angeles since 2016. Mr. Yung served as managing director of Orchard Capital Corp. ("Orchard Capital"), a firm he joined in 2006. Mr. Yung serves in various senior capacities including, among others, as chairman and chief executive officer of Presbia PLC, an ophthalmic device company, executive chairman of the board of directors of Environmental Solutions Worldwide, Inc., a clean technology company focused on the reduction of diesel emissions, chief financial officer and director of Polymer Plainfield Holdings, Inc., an OEM automotive supplier with operations in the United States, Canada, Mexico and the Caribbean, chairman of the board of Vantage Surgical Systems, Inc., director of Red Carpet Cinema Corporation and as a director and/or officer of Coreolis Holdings and Tradewinds Holdings. Prior to joining Orchard Capital, Mr. Yung served as a senior vice president in the Corporate Strategy and Merger and Acquisitions groups of Citigroup in New York and ABN AMRO in Amsterdam, Netherlands. Prior to his corporate strategy roles, Mr. Yung served as an investment professional at JPMorgan Partners ("JPMP"). At JPMP, Mr. Yung focused on venture capital, growth equity and buyout transactions in Latin America and served as a board member for various emerging companies in the region. Mr. Yung began his career in 1996 at Chase Securities, Inc., focusing on leveraged finance for cross border buyouts and privatizations.

**Board Qualifications:** Business Operations, Corporate and Investment Banking, Financial Services Experience, Leadership Experience of Highly-Regulated Business, Mergers and Acquisitions, Public Company Board Service, Risk Management, Strategic Planning

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## **COMPENSATION MATTERS**

In this section, you will find:

Compensation Discussion and Analysis

Best Practices Compensation Matters

NEO Summary Compensation Table

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## COMPENSATION DISCUSSION AND ANALYSIS

This Compensation Discussion and Analysis ("CD&A") provides information about our executive compensation principles and the process governing our Named Executive Officers' ("NEOs") 2018 total compensation. The philosophy and objectives of the CNG Committee are intended to closely align executive compensation with the Company's performance and the creation of long-term stockholder value. The Company's compensation disclosures in this Proxy Statement include the following NEOs:

<b>Name</b>	<b>Title</b>
Matthew P. Wagner	CEO and President of the Company and the Bank
Patrick J. Rusnak	Executive Vice President and CFO of the Company and the Bank
James J. Pieczynski <sup>(1)</sup>	Executive Vice President, Vice Chairman of the Company and the Bank
Bryan M. Corsini	Executive Vice President and CCO of the Company and Executive Vice President of the Bank
Laird M. Boulden <sup>(2)</sup>	Executive Vice President of the Company and President of the National Lending Group of the Company and the Bank

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(1) Mr. Pieczynski became EVP, Vice Chairman of the Company on June 1, 2018.

(2) Mr. Boulden was promoted to this position on June 1, 2018.

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## EXECUTIVE SUMMARY

In 2018, the Company continued its solid operating performance in key financial areas. Our financial performance below highlights the growth and continued success of our Company in the last five years.

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(1)

For more information regarding the calculation of these non-GAAP financial measures, please refer to the "Calculation of Non-GAAP Financial Measures" section below in this CD&A.

Additional 2018 financial and non-financial highlights are as follows:

Loan and lease production of \$4.9 billion and net loan growth of 6%;

Tax equivalent net interest margin ("NIM") of 5.05%;

Increased core deposits by \$410 million; and

Returned \$595 million to stockholders through dividends and share repurchases.

**Best Practices Governance Practices and Policies**

Our governance approach has evolved over time to ensure alignment with Company performance and continued stockholder value creation, including the following:

Annual review of director skill sets and experience;

Focus on Board composition, refreshment, succession planning and diversity;

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Continued stockholder outreach; and

Enhanced Proxy disclosure to more clearly articulate compensation and corporate governance practices.

In 2018, we received a 96% "say-on-pay" approval vote evidencing stockholder concurrence with our compensation principles and process. Continued enhancements to the Company's compensation program demonstrate our commitment to ensuring that our executive compensation program aligns executive compensation with the Company's short-term and long-term performance and stockholder interests. At the same time, we are providing the compensation and incentives needed to attract, reward, motivate and retain key executives.

**Compensation Decisions**

Over the last several years, we made changes to our executive compensation program to ensure that our NEO's base salaries, annual incentives (annual cash bonus) and equity compensation continues to be aligned with Company performance. Below is a summary of 2018 NEO compensation decisions:

None of the NEOs received base salary increases with the exception of Mr. Boulden whose salary increased by 10% in recognition of his promotion and increased role and responsibilities;

Annual cash incentive bonuses paid out at 74.8% of target award opportunities; and

Equity compensation granted in the form of 50% PRSUs and 50% TRSAs using performance measures consistent with 2017.

**COMPENSATION OVERVIEW**

**Compensation Philosophy and Objectives**

The CNG Committee administers the Company's compensation program and incentive plans, including the EIC Plan. The EIC Plan is designed to: (i) align executive compensation with the Company's short-term and long-term performance, (ii) enhance and reinforce the Company's goals of profitable growth, (iii) continue sound overall financial practices and (iv) continue creating stockholder value.

The CNG Committee reviews executive compensation levels paid by peer companies across a range of asset sizes based on available data. Key elements of NEO and other executive officer compensation include pay out following the achievement of pre-determined financial and non-financial objectives. The CNG Committee intends to pay at the high end of the range among its peer group for total compensation only if the Company performs at the high end of the range among its peers.



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Our compensation program is best supported by the following philosophy and objectives:

**Compensation Program Philosophy and Objectives**

**How Philosophy and Objectives are Achieved**

Executives Should be Engaged and Aligned with Stockholders Through Equity Compensation

Long term incentive awards are equity based.

A material portion of executive compensation is equity based.

All NEOs are subject to stock ownership requirements.

Attract, Retain, Motivate and Reward our Highly Talented Executives

Competitive compensation and material stock awards.

Executives are only rewarded with above target compensation if above target goals are exceeded.

A significant portion of NEO long-term incentive awards are subject to key financial metrics.

Pay for Performance

Awards are based upon Company financial and non-financial goals.

If performance goals are below the minimum threshold, there are no bonus payouts and awards will be forfeited.

Balance Risk

Payments of certain long-term incentive equity awards are deferred through vesting requirements.

The Company's Clawback Policy applies to all awards, including long-term incentive awards.

Competition

Performance objectives are aligned with financial and non-financial goals.

Compensation program provides incentives for executives to exceed Company goals.

**Principal Elements of Compensation**

The Company's executive compensation program components are listed below. In allocating total compensation, we seek to provide competitive levels of fixed compensation (base salary) and, through annual and long-term incentives, provide for increased total compensation when performance objectives are exceeded and appropriate downward adjustment if performance objectives are not met.

<b>Compensation Component</b>	<b>Form</b>	<b>Principal Objectives</b>
Base Salary		
	Cash	Market and internal performance
Annual Cash Incentive Bonus		
	Cash	Pay for performance
		Market and internal performance
		Reward profitability, targeted growth and risk and credit management
Equity Compensation		
	Time-Based Restricted Stock Awards ("TRSAs")	Pay for performance
		Align management and stockholder interests
	Performance-Based Restricted Stock Units ("PRSUs")	Market and internal performance
		Balance short and long-term objectives

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**2018 Executive Compensation Decisions Pay Mix**

As highlighted below, a material portion of the total compensation opportunity for each of our executives, including our NEOs, is directly tied to financial performance factors that measure our success relative to compensation plan performance goals and peers. Accordingly, approximately half of executive compensation is at risk depending on Company performance. The Company believes that its executive compensation program balances risk and financial results in a manner that does not encourage imprudent risk-taking.

**CEO TARGET PAY MIX**

**OTHER NEO TARGET PAY MIX**

**2018 Executive Compensation Decisions**

**Base Salary**

NEO base salaries are set at levels that are intended to reflect the competitive marketplace in attracting, retaining, motivating and rewarding high performing executives. In determining base salaries, the CNG Committee considers the following elements: (i) individual performance based on experience and scope of responsibility, (ii) non-financial performance indicators including strategic developments for which an executive has responsibility and managerial performance, (iii) structure and complexity of the Company, (iv) compensation paid by peers, (v) functionality of the executive management team, (vi) economic conditions in the Company's market areas and (vii) analyses or guidance from consultants during the annual review process.

With the exception of Mr. Wagner, whose base salary is determined by the Board, the CNG Committee is responsible for setting the NEOs' base salaries. The base salaries are intended to compensate the NEOs for the day-to-day services performed for the Company.

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Below are changes to NEO base salaries from 2017 to 2018.

<b>NEOs</b>	<b>2017 Base Pay(1)</b>	<b>2018 Base Pay(1)</b>	<b>% Change</b>
Matthew P. Wagner	\$1,000,000	\$1,000,000	0%
Patrick J. Rusnak	\$600,000	\$600,000	0%
James J. Pieczynski	\$800,000	\$480,000 <sup>(2)</sup>	(40%)
Bryan M. Corsini	\$500,000	\$500,000	0%
Laird M. Boulden <sup>(3)</sup>	\$500,000	\$550,000	10%

(1) Amounts in table represent NEO base salaries at the end of the period presented.

(2) On April 27, 2018, the CNG Committee approved an amendment to Mr. Pieczynski's employment arrangement to adjust his salary, and he is no longer a participant in the EIC Plan. Accordingly, Mr. Pieczynski did not receive a 2018 annual incentive bonus under the EIC Plan terms.

(3) Mr. Boulden was promoted to Executive Vice President and President of the National Lending Group of the Company and the Bank on June 1, 2018, and he was not an NEO in 2016 or 2017.

**Annual Cash Incentive Bonus**

Annual cash incentive bonuses are granted under the EIC Plan based solely on the achievement of certain pre-established performance targets. The EIC Plan performance targets generally represent an increase in the performance target over the previous fiscal year, a significant achievement in a given economic environment, or meaningful goals that balance the performance of the Company and return to stockholders with prudent risk management. Financial performance targets corresponding to achievement of a payout equal to a participant's target incentive are set at levels equal to the Company's budgeted financial performance for the current fiscal year.

The performance measures and corresponding award opportunities are not determined by the CNG Committee based on any set formula or pre-determined methodology, but, instead, reflect the CNG Committee's review of data and, in some cases, recommendations from its independent compensation consultant as well as subjective determinations made by the CNG Committee with respect to the appropriate incentives to encourage management to focus on the profitability, targeted growth and Company risk management. It is possible that not all NEOs and other EIC participants will receive an annual cash incentive bonus.

In February 2018, the CNG Committee, and the Board in the case of Mr. Wagner, established the 2018 Company performance measures, required achievement levels and corresponding award opportunities for each executive officer eligible under the EIC Plan. The CNG Committee and the Board reviewed and monitored these measures and levels throughout 2018. The target award opportunities are determined based upon the executive officer's position, responsibilities and historical and expected contributions to the Company and are equal to a percentage of that executive officer's base salary earned at year end. Below are the EIC Plan target award opportunities for 2018:

<b>Participant</b>	<b>Target Award Opportunities</b>
CEO	150% of Base Salary
Other Executive Officers	100% of Base Salary

The CNG Committee confirmed the required Earnings Per Share ("EPS") performance levels and pay outs and the ranges for average core deposit and average net loan growth were appropriate and properly aligned executive incentive compensation to stockholder interests. In addition, these



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metrics were critical in assessing Company success. Below are the approved 2018 Company executive officer target performance measures, weights and corresponding award opportunities:

Performance Measures	Weight	Performance Requirement (% of Budget) / Payout Opportunity (% of Target)(1)		
		Threshold	Target	Maximum
Earnings Per Share	65.0%	80%/50%	100%/100%	125%/150%
Average Core Deposit Growth	17.5%	50%/50%	100%/100%	150%/150%
Average Net Loan Growth	17.5%	50%/50%	100%/100%	150%/150%

(1)

Pay outs interpolated between threshold/target and target/maximum.

Below are the 2018 EIC Plan results:

Performance Measures	Target	Actual	Percentage of Target Achieved
EPS <sup>(1)</sup>	\$ 3.47	\$ 3.73	107.5%
Average Core Deposit Growth <sup>(2)</sup>	\$ 318,550,000	\$ (230,595,000)	0%
Average Net Loan Growth <sup>(3)</sup>	\$ 493,178,000	\$ (125,254,000)	0%

(1)

Excludes unbudgeted merger related expenses.

(2)

This amount represents the fiscal year 2018 actual average core deposit balance less the actual average balance for November and December 2017.

(3)

This amount represents the fiscal year 2018 actual average net loan balance excluding held for sale loans ("HFS Loans") less the December 31, 2017 ending net loan balance excluding HFS Loans.

The CNG Committee determined that no negative discretion needed to be exercised with respect to the 2018 EIC Plan results in connection with the Company's regulatory compliance ratings.

The table below discloses the target and maximum award opportunities for each of the NEOs under the 2018 EIC Plan and the actual cash incentive award paid to such NEO based on the level of achievement of the Company's performance metrics during 2018.

NEOs	Cash Incentive Opportunity Based Upon:		Actual Cash Incentive Paid Based on 2018 Performance \$(3)
	Target \$(1)	Maximum \$(2)	
Matthew P. Wagner	\$ 1,500,000	\$ 2,250,000	\$ 1,121,250
Patrick J. Rusnak	\$ 600,000	\$ 900,000	\$ 448,500
James J. Pieczynski <sup>(4)</sup>	\$ 0	\$ 0	\$ 0
Bryan M. Corsini	\$ 500,000	\$ 750,000	\$ 373,750
Laird M. Boulden	\$ 550,000	\$ 825,000	\$ 411,125

- (1) Assuming performance at target level for each performance metric.
- (2) Assuming performance at maximum level for each performance metric.
- (3) We paid each of our NEOs (other than Mr. Pieczynski) annual cash incentive bonuses equal to 74.8% of their respective target award opportunities.
- (4) On April 27, 2018, the CNG Committee approved an amendment to Mr. Pieczynski's employment arrangement to adjust his salary, and he is no longer a participant in the EIC Plan. Accordingly, Mr. Pieczynski did not receive a 2018 annual incentive bonus under the EIC Plan.

Table of Contents**Equity Compensation****Long-Term Incentive ("LTI") Compensation Plan Overview**

We provide a meaningful portion of NEO compensation in the form of long-term, equity incentive compensation. The CNG Committee grants PRSUs and TRSAs to align NEO performance with Company objectives to create long-term stockholder value. Equity awards granted to Company executive officers may be granted from time to time at the discretion of the CNG Committee, and equity awards granted to the CEO are based on the recommendation of the CNG Committee and approval of the Board. The timing and amount of equity awards is based on the Company's performance, the executive officer's position and the executive officer's experience in that role. In considering whether to approve the grant of an equity award and the value of the grant to be awarded, the CNG Committee considers, among other things, with respect to the executive officer, the salary level and the executive's expected contributions toward the strategic growth, financial strength, risk management and profitability of the Company.

The LTI program provides for 50% of an executive's annual equity compensation to be in the form of PRSUs and the other 50% of an executive's annual equity compensation to be in the form of TRSAs. The CEO, CFO and other executive officer's target equity compensation is 300%, 200% and 150%, respectively of their respective base salaries. The Company did not make changes to its PRSU or TRSA grant structure in 2018. The Company concluded that the PRSU and TRSA grants continued to align executive compensation with the Company's long-term market and financial performance and creation of long-term stockholder value. TRSAs vest ratably over four years from the date of grant, and PRSUs will vest only if performance goals with respect to Relative TSR, EPS growth, or ROAA (defined below) are met over the performance period beginning January 1, 2018 and ending December 31, 2020 (the "2018 Performance Period").

<b>Form of Award</b>	<b>Percentage of Total Target Equity Award Value</b>	<b>Performance Measures(1)</b>	<b>Earned and Vesting Periods</b>
PRSU	50%	ROAA (37.5% weighting), EPS growth (37.5% weighting) and Relative TSR (25% weighting)	At the conclusion of the three-year performance cycle, payouts will range from 0% to 150% of the target based on average ROAA and EPS growth and from 0% to 200% of the target based on Relative TSR <sup>(2)</sup> (with linear interpolation between performance levels).
TRSA	50%	N/A	Vests ratably on the first, second, third and fourth year anniversaries of the grant date

(1) The weightings may be slightly higher or lower depending on the closing price of the Company's stock price on the grant date and, with respect to Relative TSR, the fair value per PRSU. Accordingly, the grant date award amounts will equal 50% of the total award value, but the number of shares may vary.

(2) Relative TSR will be subject to a 100% maximum if absolute TSR is negative.

Unvested PRSUs will participate with common stock in any dividends declared and paid only on the shares which ultimately vest, if any, at the end of the 2018 Performance Period. Unvested TRSAs are entitled to receive any dividends on a current basis. In paying dividends on unvested TRSAs, the CNG Committee and the Board determined that such payments are consistent with the Company's overall goals of tying executive compensation to the performance of the Company and aligning management interests with those of the Company's stockholders. For many of the Company's key executives, the dividends represent a meaningful component of their compensation. Further, such dividends are evaluated in connection with the granting of TRSAs and determination of an executive officer's overall compensation.



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The TRSAs and PRSUs granted to the Company's NEOs in 2018 were as follows:

<b>Named Executive Officer</b>	<b>Grant Date</b>	<b>TRSAs(1)(2)</b>	<b>PRSUs(3)</b>	<b>Total Equity Grant</b>
Matthew P. Wagner	2/14/2018	27,290	25,646	52,936
Patrick J. Rusnak	2/14/2018	11,101	10,432	21,533
James J. Pieczynski	2/14/2018	18,501	17,386	35,887
Bryan M. Corsini	2/14/2018	6,938	6,520	13,458
Laird M. Boulden <sup>(4)</sup>	5/15/2018	11,161		11,161

(1) The number of TRSAs granted to each executive officer (other than Mr. Boulden) was based on the closing price of the Company's common stock on February 14, 2018, or \$54.05.

(2) The number of TRSAs granted to Mr. Boulden was based on the closing price of the Company's common stock on May 15, 2018, or \$53.76.

(3) The number of PRSUs granted to each executive officer (other than Mr. Boulden) was (i) with respect to the portion of the PRSUs that vest based on achievement of Relative TSR goals, based on the fair value of \$71.22 per PRSU, and (ii) with respect to the portion of the PRSUs that vest based on achievement of EPS growth and ROAA goals, based on the closing price of the Company's common stock on February 14, 2018, or \$54.05.

(4) Mr. Boulden was not an executive officer in February 2018 and did not receive a PRSU award in 2018.

**2018 PRSU Grants**

In February 2018, the CNG Committee set performance targets for a three-year performance cycle for the 2018 PRSU grants. The 2018 PRSU grants are for the 2018 Performance Period. At the end of the 2018 Performance Period, PRSUs will only vest if Company results meet or exceed the performance thresholds set at the beginning of the 2018 Performance Period. The number of shares vested by an executive depends on the achievement of three financial metrics:

**Return on Average Assets ("ROAA")** is measured as the average ROAA for each of the three annual periods during the 2018 Performance Period;

**Diluted Earnings Per Share ("EPS") Growth** is measured as the average EPS growth for each of the three annual periods during the 2018 Performance Period; and

**Relative Total Stockholder Return ("Relative TSR")** compares the Company's total stockholder return ("TSR") to members of the KBW Nasdaq Regional Banking Index ("Index") with the Company excluded from the peer group. Relative TSR for this purpose uses a "percentile rank" measurement in which the payout percentage is determined dependent on the Company's rank compared against the Index peer group companies.

The CNG Committee considers these performance metrics to be key measures of the Company's financial performance based on analysis of the correlation of these financial metrics to TSR, noting the metrics are consistent with those metrics used by peers. The following tables reflect the

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key financial measures, weightings and performance standards that the CNG Committee set for the 2018 Performance Period.

**ROAA**

<b>Performance Level</b>	<b>Achievement of Performance Metrics</b>	<b>Percentage of PRSUs Earned(1)</b>
Maximum	120% of Target	150%
Target	100% of Target	100%
Threshold	80% of Target	50%
Below Threshold	<80% of Target	0%

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Table of Contents**EPS Growth**

<b>Performance Level</b>	<b>Achievement of Performance Metrics</b>	<b>Percentage of PRSUs Earned(1)</b>
Maximum	130% of Target	150%
Target	100% of Target	100%
Threshold	70% of Target	50%
Below Threshold	<70% of Target	0%

**Relative TSR<sup>(2)</sup>**

<b>Performance Level</b>	<b>Achievement of Performance Metrics</b>	<b>Percentage of PRSUs Earned(1)</b>
Maximum	90 <sup>th</sup> Percentile of Peer Group TSR	200%
Target	50 <sup>th</sup> Percentile of Peer Group TSR	100%
Threshold	30 <sup>th</sup> Percentile of Peer Group TSR	50%
Below Threshold	Below 30 <sup>th</sup> percentile of Peer Group TSR	0%

(1) With linear interpolation between performance levels.

(2) Payout associated with Relative TSR will not exceed target if absolute TSR over the period is negative regardless of relative results.

**2016 PRSU Grants Achievement of Performance Objectives**

The 2016 PRSUs granted to the NEOs (other than Mr. Boulden) on February 10, 2016 were based on a performance period beginning January 1, 2016 through December 31, 2018 (the "2016 Performance Period"). The table below details the 2016 PRSU performance measures, weightings, targets, results, percentage of target achieved and percentage of 2016 PRSUs earned:

<b>2016-2018 Performance Measures</b>		<b>2016-2018 Performance Period Actual Results</b>		<b>Percentage of Target Achieved</b>		<b>Percentage of PRSUs Earned</b>
<b>Weightings</b>	<b>Targets</b>	<b>Actual Results</b>	<b>Percentage of Target Achieved</b>	<b>Percentage of PRSUs Earned</b>		
ROAA	37.5%	1.52%	1.72%	113%		133%
EPS Growth	37.5%	9.00%	10.85%	121%		135%
Relative TSR	25%	50 <sup>th</sup> percentile of Peer Group	Below threshold	N/A		0%

Based on the weightings of the performance measures and 2016 Performance Period results, each NEO (other than Mr. Boulden) earned PRSUs equal to 92% of the total number of PRSUs granted to each NEO. As a result, on February 10, 2019, Messrs. Wagner, Rusnak, Pieczynski and Corsini vested in 42,719, 18,985, 31,642 and 11,867, respectively, shares of common stock. In addition, each of Messrs. Wagner, Rusnak, Pieczynski and Corsini each earned cumulative dividends on the vested shares equal to \$269,130, \$119,606, \$199,345 and \$74,762, respectively.

**Decision Making Process****Role of the CNG Committee**

The CNG Committee oversees the NEO executive compensation program and is comprised of independent, non-employee members of the Board. The CNG Committee works closely with its independent compensation consultant and senior management to examine the effectiveness of the Company's NEO executive compensation program throughout the year. As discussed above, details about the CNG Committee can be found in " Board Committees Compensation, Nominating and Governance Committee" on page 16.



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The CNG Committee has not established a policy or target for the allocation between cash and non-cash or short-term and long-term compensation. Rather, the CNG Committee undertakes a subjective analysis in light of the philosophy and objectives described in this CD&A and, in connection with its analysis, reviews and considers information provided by its independent compensation consultant and surveys to determine the appropriate level and mix of base compensation, performance-based pay and other elements of compensation.

The CNG Committee makes all final NEO compensation and equity award decisions except for the CEO, whose compensation is determined by the independent members of the Board based upon the recommendation of the CNG Committee.

**Role of Senior Management**

Members of our senior management team attend regular meetings in which executive compensation, Company performance, individual performance and competitive compensation levels and practices are discussed and evaluated. Only the CNG Committee members can vote on decisions regarding NEO compensation. The CEO does not participate in the deliberations of the CNG Committee with respect to his compensation.

The CEO, CFO, CRO, General Counsel and Executive Vice President, Human Resources comprise the Incentive Plan Compensation Committee ("IPC"). The IPC is responsible for evaluating all incentive-based compensation plans as they pertain to certain Company employee groups. The IPC regularly reviews Company performance, our compensation philosophy and objectives, trends, regulatory developments and other topics. IPC's review confirmed that our incentive compensation plans encourage behavior that is within the Company's risk tolerance, are compatible with effective controls and risk management and are supported by strong corporate governance.

**Role of the Independent Consultant**

The CNG Committee has the authority to engage and retain an independent compensation consultant to provide independent counsel and advice. The CNG Committee engages an independent compensation consultant no less than once every three years, when there is a significant change in the Company or when meaningful changes to compensation or the Company's compensation program are proposed. The CNG Committee reviews both compensation and performance of peer companies as just one among several factors to inform its decision-making process so it can set total compensation levels commensurate with the Company's performance and strategic initiatives.

In 2018, the CNG Committee engaged Pearl Meyer as the independent compensation consultant after an extensive review process conducted by the CNG Committee. The CNG Committee engaged Pearl Meyer to review the Company's peer group and executive officer compensation programs, including its short- and long-term incentive programs to ensure that each program, among other things, continued to be aligned with stockholder interests. Pearl Meyer reviewed: (i) a peer group of 19 publicly-traded financial institutions generally representing banks with assets between \$20 billion to \$43 billion (shown below) and (ii) published survey data.

In addition, at the request of the CNG Committee, Pearl Meyer met with members of management to gather information with respect to management proposals and recommendations to be presented to the CNG Committee.

In addition, the CNG Committee assessed the independence of Pearl Meyer in 2018 as required under NYSE listing rules. The CNG Committee considered and assessed all relevant factors including, but not limited to, those factors set forth in Rule 10C-1(b)(4)(i) through (vi) under the Securities Exchange Act of 1934, as amended (the "Exchange Act") that could give rise to a

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potential conflict of interest with respect to the compensation consultant described above. Based on this review, we are not aware of any conflict of interest raised by the work performed by Pearl Meyer that would prevent the consultant from serving as an independent compensation consultant to the CNG Committee.

**Peer Group**

Each year, we review our peer group to ensure our compensation is being benchmarked to comparable companies considering industry, financial and operational similarities. In late 2017, upon review of the 2017 peer group, the CNG Committee determined no changes were required to the 19 publicly-traded companies to serve as the peer group for the purposes of setting compensation for 2018. The 2018 peer group included the following companies:

Bank of Hawaii Corporation	Prosperity Bancshares, Inc.
Bank of the Ozarks, Inc.	Signature Bank
BankUnited	SVB Financial Group
BOK Financial Corporation	TCF Financial Corporation
Commerce Bancshares, Inc.	UMB Financial
Cullen/Frost Bankers, Inc.	Umpqua Holdings Corporation
East West Bancorp	Valley National Bancorp
Hancock Whitney Company	Webster Financial Corporation
Investors Bancorp	Western Alliance Bancorporation
MB Financial, Inc.	

The companies comprising the peer group generally have similar business models and are within comparable size ranges (i.e. total assets, market capitalization, revenue). In June 2018, Pearl Meyer conducted a comprehensive review of the Company's prior compensation peer group and proposed adjustments for consideration by the CNG Committee and management. Following this review, it was determined that for purposes of setting compensation for 2019, four of the prior peers would be replaced with companies that were determined to be more relevant from size and business model perspectives:

Replaced companies: Bank of Hawaii, Investors Bancorp, MB Financial, and SVB Financial Group

New companies: Synovus Financial Corp., Wintrust Financial Corp., Texas Capital Bancshares, and Pinnacle Financial Partners

**Best Practices Compensation Matters**

Our executive compensation programs incorporate many best practices, including the ones described below.

**We Can Clawback Incentive Compensation**

If we restate our financial statements, or a financial statement or the calculation of a performance goal or metric is materially inaccurate, the CNG Committee, in its sole discretion, may require recoupment from our executive officers, including our NEOs, of the portion of any annual or long-term cash or equity-based incentive or bonus compensation paid, provided, or awarded to any executive officer on or after December 11, 2014 that represents the excess over what would have been paid if such event had not occurred.

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**We Require Minimum Levels of Stock Ownership by Our Executives**

Our executive Stock Ownership Policy require the CEO and our executive officers to accumulate a meaningful position in Company shares. Our stock ownership requirement for our CEO and our executive officers is tied to a multiple of base salary as noted below:

<b>Position</b>	<b>Minimum Ownership of Common Stock (multiple of base salary)</b>
CEO	5.0
Other Executive Officers	3.0

An executive officer is required to achieve the stock ownership necessary to meet the requirements within five years of the later of December 11, 2014 or the date of becoming subject to the requirements. As of the Record Date, the CEO and seven other executive officers satisfied these requirements. Four executive officers have not yet satisfied these requirements but are expected to be in compliance with the Stock Ownership Policy by his or her applicable compliance date. We believe that the Stock Ownership Policy results in significant common stock ownership by our executive officers and aligns their interests with our stockholders.

Stock ownership is determined from the totals on Table 1 of Form 4 "Statement of Changes in Beneficial Ownership of Securities" as filed by the Company with the SEC on behalf of the Company's executive officers. Unvested TRSAs and outstanding stock options and stock appreciation rights (whether or not vested) are not included in the total number of shares to determine stock ownership under the Stock Ownership Policy. The value of an executive officer's shares of common stock is determined by multiplying his or her total number of shares by the highest Company share price in the preceding 52-week period. The Stock Ownership Policy may be waived in the discretion of the CNG Committee based upon bona fide personal financial need or hardship, other special circumstances, or if compliance would prevent an executive officer from complying with law, regulation or a court order. Compliance with the Stock Ownership Policy is determined annually by the CNG Committee.

**We Prohibit Excise Tax Gross-Up Payments**

Our Executive Severance Pay Plan (the "Severance Pay Plan") prohibits excise tax gross-up payments. Specifically, payments made in connection with the Severance Pay Plan, as amended, will be cut back to amounts that do not exceed the safe harbor provisions of Section 280G of the Internal Revenue Code (the "Code").

**We Have Double-Trigger Change of Control Provisions for Our Equity Awards**

In the event of a change of control, equity awards will vest if within two years after the change in control, the recipient of the award is terminated from employment without cause or terminates employment for good reason (i.e., if his or her job duties have been significantly diminished) ("double-trigger" vesting). The terms of our equity awards granted prior to 2014 provided that the awards would vest immediately upon a change in control ("single-trigger" vesting).

**We Do Not Have Employment Contracts**

Our executive officers do not have employment contracts and are "at-will" employees who may be terminated at our discretion, subject to compliance with the Severance Pay Plan, if applicable. We believe this provides greater flexibility in our employment arrangements with our executive officers.

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**We Have an Anti-Hedging Policy**

The Company's Insider Trading Policy prohibits all directors, executive officers and certain other employees (collectively, an "Insider") from purchasing financial instruments designed to hedge or offset any decrease in the market value of the Company's shares. We believe that these instruments result in the Insider no longer being exposed to the full risks of ownership.

**We Do Not Have SERPs or Deferred Compensation Arrangements**

We have chosen not to provide our executive officers with retirement benefits such as supplemental executive retirement plans or deferred compensation arrangements.

**401(k) Plan**

Our 401(k) Plan allows executives and other participants to defer a portion of their compensation and, in 2018, the Company provided participants a match of 50% of contributions up to 6% of their base salaries, subject to IRS limitations. We currently have no tax-deferred compensation plans for our executive officers other than our 401(k) Plan.

**Other Benefits**

Our compensation process focuses our executives on goals and objectives that are in the best interests of the Company and stockholders. Other than certain perquisites to our executive officers such as an automobile allowance or use of a company vehicle, reimbursement of relocation expenses, reimbursement of club dues for clubs that are used frequently for business purposes and life, disability and long-term care insurance, the Company does not provide any other compensation benefits. In 2018, the Company provided limited use of an aircraft to Mr. Wagner for personal reasons. This service was afforded to Mr. Wagner to reduce travel time and related disruptions and to provide additional security to Mr. Wagner, thereby increasing his availability, efficiency and productivity. Income related to this benefit is imputed to Mr. Wagner for income tax purposes and he is not provided a tax reimbursement.

In 2018, Messrs. Wagner and Rusnak received certain benefits to compensate them for relocating to the Company's Greenwood Village, Colorado office. These benefits are paid under the terms of the Company's Relocation Allowance Policy (the "Relocation Policy"), including the costs of selling existing housing or exiting an existing lease, moving expenses, temporary living expenses and other expenses detailed in the Relocation Policy.

**Tax Deductibility of Compensation**

Section 162(m) of the Code generally limits the deductibility of compensation paid to certain executive officers in excess of \$1 million during a year. The exemption from Section 162(m)'s deduction limit for performance-based compensation was (for the Company's case) repealed with the adoption of the Tax Cuts and Jobs Act, effective for years beginning after December 31, 2017, and the group of covered executive officers has been expanded to include the CFO (as well as any individual that was a covered executive officer for any taxable year after December 31, 2016). Therefore, compensation (including performance-based compensation) paid to covered executive officers in excess of \$1 million in calendar year 2018 and subsequent calendar years generally will not be deductible unless it qualifies for transition relief. The CNG Committee continues to consider the tax consequences when determining NEO compensation, including in light of the changes to Section 162(m).



Table of Contents**Calculation of Non-GAAP Financial Measures**

We use tangible book value per share and return on tangible equity, non-GAAP financial measures, to provide meaningful supplemental information regarding the Company's financial performance and to enhance investor's overall understanding of such financial performance. These non-GAAP financial measures exclude certain intangible assets. These non-GAAP financial measures should not be viewed as a substitute for financial measures determined in accordance with GAAP, nor is it necessarily comparable to non-GAAP financial measures that may be presented by other companies. Reconciliation of these non-GAAP financial measures to the most directly comparable GAAP financial measures is included in the following tables.

**December 31,****Tangible Book Value Per Share**

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
	<b>(Dollars in thousands, except per share data)</b>				
Stockholders' equity	\$ 4,825,588	\$ 4,977,598	\$ 4,479,055	\$ 4,397,691	\$ 3,506,230
Less: Intangible assets	2,605,790	2,628,296	2,210,315	2,229,511	1,737,683
<b>Tangible common equity</b>	<b>\$ 2,219,798</b>	<b>\$ 2,349,302</b>	<b>\$ 2,268,740</b>	<b>\$ 2,168,180</b>	<b>\$ 1,768,547</b>
Book value per share	\$ 39.17	\$ 38.65	\$ 36.93	\$ 36.22	\$ 34.03
Tangible book value per share <sup>(1)</sup>	\$ 18.02	\$ 18.24	\$ 18.71	\$ 17.86	\$ 17.17
Shares outstanding	123,189,833	128,782,878	121,283,669	121,413,727	103,022,017

(1)

Tangible common equity divided by shares outstanding.

	<b>Year Ended December 31,</b>				
<b>Return on Average Tangible Equity</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
	<b>(Dollars in thousands)</b>				
Net earnings	\$ 465,339	\$ 357,818	\$ 352,166	\$ 299,619	\$ 168,905
Average stockholders' equity	\$ 4,809,667	\$ 4,641,495	\$ 4,488,862	\$ 3,751,995	\$ 2,763,726
Less: Average intangible assets	2,616,820	2,279,010	2,219,756	1,850,988	1,342,286
<b>Average tangible common equity</b>	<b>\$ 2,192,847</b>	<b>\$ 2,362,485</b>	<b>\$ 2,269,106</b>	<b>\$ 1,901,007</b>	<b>\$ 1,421,440</b>
Return on average equity <sup>(1)</sup>	9.68%	7.71%	7.85%	7.99%	6.11%
Return on average tangible equity <sup>(2)</sup>	21.22%	15.15%	15.52%	15.76%	11.88%

(1)

Net earnings divided by average stockholders' equity.

(2)

Net earnings divided by average tangible common equity.



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## **COMPENSATION COMMITTEE REPORT**

The CNG Committee of the Board of Directors has reviewed and discussed with management the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K promulgated by the SEC and, based on review and discussions, the CNG Committee recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement.

### **COMPENSATION, NOMINATING AND GOVERNANCE COMMITTEE**

Robert A. Stine, Chairperson

Paul R. Burke

C. William Hosler

Roger H. Molvar

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Table of Contents**2018 NEO SUMMARY COMPENSATION TABLE**

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Awards (\$)(1)	Awards (\$)	Change in Pension Value and Non-Equity Incentive		Total (\$)
						Compensation (\$)	Deferred Compensation (\$)(2)	
Matthew P. Wagner CEO and President of the Company and the Bank	2018	\$1,000,000	\$2,950,097	\$1,121,250	\$1,167,213	\$6,238,560		
	2017	\$979,167	\$2,950,007	\$1,356,076	\$323,168	\$5,608,418		
	2016	\$879,167	\$2,597,159	\$1,374,300	\$348,974	\$5,199,599		
Patrick J. Rusnak Executive Vice President and CFO of the Company and the Bank	2018	\$600,000	\$1,200,019	\$448,500	\$183,863	\$2,432,382		
	2017	\$600,000	\$1,200,005	\$542,430	\$157,407	\$2,499,842		
	2016	\$579,167	\$1,154,279	\$610,800	\$166,152	\$2,510,397		
James J. Pieczynski Executive Vice President, Vice Chairman of the Company and the Bank	2018	\$626,657	\$1,999,959	\$904,051	\$181,014	\$2,807,630		
	2017	\$800,000	\$2,000,029	\$904,051	\$158,327	\$3,862,407		
	2016	\$779,832	\$1,923,787	\$1,018,000	\$171,422	\$3,893,041		
Bryan M. Corsini Executive Vice President and CCO of the Company and Executive Vice President of the Bank	2018	\$500,000	\$750,001	\$373,750	\$106,906	\$1,730,657		
	2017	\$500,000	\$750,041	\$452,025	\$117,895	\$1,819,961		
	2016	\$490,249	\$721,432	\$509,000	\$133,451	\$1,854,132		
Laird M. Boulden(3) Executive Vice President and President of the National Lending Group of the Company and the Bank	2018	\$527,083	\$600,015	\$411,125	\$120,428	\$1,658,651		

(1)

With respect to TRSAs, the amounts disclosed represent the aggregate grant date fair value of the Company's common stock underlying such awards. With respect to PRSUs, the amounts disclosed represent the aggregate grant date fair value computed in accordance with FASB ASC Topic 718 at the target level of payout. The value of the 2018 PRSUs based on the maximum performance as of the grant date was: Mr. Wagner: \$2,396,997; Mr. Rusnak: \$975,009; Mr. Pieczynski: \$1,624,961; Mr. Corsini: \$609,365; and Mr. Boulden: \$0. For further information, see Note 17. *Stock-Based Compensation*, to the Company's audited financial statements for the year ended December 31, 2018 included in the Company's Annual Report. Unvested PRSUs will participate with common stock in any dividends declared and paid only on the shares which ultimately vest, if any, at the end of the three-year performance period. At the time of vesting, the vested

shares are entitled to receive cumulative dividends declared and paid during the three-year performance period. Unvested TRSAs are entitled to receive any dividends on a current basis.

(2)

Includes: (i) dividends on unvested TRSAs, (ii) Company matching contributions to the 401(k) plan, (iii) personal use of Company-owned automobiles, airplane or cash automobile allowance, (iv) reimbursement of relocation expenses and club dues, and (v) life, medical, long-term care and disability insurance premiums paid by the Company. Dividends on TRSAs are paid at the same rate as dividends paid on the Company's outstanding common stock. See table below that provides the detail of these amounts.

(3)

Mr. Boulden was promoted to this position on June 1, 2018. Amounts in the table are for the full year 2018.

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The table below summarizes the components of "All Other Compensation" for the NEOs.

Named Executive Officer	Dividends		Relocation Expense	401(k) Contribution	Club Dues	Life, Medical, Long-term Care and Disability Insurance Premiums	Total
	on Unvested TRSAs	Travel Expense					
Matthew P. Wagner							
2018	\$177,446	\$57,819(2)	\$892,539(3)		\$11,417	\$27,992	\$1,167,213
2017	\$203,778	\$79,446(2)			\$13,212	\$26,732	\$323,168
2016	\$243,214	\$66,794(2)			\$12,767	\$26,199	\$348,974
Patrick J. Rusnak							
2018	\$97,987	\$12,000(4)	\$26,259(3)	\$8,250		\$39,367	\$183,863
2017	\$99,550	\$12,000(4)		\$8,100		\$37,757	\$157,407
2016	\$110,015	\$12,000(4)		\$7,210		\$36,927	\$166,152
James J. Pieczynski							
2018	\$111,452			\$8,126	\$20,000	\$41,436	\$181,014
2017	\$94,237			\$6,000	\$14,860	\$43,230	\$158,327
2016	\$121,305			\$7,950	\$13,865	\$28,302	\$171,422
Bryan M. Corsini							
2018	\$47,419			\$7,031	\$8,615	\$43,841	\$106,906
2017	\$59,089			\$6,820	\$6,350	\$45,636	\$117,895
2016	\$74,239			\$7,950	\$6,515	\$44,747	\$133,451
Laird M. Boulden(5)							
2018	\$90,916			\$8,002		\$21,510	\$120,428

- (1) Represents Company matching contributions to the 401(k) plan.
- (2) Amounts include \$45,819, \$67,446 and \$54,794 for 2018, 2017 and 2016, representing 100% of the costs associated with an aircraft flight membership service provided to Mr. Wagner for his personal use and amounts attributable for personal use of a Company owned automobile or cash automobile allowance.
- (3) Messrs. Wagner and Rusnak relocated to the Company's Greenwood Village, Colorado office in 2018 in connection with the Company's market expansion. Relocation expenses are capped at \$500,000 plus any tax gross ups for allowable expenses in accordance with the Relocation Policy.
- (4) Represents either personal use of Company owned automobile or cash automobile allowance.

(5)

Mr. Boulden was promoted to Executive Vice President and President of the National Lending Group of the Company and the Bank on June 1, 2018. Amounts in the table are for the full year 2018.

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## 2018 Grants of Plan-Based Awards

Named Executive Officer	Grant Date	Threshold	Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1)		Estimated Future Payouts Under Equity Incentive Plan Awards(2)		All Other Stock Awards: Number of Shares of Stock or Units(3)	Grant Date Fair Value of Stock and Option Awards(4)
			Target (\$)	Maximum (\$)	Threshold (#)	Target (#)		
Mathew P. Wagner	2/14/2018	ROAA			10,234	15,351		\$553,148
	2/14/2018	EPS			10,234	15,351		\$553,148
	2/14/2018	TSR			5,178	10,356		\$368,776
	2/14/2018	TRSAs					27,290	\$1,475,025
			\$1,500,000	\$2,250,000				
Patrick J. Rusnak	2/14/2018	ROAA			4,163	6,245		\$225,010
	2/14/2018	EPS			4,163	6,245		\$225,010
	2/14/2018	TSR			2,106	4,212		\$149,990
	2/14/2018	TRSAs					11,101	\$600,009
			\$600,000	\$900,000				
James J. Pieczynski	2/14/2018	ROAA			6,938	10,407		\$374,999
	2/14/2018	EPS			6,938	10,407		\$374,999
	2/14/2018	TSR			3,510	7,020		\$249,982
	2/14/2018	TRSAs					18,501	\$999,979



Bryan M. Corsini	2/14/2018	ROAA	2,602	3,903	\$140,638
	2/14/2018	EPS	2,602	3,903	\$140,638
	2/14/2018	TSR	1,316	2,632	\$93,726
	2/14/2018	TRSAs		6,938	\$374,999
			\$500,000	\$750,000	
Laird M. Boulden	5/15/2018	TRSAs		11,161	\$600,015
			\$550,000	\$825,000	

(1)

Amounts indicated represent potential incentive cash bonuses under the provisions of the Company's formula-based EIC Plan. Additional information regarding the EIC Plan is discussed in the section "Compensation Discussion and Analysis 2018 Executive Compensation Decisions". The actual payments received are based upon performance attained and are included in the "Non-Equity Incentive Plan Compensation" column in the "2018 NEO Summary Compensation Table" above.

(2)

PRSUs granted under the 2017 Stock Incentive Plan ("2017 SIP") in 2018 will vest only if performance goals with respect to certain financial metrics are met over a three-year performance period. PRSUs are granted at a target number. The number of units that will ultimately vest based on the Company's actual performance will range from zero to a maximum of either 150% (for the portion of the PRSUs that vest based on achievement of EPS growth and ROAA goals) or 200% (for the portion of the PRSUs that vest based on achievement of Relative TSR goals) of target. Unvested PRSUs will participate with common stock in any dividends declared and paid only on the shares which ultimately vest, if any, at the end of the three-year performance period. At the time of vesting, the vested shares are entitled to receive cumulative dividends declared and paid during the three-year performance period. PRSUs accelerate vesting and vest in full with performance deemed achieved at target level with respect to all open performance periods if death occurs during the performance period, and deemed achieved at the actual performance level if death occurs after the end of the performance period and before the vesting date.

(3)

TRSAs granted in 2018 pursuant to the 2017 SIP vest in equal annual installments over 4 years. Dividends are paid on unvested TRSAs at the same rate as dividends are paid to stockholders on the Company's common stock. Restrictions on all shares of unvested TRSAs lapse, and shares accelerate vesting, upon the death of the individual.

(4)

With respect to PRSUs issued under the 2017 SIP, the grant date fair value is based on the target number of shares, which the Company currently estimates as the probable outcome of the market-based performance conditions. Depending on whether or to what extent the respective performance conditions are met, the

number of shares for which the performance units are ultimately settled will range from zero to a maximum of either 150% (for the portion of the PRSUs that vest based on achievement of EPS growth and ROAA goals) or 200% of (for the portion of the PRSUs that vest based on achievement of Relative TSR goals) of target. The grant date fair value of PRSUs that vest based on achievement of Relative TSR goals is based on a fair value of \$71.22 per PRSU. The grant date fair value of PRSUs that vest based on the achievement of EPS growth and ROAA goals is based on the closing price of the Company's common stock on February 14, 2018, or \$54.05.

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## Outstanding Equity Awards at December 31, 2018

	Stock Awards			
	Number of Shares or Units of Stock That Have Not Vested (#)(1)	Market Value of Shares or Units of Stock That Have Not Vested (\$)(2)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Rights That Have Not Vested (\$)(3)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Rights That Have Not Vested (\$)(2)
Named Executive Officer				
Matthew P. Wagner	68,091	\$ 2,266,068	97,309	\$ 3,238,444
Patrick J. Rusnak	39,611	\$ 1,318,254	41,320	\$ 1,375,130
James J. Pieczynski	47,497	\$ 1,580,700	68,867	\$ 2,291,894
Bryan M. Corsini	17,811	\$ 592,750	25,826	\$ 859,489
Laird M. Boulden	39,129	\$ 1,302,213		

- (1) Represents TRSAs that vest in equal annual installments over 4 years. Dividends are paid on unvested TRSAs at the same rate as dividends paid to stockholders generally on the Company's common stock. Restrictions on all shares of unvested TRSAs lapse, and shares accelerate vesting, upon the death of the individual.
- (2) Market value is determined using the December 31, 2018 closing price of the Company's common stock of \$33.28 per share.
- (3) Represents grants of PRSUs at target performance. PRSUs will vest only if performance goals with respect to certain financial metrics are met over a three-year performance period. PRSUs are granted at a target number. The number of units that will ultimately vest based on the Company's actual performance will range from zero to a maximum of either 150% (for the portion of the PRSUs that vest based on achievement of EPS growth and ROAA goals) or 200% (for the portion of the PRSUs that vest based on achievement of Relative TSR goals) of target. Unvested PRSUs will participate with common stock in any dividends declared and paid only on the shares which ultimately vest, if any, at the end of the three-year performance period. At the time of vesting, the vested shares are entitled to receive cumulative dividends declared and paid during the three-year performance period. PRSUs accelerate vesting and vest in full with performance deemed achieved at target level with respect to all open performance periods if death occurs during the performance period, and deemed achieved at the actual performance level if death occurs after the end of the performance period and before the vesting date.

## 2018 Stock Vested Table

Named Executive Officer	Stock Awards	
	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting \$(1)
Matthew P. Wagner	52,299	\$ 2,764,022
Patrick J. Rusnak	18,487	\$ 974,920
James J. Pieczynski	12,289	\$ 636,498
Bryan M. Corsini	15,859	\$ 839,019
Laird M. Boulden	13,000	\$ 693,680

(1) Value is determined using the closing market price of the Company's common stock on the vesting date.

For more information, see "Compensation Discussion and Analysis 2018 Executive Compensation Decisions" beginning on page 35.

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**Potential Payments on Termination and Change in Control**

**Change in Control for the Severance Pay Plan**

The Company has a Severance Pay Plan in which the NEOs participate. The Severance Pay Plan is a "double trigger" plan that provides severance to participants on a termination of employment by a participant for Good Reason (defined below) or by the Company other than for Just Cause (defined below) on or within two years of a Change in Control (defined below). Under those circumstances, each NEO is entitled to: (i) his or her accrued base salary and benefits through termination, (ii) the pro rata target annual incentive for the year in which the termination occurs, (iii) a designated multiple (three times for Mr. Wagner and two times for the other NEOs) of the NEOs annual compensation (annual base salary plus annual target incentive, automobile allowance and club dues) and (iv) continued medical, dental and vision coverage for the NEO and his or her dependents for the number of years corresponding to the participant's severance multiple, unless the participant obtains other health coverage.

Our Severance Pay Plan prohibits excise tax gross-up payments and provides that payments made in connection with the plan will be cut back to amounts that do not exceed the safe harbor provisions of Section 280G of the Code. In consideration for the severance, a participant will be subject to a non-solicitation covenant following any termination of his or her employment for the number of years corresponding to the participant's severance multiple. The Severance Pay Plan is administered by the Company's CNG Committee.

The relevant definitions under the Severance Pay Plan are summarized as follows:

"Change in Control" means: (i) a change in the majority control of the Company; (ii) a change in the majority (two-thirds under the Plan) control of the Company's board of directors; or (iii) the consummation of certain business combinations, including a reorganization, merger or consolidation, or the sale of all or substantially all of the assets of the Company, if the Company's stockholders do not hold at least a majority (70% under the Plan) of the combined voting power of the resulting company and the existing directors do not constitute at least half (two-thirds under the Plan) of the board of directors of the resulting company.

"Good Reason" means: (i) the executive is assigned duties inconsistent with his position and present responsibilities; (ii) the executive's base salary is reduced or benefits are significantly reduced; (iii) the executive is terminated other than for Just Cause (see below); or (iv) the executive is required to be based more than 25 miles from the location of his place of employment immediately before the Change in Control, except for normal business travel in connection with his duties with the Company. Isolated, insubstantial and inadvertent actions, taken in good faith and fully corrected by the Company before the date of termination do not generally constitute Good Reason.

"Just Cause" refers to: (i) an executive's intentional, continued failure to perform his duties for reasons other than physical or mental illness; or (ii) an intentional illegal act or gross misconduct which is materially and demonstrably injurious to the Company, as determined by a vote of two-thirds of the board of directors of the Company.

In addition, all unvested TRSA and PRSU awards are subject to "double-trigger", accelerated vesting upon the occurrence of a "change-in-control" and the NEO's termination of employment by the Company without "Just Cause" or by the NEO for "Good Reason", in each case, on or before the second anniversary of the change in control. In the TRSA and PRSU award agreements, "change-in-control" generally means: (i) the consummation of a plan of dissolution or liquidation of the Company; (ii) the incumbent board members cease to constitute at least two-thirds of the Company's Board; (iii) the consummation of a plan of reorganization, merger or consolidation involving the Company, if the Company's stockholders do not hold at least 70% of the combined

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voting power of the resulting company of the individuals who were members of the Company's incumbent Board do not constitute at least two-thirds of the Board of the resulting Company; (iv) the sale of all or substantially all of the assets of the Company; or (v) the acquisition by another person of stock representing more than 50% of the Company's then outstanding voting power.

The following table sets forth the potential payments that may be made to the NEOs upon a termination in connection with a Change in Control or otherwise. Except as described pursuant to the Severance Pay Plan, there are no agreements, arrangements or plans that entitle executive officers to severance, perquisites or other enhanced benefits upon termination of their employment. Any agreement to provide such payments or benefits to a terminated executive officer (other than following a qualifying termination on or within two years of a change in control) would be in the discretion of the CNG Committee. The payments calculated below are based on the executive's salary as of December 31, 2018 and assume a qualifying termination on December 31, 2018.

Table of Contents**2018 NEO CHANGE IN CONTROL TABLE**

Named Executive Officer	Base Salary (\$)	Bonus (\$)	Continuation			Total Termination Benefits (\$)
			Acceleration of Unvested Stock Awards (\$)(1)	Medical/ Welfare Benefits (\$)(2)	Other Amounts (\$)(3)	
Matthew P. Wagner						
<i>Voluntary Termination</i>						
<i>Involuntary Termination(4)</i>	\$ 346,154					\$ 346,154
<i>Termination without Cause or for Good Reason after Change in Control(5)(6)</i>	\$ 3,000,000	\$ 4,500,000	\$ 5,588,429	\$ 31,542	\$ 122,685	\$ 13,242,656
<i>Disability(7)</i>						
<i>Death(7)</i>			\$ 5,504,512			\$ 5,504,512
Patrick J. Rusnak						
<i>Voluntary Termination</i>						
<i>Involuntary Termination(4)</i>	\$ 207,692					\$ 207,692
<i>Termination without Cause or for Good Reason after Change in Control(5)(6)</i>	\$ 1,200,000	\$ 1,200,000	\$ 2,723,245	\$ 29,562	\$ 73,172	\$ 5,225,979
<i>Disability(7)</i>						
<i>Death(7)</i>			\$ 2,693,384			\$ 2,693,384
James J. Pieczynski						
<i>Voluntary Termination</i>						
<i>Involuntary Termination(4)</i>	\$ 166,154					\$ 166,154
<i>Termination without Cause or for Good Reason after Change in Control(5)(6)</i>	\$ 960,000		\$ 3,922,383	\$ 26,688	\$ 96,184	\$ 5,005,255
<i>Disability(7)</i>						
<i>Death(7)</i>			\$ 3,872,593			\$ 3,872,593
Bryan M. Corsini						
<i>Voluntary Termination</i>						
<i>Involuntary Termination(4)</i>	\$ 173,077					\$ 173,077
<i>Termination without Cause or for Good Reason after Change in Control(5)(6)</i>	\$ 1,000,000	\$ 1,000,000	\$ 1,470,926	\$ 26,688	\$ 78,224	\$ 3,575,838
<i>Disability(7)</i>						
<i>Death(7)</i>			\$ 1,452,239			\$ 1,452,239
Laird M. Boulden						
<i>Voluntary Termination</i>						
<i>Involuntary Termination(4)</i>	\$ 190,385					\$ 190,385
<i>Termination without Cause or for Good Reason after Change in Control(5)(6)</i>	\$ 1,100,000	\$ 1,100,000	\$ 1,302,213	\$ 26,688	\$ 16,332	\$ 3,545,233

<i>Disability(7)</i>		
<i>Death(7)</i>	\$ 1,302,213	\$ 1,302,213

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(1)

The amounts in this column include the value of unvested equity awards that would accelerate upon the occurrence of a vesting event (as defined in the Severance Pay Plan) as of December 31, 2018, calculated by multiplying the number of accelerated shares by the closing price of the Company's common stock on December 31, 2018.

Upon a Change in Control defined above, each PRSU will: (i) be deemed earned at the target level with respect to all open performance periods if the Change in Control occurs within six months after the grant date, and (ii) be deemed earned at the actual performance level as of the date of the Change in Control if a change in control occurs more than six months after the grant date. In both cases, the PRSU will not be subject to any further performance conditions (and the number of PRSUs earned will be treated as the number of units that are outstanding, including for purposes of a



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subsequent vesting event), but will be subject to time-based service vesting following the Change in Control in accordance with the original performance period.

PRSUs and TRSAs accelerate vesting and vest in full with PRSUs performance deemed achieved (i) at target level with respect to all open performance periods if death occurs during the performance period, and (ii) at the actual performance level if death occurs after the end of the performance period but before the vesting date.

- (2) Represents reimbursement for COBRA payments based on the NEO's premiums for health and dental insurance at December 31, 2018 multiplied by the NEO's severance multiple.
- (3) Other amounts include three times, in the case of Mr. Wagner, and two times, in the case of the other NEOs, the sum of (i) an automobile allowance of \$12,000, as applicable, (ii) the cost of life, medical, long-term care and disability insurance premiums paid by the Company, and (iii) club dues.
- (4) Under the Company's employee severance policy, full-time employees of the Company are entitled to receive a severance benefit in the event their employment is terminated because of the elimination of a previously required position or previously required service, or due to the consolidation of departments, abandonment of plants or offices, or technological change or declining business activities, where such termination is intended to be permanent. The amount of severance benefit is determined based on the length of service and the employee's base salary. In general, an eligible employee is entitled to a severance benefit of one week of base salary for each year of service plus a supplemental severance benefit based on level and term of service. In addition, eligible employees are entitled to an annual incentive prorated from the beginning of the calendar year to the date of separation. The amounts included in the table reflect 18 weeks of base salary for each NEO and do not include prorated bonuses because the involuntary termination is assumed to take place at the end of the year, and the NEO would already be entitled to the full bonus for 2018.
- (5) Assumes an effective date of a change in control and a qualifying termination of employment as of December 31, 2018. In addition to the payments provided in this row, in the event the NEO is terminated within 24 months following a change in control either: (i) by the Company for any reason other than cause or (ii) by the executive for good reason, the executive is entitled to receive accrued benefits, including salary and annual incentive, which are earned through the date of termination.
- (6) The Severance Pay Plan is a "double trigger" program, meaning payments are made only if the NEO experiences a qualifying termination of employment within two years following the change in control. The amounts shown in the first three columns of the above table for "termination without cause or for good reason after change in control" are based on the following assumptions and provisions of the Severance Pay Plan. In the event the named executive is terminated within two years after a change in control either: (i) by the Company for any reason other than cause or (ii) by the executive for good reason, the Company is required to pay an amount equal to 200% (300% in the case of Mr. Wagner) of the sum of the executive's base salary and target EIC Plan award.

For a termination at December 31, 2018:

Mr. Wagner had a base salary of \$1,000,000 and an EIC Plan target of 150% of his base salary, or \$1,500,000;

Mr. Rusnak had a base salary of \$600,000 and an EIC Plan target of 100% of his base salary, or \$600,000;

Mr. Pieczynski had a base salary of \$480,000, and he was not an EIC participant in 2018;

Mr. Corsini had a base salary of \$500,000 and an EIC Plan target of 100% of his base salary, or \$500,000; and

Mr. Boulden had a base salary of \$550,000 and an EIC Plan target of 100% of his base salary, or \$550,000.

See "Compensation Discussion and Analysis 2018 Executive Compensation Decisions" beginning on page 35 of this Proxy Statement for more information regarding the award opportunities under the EIC Plan during 2018.

(7)

A termination of employment due to death or disability does not entitle the NEOs to any payments or benefits that are not available to salaried employees generally. However, unvested TRSAs vest upon death. Unvested PRSUs vest at target levels upon death during the performance period.

The change in control termination benefits for all of our NEO's are subject to reduction to the extent that they exceed the safe harbor amount calculated under Section 280G of the Code. At December 31, 2018, none of our NEOs change in control termination benefits would be reduced due to Section 280G of the Code.

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## **PROPOSAL 2: ADVISORY VOTE ON EXECUTIVE COMPENSATION**

Pursuant to Section 14A of the Exchange Act, we are seeking advisory (non-binding) stockholder approval of the compensation of our NEOs.

Our stockholders approved our 2018 "say-on-pay" vote as a result of a number of actions we took to strengthen our corporate governance to more closely align our executive compensation program with the Company's performance and to make our compensation program more responsive to stockholder interests, including:

Maintaining our proactive stockholder outreach;

Aligning Company performance with stockholder interests for long-term stockholder value creation;

Enhancing our proxy compensation disclosure;

Clawback of incentive compensation for executives; and

Double trigger equity awards in the event of a change of control.

Over the past several years, we have continued to enhance our compensation programs as a result of continued stockholder engagement, including this proposal, commonly known as a "say-on-pay" proposal, that gives our stockholders the opportunity to express their views on the compensation of our NEOs. This vote is not intended to address any specific item of compensation, but rather to present our overall compensation philosophy and objectives with respect to our NEOs. Accordingly, your vote will not directly affect or otherwise limit any existing compensation or award arrangement of any of our NEOs.

As an advisory vote, this proposal is not binding upon the Board or the Company. The CNG Committee, however, values the opinions expressed by stockholders in their vote on this proposal and will consider the outcome of the vote when making future compensation decisions for NEOs. The Board believes that the compensation of the Company's NEOs is appropriate and should be approved on an advisory basis by the Company's stockholders as more particularly outlined in "Compensation Discussion and Analysis" beginning on page 31.

*The PacWest Board of Directors recommends a vote "FOR" approval of the compensation paid to the Company's NEOs as disclosed in this Proxy Statement pursuant to the disclosure rules of the SEC, including the Compensation Discussion and Analysis, compensation tables and narrative discussion.*

### **CEO Pay Ratio**

The Company believes executive pay should be aligned with our employees to create stockholder value. Annually, the CNG Committee reviews the amounts paid to our CEO as compared to amounts paid to all employees.

Set forth below is the annual total compensation of our median employee, the annual total compensation of our CEO, Mr. Wagner, and the ratio of those two amounts:

The 2018 annual total compensation of the median employee of the Company (other than our CEO) was \$86,325;

The 2018 annual total compensation of Mr. Wagner was \$6,238,560; and

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For 2018, the ratio of the annual total compensation of Mr. Wagner to the median annual total compensation of all our employees was 72:1.

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Our CEO-to-median employee pay ratio is calculated in accordance with Item 402(u) of Regulation S-K promulgated by the SEC. The rules for determining the pay ratio based on the median employee's annual total compensation allow companies to utilize different methodologies that reflect their employment and compensation practices. As such, the pay ratio reported by other companies may not be comparable to our pay ratio. To determine the median employee, we used the following methodology:

Examined actual 2018 earnings from payroll records;

Excluded employees who separated in 2018 such that only active employees at December 31, 2018 were considered;

Excluded the CEO and employees with no 2018 regular earnings (i.e., former employees receiving deferred compensation payments); and

With respect to employees hired in 2018, we annualized regular pay to equal a twelve-month period as follows:  
(i) annualized regular pay, plus (ii) actual stock compensation, plus (iii) actual bonus.

The results were sorted from lowest total compensation to highest total compensation to determine the median employee. After identifying the median employee, the Company calculated the 2018 annual total compensation for both our median employee and our CEO using the same methodology that the Company used to calculate the CEO's annual total compensation for the "2018 NEO Summary Compensation Table" in this Proxy Statement and as further described below as applicable:

Stock compensation equals: (i) with respect to TRSAs, the aggregate grant date fair value of the Company's common stock underlying such awards granted in 2018 and (ii) with respect to PRSUs, the aggregate grant date fair value computed in accordance with FASB ASC Topic 718 at the target level of payout;

Cash bonus equals 2018 bonus paid in the first quarter of 2019; and

Total compensation includes other compensation items such as dividends on unvested TRSAs and perquisites.

The CEO's total compensation is divided by the total compensation of the median employee to determine the CEO pay ratio.

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## **AUDIT MATTERS**

In this section, you will find:

Audit Committee Report

Independent Auditor Fees

Pre-Approval Policies and Procedures

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## **AUDIT COMMITTEE REPORT**

The Audit Committee assists the Board in oversight of: (i) the quality and integrity of the Company's financial statements, (ii) the Company's compliance with legal and regulatory requirements, (iii) the independent auditors' qualifications and independence, (iv) the performance of the independent auditors and the Company's internal audit function and (v) in conjunction with the Risk Committee, the Company's risk management functions. The Audit Committee also assists in deciding whether to appoint, retain or terminate the Company's independent auditors and pre-approves all audit, audit-related and other services, if any, to be provided by the independent auditors.

Management of the Company is responsible for the preparation, presentation and integrity of the Company's financial statements and the effectiveness of internal control over financial reporting, the Company's accounting and financial reporting principles and policies and internal controls and the procedures that provide for compliance with accounting standards and applicable laws and regulations. Our independent auditors are responsible for performing an independent audit of the Company's annual financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB") and expressing an opinion as to the conformity of such financial statements with generally accepted accounting principles, reviewing the Company's quarterly financial statements prior to the filing of each quarterly report on Form 10-Q and annually reporting on the effectiveness of the Company's internal control over financial reporting and other procedures.

During 2018, the Audit Committee performed all of its duties and responsibilities under the Audit Committee charter. The Audit Committee reviewed and discussed the audited consolidated financial statements as of and for the year ended December 31, 2018 with management and the independent auditors. The Audit Committee also discussed with the independent auditors the matters required to be discussed by applicable requirements of PCAOB regarding the independent registered public accounting firm's communications with the Audit Committee as well as by SEC regulations.

The Audit Committee received the written disclosures and the letter from the independent auditors required by applicable requirements of the PCAOB regarding the independent auditors' communications with the Audit Committee. The Audit Committee also discussed auditor independence with the independent auditors.

Based upon the reports and discussions described above and subject to the limitations on the role and responsibilities of the Audit Committee referred to above and in the Audit Committee's charter, the Audit Committee recommended to the Board that the audited consolidated financial statements of the Company for 2018 be included in its Annual Report on Form 10-K for filing with the SEC.

### **AUDIT COMMITTEE**

Susan E. Lester, Chairperson  
Paul R. Burke  
Craig A. Carlson  
C. William Hosler  
Roger H. Molvar  
Mark T. Yung

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**Independent Auditor**

The Audit Committee reappointed the firm of KPMG LLP as independent auditors to audit the financial statements of the Company for the current fiscal year. Representatives from KPMG LLP are expected to be present at the Annual Meeting. They will have an opportunity to make a statement if they so desire and will be available to respond to appropriate questions.

**Independent Auditor Fees**

The following is a description of fees for professional audit services rendered by KPMG LLP for the audit of the Company's annual financial statements for 2018 and 2017 as well as fees billed for other services rendered by KPMG LLP.

**Audit Fees**

Audit fees include fees for the annual audit of the Company's financial statements included in the Annual Report, review of interim financial statements included in the Company's quarterly reports on Form 10-Q, review of registration statements filed with the SEC and the issuance of consents and comfort letters. The aggregate audit fees earned by KPMG LLP for the years ended December 31, 2018 and 2017 totaled \$3,103,450 and \$3,262,368, respectively.

**Audit-Related Fees**

Audit-related fees consist of assurance and related services that are reasonably related to the performance of the audit. No audit-related fees were billed to the Company by KPMG LLP for the years ended December 31, 2018 and 2017.

**Tax Fees**

Tax fees include corporate tax compliance, planning and advisory services. The aggregate tax fees billed to the Company by KPMG LLP for the years ended December 31, 2018 and 2017 totaled \$1,622,999 and \$1,594,769, respectively. Of the 2018 and 2017 tax fees, tax compliance and preparation fees totaled \$790,943 and \$915,314, respectively.

**All Other Fees**

No other fees were billed to the Company by KPMG LLP for the years ended December 31, 2018 and 2017.

**Pre-Approval Policies and Procedures**

The Audit Committee adopted a policy that requires advance approval by the Audit Committee of all audit, audit-related, tax and all other services performed by the independent auditors. During 2018, the Audit Committee pre-approved all audit services, non-audit services, audit-related services and tax services performed by KPMG LLP on behalf of the Company. In approving any non-audit services, the Audit Committee considered whether the provision of such services would be compatible with maintaining the independence of KPMG LLP.



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### **PROPOSAL 3: RATIFICATION OF THE APPOINTMENT OF INDEPENDENT AUDITORS**

The Company's Audit Committee appointed the firm of KPMG LLP as independent auditors for the Company for the fiscal year ending December 31, 2019 and is submitting its selection for ratification by our stockholders. KPMG LLP has served as the independent auditors for the Company or its predecessors since 1982. Subject to the matters discussed under the section entitled "Audit Committee Report", the Audit Committee carefully considered the firm's qualifications as independent auditors for the Company, including a review of the qualifications of the engagement team, the quality control procedures the firm has established and any issues raised by the most recent quality control review of the firm. The Audit Committee's review also included the matters regarding auditor independence discussed under the section entitled "Audit Committee Report", including whether the nature and extent of non-audit services would impair the independence of the auditors. Services provided to the Company and its subsidiaries by KPMG LLP during fiscal year 2018 are described under the section titled "Independent Auditor Fees" above.

The Company's organizational documents do not require that stockholders ratify the appointment of KPMG LLP as independent auditors. The Company is seeking stockholder approval because the Board believes it is a matter of good corporate governance practice. If the stockholders do not ratify the appointment of KPMG LLP, then the Audit Committee may consider the appointment of other independent auditors, but is not required to do so. The Audit Committee retains the power to replace the independent auditors if the Audit Committee determines that the best interests of the Company warrant a change.

*The PacWest Board of Directors recommends a vote "FOR" ratification of the appointment of KPMG LLP as the Company's independent auditors for the fiscal year ending December 31, 2019.*

Table of Contents**OWNERS OF MORE THAN FIVE PERCENT**

The following table sets forth the beneficial owners of more than five percent of the outstanding shares of the Company's common stock as of the dates set forth in the footnotes below. Based on the public filings that beneficial owners of more than five percent of the outstanding shares of the Company's common stock are required to make with the SEC, other than as otherwise set forth below, there are no beneficial owners of more than five percent of the outstanding shares of the Company's common stock as of the dates set forth in the footnotes below.

<b>Name and Address of Beneficial Owner</b>	<b>Amount and Nature of Beneficial Ownership of Common Stock(1)</b>	
	<b>Number of Shares Owned</b>	<b>Percent of Class(1)</b>
BlackRock, Inc. <sup>(2)</sup> 55 East 52nd Street New York, NY 10055 The Vanguard Group <sup>(3)</sup> 100 Vanguard Blvd. Malvern, PA 19355	15,679,391	13.08%
	11,517,539	9.61%

(1)

Based on 119,849,670 shares of common stock of the Company issued and outstanding as of the Record Date, excluding 1,288,190 shares of unvested TRSAs. For purposes of computing the percentage of outstanding shares of common stock held by each person or group of persons named above, any shares which such person or persons has the right to acquire within 60 days of the Record Date are deemed to be outstanding for such person or persons, but are not deemed to be outstanding for the purpose of computing the percentage ownership of any other person.

(2)

Based on a Schedule 13G/A filed January 31, 2019, by BlackRock, Inc. (the "BlackRock 13G/A"). According to the BlackRock 13G/A, BlackRock, Inc. is the beneficial owner of 15,679,391 shares of Company common stock with sole disposition power over all such shares and sole voting power over 14,770,616 of such shares.

(3)

Based on a Schedule 13G/A filed February 11, 2019, by The Vanguard Group (the "Vanguard 13G/A"). According to the Vanguard 13G/A, The Vanguard Group is the beneficial owner of 11,517,539 shares of Company common stock with sole disposition power over 11,451,226 of such shares and sole voting power over 59,399 of such shares.

Table of Contents**OWNERSHIP OF DIRECTORS AND EXECUTIVE OFFICERS**

The following table sets forth information regarding the beneficial ownership of the Company's common stock as of the Record Date by: (1) each director; (2) each individual named in the "2018 NEO Summary Compensation Table" on page 47; and (3) our current directors and executive officers as a group.

Name	Amount and Nature of Beneficial Ownership of Common Stock(1)	
	Number of Shares Owned	Percent of Class
<b>Directors and Director Nominees Who Are Not Named Executive Officers:</b>		
John M. Eggemeyer, III	215,870	*
C. William Hosler	45,591	*
Paul R. Burke	34,333	*
Daniel B. Platt	26,585 <sup>(2)</sup>	*
Susan E. Lester	25,546	*
Robert A. Stine	20,925 <sup>(3)</sup>	*
Craig A. Carlson	10,366	*
Roger H. Molvar	9,159	*
Mark T. Yung	4,279	*
Tanya M. Acker	3,900	*
<b>Named Executive Officers:</b>		
Matthew P. Wagner		
Chief Executive Officer and President of the Company and the Bank, Current Director and Director Nominee	548,918 <sup>(4)</sup>	*
Patrick J. Rusnak		
Executive Vice President and Chief Financial Officer of the Company and the Bank	70,793 <sup>(5)</sup>	*
James J. Pieczynski		
Executive Vice President, Vice Chairman of the Company, Current Director and Director Nominee	153,978 <sup>(6)</sup>	*
Bryan Corsini		
Executive Vice President and Chief Credit Officer of the Company and Executive Vice President of the Bank	42,089 <sup>(7)</sup>	*
Laird M. Boulden		
Executive Vice President and President of the National Lending Group of the Company and the Bank	43,080 <sup>(8)</sup>	*
All Directors and Executive Officers as a group (22 persons)	1,412,500	1.18%

\*

Represents less than 1.0% of the outstanding shares of the Company's common stock calculated in accordance with Rule 13d-3 of the Exchange Act. See footnote (1) below.

(1)

For purposes of this table, "beneficial ownership" is determined in accordance with Rule 13d-3 under the Exchange Act, pursuant to which a person or group of persons is deemed to have "beneficial ownership" of any shares of common stock that such person has the right to acquire within 60 days of the March 18, 2019 Record Date. This would include any restricted stock which vests within 60 days of the Record Date. Unless otherwise indicated, the nature of the

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beneficial ownership is sole voting and investment powers over the shares indicated. For purposes of this table, "percent of class" is based on 119,849,670 shares of common stock of the Company issued and outstanding as of the Record Date, excluding 1,288,190 shares of unvested TRSAs. For purposes of computing the percentage of outstanding shares of common stock held by each person or group of persons named above, any shares which such person or persons has the right to acquire within 60 days of the Record Date are deemed to be outstanding for such person or persons, but are not deemed to be outstanding for the purposes of computing the percentage ownership of any other person. The amounts in the table are as of the Record Date.

- (2) Mr. Platt has shared voting and investment power with respect to 22,147 shares that are held in a trust of which he is co-trustee.
- (3) Mr. Stine has shared voting and investment power with respect to 20,925 shares that are held in a trust of which he is co-trustee.
- (4) Mr. Wagner's beneficial ownership amount does not include: (i) 89,085 shares of unvested PRSUs; (ii) 83,238 shares of unvested TRSAs; and (iii) 17,003 shares of common stock owned by his spouse and for which he disclaims beneficial ownership.
- (5) Mr. Rusnak's beneficial ownership amount does not include: (i) 35,980 shares of unvested PRSUs and (ii) 33,994 shares of unvested TRSAs.
- (6) Mr. Pieczynski has shared voting and investment power with respect to 125,792 shares that are held in a trust of which he is co-trustee. Mr. Pieczynski's beneficial ownership amount does not include: (i) 34,687 shares of unvested PRSUs and (ii) 30,581 shares of unvested TRSAs.
- (7) Mr. Corsini's beneficial ownership amount does not include: (i) 22,488 shares of unvested PRSUs and (ii) 21,245 shares of unvested TRSAs.
- (8) Mr. Boulden's beneficial ownership amount does not include: (i) 10,429 shares of unvested PRSUs and (ii) 34,044 shares of unvested TRSAs.

Table of Contents**EXECUTIVE OFFICERS**

The following table sets forth each executive officer of the Company, his or her age as of the Record Date, current position and the period during which such person has served in such position. Following the table is a description of each executive officer's principal occupation during the past five years.

<b>Name</b>	<b>Age</b>	<b>Position</b>	<b>Year Assumed Current Position</b>	<b>Year Hired by the Company(1)</b>
Christopher D. Blake	59	Executive Vice President, President and Chief Executive Officer of the Community Banking Group of the Company and Pacific Western Bank	2018	1994
Laird M. Boulden	61	Executive Vice President and President of the National Lending Group of the Company and Pacific Western Bank and Director of Pacific Western Bank	2018	2010
Mark Christian	55	Executive Vice President, Operations & Systems Administration of the Company and Pacific Western Bank	2005	1997
Rebecca H. Cordes	63	Executive Vice President, Human Resources of the Company and Pacific Western Bank	2018	2018
Bryan M. Corsini	57	Executive Vice President and Chief Credit Officer of the Company and Executive Vice President and Director of Pacific Western Bank	2014	2000
Stanley R. Ivie	59	Executive Vice President, Chief Risk Officer of the Company and Pacific Western Bank	2016	2016
Kori L. Ogrosky	49	Executive Vice President, General Counsel and Corporate Secretary of the Company and Executive Vice President and Corporate Secretary of Pacific Western Bank	2014	2005
Bart R. Olson	51	Executive Vice President, Chief Accounting Officer of the Company and Pacific Western Bank	2017	2017
James J. Pieczynski	56	Executive Vice President, Vice Chairman and Director of the Company and Pacific Western Bank	2018	2001
Patrick J. Rusnak	55	Executive Vice President and Chief Financial Officer of the Company and Pacific Western Bank and Director of Pacific Western Bank	2015	2015
Frank Tower	52	Executive Vice President and President of the Venture Banking Group of the Company and Pacific Western Bank	2015	2014
Matthew P. Wagner	62	Chief Executive Officer and President and Director of the Company and Pacific Western Bank	2000	2000

(1)

If the executive joined the Company through an acquisition or merger, the date above indicates the date of hire at the predecessor company and the years of service at the predecessor company are included in the dates above.

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**Christopher D. Blake.** Mr. Blake is Executive Vice President, President and Chief Executive Officer of the Community Banking group of the Company and Pacific Western Bank. Mr. Blake served as Executive Vice President, Human Resources of the Company and Pacific Western Bank from April 2014 to November 2018. Mr. Blake has served on the board of directors for California Domestic Water Company, a wholesale water distribution company since November 18, 2016 and its wholly owned subsidiary Cadway, Inc. where he serves as a member of the Human Resources, Asset Management and Audit Committees. Mr. Blake was President of the Eastern Region of Pacific Western Bank when Pacific Western National Bank was acquired by the Company on January 31, 2002 and Mr. Blake served in that position until April 2014. Mr. Blake joined Pacific Western National Bank in October 1994 and served as chief credit officer until being appointed chief operating officer in December 1999.

**Laird M. Boulden.** Mr. Boulden is Executive Vice President and President of the National Lending Group of the Company and Pacific Western Bank. Mr. Boulden has served as a Director of Pacific Western Bank since May 2018. Mr. Boulden served as Executive Vice President, Chief Lending Officer of the CapitalSource Division of Pacific Western Bank from April 2014 to June 2018. Prior to joining the Company, Mr. Boulden served as the President of CapitalSource Inc. from October 2011 to April 2014 and as the Chief Lending Officer of CapitalSource Bank from January 2012 to April 2014. Mr. Boulden served as Managing Director of CapitalSource Inc.'s Corporate Finance Group from May 2011 to October 2011 and Managing Director of CapitalSource Inc.'s Corporate Asset Finance Group from February 2010 to May 2011. Earlier in his career, Mr. Boulden was co-founder of Tygris Commercial Finance, where he served as President of Tygris Asset Finance. Prior to that, Mr. Boulden served as President and CEO of RBS Asset Finance, Inc., a division of RBS Citizens, N.A. Prior to that, he served as a Group President of Heller Financial Inc.

**Mark Christian.** Mr. Christian is Executive Vice President, Operations & Systems Administrator of the Company and Pacific Western Bank. Mr. Christian joined the Company in 2000 with its acquisition of Rancho Santa Fe National Bank where he had been senior vice president of operations since 1997.

**Rebecca H. Cordes.** Ms. Cordes has served as Executive Vice President, Human Resources of the Company and Pacific Western Bank since December 2018. Ms. Cordes held various positions at First Western Financial, Inc. including, EVP, Director of Support Services, Director of Human Capital and Senior Operations Officer for First Western Capital Management, a registered investment advisory firm from 2008 to 2018. Prior to 2008, Ms. Cordes held various positions at US Bank over a 25-year period, including SVP/Senior Managing Director Private Client Group, SVP Regional Small Business Lending Manager, District Operations Sales and Services Manager, VP Human Resources and VP Director of Internal Audit. Ms. Cordes served on the Denver Metro Chamber Leadership Foundation Board of Directors from 2003 to 2012, including as the Board Chair from 2010 to 2011. Ms. Cordes served on the Rocky Mountain Junior Achievement board of directors where she served on the finance committee and executive committee from 2004 to 2016. Ms. Cordes was appointed in 2014 to the Colorado Commission on Affordable Health Care for a three-year term by Governor John Hickenlooper.

**Bryan M. Corsini.** Mr. Corsini is Executive Vice President and Chief Credit Officer of the Company and Executive Vice President of Pacific Western Bank and he has served as a director of Pacific Western Bank since 2016. Mr. Corsini served as the executive vice president and chief administrative officer of CapitalSource Bank from October 2011 to April 2014. Mr. Corsini previously served as president, credit administration of CapitalSource Bank from July 2008 to October 2011 and as chief credit officer from CapitalSource Inc.'s inception in 2000 until July 2008. Mr. Corsini was an executive vice president with Fleet Capital Corporation, a commercial finance company from 1986 to 2000.

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**Stanley R. Ivie.** Mr. Ivie is Executive Vice President, Chief Risk Officer of the Company and Pacific Western Bank. Mr. Ivie serves on the board of directors of the Western Bankers Association where he serves as a member of the Federal Government Relations Committee and he is on the board of directors of the Pacific Bankers Management Institute for Pacific Coast Banking School. Mr. Ivie served as the regional director for the Federal Deposit Insurance Corporation's ("FDIC") San Francisco Region from April 2007 to March 2016. Prior to serving as the regional director for the FDIC's San Francisco Region, Mr. Ivie served as regional director for the FDIC's Dallas Region. Prior to serving as regional director in the FDIC's Dallas and San Francisco Regions, Mr. Ivie served as the deputy director for the Division of Resolutions and Receiverships (the "Division"), where he directed field operations nationwide for the Division. Mr. Ivie also served in an interim capacity as director of the Office of Public Affairs in Washington, D.C. Mr. Ivie previously served in various capacities in Washington, D.C., including assistant director and senior congressional liaison for the Division.

**Kori L. Ogrosky.** Ms. Ogrosky is Executive Vice President, General Counsel and Corporate Secretary of the Company and Executive Vice President and Corporate Secretary of Pacific Western Bank. Ms. Ogrosky was senior vice president and general counsel of CapitalSource Inc. from January 2012 to April 2014. Ms. Ogrosky served in various roles in CapitalSource's legal department since 2005. Ms. Ogrosky was an associate at White & Case LLP from November 1999 to November 2004, where she focused on corporate and securities laws, corporate finance and governance matters.

**Bart R. Olson.** Mr. Olson is Executive Vice President, Chief Accounting Officer of the Company and Pacific Western Bank. Mr. Olson served as a managing director in the chief financial officer division of Credit Suisse Group where he was the Global Head of Liquidity Measurement and Reporting from March 2014 to February 2017 and served as the Deputy Controller Americas Region from May 2013 to March 2014. Mr. Olson spent twenty-three years in public accounting, including fifteen years with KPMG LLP from 1998 to 2013, nine of which were as an audit partner. Mr. Olson is a licensed certified public accountant in California.

**James J. Pieczynski.** Mr. Pieczynski has served as a director of the Company since 2014, where he serves as a member of the ALM and Risk Committees. Mr. Pieczynski is also a director of Pacific Western Bank. Mr. Pieczynski is Executive Vice President, Vice Chairman of the Company and the Bank since June 2018. Mr. Pieczynski was Executive Vice President of the Company and President of the CapitalSource Division of Pacific Western Bank from April 2014 to June 2018. Mr. Pieczynski served as a director of CapitalSource Inc. from January 2010 to April 2014 and as chief executive officer of CapitalSource Inc. from January 2012 to April 2014. Mr. Pieczynski also served as president of CapitalSource Bank from January 2012 to April 2014 and he was a member of the board of directors of CapitalSource Bank from January 2013 to April 2014. Mr. Pieczynski also serves on the board of directors, chairs the Nominating and Corporate Governance Committee and is a member of the Audit and Compensation Committees of LTC Properties, Inc., a self-administered real estate investment trust. Mr. Pieczynski also serves as a director for the Conejo Teen Organization, Inc. and Sherwood Cares, both of which are nonprofit organizations.

**Patrick J. Rusnak.** Mr. Rusnak is Executive Vice President and Chief Financial Officer of the Company and Pacific Western Bank. Mr. Rusnak is also a director of Pacific Western Bank. Mr. Rusnak served as chief financial officer for Sterling Financial Corporation from January 2011 to April 2014. Mr. Rusnak previously served in several executive roles for AmericanWest Bancorporation, including as chief executive officer from July 2008 to December 2010.

**Frank Tower.** Mr. Tower is Executive Vice President and President of the Venture Banking Group of the Company and Pacific Western Bank where he leads the technology, life sciences and venture capital practices across the country. Mr. Tower served as executive vice president at Square 1 Bank

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from January 2014 until October 2016. Previous experience also includes roles as senior vice president and senior credit officer during his 10 year tenure at Silicon Valley Bank. Mr. Tower is a founding general partner of Gold Hill Capital Management, LLC, an independent venture debt firm and he has over 20 years of experience financing high growth, venture backed technology and life science companies.

**Matthew P. Wagner.** Mr. Wagner has been the President and CEO of PacWest Bancorp and Pacific Western Bank and a director of the Company since 2000 and he is currently a member of the ALM, Risk and Executive Committees. Mr. Wagner also serves on Pacific Western Bank's Board of Directors.



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

Section 16(a) of the Exchange Act requires the Company's directors and executive officers and persons who own more than 10% of a registered class of the Company's equity securities, to file reports of ownership of and transactions in, the Company's equity securities with the SEC. Such directors, executive officers and 10% stockholders are also required to furnish the Company with copies of all Section 16(a) reports that they file. Based solely on a review of the copies of such reports received by the Company and on written representations from certain reporting persons, the Company believes that all Section 16(a) filing requirements applicable to its directors, executive officers and 10% stockholders were complied with during 2018.

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## **ANNUAL MEETING INFORMATION**

In this section, you will find:

Householding of Proxy Materials

Other Business

Communications with the Board of Directors

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## "HOUSEHOLDING" OF PROXY MATERIALS

The SEC approved a rule concerning the delivery of annual reports and proxy statements. It permits a single set of these reports to be sent to any household in which two or more stockholders reside if they appear to be members of the same family. Each stockholder continues to receive a separate proxy card. This procedure, referred to as "householding", reduces the volume of duplicate information stockholders receive and reduces Company mailing and printing expenses.

In accordance with a notice sent to certain stockholders who shared a single address, only one annual report and proxy statement will be sent to that address unless a stockholder at that address requests that multiple sets of documents be sent. If a stockholder who agreed to householding wishes to receive a separate proxy statement or annual report either now or in the future, he or she may contact our transfer agent, EQ Shareowner Services, at (800) 468-9716 or by mail at P.O. Box 64874, St. Paul, Minnesota 55164-0874. Requests will be responded to promptly. Stockholders who are record holders and share an address and that would like to receive a single set of reports or proxy statements may do so by contacting their banks or brokers, if they are beneficial holders, or by contacting EQ Shareowner Services at the address set forth above.

## OTHER BUSINESS

Except as set forth herein, management has no knowledge of any other business to come before the Annual Meeting. If, however, any other matters of which management is now unaware properly come before the Annual Meeting, it is the intention of the persons named in the proxy to vote the proxy in accordance with the recommendations of management on such matters and discretionary authority to do so is included in the proxy.

### Stockholder Proposals

Business must be properly brought before an annual meeting in order to be considered by stockholders. To be considered for inclusion in the Company's Proxy Statement for the 2020 Annual Meeting, a stockholder proposal must be submitted in writing to the Company's Corporate Secretary no later than December 5, 2019 and must satisfy the other requirements of Rule 14a-8 under the Exchange Act.

Any proposal submitted for the proxy materials will be subject to the rules and regulations of the SEC concerning stockholder proposals. The notice of a proposal must also contain the following items:

The stockholder's name, address and beneficial ownership of shares of the Company;

The text of the proposal to be presented;

A brief written statement of the reasons why such stockholder favors the proposal; and

Any material interest of such stockholder in the proposal.

Assuming the Company holds the 2020 Annual Meeting on the anniversary of the Annual Meeting, matters proposed by stockholders for consideration at the 2020 Annual Meeting but not included in our proxy materials must be received by our Corporate Secretary no earlier than January 14, 2020 and no later than February 13, 2020.

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**Director Nominations**

Nominations for the election of directors may be made by a stockholder entitled to vote for the election of directors by submitting a notice in writing, delivered or mailed by first class, United States mail, postage prepaid, to the Corporate Secretary of the Company not less than 90 days nor more than 120 days prior to the first anniversary date of the annual meeting of the stockholders of the Company called for the election of directors.

Director nominations proposed by stockholders to be made at the 2020 Annual Meeting must be received by our Corporate Secretary no earlier than January 14, 2020 and no later than February 13, 2020.

Pursuant to the Company's Amended and Restated Bylaws and the rules and regulations of the SEC, the notice stating a desire to nominate any person for election as a director of the Company must contain the following items:

The stockholder's name, address and beneficial ownership of shares of the Company;

The name, age, business address, residential address and principal occupation or employment of the person to be nominated;

The nominee's signed consent to serve as a director of the Company, if elected;

The number of shares of the Company's stock beneficially owned by the nominee;

A description of all arrangements and understandings between the stockholder and the nominee pursuant to which the nomination is to be made; and

Such other information concerning the director nominee as would be required in a proxy statement soliciting proxies for the election of the director nominee under the rules of the SEC.

A copy of the Company's Amended and Restated Bylaws specifying the requirements will be furnished to any stockholder upon written request to the Corporate Secretary.

**COMMUNICATIONS WITH THE BOARD OF DIRECTORS**

Stockholders interested in communicating with a director or with the directors as a group, or persons interested in communicating complaints to the Audit Committee concerning accounting, internal controls or auditing matters, may do so by writing care of the Corporate Secretary, PacWest Bancorp, 9701 Wilshire Boulevard, Suite 700, Beverly Hills, California 90212. The Board has adopted a process for handling correspondence received by the Company and addressed to members of the Board. Under that process, the Corporate Secretary of the Company reviews all such correspondence and forwards to the Board a summary of all such correspondence and copies of all correspondence that, in the opinion of the Corporate Secretary, deals with the functions of the Board or committees thereof or that the Corporate Secretary otherwise determines requires the Board's attention. Directors may at any time review a log of all correspondence received by the Company that is addressed to members of the Board and request copies of any such correspondence. Any concerns relating to accounting, internal controls or auditing matters are promptly brought to the attention of the Company's General Counsel and/or other members of the Company's management and handled in accordance with procedures established by the Audit Committee with respect to such matters. These procedures include the ability to post reports anonymously via an internet-based tool or via a toll-free "hot-line" available to employees for purposes of reporting alleged or suspected wrongdoing.

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## **INCORPORATION BY REFERENCE**

The sections in this Proxy Statement entitled "Compensation Committee Report" and "Audit Committee Report" do not constitute soliciting material and should not be deemed filed or incorporated by reference into any other Company filing under the Securities Act of 1933 or the Securities Exchange Act of 1934 except to the extent the Company specifically incorporates any such reports by reference therein.

By Order of the Board of Directors,

/s/ KORI L. OGROSKY

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Kori L. Ogrosky, *Executive Vice President, General Counsel and  
Corporate Secretary*

Dated: March 28, 2019

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**VOTE BY INTERNET - [www.proxyvote.com](http://www.proxyvote.com)**

Use the Internet to transmit your voting instructions and for electronic delivery of information. Vote by 11:59 P.M. ET on 05/12/2019 for shares held directly and by 11:59 P.M. ET on 05/08/2019 for shares held in a Plan. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

**ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS**

If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

***PACWEST BANCORP***

***130 S. State College Blvd.***

***Brea, CA 92821***

**VOTE BY PHONE - 1-800-690-6903**

Use any touch-tone telephone to transmit your voting instructions. Vote by 11:59 P.M. ET on 05/12/2019 for shares held directly and by 11:59 P.M. ET on 05/08/2019 for shares held in a Plan. Have your proxy card in hand when you call and then follow the instructions.

**VOTE BY MAIL**

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

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TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

KEEP THIS PORTION FOR YOUR RECORDS

DETACH AND RETURN THIS PORTION ONLY

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

<b>The Board of Directors recommends you vote FOR the following:</b>						
1. Election of Directors						
<b>Nominees</b>	<b>For</b>	<b>Against</b>	<b>Abstain</b>			
1A Tanya M. Acker	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>			
				<b>For</b>	<b>Against</b>	<b>Abstain</b>
1B Paul R. Burke	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	1L Mark T. Yung	<input type="radio"/>	<input type="radio"/>
1C Craig A. Carlson	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<b>The Board of Directors recommends you vote FOR proposals 2 and 3.</b>		
				<b>For</b>	<b>Against</b>	<b>Abstain</b>
1D John M. Eggemeyer, III	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	2 Advisory Vote on Executive Compensation. To approve, on an advisory basis (non-binding), the compensation of the Company's named executive officers;		
				<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
1E C. William Hosler	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>			
1F Susan E. Lester	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	3 Ratification of the Appointment of Independent Auditors. To ratify the appointment of KPMG LLP as the Company's independent auditors for the fiscal year ending December 31, 2019;		
				<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
1G Roger H. Molvar	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>			
1H James J. Pieczynski	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<b>NOTE:</b> Other Business. To consider and act upon such other business and matters or proposals as may properly come before the Annual Meeting or any adjournments or postponements thereof. As of the date of this		
1I Daniel B. Platt	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>			

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					notice, the Board of Directors know of no other matters that may be brought before stockholders at the Annual Meeting.								
1J	Robert A. Stine	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>									
1K	Matthew P. Wagner	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>									
<p>Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name by authorized officer.</p>													
	Signature [PLEASE SIGN WITHIN BOX]	Date				Signature (Joint Owners)	Date						
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**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:** The Notice & Proxy Statement and Form 10-K are available at [www.proxyvote.com](http://www.proxyvote.com)

<b>PACWEST BANCORP</b>
<b>Annual Meeting of Stockholders</b>

<b>May 13, 2019 10:30 AM PDT</b>				
<b>This proxy is solicited by the Board of Directors</b>				
<p>The stockholder(s) hereby appoint(s) Matthew P. Wagner, Patrick J. Rusnak and Kori L. Ogrosky, or each of them, as proxies, each with the power to appoint his/ her substitute, and hereby authorizes them to represent and to vote, as designated on the reverse side of this ballot, all of the shares of common stock of PACWEST BANCORP that the stockholder(s) is/are entitled to vote at the Annual Meeting of Stockholders to be held at 10:30 AM, PDT on May 13, 2019, at the Montage Beverly Hills Hotel, 225 North Canon Drive, First Floor Library, Beverly Hills, California 90210, and any adjournment or postponement thereof.</p>				
<p><b>This proxy, when properly executed, will be voted in the manner directed herein. If no such direction is made, this proxy will be voted in accordance with the Board of Director's recommendations.</b></p>				
<b>Continued and to be signed on reverse side</b>				

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