

CAMDEN NATIONAL CORP  
Form DEF 14A  
March 12, 2015

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

SCHEDULE 14A

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

Filed by the Registrant ☒  
Filed by a Party other than the Registrant ☐

Check the appropriate box:

- ☐ Preliminary Proxy Statement
- ☐ Confidential, For Use of the Commission Only
- ☒ Definitive Proxy Statement
- ☐ Definitive Additional Materials
- ☐ Soliciting Material Pursuant to Rule 14a-11(c) or Rule 14a-12

CAMDEN NATIONAL CORPORATION  
(Name of Registrant as Specified in Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- ☒ No fee required.
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(1) Title of each class 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:

Dear Shareholders:

You are cordially invited to attend the 2015 Annual Meeting of Shareholders of Camden National Corporation, which will be held on Tuesday, April 28, 2015, at 3:00 p.m., local time, at Point Lookout Conference Center, 67 Atlantic Highway, Lincolnville, Maine 04849 (together with any adjournments or postponements thereof, the “Annual Meeting”). The Notice of Annual Meeting of Shareholders, Proxy Statement and Proxy Card are enclosed, along with our Summary Annual Report and Annual Report on Form 10-K.

The accompanying Notice of Annual Meeting of Shareholders describes matters to be acted upon at the Annual Meeting. Please give these materials your prompt attention. Then, we ask that you promptly complete, sign, date and mail the enclosed Proxy Card in the enclosed postage-paid envelope, or vote by telephone or the Internet, to ensure that your shares are represented and voted at the meeting. Shareholders who attend the Annual Meeting may withdraw their proxy and vote in person if they wish to do so. Your vote is extremely important, so please act at your earliest convenience.

We appreciate your continued interest in Camden National Corporation.

Sincerely,

Karen W. Stanley  
Chairman of the Board

Gregory A. Dufour  
President and Chief Executive Officer

March 12, 2015

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS  
TO BE HELD APRIL 28, 2015

TO THE SHAREHOLDERS OF CAMDEN NATIONAL CORPORATION:

NOTICE IS HEREBY GIVEN that the 2015 Annual Meeting of Shareholders of Camden National Corporation, a Maine corporation (the "Company"), will be held on Tuesday, April 28, 2015 at 3:00 p.m., local time, at Point Lookout Conference Center, 67 Atlantic Highway, Lincolnville, Maine 04849 (together with any adjournments or postponements thereof, the "Annual Meeting") for the purpose of considering and voting upon the following matters:

- Election of Directors. To elect three persons to the Company's Board of Directors, each to serve for a term of three (1) years and until his or her successor is elected and qualified, as more fully described in the accompanying Proxy Statement.
- (2) Shareholder "Say-on-Pay." To approve, by a non-binding advisory vote, the compensation of the Company's named executive officers.
- Ratification of Appointment of Independent Registered Public Accounting Firm. To ratify the appointment of (3) McGladrey LLP as the Company's independent registered public accounting firm for the year ending December 31, 2015.
- (4) Other Business. To consider and act upon such other business, matters or proposals as may properly come before the Annual Meeting.

The Board of Directors has fixed the close of business on March 2, 2015 as the record date (the "Record Date") for determining the shareholders of the Company entitled to receive notice of, and to vote at, the Annual Meeting. Only shareholders of record of the Company's common stock at the close of business on the Record Date are entitled to receive notice of, and to vote at, the Annual Meeting.

YOUR VOTE IS IMPORTANT. SHAREHOLDERS ARE URGED TO SIGN AND RETURN THE ENCLOSED PROXY IN THE POSTAGE PREPAID ENVELOPE AS PROMPTLY AS POSSIBLE, WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING IN PERSON. YOU MAY ALSO VOTE BY TELEPHONE OR INTERNET BY FOLLOWING THE INSTRUCTIONS ON YOUR PROXY CARD OR VOTING INSTRUCTION FORM. SHAREHOLDERS WHO ATTEND THE MEETING MAY WITHDRAW THEIR PROXY AND VOTE IN PERSON IF THEY WISH TO DO SO.

By Order of the Board of  
Directors,

John W. Holmes,  
Secretary

March 12, 2015



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## PROXY STATEMENT

### ANNUAL MEETING OF SHAREHOLDERS TO BE HELD APRIL 28, 2015

#### GENERAL INFORMATION

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors of Camden National Corporation, a Maine corporation (the “Company”), for use at the 2015 Annual Meeting of Shareholders of the Company to be held on Tuesday, April 28, 2015 at 3:00 p.m. local time, at Point Lookout Conference Center, 67 Atlantic Highway, Lincolnville, Maine 04849 (together with any adjournments or postponements thereof, the “Annual Meeting” or the “Meeting”).

Only shareholders of record as of March 2, 2015 will be entitled to notice of, and to vote at, the Annual Meeting. Each share is entitled to cast one vote for each of the three nominees to the Company’s Board of Directors and to cast one vote on each of the other matters to be voted on at the Annual Meeting. Cumulative voting is not permitted. As of the Record Date, 7,448,781 shares of the Company’s common stock, no par value (“Common Stock”), were outstanding and entitled to vote at the Annual Meeting. The Notice of Annual Meeting of Shareholders (the “Notice of Annual Meeting”), Proxy Statement and Proxy Card were first mailed to the Company’s shareholders on or about March 20, 2015 to solicit proxies for the Annual Meeting.

#### Quorum and Vote Required

The holders of one-third of the total number of outstanding shares of Common Stock entitled to vote, present in person or by proxy, are required for a quorum at the Annual Meeting.

If a quorum is present at the Annual Meeting, a majority of shares cast at the Annual Meeting is required to elect each of the three director nominees, and an affirmative vote of a majority of the votes cast at the Annual Meeting is required for all other matters presented at the Annual Meeting.

A broker non-vote occurs when a broker indicates on the proxy card that it does not have discretionary authority as to certain shares to vote on a particular matter. Abstentions and broker non-votes will be counted for purposes of determining whether a quorum is present, but will have no impact on the outcome of Proposal 1, Proposal 2, or Proposal 3.

#### Voting

The Board of Directors recommends a vote “FOR” the election of all nominees for director; “FOR” approval of the compensation of the Company’s named executive officers; and “FOR” the ratification of the appointment of McGladrey LLP as the Company’s independent registered public accounting firm for the year ending December 31, 2015.

To vote by proxy, you must complete, sign and return the enclosed proxy card. If you properly complete your proxy card and send it to us in time to vote, your “proxy” (one of the individuals named on your proxy card) will vote your shares as you have directed. If you sign the proxy card but do not direct a vote for each proposal, your proxy will vote your shares “FOR” each of the proposals set forth in the Notice of Annual Meeting for which you do not make a selection.

It is not anticipated that any matters will be presented at the Meeting other than as set forth in the accompanying Notice of Annual Meeting. However, if any other matters are presented properly at the Meeting, the proxy will vote your shares in accordance with the recommendations of the Board.



Voting by Mail. Shareholders can ensure that their shares are voted at the Meeting by completing, signing, dating and mailing the enclosed proxy card in the enclosed postage-prepaid envelope.

Voting by Telephone or the Internet. If you choose to vote by telephone or the Internet, instructions to do so are set forth on the enclosed proxy card. If you vote by telephone or the Internet, you do not have to mail in your proxy card, but your vote must be received by the voting deadline set forth on the proxy card.

If your shares are held by a bank, broker or other nominee, please follow the instructions provided with your proxy materials supplied by your bank or broker.

#### Revocability of Proxies

A proxy may be revoked at any time before it is voted at the Annual Meeting by:

• Filing a written revocation of the proxy with the Secretary of the Company, John W. Holmes, Two Elm Street, Camden, Maine 04843;

• Submitting a new signed proxy card bearing a later date or voting again by telephone or Internet (any earlier proxies will be revoked automatically); or

• Attending and voting in person at the Annual Meeting, provided that you are the holder of record of your shares and have filed a written revocation of your grant of proxy with the Secretary of the Company as indicated above.

If you hold your shares in the name of a bank, broker, or other nominee, you will need to contact your nominee in order to revoke your proxy. If you hold your shares in “street name” through a broker or bank, you may only change your vote in person if you have a legal proxy in your name from Broadridge Financial Solutions or your bank or broker.

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to be held on April 28, 2015:

The Company’s Proxy Statement and Annual Report on Form 10-K for the year ended December 31, 2014 are available free of charge at [www.cacannualmeeting.com](http://www.cacannualmeeting.com).

In addition, the Company will provide, without charge upon the written request of any shareholder, a copy of the Company’s Annual Report on Form 10-K, including the financial statements and the financial statement schedules, required to be filed with the United States Securities and Exchange Commission (“SEC”) for the fiscal year ended December 31, 2014. Requests should be directed to Camden National Corporation, Attn: Investor Relations, P.O. Box 310, Camden, Maine 04843.

## PROPOSALS TO BE VOTED UPON AT ANNUAL MEETING

### Election of Directors (Proposal 1)

The Company's Board of Directors (the "Board") currently consists of eleven members. Under the Company's Articles of Incorporation, the Board is divided into three classes, with approximately one-third of the directors standing for election each year. At the Annual Meeting, three directors will be elected to serve for a term of three years and until each such director's successor is duly elected and qualified. The Board has nominated Ann W. Bresnahan, Gregory A. Dufour, and S. Catherine Longley for election as directors. For more information about our nomination procedures please see "Corporate Governance and Risk Committee" on page 10.

For more information about the background of each of the nominees for director, please see "Current Board Members" on page 7. If at the time of the Annual Meeting any of the nominees named above should be unable to serve, which event is not expected to occur, the discretionary authority provided in the proxy card will be exercised to vote for such substitute nominee or nominees, if any, as shall be designated by the Board.

The Company's Bylaws require that, in uncontested elections, each director be elected by the majority of votes cast with respect to such director. In a contested election, where the number of nominees exceeds the number of directors to be elected, the standard for election of directors would be a plurality of the shares represented in person or by proxy at any such meeting and entitled to vote on the election of directors. We expect this year's election to be an uncontested election, and that the majority vote standard will apply. Under our Bylaws, each director annually submits an advance, contingent, irrevocable resignation that the Board may accept if the director fails to be elected through a majority vote. In that situation, the Corporate Governance and Risk Committee would make a recommendation to the Board, within 30 days from the date the election results are certified, about whether to accept or reject the resignation, or whether to take other action, and the Board would act on the Corporate Governance and Risk Committee's recommendation and publicly disclose its decision and the rationale behind it within 90 days from the date the election results are certified. All director nominees for the Annual Meeting are currently serving on the Board.

THE BOARD OF DIRECTORS RECOMMENDS  
THAT SHAREHOLDERS VOTE "FOR" ALL NOMINEES FOR DIRECTOR.

Non-binding Advisory Vote on Compensation of the Company's Named Executive Officers (Proposal 2)

As required by Section 14A of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the Board is submitting for shareholder approval, on an advisory basis, the compensation paid to the Company's named executive officers as described in this Proxy Statement pursuant to Item 402 of Regulation S-K. As previously disclosed by the Company, the Board has determined that it will hold an advisory vote on executive compensation on an annual basis, and the next such shareholder advisory vote will occur at the 2016 Annual Meeting of Shareholders.

The resolution that is the subject of this proposal is a non-binding advisory resolution. Accordingly, the resolution will not have any binding legal effect regardless of whether or not it is approved and may not be construed as overruling a decision by the Company or the Board of Directors or to create or imply any change to the fiduciary duties of the Board. Furthermore, because this non-binding advisory resolution primarily relates to compensation of the named executive officers that has already been paid or contractually committed, there is generally no opportunity for us to revisit those decisions. However, the Compensation Committee intends to take the results of the vote on this proposal into account in its future decisions regarding the compensation of our named executive officers.

The Company has five named executive officers: Gregory A. Dufour, Deborah A. Jordan, Peter F. Greene, Timothy P. Nightingale and June B. Parent. The Company's compensation program is designed to attract, motivate and retain its named executive officers, who are critical to the Company's success, by offering a combination of base salary and annual and long-term incentives that are closely aligned to the annual and long-term performance objectives of the Company. Please see "Compensation Discussion and Analysis" beginning on page 19 for additional information about the Company's executive compensation programs.

For these reasons, the Board of Directors recommends that shareholders vote in favor of the following resolution:

RESOLVED, that the shareholders of Camden National Corporation hereby approve, on an advisory basis, the compensation of the Company's named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, the compensation tables and narrative discussion.

THE BOARD OF DIRECTORS RECOMMENDS  
THAT SHAREHOLDERS VOTE "FOR" PROPOSAL 2.

# Ratification of the Appointment of Independent Registered Public Accounting Firm (Proposal 3)

The Board has appointed McGladrey LLP ("McGladrey") as the Company's independent registered public accounting firm for the Company's 2015 fiscal year. On October 28, 2014, the Company notified Berry Dunn McNeil and Parker, LLC ("BerryDunn") of its dismissal from that role. McGladrey is a public accounting firm that provides assurance, tax and consulting services to its clients across the United States. Representatives of McGladrey and BerryDunn are expected to attend the Annual Meeting. The representatives are expected to be available to respond to questions and will have an opportunity to make a statement, if they desire to do so.

None of the reports of BerryDunn on the Company's financial statements for either of the past two years contained an adverse opinion or disclaimer of opinion, or was qualified or modified as to uncertainty, audit scope, or accounting principals.

The Company is asking shareholders to ratify the selection of McGladrey as its independent registered public accounting firm because it believes it is a matter of good corporate practice. If shareholders do not ratify the selection, the Audit Committee will reconsider whether to retain McGladrey, but may still retain them. Even if the selection is ratified, the Audit Committee, in its discretion, may change the appointment at any time during the year if it determines that such a change would be in the best interests of the Company and shareholders.

Services Rendered By and Fees Paid To Independent Registered Public Accounting Firm. The following sections describes the services rendered by BerryDunn and fees paid for such services by the Company for the years ended December 31, 2014 and 2013. BerryDunn acted as independent registered public accounting firm for the Company for the years ended December 31, 2014 and 2013, and performed the Company's audit services in fiscal years 2014 and 2013.

Type of Fee	For The Years Ended	
	December 31, 2014	December 31, 2013
Audit Fees <sup>(1)</sup>	\$226,600	\$209,900
Audit-Related Fees <sup>(2)</sup>	13,900	13,200
Tax Fees <sup>(3)</sup>	1,600	4,400
All Other Fees	—	—

The aggregate fees for professional services rendered for the audit of the Company's annual financial statements in compliance with the Sarbanes-Oxley Act of 2002, internal control reporting under Sarbanes-Oxley Section 404, review of financial statements included in the Company's Form 10-Qs, consent procedures, and audit requirements for the U.S. Department of Housing and Urban Development for supervised mortgagees.

The aggregate fees for assurance and related services rendered related to the performance of the audit or review of the Company's financial statements. These services related primarily to the audit of the Company's qualified retirement benefit plan and routine consulting on accounting matters.

The aggregate fees for professional services rendered for tax compliance, tax audit assistance, tax advice and tax planning. The nature of the services comprising the fees disclosed under this category is the review of compliance with reporting requirements.

No services were rendered for financial information systems design and implementation or internal audit.

The Audit Committee of the Board pre-approves all services provided by the principal accountant. Each service to be provided by the principal accountant is presented for pre-approval at the Audit Committee's regular meeting or presented to the Chair of the Audit Committee for pre-approval under delegated authority and presented to the Audit Committee at its next regular meeting.

THE BOARD OF DIRECTORS RECOMMENDS

THAT SHAREHOLDERS VOTE “FOR” PROPOSAL 3.

#### Other Matters

The proxy also confers discretionary authority with respect to any other business which may come before the annual meeting, including rules for the conduct of the meeting. The Board knows of no other matter to be presented at the meeting. It is the intention of the persons named as proxies to vote the shares to which the proxies relate according to their best judgment if any matters not included in this proxy statement come before the meeting.

## BOARD OF DIRECTOR AND CORPORATE GOVERNANCE INFORMATION

## Current Board Members

Information regarding the nominees and the directors continuing in office is provided below. Unless otherwise stated, each individual has held his or her current occupation for the last five years. The ages of the board nominees and continuing directors have been computed as of December 31, 2014. Camden National Bank ("Bank") and Acadia Trust, N.A. ("Acadia Trust") are wholly-owned subsidiaries of the Company.

		First Year Elected or Appointed as Director of the:			
Name	Age	Company	Bank	Acadia Trust	Term Expires
Ann W. Bresnahan	64	1990	1990	2009	2018
Gregory A. Dufour	54	2009	2004	2006	2018
S. Catherine Longley <sup>(1)</sup>	61	2014	n/a	n/a	2018
David C. Flanagan	60	2005	1998	n/a	2016
James H. Page, Ph.D.	62	2008	n/a	n/a	2016
Robin A. Sawyer, CPA	48	2004	n/a	n/a	2016
Karen W. Stanley	69	2008	2010	2013	2016
Craig S. Gunderson	52	2011	n/a	n/a	2017
John W. Holmes	69	1988	1988	n/a	2017
John M. Rohman	69	2010	2007	2014	2017
Lawrence J. Sterrs <sup>(2)</sup>	62	2015	n/a	n/a	2017

(1) Ms. Longley was appointed as a director of the Company by the Board in February 2014 effective April 1, 2014.

(2) Mr. Sterrs was appointed as a director of the Company by the Board in December 2014 effective January 1, 2015.

(2) Mr. Sterrs will serve until the 2017 Annual Meeting of Shareholders.

## Board Nominees

Ann W. Bresnahan has been a full-time volunteer and civic leader since 1970. Ms. Bresnahan has served as trustee of PenBay Healthcare since 2005 and currently serves on the physicians and associates board. Ms. Bresnahan is a past chair of PenBay Healthcare Foundation and continues to serve as a board member. Her past community involvement includes Camden Outing Club, Owls Head Transportation Museum, The Hurricane Island Outward Bound School, The Ethel Walker School, and the First Congregational Church. She is currently treasurer and board member of Partners for Enrichment.

Gregory A. Dufour has served as President and Chief Executive Officer ("CEO") of the Company since January 2009. Mr. Dufour joined the Company in April 2001 as Senior Vice President of Finance. In August of 2002, he assumed additional responsibility for Operations and Technology until December 2003. In January 2004, Mr. Dufour was named Chief Banking Officer for the Company and President and Chief Operating Officer for Camden National Bank, and in January 2006, he became President and CEO for Camden National Bank. He also serves on the board of directors of Camden National Bank and as Chairman of the board of directors of Acadia Trust. Prior to joining the Company, Mr. Dufour was Managing Director of Finance and a member of the Executive Operating Group for IBEX Capital Markets in Boston, Massachusetts. In addition to his experience at IBEX, Mr. Dufour held various financial management positions with FleetBoston Corporation and its affiliates, including Vice President and Controller of Debt Capital Markets, Controller of Investment Banking and Banking Group Controller. Mr. Dufour has served in various volunteer capacities on numerous community-related organizations and currently serves as trustee and corporate secretary of PenBay Healthcare System in Rockport, Maine and as trustee Maine Health in Portland, Maine.



S. Catherine Longley is the Senior Vice President for Finance and Administration and Treasurer at Bowdoin College in Brunswick, Maine, a position she has held since 2002. Prior to joining Bowdoin College, Ms. Longley served as the commissioner of the Maine Department of Professional and Financial Regulation in the cabinet of former Governor Angus S. King, Jr. from 1995 - 2002. From 1983 - 1995, Ms. Longley practiced law at the firm of Verrill Dana LLP located in Portland, Maine as a partner in its corporate law department. Ms. Longley currently serves as a trustee of Wheaton College in Norton, Massachusetts, as a director of Maine Employers Mutual Insurance Company in Portland, Maine, and as a member of the subscribers advisory board to United Educators, a reciprocal risk retention group, in Bethesda, Maryland.

#### Continuing Directors

David C. Flanagan is President of Viking Lumber, Inc. a family-owned lumber and building supply business with ten locations in mid-coast Maine, a position he has held since 1978. Mr. Flanagan also serves as President of Pine Tree Products, and is a member of the board of directors of the Waldo County Hospital and the Forest Society of Maine. Mr. Flanagan has also served as a member of the board of directors of the Waldo County YMCA for 18 years.

James H. Page, Ph.D. is the Chancellor of the University of Maine System, with responsibilities for its seven campuses, law school, and associated programs and facilities, a position he has held since 2012. Previously, Dr. Page was Chief Executive Officer of the James W. Sewall Company in Old Town, Maine, which provides comprehensive consulting services in forestry, engineering, and geographic information management. Dr. Page has also been an Adjunct Professor as well as a member of the Board of Visitors at the University of Maine at Orono. He is the founding director of the Gulf of Maine Oceanographic Observing System. He is also an ex officio board member of the Alfond Scholarship Program.

Robin A. Sawyer, CPA assumed the role of Vice President, Corporate Controller at WEX Inc. (NYSE: WEX) in April 2013. Prior to joining WEX Inc., Ms. Sawyer was the Vice President, Corporate Controller at Fairchild Semiconductor

(NYSE: FCS), a position she held from November 2002 through April 2013. In addition, from October 2005 to March 2006, she served as interim Co-Chief Financial Officer and as the Principal Financial Officer at Fairchild Semiconductor. Ms. Sawyer joined Fairchild Semiconductor in 2000 as Manager of Financial Planning and Analysis. From 1998 to 2000, Ms. Sawyer was employed by Cornerstone Brands, Inc. as Director of Financial Planning and Reporting. Prior to 1998, Ms. Sawyer worked at Baker, Newman & Noyes, LLC and its predecessor firm, Ernst & Young. Ms. Sawyer also serves on the Board of Directors and Finance Committee of The Gulf of Maine Research Institute.

Karen W. Stanley was named Chairman of the Company and Chairman of Camden National Bank in May 2010. Ms. Stanley joined the Company's Board of Directors in January 2008 following the acquisition of Union Bankshares Company, where she had been a director since 2004. Previously, Ms. Stanley was co-owner of Stanley Subaru in Ellsworth, Maine from 1999 until February 2005. Ms. Stanley also served with Priority Management, an international training and development firm, as a member of the senior management team with their international headquarters. Prior to that, she served as Vice President, Personal Banking for Overseas Executives with Citibank N.A. Ms. Stanley began her career in sales with the Xerox Corporation. Ms. Stanley has served as the past Chair and is currently serving as trustee of Maine Coast Memorial Hospital. She also serves on the Maine Community Foundation board, the board of Eastern Maine Healthcare Charities and the Ellsworth Business Development board.

Craig S. Gunderson is President and Chief Executive Officer of Oxford Networks, headquartered in Lewiston, Maine. Prior to joining Oxford Networks in 2003, Mr. Gunderson was employed as Minnesota State Vice President for Frontier/Citizens Communications, where he was responsible for all facets of providing telecommunications services to 280,000 access lines in Minnesota and North Dakota. Mr. Gunderson serves as Chair of the board and Chair of the Compensation, Governance and Executive Committees and serves on the Planning and Finance Committees of St.

Mary's Hospital in Lewiston.

John W. Holmes is President and majority owner of Consumers Fuel Company in Belfast, Maine, a position he has held since 1977. Mr. Holmes has previously served as a director on various other boards, including the Belfast Free Library, Mid Coast Mental Health, Maine Broiler Festival, Maine Energy Marketers Association, Belfast Planning Board, Eastern Maine Development Corp., and the Belfast and Moosehead Lake Railroad.

John M. Rohman was employed by WBRC ArchitectsEngineers, headquartered in Bangor, Maine from 1973 until 2011, most recently as Chairman of the Board. A longtime Bangor resident, Mr. Rohman has won many awards for his extensive public service and numerous board activities that focus on education, the arts, economic development, and public policy. Mr. Rohman's past community involvement includes serving as a president of the Bangor Region Chamber of Commerce, director for the National Folk Festival in Bangor, the Bangor Symphony Orchestra, and Maine Crafts Association. He was also a member of the Bangor City Council and served as the mayor of Bangor in 2001. He is currently a Husson University trustee.

Lawrence J. Sterrs currently serves as the Board Chair of UniTek, Inc. and its telecom subsidiary, UniTel, Inc., and formerly served as the Chief Executive Officer of each company. Mr. Sterrs began his career working with ConTel Corporation across the Northeast where he had executive management responsibility in network design and planning, and held various operation, legislative and regulatory positions in project management, management training and operations management. From 1991 to 1994, Mr. Sterrs worked at Berry Dunn McNeil and Parker, LLC as manager of telecommunication consulting. Mr. Sterrs has also served as the vice-chair of the Maine Telecommunications Infrastructure Steering Committee and a variety of other telecommunication steering committees. Mr. Sterrs has served as the Board Chair and Chief Executive Officer of the Unity Foundation since 2001, and also currently serves as a board member of the Telecommunications Association of Maine.

#### Corporate Governance Information

We operate within a comprehensive plan of corporate governance for the purpose of defining director independence, assigning Board responsibilities, setting high standards of professional and personal conduct for directors, officers, and employees, and assuring compliance with such responsibilities and standards. We regularly monitor developments in the area of corporate governance. Our Board of Directors has adopted a Code of Business Conduct and Ethics that applies to our employees and officers. The Code covers compliance with law; fair and honest dealings with the Company, with competitors and with others; fair and honest disclosure to the public; and procedures for compliance with the Code. You can review our Code of Conduct and Ethics on our website located under the "Investors" tab at [www.CamdenNational.com](http://www.CamdenNational.com). Any material amendments to, or waivers of, the Code (to the extent applicable to the principal executive officer, principal financial officer or principal accounting officer) will be promptly disclosed.

#### Leadership Structure

The leadership structure of the Company is determined by the Corporate Governance and Risk Committee. The Corporate Governance and Risk Committee nominate the directors to serve, including any management directors. Except for the CEO of the Company, all directors of the Company are considered "independent" directors. The Chairman of the Board is an independent director and, in accordance with the charter of the Corporate Governance and Risk Committee, serves as the Chair of the Corporate Governance and Risk Committee. Management directors do not serve as Chairs of any of the Board's Committees nor do they regularly participate in the Corporate Governance and Risk Committee or Compensation Committee meetings. Upon a Chief Executive Officer's retirement from his/her management role, his/her director role is concurrently retired as well. The Corporate Governance and Risk Committee nominate the Chairman role for election by the entire Board. The independent directors meet in executive session directly after board meetings periodically to ensure that there is adequate oversight of management and to ensure that there is ample time to assess the Company's activities separate from management. The Corporate Governance and Risk Committee feel strongly that this leadership structure is prudent and provides sufficient segregation and independence.

#### Shareholder Communication with the Board

Our shareholders may communicate directly with the members of the Board of Directors by writing directly to those individuals c/o Camden National Corporation at the following address: Two Elm Street, Camden, Maine 04843. Our policy is to forward, and not to intentionally screen, any mail received at our corporate office that is sent directly to an individual director.

#### Shareholder Director Nominations

Nominations for election to the Company's Board of Directors may be made by any shareholder of the Company. Such nominations must be made in writing and delivered or mailed to the Secretary of the Company no later than the close of business on the 90th day nor earlier than the close of business on the 120th day prior to the first anniversary of the preceding year's annual meeting. In the event that the date of the annual meeting is advanced by more than 30 days before, or delayed by more than 60 days after, such anniversary date, notice by the shareholder must be delivered not earlier than the close of business on the 120th day prior to such annual meeting and not later than the close of business on the later of the 90th day prior to such annual meeting or the tenth day following the day on which public

announcement of the date of such meeting is first made. The notice shall set forth all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors in an election contest, or is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected). In addition, the nominating shareholder shall furnish (a) as to the nominating shareholder and the beneficial owner, if any, on whose behalf the proposal is made the name and residence address of the nominating shareholder; and (b) the number of shares of Common Stock owned by the nominating shareholder. The Chairperson presiding at the Annual Meeting may disregard any nominations not made in accordance with these provisions, and may instruct the inspector of election to disregard all votes cast for such nominee. To date, no shareholder has proposed a candidate to our Board pursuant to our Bylaws. If a shareholder should propose a candidate, we anticipate that the Corporate

Governance Committee would evaluate that candidate on the basis of the criteria noted above. For additional information, please refer to Section 2.1 of our Bylaws and to “Shareholder Proposals for Next Annual Meeting” below.

#### Shareholder Proposals for Next Annual Meeting

Shareholder proposals submitted pursuant to Rule 14a-8 of the Securities Exchange Act of 1934 for inclusion in the Company’s proxy statement and form of proxy for the 2016 Annual Meeting of Shareholders must be received by the Company by November 13, 2015. Such a proposal must also comply with the requirements as to form and substance established by the SEC for such a proposal to be included in the proxy statement and form of proxy. Shareholders may also propose business to be brought before an annual meeting pursuant to our Bylaws. Under our Bylaws, to be timely, a shareholder’s notice must be received by the Company no earlier than December 31, 2015 and no later than January 30, 2016.

#### Director Attendance at Meetings of the Board and its Committees and Annual Shareholder Meeting

During 2014, the Board of Directors of the Company held eleven regular meetings and two special meetings. Each of the directors attended at least 75% of the total number of meetings of the Company’s Board and the committees of the Company Board on which he or she served during the year. Although we do not have a formal policy regarding attendance by members of the Board of Directors at annual meetings of shareholders, we expect that our directors will attend the meeting, even though we recognize that directors occasionally may be unable to attend for personal or professional reasons. In 2014, nine of the directors attended the annual meeting of shareholders.

The Board has five standing committees: an Audit Committee, a Compensation Committee, a Capital Planning Committee, a Technology Committee and a Corporate Governance and Risk Committee. The following table sets forth the members of the Board and the committees of the Board on which they served at December 31, 2014.

Name of Director	Corporate Governance and Risk	Audit	Compensation	Capital Planning	Technology
Non-Employee Directors <sup>(1)</sup> :					
Ann W. Bresnahan	Member	Member			
David C. Flanagan		Member	Chair		
Craig S. Gunderson	Member		Member		
John W. Holmes			Member		
S. Catherine Longley				Chair	
James H. Page					Chair
John M. Rohman	Member				
Robin A. Sawyer		Chair		Member	
Karen W. Stanley	Chair		Member	Member	Member
Employee Directors:					
Gregory A. Dufour				Member	Member

<sup>(1)</sup> Excludes Mr. Sterrs as he became a director of the Company effective January 1, 2015. Mr. Sterrs will serve as a member of the Company’s Technology Committee.

#### Corporate Governance and Risk Committee

The Company believes that a key element of effective risk management is strong corporate governance, and accordingly has combined the oversight of these areas in a single committee, the Corporate Governance and Risk Committee. This committee assists the Board of Directors by proposing director nominees to the Board; overseeing an annual evaluation of the Board, management and Board committees; overseeing the Company’s risk management program; and reviewing the adequacy of the Company’s Articles of Incorporation and By-laws.

The Corporate Governance and Risk Committee assists the Board of Directors by identifying and recommending individuals qualified to serve as directors of the Company, and as chairs and members of committees of the Board of Directors. The Corporate Governance and Risk Committee is also responsible for certain corporate governance practices, including the development of ethical conduct standards for our directors, officers and employees and an annual evaluation to determine whether the Board of Directors and its committees are functioning effectively.

The Corporate Governance and Risk Committee expects to identify nominees to serve as directors of the Company primarily by accepting and considering the suggestions and nominations made by directors, management and shareholders. To date, the Corporate Governance and Risk Committee has not engaged any third parties to assist in identifying candidates for the Board of Directors. In general, the Corporate Governance and Risk Committee would expect to re-nominate incumbent directors who express an interest in continuing to serve on the Board. The Corporate Governance and Risk Committee has established minimum qualifications for recommended nominees that include evaluating nominees for directors based on their integrity, judgment, independence, financial and business acumen, relevant experience and ability to represent and act on behalf of all shareholders, as well as the needs of the Board of Directors. In addition to any other standards the Corporate Governance and Risk Committee may deem appropriate from time to time for the overall structure and composition of the Board, the Corporate Governance and Risk Committee may consider the following factors when recommending that the Board select persons for nomination:

whether the nominee has direct experience in one of the following six areas: (1) accounting, (2) technology, (3) investment management/wealth management, (4) law/legal, (5) marketing, or (6) business management/business educator/CEO or in the financial services industry; and

although the Company does not have a diversity policy, the Corporate Governance and Risk Committee may consider whether the nominee, if elected, assists in achieving a mix of Board members that represent a diversity of background and experience and diversity in terms of gender, ethnicity and age.

The Corporate Governance and Risk Committee also oversees the risk management practices and oversight for the Company. The Corporate Governance and Risk Committee annually reviews the Company's Risk Management Policy, and semi-annually the Risk Assessment Process, and then recommend the policy to the Board for approval. It is the intent of the Company and its Board of Directors to ensure, through this Policy, which identifies our major areas of risk, and related policies, procedures and programs to manage those risks, that it has a sound enterprise risk management program that identifies, measures, monitors, mitigates and controls risk in the Company's systems, processes, and people. Direct oversight and responsibility for the Company's Risk Management Program is delegated to the Executive Vice President ("EVP") of Risk Management, who is a member of executive management. This structure reflects the Company's commitment to risk management. The EVP of Risk Management reports to the President and CEO of the Company and provides reports and serves as management's liaison to both the Corporate Governance and Risk Committee and the Audit Committee. The Company's Risk Management Program is designed to provide sufficient information to management and the Board of Directors to assist them in properly and adequately evaluating the Company's compliance with the Risk Management Program.

There can be no assurance that the Board's risk oversight structure has identified and addressed every potential material risk, and there may be additional risks that could arise in the Company's business. Both known and unknown risks could result in potential material financial and/or business losses despite the Board's efforts to oversee risk.

The Corporate Governance and Risk Committee held five meetings during 2014. The Corporate Governance and Risk Committee operates under a written charter, a copy of which is available on the Company's website under the "Investor" tab at [www.CamdenNational.com](http://www.CamdenNational.com).

#### Audit Committee

The Audit Committee assists the Board of Directors in overseeing, among other things, the integrity of the Company's financial reports, the Company's compliance with legal and regulatory requirements, the qualifications and independence of the Company's independent accountants, and the performance of the Company's internal audit function and independent accountants. The Audit Committee meets each quarter with the Company's independent accountants and management to review the Company's interim financial results before the publication of quarterly earnings press releases. On a quarterly basis, the Audit Committee also reviews the adequacy of the Company's

internal controls and summaries of regulatory examinations to assess the Company's program for complying with laws and regulations. The Audit Committee also meets separately each quarter in executive session with the independent accountants. The Audit Committee oversees and approves the selection and performance of the internal auditors and reviews and approves the Company's internal audit plan. Annually, the Audit Committee also reviews and updates the Committee charter, reviews and evaluates Committee performance, and participates in the preparation of the audit report contained in this Proxy Statement.

The Audit Committee has established procedures for the receipt, treatment and retention of complaints on a confidential basis. We encourage employees and third-party individuals and organizations to report concerns about our internal accounting controls or auditing matters. The Audit Committee Complaint Procedures are reviewed and approved annually by the Audit Committee, a copy of which is available on the company's website under the "Investor" tab at [www.CamdenNational.com](http://www.CamdenNational.com).



The Board of Directors has determined that all three members of the Audit Committee satisfy the financial literacy requirements of the NASDAQ listing standards. Additionally, the Board of Directors has determined that Ms. Sawyer, CPA, qualifies as an “audit committee financial expert” as defined by the SEC rules. This Committee met eleven times during 2014. The Audit Committee operates under a written charter, a copy of which is available on the Company’s website under the “Investor” tab at [www.CamdenNational.com](http://www.CamdenNational.com).

#### Report of the Audit Committee

In accordance with the Audit Committee charter, the Audit Committee reviews the Company’s financial reporting process on behalf of the Board. Management is responsible for preparing the financial statements and for designing and implementing the reporting process, including the system of internal controls, and has represented to the Audit Committee that such financial statements were prepared in accordance with U.S. generally accepted accounting principles. The independent registered public accounting firm is responsible for expressing opinions on the conformity of those audited financial statements with U.S. generally accepted accounting principles. The Audit Committee has reviewed and discussed with management and the independent registered public accounting firm, together and separately, the Company’s audited consolidated financial statements contained in the Company’s Annual Report on Form 10-K for 2014.

The Audit Committee discussed with the independent registered public accounting firm the matters required to be discussed by Auditing Standard No. 16 of the Public Company Accounting Oversight Board’s (“PCAOB”) Auditing Standards, Communications with Audit Committees, and related interpretations and rules. In addition, the Audit Committee has discussed with the independent registered public accounting firm the auditors’ independence from the Company and its management, including the matters in the written disclosures and letter which were received by the Audit Committee from the independent registered public accounting firm as required by applicable requirements of the PCAOB regarding the independent accountant’s communications with the Audit Committee concerning independence. The Audit Committee also considered whether the independent registered public accounting firm’s provision of non-audit services to the Company is compatible with the auditors’ independence, and concluded that the auditors are independent.

In 2014, the Board approved the engagement of McGladrey as the Company’s independent external audit firm for the fiscal year 2015 audit replacing BerryDunn. The Audit Committee conducted a comprehensive and competitive process in evaluating external auditor options prior to making its recommendation to the Board to appoint McGladrey.

During 2014, the Audit Committee performed all its duties and responsibilities under the Audit Committee Charter. In addition, based on the reports and discussions referred to above, the Audit Committee recommended to the Board that the audited financial statements of the Company for 2014 be included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2014, for filing with the SEC. Respectfully submitted by the members of the Audit Committee of the Board:

Robin A. Sawyer, CPA, Chairperson  
Ann W. Bresnahan  
David C. Flanagan

The foregoing report shall not be deemed to be “soliciting material” or to be “filed” with the SEC and should not be deemed incorporated by reference by any general statement incorporating by reference this proxy statement into any filing under the Securities Act of 1933, as amended, or under the Exchange Act, except to the extent that the Company specifically incorporates this information by reference, and shall not otherwise be deemed filed under such acts.

#### Compensation Committee

The Compensation Committee assists the Board of Directors in discharging the Board’s responsibilities relating to compensation of the Company’s directors and executives, and oversees the Company’s overall compensation and

benefit programs. The Compensation Committee also reviews the Company's incentive compensation and other equity plans and recommends changes to the plans as needed. The Compensation Committee reviews components of the compensation plans for the Company's CEO and other executive officers, including base salary, annual incentive, long-term incentives, benefits and other elements of compensation. In addition to reviewing competitive market factors, the Compensation Committee also examines the total compensation mix, and how each of the elements, in the aggregate, comprise the executive's total compensation package. Decisions by the Compensation Committee with respect to the compensation of executive officers are approved by the full Board of Directors.

The Compensation Committee met eight times during 2014. The Compensation Committee operates under a written charter, a copy of which is available on the Company's website under the "Investor" tab at [www.CamdenNational.com](http://www.CamdenNational.com).

Messrs. Flanagan (Chair), Gunderson, and Holmes and Ms. Stanley served as members of the Compensation Committee. No member of the Compensation Committee was an officer, employee or former employee of the Company, or had any relationship with the Company requiring disclosure herein.

#### Compensation Committee Interlocks and Insider Participation

The current members of the Compensation Committee are Messrs. Flanagan, Gunderson, and Holmes and Ms. Stanley. None of these persons has served as an officer or employee of the Company. None of these persons had any relationships with the Company requiring disclosure under applicable rules and regulations of the SEC.

#### Capital Planning Committee

The Capital Planning Committee assists the Board of Directors in discharging the Board's responsibilities relating to management of capital for the Company and its subsidiaries, and coordinates capital generation and deployment activities. The Committee is also responsible for ensuring compliance with regulations pertaining to capital structure and levels. This Committee met four times during 2014.

#### Technology Committee

The Technology Committee assists the Board of Directors in discharging the Board's responsibilities relating to management of technology efforts to meet current strategic needs as well as position itself to anticipate future requirements that are a result of organizational growth and technology innovations. This Committee met three times during 2014.

## Director Qualifications and Experience

The table below identifies the specific experience, qualifications, attributes and skills that led to the conclusion by the Board of Directors that each director nominee should serve as a director of the Company. For each director who is not standing for election, the following table identifies the specific experience, qualifications, attributes and skills that the Board of Directors would expect to consider if it were making a conclusion currently as to whether such person should serve as a director. The Corporate Governance and Risk Committee and the Board of Directors did not currently evaluate whether these directors should serve as directors, as the terms for which they have been previously elected continue beyond the Annual Meeting. This information supplements the biographical information previously provided. In addition to the information presented below regarding each person's specific experience, qualifications, attributes and skills that led the Board to the conclusion that he or she should serve as a director, we also believe all of our directors have a reputation for integrity, honesty and adherence to high ethical standards. They each have demonstrated business acumen and an ability to exercise sound judgment, as well as a commitment of service to the Company and its shareholders.

	A. Bresnahan	G. Dufour	D. Flanagan	C. Gunderson	J. Holmes	S.C. Longley	J. Page	J. Rohman	R. Sawyer	K. Stanley	L. Sterrs
Diversity											
Male		P	P	P	P		P	P			P
Female	P					P			P	P	
Business Experience											
General											
Business	P	P	P	P	P	P	P	P	P	P	P
Acumen											
Financial											
Services		P				P			P	P	
Industry											
Knowledge											
Experience in											
Managing		P	P	P	P		P	P	P	P	P
Growth											
Experience in											
Organization	P	P	P	P	P	P	P	P	P	P	P
Development											
Executive											
Experience &	P	P	P	P	P	P	P	P	P	P	P
Knowledge											
Financial											
Service		P									P
Experience											
Audit,											
Compensation											
or Corporate	P	P		P		P			P	P	P
Governance											
Experience											
Regulatory		P		P		P			P	P	
Experience											
Large		P		P							
Shareholder											
Relationship											

Experience Well Connected to the Community	P	P	P	P	P	P	P	P	P	P	P
Professional Experience	P	P	P	P	P	P	P	P	P	P	P
Collegiality	P	P	P	P	P	P	P	P	P	P	P
Industry Experience											
Accounting		P							P		P
Merchandising			P		P					P	
Insurance						P					
Technology		P		P			P	P			P
Asset Management	P	P							P		P
Community Relations	P	P	P	P	P	P	P	P	P	P	P
Law						P					
Management		P	P	P	P	P	P	P	P	P	P

#### Board Evaluations

Each year, each committee completes a self-assessment of the committee's performance and reports the findings to the full Board. All nominees who are members of the Board are peer evaluated and complete a self-evaluation which is reviewed by the Corporate Governance and Risk Committee when recommending a slate of candidates to be nominated by the full Board. On a periodic basis, Board members complete a confidential survey provided through an outside firm which solicits feedback from our directors with respect to the effectiveness of the Board.

**Mandatory Director Retirement**

The Company has a policy that requires directors to retire from the Board of Directors immediately upon reaching the age of 72.

**Director Stock Ownership Guidelines**

The Company's Bylaws require directors to beneficially own shares of stock of the Company having a market value of \$50,000 ("Qualifying Shares"). The Board of Directors may, in its discretion, permit a director to satisfy the Qualifying Shares requirement by agreeing to purchase, within 90 days of such person's election as a director, at least 100 shares of stock of the Company and applying 100% of such person's directors fees, after taxes, to purchasing the balance of the Qualifying Shares, subject to trading window requirements.

**Director Independence**

Our Board has determined that the following directors, constituting ten of the Company's eleven directors, are each an "independent director" as such term is defined in NASDAQ's listing standards: Messrs. Flanagan, Gunderson, Holmes, Page, Rohman, and Sterrs; and Mses. Bresnahan, Longley, Sawyer, and Stanley. Our Board also has determined that each member of the Audit Committee, the Compensation Committee, and the Corporate Governance and Risk Committee meets the independence requirements applicable to those committees as prescribed by NASDAQ, the SEC, the Internal Revenue Service ("IRS"), and applicable committee charters.

**Director Compensation**

The following table shows, for the year ended December 31, 2014, information on compensation earned by or awarded to each non-employee director who served on the Company's Board during 2014.

Name	Fees Earned or Paid in Cash by Company (\$)	Fees Earned or Paid in Cash by Subsidiaries (\$)		Stock Awards <sup>(1)</sup> (\$)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Changes in Pension Value and Nonqualified Deferred Compensation Earnings <sup>(2)</sup> (\$)	All Other Compensation (\$)	Total (\$)
Ann W. Bresnahan	\$27,350	\$10,200	(3)(4)	\$10,000	\$—	\$—	\$—	\$—	\$47,550
David C. Flanagan	40,950	2,000	(4)	10,000	—	—	—	—	52,950
Craig S. Gunderson	27,350	—		10,000	—	—	—	—	37,350
John W. Holmes	25,350	1,500	(4)	10,000	—	—	—	—	36,850
S. Catherine Longley	15,063	—		10,000	—	—	—	—	25,063
James H. Page	20,250	2,500	(4)	10,000	—	—	—	—	32,750
John M. Rohman	22,075	6,133	(3)(4)	10,000	—	—	—	—	38,208
Robin A. Sawyer	34,350	500	(5)	10,000	—	—	—	—	44,850
Karen W. Stanley	45,500	19,700	(3)(6)	10,000	—	—	—	—	75,200

(1) We maintain an Independent Directors' Equity Compensation Program, which is a sub-plan under the 2012 Equity and Incentive Plan. Under this plan, the independent directors of the Company each receive shares of Company

stock equal to \$10,000, determined based on the closing share price on the date of issuance annually and vest based on the terms set by the Compensation Committee annually. To the extent an independent director made a valid election to defer his or her awards issued under this plan, he or she was granted restricted stock units.

We maintain a Directors Deferred Compensation Plan. Under this plan, deferred amounts are valued based on

(2) corresponding investments in certain investment funds which may be selected by the director. No plan earnings are considered to be “above-market” or “preferential” and as such no amounts are reported in this column.

(3) Fees received as a director of Acadia Trust.

(4) Committee fees received from Camden National Bank.

(5) Committee fees received from Camden National Bank for an educational session.

(6) Fees received as Chairman of Camden National Bank.

**Director Retainer Fees, Meeting Fees and Equity Grants**

Directors who are also employees do not receive any compensation for serving as directors or as members of committees. Historically, the Company has used cash retainers and per meeting fees to attract and retain qualified candidates to serve on the Board. In 2013, the Compensation Committee, with the assistance of Pearl Meyer & Partners ("PM&P") serving as the compensation consultant to the Compensation Committee, researched and analyzed director compensation comparing to the Company's proxy peer group. Findings showed that average compensation for the Company's directors (including cash paid for by the Company, Bank, and Acadia Trust and equity awards) ranked 14<sup>th</sup>, or the 32<sup>nd</sup> percentile, among the Company's peer group. The findings also showed that 67% of the Company's peer group provided compensation in the form of equity awards to its directors. As a result, the Compensation Committee designed and implemented the Independent Directors' Equity Compensation Program to: (i) promote stock ownership of the Company by its directors; (ii) further align with the Company's shareholders interests; and (iii) work towards aligning pay with the 50<sup>th</sup> percentile within the Company's peer group consistent with the Compensation Committee's pay objective for director compensation.

The following table outlines retainer fees, meeting fees and equity grants paid to directors of the Company, Bank and Acadia Trust in 2014:

Compensation Components	Annual Retainer Chair	Member	Meeting Fee	Annual Equity Grant
Camden National Corporation Board of Directors	\$15,000	\$8,750	\$1,000	\$10,000
Camden National Bank Board of Directors				
Directors of Bank only	—	5,600	600	4,000
Directors of both the Company and Bank	10,000	—	—	—
Acadia Trust Board of Directors	10,000	5,600	600	—
Audit Committee	7,500	—	825	—
Compensation Committee	7,500	—	825	—
Other Committees including: (i) Capital Planning; (ii)				
Corporate Governance and Risk; (iii) Technology; and	—	—	500	—
(iv) Camden National Bank Committees				

**Directors Deferred Compensation Plan**

The Company maintains a Directors Deferred Compensation Plan under which each non-employee director of the Company and the Bank may elect to defer all or a portion of his or her annual retainer and/or chair and meeting fees. Also, for 2014, the non-employee directors had the option to elect to defer their stock-based awards issued from the Independent Directors' Equity Compensation Program. For 2015 and subsequent years, the non-employee directors do not have the option to elect to defer their stock-based awards issued from the Independent Directors' Equity Compensation Program. Under the Directors Deferred Compensation Plan, a participating director may elect from various payment alternatives, but full payout must occur no later than the tenth anniversary of the director's separation from service. Deferred amounts are valued based on corresponding investments in certain investment funds (similar to those offered in our Company's 401(k) Plan) which may be selected by the director. The Directors Deferred Compensation Plan is a nonqualified deferred compensation plan under which distributions are made from the general assets of the Company under the direction and oversight of the Compensation Committee.

**Related Party Transactions**

No nominee for director, other continuing director or executive officer of the Company engaged in any transaction, or series of transactions, with the Company or any of its subsidiaries during 2014 in which the amount involved, exceeded or exceeds \$120,000, other than the financial transactions described below.

The Company's nominees for directors, continuing directors and executive officers, members of the immediate family of continuing directors and executive officers, and entities which directors, continuing directors or executive officers



control (other than subsidiaries of the Company), have had, and are expected to have in the future, loan transactions with one or more of the Company's subsidiaries. As of December 31, 2014, the outstanding loans, including unused commitments, by the Company's subsidiary bank to the Company's nominees for directors, continuing directors and executive officers amounted to an aggregate of approximately \$17.5 million. These loans were made in the ordinary course of business on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with unaffiliated persons, and did not involve more than the normal risk of collectability or present other unfavorable features.

All loans made by the Company and its bank subsidiary to directors and executive officers are regulated by the Company's federal regulators. These regulations (known as "Regulation O") set forth various practices and reporting requirements for loans to directors and officers. In addition, the Sarbanes-Oxley Act of 2002 permits banks and bank holding companies to extend credit to their directors and officers provided that such extensions of credit are (a) made or provided in the ordinary course of the consumer credit business of such issuer; (b) of a type that is generally made available by such issuer to the public; and (c) made by such issuer on market terms, or terms that are no more favorable than those offered by the issuer. We have adopted written policies to implement the requirements of Regulation O, which restricts the extension of credit to directors and executive officers and their family members and other related interest. Under these policies, extensions of credit that exceed regulatory thresholds must be approved by the Board of Directors of the appropriate subsidiary. We believe that all extensions of credit to our directors and officers satisfy the foregoing conditions.

## EXECUTIVE OFFICER INFORMATION

### Current Executive Officers

The Executive Officers of the Company and Bank, and their ages as of December 31, 2014 are:

Name	Position with Company or Bank	Age
Gregory A. Dufour	President and Chief Executive Officer	54
Joanne T. Campbell	Executive Vice President, Risk Management	52
Peter F. Greene	Executive Vice President, Operations and Technology	55
Deborah A. Jordan, CPA	Executive Vice President, Chief Operating Officer and Chief Financial Officer	49
Timothy P. Nightingale	Executive Vice President, Senior Loan Officer	57
June B. Parent	Executive Vice President, Retail Banking	51

Mr. Dufour's biographical information appears on page 7.

Joanne T. Campbell joined the Company in 1996 as Vice President, Manager of Residential Real Estate. She was promoted to Senior Vice President, Compliance, Audit & CRA in 2002, and then to Senior Vice President, Risk Management in 2005 and to Executive Vice President ("EVP") in January 2011. Ms. Campbell currently serves as Chair of the board for Community Housing of Maine and is a member of the ABA Risk Management Forum Advisory Board.

Peter F. Greene joined the Company in January 2008 with the acquisition of Union Bankshares Company. Mr. Greene joined Union Trust Company in 1982 and was promoted to Senior Vice President, Senior Bank Services Officer in 1999 and to Senior Vice President, Chief Administrative Officer in 2003, a position he held until he joined the Company as Senior Vice President of Operations and Technology. In January 2011, he was promoted to EVP.

Deborah A. Jordan joined the Company in September 2008 as Senior Vice President, Chief Financial Officer ("CFO"), and Principal Financial and Accounting Officer and was promoted to EVP in January 2011. Effective January 1, 2015, Ms. Jordan was promoted to Chief Operating Officer ("COO"), and will continue to serve as CFO, and Principal Financial and Accounting Officer. Ms. Jordan was previously EVP and CFO of Merrill Merchants Bancshares, Inc. in Bangor, Maine, from January 1993 to August 2008. Ms. Jordan worked at Arthur Andersen & Co. from 1987 to 1992. Ms. Jordan currently serves on the Boards of the Camden Public Library and Seven Islands Land Management Company.

Timothy P. Nightingale joined the Company in March 2000 as Regional Vice President of UnitedKingfield Bank. In 2001, Mr. Nightingale was named Senior Lending Officer at UnitedKingfield Bank and was promoted to Senior Vice President in 2003. In September 2006, the Company merged UnitedKingfield Bank into Camden National Bank, at which time Mr. Nightingale was named Senior Vice President, Senior Lending Officer for Camden National Bank. In January 2011, he was promoted to EVP. Mr. Nightingale serves on the board of directors for Maine Technology Institute and is a member of the Bank Advisory Committee for the Finance Authority of Maine.

June B. Parent rejoined the Company in July 1995 and was promoted to Vice President of Human Resources in 1999. In December 2003, she made a career change to the retail banking division of the Bank and was promoted to Senior Vice President and Senior Retail Banking Officer. In January 2011, she was promoted to EVP. Ms. Parent is a past Board President of the Penobscot Bay Regional Chamber of Commerce and currently serves on the New England Insurance Trust.

All of the executive officers will hold office at the discretion of the Company's Board of Directors. There are no arrangements or understandings between any of the directors, officers or any other persons pursuant to which any of

the above directors have been selected as directors, or any of the above officers have been selected as officers. There are no “family relationships” among the directors and executive officers, as the Commission defines that term.

#### Compensation Committee Report

The Compensation Committee has reviewed and discussed with executive management the Compensation Discussion and Analysis that immediately follows this report, required by Item 402(b) of SEC Regulation S-K. Based on the review and discussion, the Compensation Committee recommended to the Board that the 2014 Compensation Discussion and Analysis be included in the Proxy Statement and incorporated as referenced in our Annual Report on Form 10-K for the year ended December 31, 2014. Respectfully submitted by the members of the Board Compensation Committee:

David C. Flanagan, Chairman  
Craig S. Gunderson  
John W. Holmes  
Karen W. Stanley

#### Compensation Discussion and Analysis

##### Overview

Our compensation structure reflects our commitment to link pay to performance, protect shareholder interests, and provide market-based compensation that will attract and retain highly talented executives critical to the success of the Company. The structure emphasizes at-risk incentive awards that vary with our financial results, and the award criteria are based on achieving our strategic plan initiatives. The Compensation Committee (the "Committee") evaluates the Company's compensation programs and related components on an ongoing basis and makes adjustments to our compensation structure, consistent with our compensation philosophy and objectives, as the Committee determines to be appropriate to maintain the Company's competitive position. The Committee intends this Compensation Discussion and Analysis to provide full, transparent disclosure of what we believe to be a comprehensive, carefully designed compensation structure that drives long-term shareholder value. Addressed in the discussion are the compensation determinations for the Company's named executive officers and the rationale for those determinations. Beginning on page 34 are compensation tables for the named executive officers that provide more detailed information.

##### Financial Highlights

The Company reported net income of \$24.6 million and diluted earnings per share ("EPS") of \$3.28 for the year ended December 31, 2014, representing an increase in net income of \$1.8 million, or 8%, and an increase in EPS of \$0.31 per share, or 10%, compared to the year ended December 31, 2013. The increase in net income and EPS was fueled by a 6% increase in average loans in 2014 and was complemented by the Company's share repurchases under its 2013 Repurchase Program, which contributed significantly to the decrease in weighted-average shares outstanding by approximately 183,000 shares.

The Company's assets at December 31, 2014 were \$2.8 billion, representing a 7% increase over December 31, 2013. Total assets growth was driven by strong loan growth during 2014 of \$192.2 million, or 12%. Loan growth was led by the commercial real estate and commercial portfolios with increases of \$99.6 million and \$78.3 million, respectively, in 2014. The loan growth experienced in 2014 was, in part, due to the return on the Company's investment made in 2012 – acquiring 14 branches and approximately \$300 million of deposits – as well as the strategic hiring of several seasoned commercial and retail lenders and deepening our credit underwriting and administration talent.

In the fourth quarter of 2014, the Company's Board increased its shareholder dividend by 11%, bringing the dividend per a share to \$0.30 for shareholders of record on January 16, 2015. The increase in the fourth quarter 2014 dividend reflected the Company's strong performance in 2014 and its ability to balance shareholder returns with its capital needs for regulatory and strategic purposes.



Other key highlights in 2014 include:

**Opening of New Hampshire Office** — 2014 marked a significant milestone in the Company's long history as the Company opened its first office outside of Maine. The Company opened a commercial loan production office in Manchester, New Hampshire, expanding its reach across northern New England.

**Improving Asset Quality Metrics** — Asset quality metrics continue to trend favorably as Maine's economy continues to see modest improvement and foreclosure activity continues to resolve:

Non-performing assets to total assets at December 31, 2014 of 0.82% reached its lowest level since the fourth quarter of 2008.

Year-to-date net charge offs to average loans as of December 31, 2014 were 0.16%, representing a decrease of 6 basis points compared to the same period in 2013.

Loans 30-89 days past due to total loans at December 31, 2014 were 0.18%, representing a decrease of 20 basis points since December 31, 2013.

#### Executive Summary

The Committee believes executive compensation must be linked with the Company's performance and aligned with the interests of the Company's shareholders. In addition, executive compensation needs to be designed to allow the Company to recruit, retain and motivate employees who play a significant role in the organization's current and future success.

One of the Committee's goals is to focus management on the Company's long-term performance. The Committee believes long-term equity awards are effective tools for aligning management and shareholder interests in order to increase overall shareholder value. In addition, the named executive officers are responsible for implementing long-term initiatives for the Company that, by definition, take more than one fiscal year to accomplish. Stability and continuity among the named executive officers aids the Company in its implementation of such long-term initiatives. However, a portion of the named executive officers' annual compensation is also linked to the short-term success of the Company in order to motivate and reward executives to achieve Company objectives and to attract and retain high caliber talent.

#### Compensation Committee Activity and Key Initiatives During 2014

As required by the Dodd-Frank Wall Street Reform and Consumer Protection Act, the Company held an advisory vote on the compensation of its executive officers ("Say-on-Pay") at the 2014 annual shareholders meeting. The Company's shareholders approved the compensation of our named executive officers, with over 96% of shareholder votes cast in favor of the Say-on-Pay resolution. As we evaluated our compensation practices throughout fiscal 2014, we were mindful of the strong support our shareholders expressed for our philosophy of linking compensation to performance and the interests of the Company's shareholders. As a result, the Committee continues to apply the same principles and philosophy it has used in previous years in determining executive compensation and will continue to consider shareholder feedback in the future.

The Committee evaluates existing compensation program components on an ongoing basis to maintain the Company's competitive position and to meet the goal of attracting, motivating, and retaining key executives. PM&P has served as the compensation consultant to the Committee since 2013. PM&P is engaged to provide guidance to the Committee in several critical areas, such as the impact of regulation on compensation and incentive practices, benchmarking and best practice analysis, director and executive compensation, regulatory reporting support, peer group analysis, policy and procedure review, and trends and changes.

In 2014, the Committee met eight times and completed the following initiatives:

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Independent Directors' Equity Compensation Program — The Committee developed the Independent Directors' Equity Compensation program in 2014 to further promote a culture of stock ownership, strengthen the directors alignment with shareholder interests, attract and retain qualified directors, and align average compensation earned by the Company's directors closer to the 50th percentile among the Company's peer group.

Review of Incentive Payouts, Restricted Stock Grants and Stock Option Awards — The Committee reviewed management's recommendation and approved non-executive incentive plan payouts. In 2014, the Committee recommended, and the Board approved, granting restricted stock to high performers at the vice president and senior vice president levels. Restricted stock is granted to motivate and retain top performers by providing stock ownership without purchase requirements. In 2014, stock options were granted to certain individuals at the vice president and senior vice president level at the time of hire.



Review of Executive Incentive Plan ("EIP") — The Committee reviewed the payout levels and the Company-wide performance against performance measures set for 2013 and recommended to the Board an award incentive under the 2013 EIP to executive officers at the 103% performance level (see Annual Cash Incentive Compensation on page 27). The Committee also reviewed and approved the EIP participants and targets for 2014.

Approval of 2011 Long-Term Performance Share Plan Payout ("2011 LTIP") — The Committee reviewed and approved the payout under the 2011 LTIP for the 2011 – 2013 performance period.

Approval of 2014 Long-Term Performance Share Plan ("2014 LTIP") — The Committee reviewed and approved the key metrics for the 2014 LTIP for the 2014 – 2016 performance period.

- Risk Review — The Committee worked with management to conduct a comprehensive review of the Company's executive compensation policies and practices and determined that such policies and practices are in compliance with regulatory guidance, appropriately balance risk and reward, and do not encourage excessive risk taking.

Peer Group Review — The Committee, with the assistance of PM&P, reviewed the Company's peer group used in comparing executive and director compensation. Although a competitive market study was not completed in 2014 for the executives or the Board, the Committee feels its prudent to review and update the peer group on an annual basis.

Change In Control Agreements ("CIC agreements") — In 2014, the Committee engaged PM&P to review the Company's current CIC agreements in place with certain officers and compare to market practice. PM&P provided observations and recommendations for change to these CIC agreements. The Committee engaged Goodwin Procter LLP ("Goodwin Procter") to revise the CIC agreements, and, in February 2015, the Committee recommended the revised CIC agreements to the Board, which were subsequently approved and entered into in March 2015. For a description of such revised CIC agreements, see page 41.

#### Compensation Philosophy and Objectives

The Committee's compensation philosophy is to attract and retain highly qualified executives by providing a mix of salary and incentives that appropriately motivate executives while also maximizing shareholder value. This is achieved by establishing meaningful performance goals that discourage risk related behaviors, and ensuring executives have comprehensive knowledge of the total compensation package. The executive compensation programs have been designed to:

- Provide competitive base salaries and short- and long-term incentives that align executives' interests with the Company's short- and long-term financial goals;

- Drive performance and motivate executives toward the goal of enhancing long-term shareholder value;

- Balance cash and equity compensation with a focus on increasing an executive's equity ownership over time;

- Attract and retain highly-qualified executives needed to achieve strategic goals, and maintain a stable executive management group; and

- Allow flexibility in responding to changing laws, accounting standards, and business needs, as well as the constraints and dynamic conditions in the markets in which we do business.

Decisions regarding executive compensation are evaluated in light of the Company's past performance, local and regional job market availability for each position, economic conditions in the state of Maine, and the Company's short-

and long-term business plans. Moreover, the Committee's goal is to review and analyze each element of compensation, considering the entire compensation package. The Committee seeks to ensure that rewards for executives, such as annual incentives and equity compensation, are appropriate in relation to shareholder returns for the same period.

#### Role of the Compensation Committee

The duties and responsibilities of the Committee include, among other things, overseeing the Company's overall executive compensation philosophy, measuring performance with respect to established goals and objectives, designing the components of executive compensation, reviewing the Company's executive compensation plans and the risks these plans pose to the Company, and establishing compensation for the Company's named executive officers. The Committee is currently composed of four independent directors: Messrs. Flanagan (Chair), Gunderson, and Holmes and Ms. Stanley.

The Committee assists the Board in discharging the Board's responsibilities related to compensation of directors and executive officers, and oversees the Company's total compensation, benefits and rewards programs. The Committee also oversees the preparation of executive compensation disclosures for inclusion in the Company's annual proxy statement. The Committee makes compensation decisions for the Company's named executive officers, including the establishment of frameworks for how executives will be compensated, and approves equity awards at the executive and non-executive levels. The Committee receives recommendations concerning these matters from the CEO for executive officers and all other employees, other than the CEO. For non-executive officers, the CEO is responsible for establishing the framework, including salary adjustments and annual equity and non-equity incentive plan award amounts, on how these individuals will be compensated. Decisions regarding non-equity compensation for non-executive officers are made by the CEO in conjunction with members of executive management. These decisions are ultimately presented to the Committee for review. As is the case with the executive officers, the Committee can exercise its discretion in modifying recommended adjustments or awards for these individuals.

The Committee operates under a written charter, a copy of which is available on the Company's website under the "Investors" tab at [www.CamdenNational.com](http://www.CamdenNational.com).

#### Role of Executives in Compensation Committee Deliberations

The Company's management provides information and input as requested by the Committee to facilitate decisions related to executive compensation. Members of management may be asked to provide input relating to potential changes in compensation programs for review by the Committee. The Committee occasionally requests members of management to be present at meetings where executive compensation and Company or individual performances are discussed and evaluated. Executives are free to provide insight, suggestions or recommendations regarding executive compensation. However, only Committee members are allowed to vote on decisions regarding executive compensation.

In 2014, Carolyn C. Crosby, Senior Vice President, Human Resources Director, served as management's liaison to the Compensation Committee. Ms. Crosby assisted in the administration of executive compensation programs, prepared Committee and Board meeting materials, worked with consultants and legal counsel engaged by the Committee, and performed work as requested, including the preparation of peer analyses, based on a peer group selected by the Committee. The COO & CFO of the Company, Deborah A. Jordan, provided the Committee with a quarterly update of the Company's financial performance measures under the short- and long-term incentive programs. The President and CEO of the Company, Gregory A. Dufour, occasionally attended portions of the meetings at the invitation of the Committee's Chairman, and made recommendations with respect to base salary, annual incentives, and equity compensation for executive officers who report to him. Mr. Dufour was not present at any Committee meetings in which his compensation was discussed or voted on.

Although executives may provide insight, suggestions or recommendations regarding executive compensation, they are not present during the Committee's deliberations or vote. Only Committee members vote on decisions regarding executive compensation. The Committee periodically meets in executive session without management present.

#### Interaction with Consultants

The Committee utilizes the services of various consultants when deemed appropriate. The Company's primary legal counsel for compensation-related matters is Goodwin Procter. Goodwin Procter has assisted the Company for a number of years by providing legal review of compensation plan documentation, as well as assistance on compensation-related regulatory matters. The Committee engaged the consulting services of PM&P to conduct compensation reviews for executives and directors, to conduct a thorough review of total compensation, to ensure the Company's pay practices are competitive, fit within the Company's compensation philosophy, and comply with regulatory guidance. The Committee has also used the services of several other attorneys to ensure compensation plans and programs are properly administered, documented, and meet legal and regulatory requirements.

Compensation Committee's Relationship with its Independent Compensation Consultant

The Committee considered the independence of PM&P and Goodwin Procter in light of SEC and NASDAQ rules for compensation committees and compensation consultants, legal counsel and other advisers. The Committee has on file letters of independence from PM&P and Goodwin Procter addressing the following factors: (1) other services provided to the Company; (2) fees paid by the Company as a percentage of total revenue; (3) policies or procedures maintained by vendor that are designed to prevent a conflict of interest; (4) any business or personal relationships between the senior advisers and a member of the Committee; (5) any Company stock owned by the senior advisers; and (6) any business or personal relationships between our executive officers and the senior advisers. The Committee discussed these considerations and concluded that the work performed by PM&P, Goodwin Procter, and the senior advisers involved in the engagements did not raise any conflict of interest.

## Risk Review

The Company evaluates its incentive plans to ensure risk management processes, risk mitigation practices and the internal control structure are in place to maintain the Company's risk profile within acceptable limits and ensure employees are not incentivized to take excessive risk positions. The most recent risk analysis was conducted in 2014 by management and the results were presented to the Committee for their review. Based upon the review, the triggers that drive the awards, the business planning and budgeting processes, the internal controls which support the accurate reporting of actual results, and the risk management processes and mitigating features that ensure management operates within established risk tolerance guidelines, it was determined that the Company's incentive plans do not lead to excessive risk taking pursuant to industry standards. Additionally, the Committee believes that the plans lead to long-term value creation for the Company and demonstrate compliance with regulatory guidance on incentive compensation practices.

## Benchmarking Compensation

The Committee believes that utilization of appropriate benchmarks for compensation analyses is an effective method for evaluating executive and director compensation. Accordingly, at least every two years the Committee engages the compensation consultant to conduct market competitive reviews, which, generally, include an assessment of compensation compared to market (i.e., industry-specific surveys and proxy peer group, where applicable), recommendations for total compensation opportunity guidelines (i.e. base salary, annual and long-term incentive targets), and a high level assessment of performance relative to peers. The Committee uses this information to determine appropriate salary and incentives levels for executive officers and directors.

The financial performance and compensation peer group is made up of: (1) Maine-based publicly-traded financial institutions; and (2) New England and Upstate New York-based publicly-traded financial institutions with assets between \$1.0 billion and \$5.0 billion. The peers selected by the Committee share similarities in size, efficiency ratio, return on assets, and return on equity. This peer group meets the goal of comparing executive and director compensation with comparable institutions whose managers and directors are overseeing and managing similarly-sized balance sheets and constituencies with which the Company may compete to attract and retain executive talent.

The Committee annually reviews the proxy peer group, with the assistance of PM&P, and recommends any changes to the Board for approval. The Company's proxy peer group includes the following companies:

Alliance Financial Corporation	Enterprise Bancorp, Inc.	Rockville Financial, Inc. (MHC)
Arrow Financial Corporation	First Bancorp, Inc.	Tompkins Financial Corporation
Bar Harbor Bankshares	Hingham Institution for Savings	TrustCo Bank Corp NY
Berkshire Hills Bancorp, Inc.	Independent Bank Corp.	United Financial Bancorp, Inc.
Brookline Bancorp, Inc.	Merchants Bancshares, Inc.	Washington Trust Bancorp, Inc.
Canandaigua National Corporation	Meridian Interstate Bancorp, Inc. (MHC)	Westfield Financial, Inc.
Century Bancorp, Inc.	Provident New York Bancorp	

The Committee's competitive pay objective for executive compensation is to pay at or as near as possible to the 50th percentile compared to market. Compensating at this level is necessary to attract and retain the executive talent needed to fulfill the Company's strategic objectives. This pay range was also selected as being representative of compensation levels that are more equivalent to our markets and to our competitors. To ensure the Company remains competitive, the Committee established a goal to more closely align total compensation to the 50th percentile of market.



In 2013, the Committee engaged PM&P to conduct an overall compensation review of executive compensation. The study indicated that 2013 base salaries for the named executive officers were within competitive range (+/- 15% of the market median), and total compensation levels were positioned between the 40th and 65th percentiles. The results of this study were used in determining base salary adjustments for 2014. The Committee will engage PM&P in 2015 to conduct an overall review of executive compensation and continue to make compensation adjustments, based on performance, where applicable, for alignment with the competitive market.

#### Elements of Compensation

In 2014, the compensation for the named executive officers comprised the following elements:

Element	Description	Primary Objectives
Base Salary	Fixed cash payment reflecting the executive's responsibilities, performance and expertise.	<ul style="list-style-type: none"> <li>• Provide basic level of compensation</li> <li>• Recruit and retain executives</li> </ul>
Executive Incentive Plan ("EIP")	Annual cash incentive which is contingent on achievement of Company and individual performance goals related to the current fiscal year. Executives can earn a number of shares (from zero to 200% of the target award) based upon the Company's achievement of performance objectives over a three-year performance period.	<ul style="list-style-type: none"> <li>• Encourage and reward individual and overall Company performance relative to current plans and objectives.</li> <li>• Align the interests of executives with shareholders.</li> </ul>
Long-Term Performance Shares ("LTIP")	Executives and officers at the level of Vice President and above receive restricted shares in lieu of a portion of annual incentive at a discount. Vest over two years.	<ul style="list-style-type: none"> <li>• Promote achievement of long-term financial and strategic objectives.</li> <li>• Retention</li> </ul>
Management Stock Purchase Plan ("MSPP")	Executives and officers at the level of Vice President and above are awarded restricted stock. Typically vest over three years.	<ul style="list-style-type: none"> <li>• Promote stock ownership</li> </ul>
Restricted Stock Awards	Executives and officers at the level of Vice President and above are awarded options to purchase shares of common stock at fixed prices. Typically vest over five years.	<ul style="list-style-type: none"> <li>• Retention</li> <li>• Promote stock ownership</li> </ul>
Stock Options	Qualified and non-qualified deferred compensation plans, defined contribution retirement plans, and other benefits.	<ul style="list-style-type: none"> <li>• Retention</li> <li>• Promote stock ownership</li> <li>• Align the interests of executives with shareholders.</li> </ul>
Retirement and Other Benefits	Severance benefits in the event of a termination of employment in connection with a change in control.	<ul style="list-style-type: none"> <li>• Retention</li> <li>• Competitiveness</li> <li>• Financial security</li> </ul>
Change in Control Agreements		<ul style="list-style-type: none"> <li>• Retention</li> <li>• Competitiveness</li> </ul>

#### Emphasis on "At Risk" Pay

For 2014, 46% of our CEO's target compensation (i.e., base salary, target annual bonus and target long-term incentives) was "at risk" compensation directly contingent on performance. Actual annual bonuses and long-term incentive awards are subject to the achievement of pre-established performance targets and designed to link directly to shareholder value. Base salary and other fixed elements of compensation are essential to any compensation program and relevant to the recruitment and retention of top talent. However, we believe that "at risk" compensation for our most senior executives should be a significant portion of their pay mix. Our 2014 compensation reflects this philosophy. The following charts illustrate the pay mix for our CEO for 2014.

#### Base Salaries

Base salaries are an essential recruitment and retention tool and balance the need to attract and retain talented executives with the cost to our Company and the impact on shareholder value. Base salaries are set at a level that is competitive and appropriate for the market, but conservative to allow for significant performance-based compensation in addition to base salary. Base salaries, which are based on an executive's expected performance against specific job criteria for the current period, are viewed in the context of "total compensation." The Company's financial performance, as well as market conditions impact decisions on base salaries for named executive officers. Non-cash fringe benefits (e.g., insurances, 401(k) plan benefits) must also be in a competitive range so that both cash and non-cash elements allow the Company to attract and retain top quality executives. We meet these objectives by offering competitive base salaries with periodic adjustments based on peer-group market analysis and a comprehensive employee benefit package, in addition to the other elements of executive compensation described herein.

Compensation of the CEO and Named Executive Officers — The CEO's base salary is reviewed annually by the Committee in light of (1) overall Company performance; (2) performance against written goals and objectives; and (3) a comparison to the compensation of chief executive officers in other similar companies of comparable size and performance characteristics.



2014 Salary — In 2014, Mr. Dufour's base salary was increased from \$400,000 to \$420,000 as a result of accomplishing strategic and individual goals, such as:

- The successful integration of 14 branches;
- The divestiture of the five Franklin County branches;
- Continued advancement of technology including the upgrade of the Company's Smart ATM infrastructure and on-line account opening; and
- Investing in leadership development and core education programs.

Mr. Dufour's performance-based merit increase is consistent with the general employees performance-based merit increases. In addition to Mr. Dufour's performance-based merit increase of 2.25%, the Committee approved a 2.75% range adjustment for Mr. Dufour to better align his base salary with market and narrow the gap to the 50th percentile. The Committee is proactively making this range adjustment to ensure the Company's ability to competitively compensate and retain the Company's executives.

All other named executive officers' base salaries are reviewed annually and recommendations are made to the Committee by the CEO. Recommendations are based on (1) overall Company performance; (2) performance against written goals and objectives; (3) increase in areas of responsibility; and (4) a comparison to the compensation of comparable executive officers in other companies of similar size and performance characteristics. The Committee is proactively making these salary adjustments to ensure that the Company competitively compensates and retains executive management. Based on individual performance reviews, and peer group and market comparisons, increases were made to base salary for each other named executive officer ranging from 2.2% to 2.6% as reported below. The competitive compensation analysis, conducted by PM&P in 2013, concluded that the overall salaries for each of the Company's named executive officers are within a market competitive range (defined as +/- 15% of the peer median).

2015 Salary — Effective February 22, 2015, Mr. Dufour's base salary was increased from \$420,000 to \$460,000 as a result of accomplishing strategic and individual goals, such as:

- Developing a comprehensive five year strategic plan, which included the development of new roles and positions within the organization such as the EVP, Chief Customer Experience Officer, whom will oversee the development of Company-wide customer experience initiatives in an effort to fuel growth, and the Office of Project Management, which oversees the daily management, execution and ongoing monitoring of the Company's strategic initiatives;
- Overseeing 12% loan growth and 10% earnings per share growth for the Company in 2014 compared to 2013; and
- Successfully expanding the Company's footprint outside of Maine in 2014 through the opening of a commercial loan office in Manchester, New Hampshire.

Mr. Dufour's performance-based merit increase is consistent with the general employees performance-based merit increases. In addition to Mr. Dufour's performance-based merit increase of 2.5%, the Committee approved a 7.0% range adjustment for Mr. Dufour to better align his base salary with market and narrow the gap to the 50th percentile.

All other named executive officers' base salaries are reviewed annually and recommendations are made to the Compensation Committee by the CEO. Based on individual performance reviews and peer group comparisons, the following increases were made to base salary for each executive officer.

Name	Position	Base Salary Effective 2/25/13	Base Salary Effective 2/23/14	% Increase 2014 Over 2013		Base Salary Effective 2/22/15	% Increase 2015 Over 2014	
Gregory A. Dufour	President & CEO	\$400,000	\$420,000	5.0	%	\$460,000	9.5	%
Deborah A. Jordan <sup>(1)</sup>	EVP, COO & CFO	225,000	230,000	2.2	%	280,000	21.7	%
Peter F. Greene	EVP, Operations/Technology	185,000	189,000	2.2	%	193,725	2.5	%
Timothy P. Nightingale	EVP, Senior Loan Officer	215,000	220,000	2.3	%	225,500	2.5	%
June B. Parent	EVP, Retail Banking	192,000	197,000	2.6	%	200,940	2.0	%

(1) Effective January 1, 2015, Ms. Jordan was promoted to COO, and will continue to serve as CFO, and Principal Financial and Accounting Officer. Ms. Jordan received a corresponding base salary increase of \$50,000 for the promotion and her new salary of \$280,000 was effective January 1, 2015.

#### Annual Cash Incentive Compensation

The Executive Incentive Plan ("EIP") is intended to motivate executives to reach or exceed the annual fiscal targets set in strategic and operating plans, as well as to achieve individual performance goals. Named executive officers, as well as others selected by the Committee and approved by the Board, were eligible to participate in the EIP in 2014. The EIP was established in 2002 and has been a successful program in motivating and rewarding achievement of short-term goals and has proven to be an effective recruitment and retention tool for top executives.

The annual EIP for the named executive officers, and other selected members of management, is tied specifically to the Company's budget. Annual budgets are prepared by management and approved by the Board of Directors. In establishing the annual budget goals for the year, factors include the current operating environment (economic, interest rate, regulatory and local), as well as the Company's strategic plan initiatives. Key financial ratios (return on assets, return on equity, earnings growth, asset quality and capital ratios) are measured against prior year performance, peer group and shareholder expectations. Potential awards are earned relative to performance to budget for the year based on budgeted net income before taxes ("NIBT").

The following table represents the 2014 annual incentive opportunity based on NIBT.

EIP: 2014 Opportunity

NIBT	Incentives as % of Base Salary	
	Gregory Dufour	All Other Named Executive Officers
96% - Threshold Level	8.0%	6.0%
97%	16.0%	12.0%
98%	24.0%	18.0%
99%	32.0%	24.0%
100% - Target Level <sup>(1)</sup>	40.0%	30.0%
101%	44.0%	33.0%
102%	48.0%	36.0%
103%	52.0%	39.0%
104%	56.0%	42.0%
105%	60.0%	45.0%
106%	64.0%	48.0%
107%	68.0%	51.0%
108%	72.0%	54.0%
109%	76.0%	57.0%
110% - Maximum Level	80.0%	60.0%

(1) With Ms. Jordan's promotion to COO and CFO effective January 1, 2015, she will participate at the 35% target level in calendar year 2015.

Each named executive officer has a targeted percentage based on the position he or she holds, and the impact of the position on overall Company results. The targeted percentages are reviewed annually by the Committee and may be adjusted. Each participant's recommended payout is calculated based on the Company's financial results as compared to budget (60% fixed), and on working collaboratively to successfully execute the Company's strategic initiatives for that given year (40% discretionary). The Committee approves all payouts under the EIP and reports the same to the Board.

During 2014, there were eight participants in the EIP, including the named executive officers. Discussion relative to the Company's performance, as well as performance against individual goals, takes place quarterly between each executive and his or her manager, and between the CEO and the Board. Communication at these regular intervals ensures executives are aware of current levels of performance and are motivated to meet or exceed established goals.

The financial performance target against budget under the EIP was achieved at 104% of NIBT for the year ended December 31, 2014. In February 2015, the Board accepted the recommendation of the Committee to award incentives under the EIP to executive officers in the amounts set forth below.

Name	Position	EIP Payments <sup>(1)</sup>	
		2013	2014
Gregory A. Dufour	President & CEO	\$149,000	\$242,092
Deborah A. Jordan	EVP, COO & CFO	70,000	100,000
Peter F. Greene	EVP, Operations/Technology	54,000	77,000
Timothy P. Nightingale	EVP, Senior Loan Officer	56,000	96,000
June B. Parent	EVP, Retail Banking	56,000	72,000

(1) 20% of each payment is deferred pursuant to the Management Stock Purchase Plan ("MSPP").



Management Stock Purchase Plan ("MSPP") — The MSPP, which is a sub-plan of the 2012 Equity and Incentive Plan, is available to employees at the level of Vice President and above, and is an equity incentive compensation plan designed to provide an opportunity for participants to receive restricted shares of our Company's common stock in lieu of a portion of their annual bonus payments. Participants may elect to participate on a voluntary basis at either 10% or 20% of annual bonuses. The CEO and other named executive officers are required under this plan to participate at the 20% level when bonuses are administered. Restricted shares are granted at a discount of one-third of the fair market value of the stock on the date of the grant, and fully vest two years after the grant date if the participant remains employed at the Company for such period. If a participant terminates employment for reasons other than retirement prior to the vesting date, he or she is reimbursed for the lesser of the amount originally used to purchase the restricted shares, or the current fair value of the shares on the date of termination. As with the other equity compensation programs, this program encourages investment in our Company and serves as a retention and recruitment tool. On March 7, 2014, each of the named executive officers deferred 20% of his or her bonus under the 2013 EIP, resulting in a total of 2,916 shares purchased under the MSPP at a price of \$26.38 (a discount of \$13.19 per share).

Name	Position	2014 MSPP Stock Awards	
		Number of Shares	Vesting Period
Gregory A. Dufour	President & CEO	1,129	2 Years
Deborah A. Jordan	EVP, COO & CFO	530	2 Years
Peter F. Greene	EVP, Operations/Technology	409	2 Years
Timothy P. Nightingale	EVP, Senior Loan Officer	424	2 Years
June B. Parent	EVP, Retail Banking	424	2 Years

#### Long-Term Equity Compensation

One objective of the executive compensation program is to increase executives' equity ownership in the Company, which more closely aligns executive and shareholder interests by strengthening the executive's personal investment in the success of our Company. To meet this objective, the Committee has utilized a long-term performance share plan, restricted stock awards, and stock options. These programs reward executives with equity compensation, which more closely aligns the value ultimately received by named executive officers with the value created for other shareholders. The shares and options awarded generally have vesting schedules to enhance our ability to retain top performing named executive officers, and annual or ongoing grants or purchases ensure the continuation of this value as options are exercised and shares vest.

Long-Term Performance Share Plan ("LTIP") — The LTIP, which is a sub-plan under the 2012 Equity and Incentive Plan, is administered by the Committee and intended to create a long-term incentive for the named executive officers, so that long-term interests of the Company are not compromised for short-term results. Awards made under the LTIP are used to achieve the twin goals of: (1) aligning executive incentive compensation with future increases in shareholder value; and (2) using equity compensation to retain key employees.

The target award level for each named executive officer is established based upon the executive officer's level of responsibility in the Company. At the time of granting the awards, the Committee sets the award amount for each participant at a level to provide competitive long-term compensation. The target levels for each performance measure are set by the Committee for each long-term performance period, and are recommended by the Committee to the Board for approval. They are set in such a way as to ensure that the expense associated with the potential executive awards is an appropriate percentage of the resulting shareholder benefit. The Committee considers numerous factors in determining the target awards and the financial performance metrics based on management's three-year business plan. The analysis includes asset and income growth, and the potential compensation expense under the LTIP is compared to the return to shareholders as measured by return on equity and earnings per share growth.



Each named executive officer has a predetermined “target award,” which is reflected as a percentage of his or her base salary at the beginning of the long-term performance period. At the end of each long-term performance period, if the performance measure(s) and trigger(s) are met, then each participant receives an award in accordance with the matrix, paid in Company shares. The conversion of dollar amounts into shares is based on the market value of a share on the first day of the relevant long-term performance period. The table below details the award opportunity under the LTIPs for the 2012 – 2014 Plan, 2013 – 2015 Plan, and 2014 – 2016 Plan (award opportunities have remained level over the last three years).

	Threshold	Target	Superior
LTIP Award Opportunity as % of Salary			
Gregory A. Dufour, President & CEO	20.00%	40.00%	80.00%
Deborah A. Jordan, EVP, COO & CFO <sup>(1)</sup>	12.50%	25.00%	50.00%
Peter F. Greene, EVP, Operations and Technology	12.50%	25.00%	50.00%
Timothy P. Nightingale, EVP, Senior Loan Officer	12.50%	25.00%	50.00%
June B. Parent, EVP, Retail Banking	12.50%	25.00%	50.00%
(1) With Ms. Jordan's promotion to COO and CFO effective January 1, 2015, she will participate at the 30% target level in calendar year 2015.			

2012 – 2014 LTIP Performance Share Results — The table below shows the performance metrics used by the Committee at the end of 2014 to determine the awards for the 2012 – 2014 LTIP.

	Weighting	Target Level	Actual End of Year 3	% of Target
Performance Triggers				
Adjusted NPA <sup>(1)</sup>		Less than 2%	0.65%	Achieved
Adjusted net income growth <sup>(2)</sup>		1% or greater	(1.59)%	Not achieved
Performance Metrics				
Revenue growth	50%	2.00%	2.71%	123.70%
Efficiency ratio	50%	53.50%	60.62%	—
Performance Level				
Expected payout as a % of target incentive				None
Recorded compensation expense				None

(1) Adjusted to exclude performing restructured loans.

(2) Adjusted to exclude Acadia Trust's financial results and impact of the five branches divested of in 2013.

The adjusted net income growth target of 1% or greater was not met over the three year measurement period for the 2012 – 2014 LTIP and, as such, there was no payout for the 2012 – 2014 LTIP. The adjusted NPA performance trigger was achieved over the three year measurement period with an adjusted NPA of 0.65%.

2014 – 2016 LTIP Design and Awards — As in prior years, the Committee designed the 2014 – 2016 LTIP to include two triggers and two performance measures, with the reward being based on a sliding performance scale. In order to activate the plan, two triggers must be met: (1) maximum asset quality measure of non-performing assets excluding performing restructured loans (“Adjusted NPA”) to total assets not to exceed 1.75%, and (2) minimum level of earnings threshold for net income growth of 1%. The two performance measures selected for the LTIP are: (1) revenue growth and (2) efficiency ratio, each assigned a 50% weighting. In establishing performance measures, the Committee’s goal was to reward executives for profitable revenue growth in a challenging economic and regulatory environment while maintaining quality lending standards and providing net income growth to shareholders. In establishing the performance measures, the Committee directed management to focus on the core banking franchise and thus determined that the revenue growth and efficiency ratios measurements would exclude results of the wealth management subsidiary, Acadia Trust. In addition, the LTIP performance measures are subject to modification upon a merger or acquisition. The table above details the LTIP award opportunity as a percentage of salary for each participant. The table below shows the performance metrics that will be used by the Committee at the end of 2016 to determine the vesting for the 2014 – 2016 LTIP.

	Weighting	Threshold Level	Target Level	Superior Level
Performance Triggers				
Adjusted NPA		Less than 1.75%	—	—
Adjusted net income growth		1% or greater	—	—
Performance Metrics				
Revenue growth	50%	1.69%	2.69%	4.33%
Efficiency ratio	50%	60.70%	60.20%	59.20%

Restricted Stock Awards — Restricted stock awards may be awarded to the named executive officers and other officers at the level of Vice President or above and have a three-year vesting schedule, with one-third vesting each year. All awards are approved by the Board. In 2014, there were no restricted stock awards granted to the named executive officers other than under the MSPP.

Stock Options — Options to purchase shares of common stock at fixed prices, as provided under the 2012 Equity and Incentive Plan, may also be awarded to named executive officers and other officers at the level of Vice President and above. Individual option grants vest in equal installments over a five-year period and have a ten-year contractual life in accordance with the 2012 Equity and Incentive Plan. Stock option awards enable us to attract talented executives and tie their interests to the Company’s goals and objectives. There were no options granted to the named executive officers in 2014.

#### Retirement and Other Benefits

We offer a qualified deferred compensation plan and a non-qualified executive deferred compensation plan to provide our employees tax-advantaged savings vehicles. The plans enhance our ability to attract and retain key employees by providing a comprehensive total rewards package. Discretionary matching contributions are provided to participants in both the qualified and non-qualified plans in an effort to encourage employees to save for retirement.

Camden National Corporation 401(k) Plan and Profit Sharing Contributions — All employees, including our named executive officers, are eligible to participate in the qualified deferred compensation plan, referred to as the Camden National Corporation 401(k) Plan. Participants may contribute pre- and post-tax savings contributions to the 401(k) Plan up to the maximum allowed by federal tax laws. The Company currently makes safe harbor matching contributions of up to 4% of an employee’s eligible compensation, and additional profit sharing contributions (both at the discretion of the Board of Directors). For 2014, the profit sharing contribution was 3% of an employee’s eligible compensation, up to applicable IRS limits. Employee deferrals and matching contributions are immediately vested.



Profit sharing contributions have a graduated six-year vesting schedule and once a participant has six years of service, contributions are 100% vested.

**Executive Deferred Compensation Plan ("EDCP")** — We maintain a non-qualified deferred compensation plan, referred to as the Executive Deferred Compensation Plan, under which certain eligible employees who have otherwise exceeded annual IRS limitations for elective deferrals can continue to contribute to their retirement savings. This program is available to current participants in the EIP, including the CEO and the other named executive officers. The EDCP allows for employer discretionary and/or supplemental contributions, with the intent to make contributions equal to what the executive could have earned under the 401(k) match and profit sharing on the amounts deferred, up to IRS limits. The Company allows participants to direct the investment of funds deferred and the investment choices are similar to those available in the 401(k) Plan. The EDCP is a cost effective way to provide another incentive for executives to stay with the Company over the long-term. In 2014, no named executive officer elected to defer amounts under the EDCP.

**Retiree Medical** — Full time employees qualify if they will be age 55 or older at time of retirement, have at least 20 years of service at time of retirement, and either reached age 50 or attained 15 years of service on or before December 31, 2013.

**Supplemental Executive Retirement Plan ("SERP") and Defined Contribution Retirement Plan ("DCRP")**— The Committee recognizes the importance of financial security upon retirement and has in place two programs to assist executive officers in planning for retirement. The plans and programs in place help ensure the named executive officers are focused on the Company's financial well-being over the long-term. Income replacement at retirement is largely dependent on participation in the 401(k) Plan, the EDCP and the performance of these programs. It may be augmented with participation in the SERP and/or participation in the DCRP as described below. Effective January 1, 2008, the DCRP replaced the SERP for new executives.

We provide nonqualified, noncontributory, defined-benefit SERPs for certain highly compensated officers. Mr. Dufour and Mr. Greene both have SERP agreements. They are designed to make up the shortfall (when compared to a non-highly compensated employee) in replacing income at retirement due to IRS compensation and benefit limits under the 401(k) Plan and Social Security. With a SERP in place, participants should be able to replace up to 75% of their final average compensation. Page 40 provides detailed discussion of the SERP benefits provided to these two named executive officers. Mr. Greene also participates in a Split Dollar Life Insurance Policy in which his beneficiary is eligible to receive the lesser of the net life insurance amount at risk or \$297,852 upon his death.

The DCRP is an unfunded deferred compensation plan. Mr. Nightingale, and Ms. Jordan and Parent are participants in the DCRP. Annually, on or about March 15th, an amount equal to 10% of each participant's annual base salary and cash incentives for the prior year are "credited" to an account administered by the Company in "Deferred Stock Units" based on the price of Company stock on the day of the award. Vesting occurs ratably from the date of participation in the Plan until the participant turns 65. Upon retirement or termination, the account is paid out in shares of Company stock, less the equivalent number of shares withheld for the payment of taxes. The DCRP provides participants the option to receive a lump sum stock distribution or to receive stock distributions in installments of either 5, 10, or 15 years.

#### **Other Compensation and Benefits**

The CEO is provided with a Company vehicle to use for business purposes, due to business travel expectations of the position, as well as the importance of his visibility in the community. The total amount of this item is reflected in the "All Other Compensation" column of the Summary Compensation Table.

#### **Employment and Change in Control Agreements**

The Company does not currently have any employment agreements with its named executive officers. In April 2009, all named executive officers executed change in CIC agreements with the Company, which prescribe certain severance benefits to be provided to the executives in the event of a change in control of the Company. The terms of

these agreements were determined based on a review of peer benefit practices and the multiple of pay is based on the level of the position within the Company. In 2014, the Committee engaged PM&P to review the current CIC agreements and compare to market practice. PM&P concluded the CIC agreements were generally in line with market practice and offered observations and recommendations for potential changes. The Committee engaged Goodwin Procter to revise the CIC agreements, and, in February 2015, the Committee recommended the revised CIC agreements to the Board, which were subsequently approved and entered into in March 2015.

Additional details regarding the CIC agreements in effect as of December 31, 2014 and as revised and approved by the Board in February 2015 can be found in the narrative following the Pension Benefits table, and amounts that may be due to the named executive officers under these agreements are described and quantified in the section titled "Potential Payments Upon Termination or Change in Control" on page 43.

### Stock Practice and Policy

**Stock Ownership Guidelines** — The Company has established stock ownership guidelines for the named executive officers, and stock must be owned outright to count toward meeting this requirement. Mr. Dufour must own two times his January 2009 annual base salary in Company stock by January 1, 2014 (this requirement was met as of December 31, 2013), and four times his January 2009 annual base salary in Company stock by January 1, 2019. To meet the ownership requirements for their respective positions other named executive officers must own one times initial base salary in Company stock after five years and two times initial base salary after ten years.

The following table lists the stock ownership requirements of the named executive officers.

Name	Stock Ownership Requirement		Market Value (\$)	Date Required By
	Market Value (\$)	Date Required By <sup>(1)</sup>		
Gregory A. Dufour	\$550,000	1/1/14	\$1,100,000	1/1/19
Deborah A. Jordan	175,000	10/1/13	350,000	10/1/18
Peter F. Greene	125,000	1/1/13	250,000	1/1/18
Timothy P. Nightingale	165,000	1/1/14	330,000	1/1/19
June B. Parent	140,000	1/1/14	280,000	1/1/19

(1) All named executive officers have met the guideline requirement.

**Timing of Equity Grants** — Equity awards are granted under the 2012 Equity and Incentive Plan, which includes stock options, restricted stock awards, the MSPP, the LTIP, and the DCRP. The Company traditionally has granted incentive stock options and restricted stock grants in the first quarter to reward performance for the prior year. Incentive stock options may also be granted as a condition of employment at time of hire with prior Board approval. Annually, at the discretion of the CEO, top performing officers may be granted incentive stock options or restricted stock awards in recognition of commitment to the organization and to provide a means of gaining ownership in the Company. Restricted stock is granted by way of recommendations put forth by the CEO to the Committee and is granted in the first quarter to high performing individuals for achieving exemplary results related to the Company's strategic initiatives. Equity grants under the LTIP occur annually in the first quarter dependent on the results of the individual three-year plan performance metrics and target level achieved. Participants in the DCRP have an account administered by the Company that is credited with "Deferred Stock Units" annually, on or about March 15, with 10% of each participant's annual base salary and cash incentives for the prior year. In addition, employees at the Vice President level and above have the opportunity to participate in the MSPP annually to purchase company stock at a reduced rate. Under this plan the stock is granted as restricted stock and individuals may elect to use 10% or 20% of bonus dollars to purchase Company stock that vests over a two year period. The CEO and other named executive officers are required under this plan to participate at the 20% level when bonuses are administered.

**Clawback Policy** — If the Company is required to prepare an accounting restatement due to material noncompliance with reporting requirements, the Committee may recover from any current or former executive officer who was paid during the three years preceding to the extent the compensation exceeds the compensation that would have been paid based on the restated financials.

### Tax and Accounting Considerations

We consider tax and accounting implications in designing our compensation programs. Under current share-based payment accounting rules, we must expense the grant-date fair value of share-based grants that settle in our stock such as restricted stock and performance shares. The grant-date fair value is expensed over the service period or vesting period of the grant. Section 162(m) of the Internal Revenue Code generally places a limit on the tax deduction for compensation in excess of \$1 million paid to the CEO and other executive officers whose compensation is required to be reported in the summary compensation table (other than the principal financial officer), except for performance-based compensation that otherwise meets the requirements of Section 162(m).



## Tabular Disclosures Regarding Named Executive Officers

The following table summarizes compensation earned in the last three fiscal years by our principal executive officer, principal financial officer, and the three other most highly compensated executive officers (collectively, the “named executive officers”).

## SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary (\$)	Bonus <sup>(1)</sup> (\$)	Stock Awards <sup>(2)</sup> (\$)	Non-Equity Incentive Plan Compensation <sup>(3)</sup> (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings <sup>(4)</sup> (\$)	All Other Compensation <sup>(5)</sup> (\$)	Total (\$)
Gregory A. Dufour	2014	\$432,308	\$—	\$240,605	\$193,674	\$204,788	\$23,571	\$1,094,946
President and CEO	2013	398,077	—	204,675	119,200	—	23,389	745,341
Deborah A. Jordan	2012	375,577	38,000	205,790	132,800	211,000	23,195	986,362
EVP, COO and CFO	2014	237,884	—	116,817	80,000	—	18,157	452,858
Peter F. Greene	2013	223,327	—	105,813	56,000	—	16,539	401,679
EVP, Operations and Technology	2012	215,089	38,000	105,475	56,800	—	16,581	431,945
Timothy P. Nightingale	2014	193,562	—	70,345	61,600	87,887	18,337	431,731
EVP, Senior Loan Officer	2013	183,223	—	62,434	43,200	13,042	19,470	321,369
June B. Parent	2012	174,775	38,000	61,031	45,600	135,000	16,364	470,770
EVP, Retail Banking	2014	227,500	—	110,726	76,800	—	17,717	432,743
	2013	213,846	—	98,187	44,800	—	19,429	376,262
	2012	207,779	10,000	102,003	55,200	—	19,011	393,993
	2014	202,101	—	95,335	57,600	—	16,854	371,890
	2013	189,248	—	88,086	44,800	—	17,250	339,384
	2012	176,133	38,000	85,653	45,600	—	16,451	361,837

(1) Cash award for 2012 based on contributions relative to the due diligence, conversion and integration of 15 branches and the sale and deconversion of one branch.

(2) The following table describes each component of the “Stock Awards” column in the Summary Compensation Table for 2014:

Name	Stock Awards			Total
	LTIP	MSPP	DCRP	
Gregory A. Dufour	\$168,000	\$72,605	\$—	\$240,605
Deborah A. Jordan	57,500	29,997	29,320	116,817
Peter F. Greene	47,250	23,095	—	70,345
Timothy P. Nightingale	55,000	28,766	26,960	110,726
June B. Parent	49,250	21,565	24,520	95,335

The values reflected in the LTIP column do not necessarily represent a realized financial benefit for the named executive officer because the performance shares may not yet have been earned. In addition, the financial benefit, if any, that may be realized will depend on the future share price at such time, if ever, that the performance shares are

earned. For purposes of valuing the performance shares under the LTIP, the Company assumes achievement at the target level of performance and the value provided represents the grant date fair value of the target number of shares of stock under the 2014 – 2016 LTIP for each named executive officer, determined based on the closing market price of our stock on the date of grant and determined in accordance with ASC Topic 718. The potential maximum payout for the 2014 – 2016 LTIP performance period at the superior performance level for each named executive officer amounts to: \$336,000 for Mr. Dufour; \$115,000 for Ms. Jordan, \$94,500 for Mr. Greene, \$110,000 for Mr. Nightingale, and \$98,500 for Ms. Parent.

The values reflected in the MSPP and DCRP columns reflect the aggregate grant date fair value of stock awards for 2014 and determined in accordance with ASC Topic 718. For a discussion of the assumptions used in the calculations of these stock award amounts, refer to Note 15 to the Company's audited financial statements for the fiscal year ended December 31, 2014. For a more complete description of the stock awards, see "Compensation Discussion and Analysis."

The Company paid these amounts in the year after they were awarded pursuant to the terms of our EIP. See "Annual (3) Cash Incentive Compensation" beginning on page 27 for a discussion of how these amounts were determined under this plan.

The amounts in this column reflect the changes in value of the Company's SERP maintained for Mr. Dufour and Mr. Greene. Refer to Note 14 to the Company's audited financial statements for the fiscal year ended December 31, (4) 2014. In 2013, the change in pension value for Mr. Dufour was negative \$7,162 due to changes in actuarial assumptions.

The amounts in this column and detailed below for 2014 include (i) 401(k) matching contributions by the Company, (ii) a 3% profit sharing allocation under the Company's Retirement Savings Plan, (iii) dividend value on (5) stock awards not factored into the grant date fair value, (iv) vehicle personal use benefit value and (v) imputed economic benefit under split dollar life insurance. No named executive officer participated in or received preferential or above-market earnings on deferred compensation.

Name	401(k)	Profit Sharing	Dividend	Vehicle	Life Insurance	Total
Gregory A. Dufour	\$10,400	\$7,650	\$3,298	\$2,223	\$—	\$23,571
Deborah A. Jordan	8,821	7,650	1,686	—	—	18,157
Peter F. Greene	8,627	7,650	1,411	—	649	18,337
Timothy P. Nightingale	8,762	7,650	1,305	—	—	17,717
June B. Parent	7,781	7,650	1,423	—	—	16,854

#### GRANTS OF PLAN-BASED AWARDS TABLE

The following table summarizes cash and stock grants made during 2014 to the named executive officers listed in the Summary Compensation Table.

Name	Plan	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards <sup>(1)</sup>			Estimated Future Payouts Under Equity Incentive Plan Awards <sup>(2)</sup>			All Other Stock Awards: Number of Shares or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards (\$/Sh)	Grant Date Fair Value of Stock and Option Awards <sup>(3)</sup> (\$)
			Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)				
Gregory A. Dufour	EIP	1/2/14	\$34,585	\$172,923	\$345,846	—	—	—	—	—	\$—	\$—
	LTIP	1/2/14	—	—	—	2,039	4,079	8,159	—	—	—	168,000
	MSPP	3/7/14	—	—	—	—	—	—	1,129 <sup>(4)</sup>	—	—	14,892
Deborah A. Jordan	EIP	1/2/14	14,273	71,365	142,730	—	—	—	—	—	—	—
	LTIP	1/2/14	—	—	—	698	1,396	2,792	—	—	—	57,500
	MSPP	3/7/14	—	—	—	—	—	—	530 <sup>(4)</sup>	—	—	6,991
	DCRP	3/15/14	—	—	—	—	—	—	733 <sup>(5)</sup>	—	—	29,320



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Peter F. Greene	EIP	1/2/14	11,614	58,069	116,137	—	—	—	—	—	—	—
	LTIP	1/2/14	—	—	—	573	1,147	2,294	—	—	—	47,250
	MSPP	3/7/14	—	—	—	—	—	—	409	(4)	—	5,395
Timothy P. Nightingale	EIP	1/2/14	13,650	68,250	136,500	—	—	—	—	—	—	—
	LTIP	1/2/14	—	—	—	667	1,335	2,671	—	—	—	55,000
	MSPP	3/7/14	—	—	—	—	—	—	424	(4)	—	5,593
	DCRP	3/15/14	—	—	—	—	—	—	674	(5)	—	26,960
June B. Parent	EIP	1/2/14	12,126	60,630	121,261	—	—	—	—	—	—	—
	LTIP	1/2/14	—	—	—	597	1,195	2,391	—	—	—	49,250
	MSPP	3/7/14	—	—	—	—	—	—	424	(4)	—	5,593
	DCRP	3/15/14	—	—	—	—	—	—	613	(5)	—	24,520

(1) Amounts represent the range of possible incentive payouts under the 2014 EIP. The actual amounts earned in 2014 and paid out in 2015 are reflected in the Summary Compensation Table on page 34 and were as follows:

Name	Actual Payout Under Non-Equity Incentive Plans for Fiscal Year 2014
Gregory Dufour	\$242,092
Deborah Jordan	100,000
Peter Greene	77,000
Timothy Nightingale	96,000
June Parent	72,000

Amounts represent the range of shares that may be released at the end of the three-year performance applicable to the 2014 – 2016 LTIP. Total long-term incentive award opportunities as a percentage of salary for each named (2) executive officer are described in “Compensation Discussion and Analysis.” The number of shares was based on the percentage of base salary effective February 23, 2014 and a market price of \$41.18 on January 2, 2014, the first business day of the 2014 – 2016 LTIP.

The values reflected in the MSPP and DCRP columns reflect the aggregate grant date fair value of stock awards for 2014 and determined in accordance with ASC Topic 718. For a discussion of the assumptions used in the (3) calculations of these stock award amounts, refer to Note 15 to the Company’s audited financial statements for the fiscal year ended December 31, 2014. For a more complete description of the stock awards, see “Compensation Discussion and Analysis” starting on page 19.

Amount reflects 20% of 2013 EIP bonus used to purchase restricted shares on March 7, 2014 under the MSPP at (4) \$26.38 per share, a discount of one-third of the closing market price of \$39.57 on the date of the grant. These shares will fully vest two years after the grant date.

(5) Amount reflects 10% of each participant’s annual base salary and cash incentives for the prior year in deferred stock units. Vesting occurs ratably from the date of participation in the DCRP until the participant turns 65.

In 2015, there were payouts for the 2014 EIP and they are reflected in the Summary Compensation Table in the Non-Equity Incentive Plan Compensation and Stock Award columns. The EIP plan is described in detail above under the heading “Annual Cash Incentive Compensation” on page 27.

In 2014, each of the named executive officers participated in the MSPP and those values are reflected on the Summary Compensation Table in the Stock Awards column. The MSPP is described in detail above under the heading “Long-Term Equity Compensation” on page 29.

## OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END (OPTION AWARDS)

The following table summarizes certain information with respect to all unexercised options held by named executive officers at December 31, 2014.

Name	Grant Date	Option Awards		Equity Incentive Plan Awards:		
		Number of Securities Underlying Unexercised Options Exercisable <sup>(1)</sup> (#)	Number of Securities Underlying Unexercised Options Unexercisable <sup>(1)</sup> (#)	Number of Securities Underlying Unexercised Options (#)	Options Exercise Price (\$)	Options Expiration Date
Gregory A. Dufour	02/24/09	4,000	—	—	\$24.46	02/24/19
Deborah A. Jordan	09/01/08	5,500	—	—	28.90	09/01/18
Peter F. Greene	—	—	—	—	—	—
Timothy P. Nightingale	02/13/06	1,500	—	—	34.95	02/13/16
	02/12/07	2,000	—	—	44.51	02/12/17
	02/24/09	2,500	—	—	24.46	02/24/19
		6,000	—			
June B. Parent	02/13/06	1,500	—	—	34.95	02/13/16
	02/12/07	2,000	—	—	44.51	02/12/17
	02/24/09	500	—	—	24.46	02/24/19
		4,000	—			

(1) Options were all issued with a five-year vesting schedule, with one-fifth vesting each year on the anniversary of grant date.

## OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END (STOCK AWARDS)

The following table summarizes certain information with respect to all unvested performance-based and time-based restricted stock awards held by the named executive officers at December 31, 2014.

Name	Grant Date	Plan	Stock Awards		Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights that have not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights that have not Vested <sup>(1)</sup> (\$)
			Number of Shares or Units of Stock that have not Vested (#)	Market Value of Shares or Units of Stock that have not Vested <sup>(1)</sup> (\$)		
Gregory A. Dufour	3/8/2013	MSPP <sup>(2)</sup>	1,814	\$72,270	—	\$—
	3/7/2014	MSPP <sup>(2)</sup>	1,129	44,979	—	—
	1/2/2013	LTIP <sup>(3)</sup>	—	—	2,173	86,572
	1/2/2014	LTIP <sup>(4)</sup>	—	—	4,079	162,507
Deborah A. Jordan			2,943	117,249	6,252	249,079
	3/8/2013	MSPP <sup>(2)</sup>	969	38,605	—	—
	3/7/2014	MSPP <sup>(2)</sup>	530	21,115	—	—
	Various	DCRP <sup>(5)</sup>	3,095	123,305	—	—
	1/2/2013	LTIP <sup>(3)</sup>	—	—	764	30,438
	1/2/2014	LTIP <sup>(4)</sup>	—	—	1,396	55,617
Peter F. Greene			4,594	183,025	2,160	86,055
	3/8/2013	MSPP <sup>(2)</sup>	845	33,665	—	—
	3/7/2014	MSPP <sup>(2)</sup>	409	16,295	—	—
	1/2/2013	LTIP <sup>(3)</sup>	—	—	628	25,020
	1/2/2014	LTIP <sup>(4)</sup>	—	—	1,147	45,696
Timothy P. Nightingale			1,254	49,960	1,775	70,716
	3/8/2013	MSPP <sup>(2)</sup>	702	27,968	—	—
	3/7/2014	MSPP <sup>(2)</sup>	424	16,892	—	—
	Various	DCRP <sup>(5)</sup>	2,616	104,221	—	—
	1/2/2013	LTIP <sup>(3)</sup>	—	—	730	29,083
	1/2/2014	LTIP <sup>(4)</sup>	—	—	1,335	53,186
June B. Parent			3,742	149,081	2,065	82,269
	3/8/2013	MSPP <sup>(2)</sup>	845	33,665	—	—
	3/7/2014	MSPP <sup>(2)</sup>	424	16,892	—	—
	Various	DCRP <sup>(5)</sup>	2,237	89,122	—	—
	1/2/2013	LTIP <sup>(3)</sup>	—	—	651	25,936
	1/2/2014	LTIP <sup>(4)</sup>	—	—	1,195	47,609
			3,506	139,679	1,846	73,545

(1)Based on the Company's closing share price of \$39.84 at December 31, 2014.

(2)These shares vest two years from the grant date.

(3)Represents shares that may be released at the end of each applicable three-year performance period. These amounts do not necessarily represent a realized financial benefit for the named executive officers because the performance

shares have not necessarily been earned. The threshold performance level has been used to determine the number of shares.

- Represents shares that may be released at the end of each applicable three-year performance period. These amounts do not necessarily represent a realized financial benefit for the named executive officers because the performance
- (4) shares have not necessarily been earned. The target performance level has been used to determine the number of shares.
- (5) Stock units awarded under the DCRP with vesting ratably from the date of participation in the DCRP until the participant turns 65.

## OPTION EXERCISES AND STOCK VESTED TABLE

The following table summarizes the number of shares acquired and the dollar amounts realized by the executive officers named in the Summary Compensation Table during 2014 on the exercise of stock options and vesting of shares of stock.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise <sup>(1)</sup> (#)	Value Realized on Exercise <sup>(2)</sup> (\$)	Number of Shares Acquired on Vesting <sup>(3)</sup> (#)	Value Realized on Vesting <sup>(4)</sup> (\$)
Gregory A. Dufour	—	\$—	4,115	\$118,015
Deborah A. Jordan	—	—	2,200	65,347
Peter F. Greene	500	7,985	1,481	41,320
Timothy P. Nightingale	2,500	10,550	2,375	72,956
June B. Parent	2,500	8,275	1,764	52,509

(1) Represents the gross number of shares acquired upon exercise of vested options without taking into account any shares that may have been surrendered or withheld to cover the option exercise price or applicable tax obligations.

(2) The “value realized” is the gross number of options exercised multiplied by the difference between the closing market price on the date of exercise and the exercise price.

(3) Represents the gross number of shares acquired under MSPP, LTIP, DCRP or general restricted shares upon vesting without taking into account any shares that may have been surrendered or withheld to cover applicable tax obligations.

(4) The “value realized” represents the shares or units that vested multiplied by the closing market price on the applicable vesting date.

## NONQUALIFIED DEFERRED COMPENSATION TABLE

The following table summarizes the nonqualified deferred compensation for each of the executive officers named in the Summary Compensation Table during 2014.

Name	Executive Contributions in Last Fiscal Year (\$)	Registrant Contributions in Last Fiscal Year <sup>(1)</sup> (\$)	Aggregate Earnings in Last Fiscal Year <sup>(2)</sup> (\$)	Aggregate Withdrawals/Distributions (\$)	Aggregate Balance at Last Fiscal Year End <sup>(3)</sup> (\$)
Gregory A. Dufour	\$—	\$—	\$—	\$ —	\$—
Deborah A. Jordan	—	29,320	(8,512	) —	169,559
Peter F. Greene	—	—	—	—	—
Timothy P. Nightingale	—	26,960	(9,814	) —	195,495
June B. Parent	—	24,520	(6,070	) —	120,914

(1) Represents the grant date fair value of stock awards issued under the DCRP in 2014 and determined in accordance with ASC Topic 718. For a discussion of the assumptions used in the calculations of these stock award amounts, refer to Note 15 to the Company’s audited financial statements for the fiscal year ended December 31, 2014. For a more complete description of the stock awards, see “Compensation Discussion and Analysis” starting on page 19. Such contributions are also reported as compensation in the Summary Compensation Table on page 34. Prior year contributions included in the Aggregate Balance have also been reported as compensation in the Summary Compensation Table with respect to the fiscal years to which such contributions relate.

(2) Represents the change in value of vested and unvested DCRP awards issued in the Company's shares at December 31, 2014. The Company's closing share price at December 31, 2013 was \$41.84 and at December 31, 2014 was \$39.84.



(3) Represents the value of vested and unvested DCRP awards issued in the Company's shares at December 31, 2014 based on the Company's closing share price at December 31, 2014 of \$39.84. For a description of vesting terms and conditions relating to the DCRP, see page 32. The number of vested shares under the DCRP at December 31, 2014 for the named executive officers is as follows:

Name	Vested Shares
Gregory A. Dufour	—
Deborah A. Jordan	1,161
Peter F. Greene	—
Timothy P. Nightingale	2,291
June B. Parent	798

#### PENSION BENEFITS TABLE

The following table summarizes the pension benefits for each of the executive officers named in the Summary Compensation Table during 2014.

Name	Plan Name	Number of Years Credited Service (#)	Present Value of Accumulated Benefit <sup>(1)</sup> (\$)	Payments During Last Fiscal Year (\$)
Gregory A. Dufour	Supplemental Executive Retirement Program	14	\$903,626	\$—
Deborah A. Jordan	—	—	—	—
Peter F. Greene	Supplemental Executive Retirement Program	32	472,929	—
Timothy P. Nightingale	—	—	—	—
June B. Parent	—	—	—	—

The amounts in this column reflect the present value of accumulated benefits payable to each of the named (1) executive officers, determined using interest rate and mortality rate assumptions consistent with those used in Note 14 to the Company's audited financial statements for the fiscal year ended December 31, 2014.

The Company provides a SERP for certain highly compensated executives. Under the SERP, in which Mr. Dufour is a participant, an executive is required to have five years of service to be eligible for a vested benefit under the existing SERP. Participants in this SERP may receive upon retirement at age 55 or older, a monthly lifetime benefit (with 15 years certain) that is calculated based on targeting up to 75% of the participant's average salary and annual incentive bonus for the 36 consecutive months of employment during which the participant's compensation was the highest, factoring years of service, and allowing for reductions relative to (a) 50% of the participant's projected primary Social Security benefits; (b) the benefit from the portion of the participant's 401(k) arising from employer contributions plus earnings; (c) the benefit from the distribution and projected earnings resulting from the termination of the Company's defined benefit pension plan in 2001; and (d) the participant's benefits under any other incentive or retirement plan that may be instituted by the Company or its subsidiaries, excluding deferred compensation, stock options and the annual incentive bonus plan. A total retirement benefit cap of 75% was instituted for participants when years of service exceed 25 years. The SERP provides for a 15-year guaranteed benefit starting at age 65 for vested participants who leave the Company prior to age 55. The SERP refers to the normal retirement age as age 65; however, the plan allows for early retirement at age 55. If the executive retires before age 62, the accrued benefit is reduced by the early commencement factor that starts at 64% at age 55 up to 100% at age 62. Benefits are also reduced for executives who retire with less than 25 years of service.



Mr. Greene's SERP requires 12 years of consecutive service to be eligible for a 100% vested benefit for which he is entitled. As a participant in this SERP, he may receive upon retirement at age 65, a 15 years certain benefit that is calculated based on 70% of his average salary of the highest three years of salary from the five-year period prior to his retirement, and allowing for reductions relative to (a) 50% of his projected primary Social Security benefits; (b) the benefit from the distribution of Union Trust Company's defined benefit pension plan in 2008 assuming a benefit election of lifetime, ten years certain; (c) the benefit from the portion of his 401(k) arising from employer contributions plus earnings; and (d) the participant's benefits under any other incentive or retirement plan that may be instituted by the Company or its subsidiaries, excluding deferred compensation, stock options and the annual incentive bonus plan. The SERP refers to the normal retirement age as age 65; however, the plan allows for early retirement at age 60. If, prior to attaining the age of 60, Mr. Greene voluntarily terminates employment with the Company for any reason other than disability, then the Company shall not be required to make any payments under the SERP.

#### Change in Control Agreements

In 2009, we entered into CIC agreements with each of the named executive officers. In 2014, the Committee engaged PM&P to review the current CIC agreements and compare to market practice. PM&P concluded the CIC agreements were generally in line with market practice and offered observations and recommendations for potential changes. The Committee engaged Goodwin Procter to revise the CIC agreements for the CEO, other named executives, and certain other officers, and, in February 2015, the Committee recommended the revised CIC agreements to the Board, which were subsequently approved and entered into in March 2015.

The agreements may require us to make payments to these individuals in the event of the termination of their employment following a change in control. Many of our executive compensation, benefit, and deferred compensation plans provide the named executive officers with certain rights or the right to receive payments in the event of the termination of their employment.

Under the current CIC agreements in effect as of December 31, 2014, if the executive experiences a qualifying termination within two years following a change in control, the executive shall be entitled to cash severance and benefits. The CIC agreement provides the executive with cash severance for a benefit period of 24 months for the CEO and 18 months for the other named executive officers. Each executive's total cash severance will be equal to the executive's base salary for the benefit period. Payment of the cash severance would commence within 30 days of the executive's qualifying termination. The CIC agreements allow for a return of payments if it is determined that the executive at any time misrepresented any financial information and such payment would be payable to the Company within 30 days of such notice of misrepresentation and any future payments under the CIC agreement would be forfeited upon receipt of such misrepresentation notice. Under the terms of the CIC agreements, if an executive's employment with the Company is terminated by the Company without "cause" or by the employee for "good reason" within two years after a change in control of the Company, the employee will generally be entitled to receive severance benefits. If a named executive officer incurs an involuntary termination of employment or a termination of employment for good reason after the occurrence of a change in control while his or her agreement is in effect, he or she would not be entitled to severance pay or benefits under any company severance plan or program other than his or her CIC agreement.

The following table outlines the changes to the revised CIC agreements approved by the Board in February 2015 for the CEO and other named executives.

Provision	Current CIC Agreements <sup>(1)</sup>	Amended CIC Agreements <sup>(2)</sup>
Protection Period	<ul style="list-style-type: none"> <li>• 24 months following a change in control</li> </ul>	<ul style="list-style-type: none"> <li>• 3 months prior to or 24 months following a change in control</li> </ul>
Benefit Period	<ul style="list-style-type: none"> <li>• CEO: 24 months</li> <li>• Other named executive officers: 18 months</li> </ul>	<ul style="list-style-type: none"> <li>• CEO: 36 months</li> <li>• Other named executive officers: 24 months</li> </ul>
Severance Multiple and Components	<ul style="list-style-type: none"> <li>• CEO: 2.0x base salary</li> <li>• Other named executive officers: 1.5x base salary</li> </ul>	<ul style="list-style-type: none"> <li>• CEO: 3.0x base salary and 3 year bonus average</li> <li>• Other named executive officers: 2.0x base salary and 3 year bonus average</li> </ul>
280G/4999 Excise Tax Treatment	<ul style="list-style-type: none"> <li>• None specified</li> </ul>	<ul style="list-style-type: none"> <li>• "Best-net-benefit" provision added</li> </ul>
Restrictive Covenants	<ul style="list-style-type: none"> <li>• CEO: 12 month non-compete agreement</li> <li>• Other named executive officers: 6 month non-compete agreement</li> </ul>	<ul style="list-style-type: none"> <li>• CEO: 18 month non-compete agreement</li> <li>• Other named executive officers: 12 month non-compete agreement</li> </ul>
Equity Acceleration (DCRP, LTIP, MSPP, Restricted Stock, and Stock Options)	<ul style="list-style-type: none"> <li>• Single-trigger</li> </ul>	<ul style="list-style-type: none"> <li>• Double-trigger</li> </ul>

(1) Reflects the provision of the CIC agreements in effect at December 31, 2014.

(2) Reflects the provisions of the CIC agreements approved by the Board in February 2015.

Change in control shall have the meaning provided in the Company's 2012 Equity and Incentive Plan, as amended from time to time.

The CIC agreements may be terminated by the Company effective December 31, 2015 if the Company takes action 90 days prior to that date. If no such action is taken, each CIC agreement's termination date will automatically extend to December 31 of each following year unless action is taken by the Company to terminate such CIC agreements at least 90 days prior to such termination date.

## POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL

The following table and footnotes describes the potential payments and benefits under the Company's compensation and benefit plans to which the named executive officers would be entitled upon termination of employment or following a change in control of the Company. The calculations assume that such termination and/or change in control was effective as of December 31, 2014.

	Gregory A. Dufour <sup>(1)</sup>	Deborah A. Jordan	Peter F. Greene <sup>(1)</sup>	Timothy P. Nightingale	June B. Parent
Death					
DCRP Restricted Stock Acceleration <sup>(2)</sup>	\$—	\$123,305	\$—	\$104,221	\$89,122
Split Dollar Life Insurance <sup>(3)</sup>	—	—	297,852	—	—
Disability					
DCRP Restricted Stock Acceleration <sup>(2)</sup>	\$—	\$123,305	\$—	\$104,221	\$89,122
Termination Without Cause or Voluntary Termination with "Good Reason" upon a Change in Control					
Cash Severance Payment <sup>(4)</sup>	\$840,000	\$345,000	\$283,500	\$330,000	\$295,500
Continuation of Health Benefits <sup>(5)</sup>	27,986	15,502	19,082	15,502	15,502
DCRP Restricted Stock Acceleration <sup>(2)</sup>	—	123,305	—	104,221	89,122
Stock Options/Restricted Stock Acceleration <sup>(6)</sup>	117,249	59,720	49,959	44,860	50,557
LTIP Stock Acceleration <sup>(7)</sup>	339,198	118,205	97,130	112,986	100,994
Total	\$1,324,433	\$661,732	\$449,671	\$607,569	\$551,675
Change in Control					
DCRP Restricted Stock Acceleration <sup>(2)</sup>	\$—	\$123,305	\$—	\$104,221	\$89,122
Stock Options/Restricted Stock Acceleration <sup>(6)</sup>	117,249	59,720	49,959	44,860	50,557
LTIP Stock Acceleration <sup>(7)</sup>	111,831	38,804	31,872	37,091	33,147
Total	\$229,080	\$221,829	\$81,831	\$186,172	\$172,826

In the event of a change in control under the SERP, Mr. Dufour would receive a lump sum distribution in the amount of the accrued benefit and Mr. Greene, if terminated, would receive annual retirement benefits commencing at the later of age 60 or termination date. See "Pension Benefits Table" on page 40 for more information.

Under the DCRP, each unvested deferred stock unit becomes fully vested upon a change in control or death and disability. For purposes of this table, the unvested deferred stock units were assumed to have a value equal to the closing price per share of \$39.84 at December 31, 2014.

Payment to beneficiary upon death of the named executive officer.

Represents the value of eighteen months of base salary, payable according to the Company's regular payroll schedule, and which would be reduced by standard withholding and authorized deductions per the CIC agreements (twenty-four months for Mr. Dufour).

Represents the value of eighteen months of healthcare benefits per the CIC agreements (eighteen months and 6 months equivalent grossed up to include taxation for Mr. Dufour).

Under the 2012 Equity and Incentive Plan, each outstanding stock option and restricted stock award becomes fully exercisable upon a change in control. For purposes of this table, the unvested in-the-money stock options and restricted shares were assumed to have a value equal to the closing price per share of \$39.84 at December 31, 2014.

Participants of the LTIP upon a change in control would receive a pro rata award based on such shorter long-term performance period and the actual performance level achievement. In the event a participant has a qualifying (7) termination event within six months after a change in control, the participant shall be entitled to an additional award up to the maximum payout level under the LTIP. For purposes of this table, LTIP shares were assumed to have a value equal to the closing price per share of \$39.84 on December 31, 2014.

## STOCK OWNERSHIP AND OTHER MATTERS

## Common Stock Beneficially Owned by any Entity with 5% or More of Common Stock and Owned by Directors and Executive Officers

As of the Record Date, there were 7,448,781 shares of the Company's Common Stock outstanding and entitled to vote, held of record by approximately 1,200 shareholders. Such number of record holders does not reflect the number of persons or entities holding stock in nominee name through banks, brokerage firms and other nominees, which is estimated to be 3,400 shareholders. The following table sets forth information with respect to the beneficial ownership of the Common Stock as of the Record Date by (i) each person known by the Company to own beneficially more than five percent of Common Stock, (ii) each current director of the Company and each nominee for director, (iii) the Company's executive officers, and (iv) all executive officers and directors of the Company as a group. Except as otherwise indicated below, each of the Company's directors, executive officers and shareholders owning more than five percent of Common Stock has sole voting and investment power with respect to all shares of stock beneficially owned by him, her or it as set forth opposite his, her or its name.

	Common Stock	Options Exercisable Within 60 days	Total Beneficial Ownership	Percentage of Common Shares Outstanding	
5% or Greater Shareholders:					
Royce & Associates, LLC					
745 Fifth Avenue, New York, NY 10151	614,023	—	614,023	8.24	%
BlackRock, Inc.					
40 East 52nd Street, New York, NY 10022	497,644	—	497,644	6.68	%
Directors, Nominees and Executive Officers:					
Ann W. Bresnahan	24,207	—	24,207	*	
Joanne T. Campbell	7,787	2,500	10,287	*	
Gregory A. Dufour	33,179	4,000	37,179	*	
David C. Flanagan	4,255	—	4,255	*	
Peter F. Greene	9,399	(1) —	9,399	*	
Craig S. Gunderson	1,949	—	1,949	*	
John W. Holmes	11,267	—	11,267	*	
Deborah A. Jordan, CPA	12,791	5,500	18,291	*	
S. Catherine Longley	1,267	—	1,267	*	
Timothy P. Nightingale	10,667	6,000	16,667	*	
James H. Page, Ph.D.	1,767	—	1,767	*	
June B. Parent	8,169	(2) 4,000	12,169	*	
John M. Rohman	1,450	(3) —	1,450	*	
Robin A. Sawyer, CPA	1,754	(3) —	1,754	*	
Karen W. Stanley	2,818	—	2,818	*	
Lawrence J. Sterrs	84	(4) —	84	*	
All directors, nominees, and executive officers as a group (16 persons):	132,810	22,000	154,810	2.08	%

\* Less than 1%.

(1) Includes 5,876 shares over which voting and dispositive power are shared jointly with Mr. Greene's spouse.

(2) Includes 11 shares over which voting and dispositive power are shared jointly with Ms. Parent's spouse and 556 shares owned by Ms. Parent's spouse, as to which Ms. Parent disclaims any beneficial interest.

(3) Shares over which voting and dispositive power are shared jointly with spouse.

(4) Mr. Sterrs was appointed as a director of the Company by the Board in December 2014 effective January 1, 2015.



#### Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's directors, executive officers and persons who own more than 10% of the Company's common stock (collectively, "Section 16 Persons"), to file reports of ownership and changes in ownership with the SEC. Section 16 Persons are required by regulation to furnish the Company with copies of all Section 16(a) reports they file. Based solely on our review of the copies of such reports and written representations received by the Company, we believe that each of the Company's Section 16 Persons has complied with all applicable Section 16(a) filing requirements during the fiscal year ended December 31, 2014.

#### Solicitation of Proxies

The Company will bear the cost of soliciting proxies. In addition to solicitation by mail, proxies may be solicited personally or by telephone by the Company's directors and officers, who will not be specially compensated for such solicitation. The Company has engaged American Stock Transfer and Trust Company, its transfer agent, to solicit proxies held by brokers and nominees, and will reimburse it for reasonable out-of-pocket expenses incurred in the solicitation of proxies. Brokerage firms and other custodians, nominees and fiduciaries will be requested to forward these soliciting materials to their principals and the Company will, upon request, reimburse them for their reasonable expenses of doing so. The stock transfer books will remain open between the Record Date and the date of the Annual Meeting.

By Order of the Board of Directors

John W. Holmes, Secretary  
March 12, 2015







