

UNITIL CORP  
Form DEF 14A  
March 14, 2016  
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**SCHEDULE 14A**

**(Rule 14a-101)**

**INFORMATION REQUIRED IN PROXY STATEMENT**

**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the Securities**

**Exchange Act of 1934 (Amendment No. )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, For Use of the

Commission Only (as permitted by

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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Under Rule 14a-12

**UNITIL CORPORATION**

(Name of Registrant as Specified in Its Charter)

# Edgar Filing: UNITIL CORP - Form DEF 14A

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

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

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

Fee paid previously with preliminary materials.

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

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

4. Date Filed:

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March 14, 2016

Dear Fellow Shareholder,

I am pleased to invite you to attend the Annual Meeting of Shareholders of Unitil Corporation. The meeting will be held on Wednesday, April 20, 2016, at 11:30 A.M., at the office of the Company, 6 Liberty Lane West, Hampton, New Hampshire. This year, shareholders will vote on the election of four directors, and on the ratification of the selection of our independent registered public accounting firm.

Your vote is very important. If you are a shareholder of record, please (i) complete the enclosed proxy card and return it in the accompanying envelope or (ii) submit your proxy via the Internet. If you beneficially own your shares in street name, please direct your bank, broker or other nominee on how to vote your shares in accordance with the instructions they provided to you. These methods will ensure that your vote is represented at the Annual Meeting.

I am very pleased that you have chosen to invest in Unitil Corporation and look forward to seeing you at the meeting. On behalf of the directors and management of Unitil Corporation, thank you for your continued support and confidence in 2016.

Sincerely,

Robert G. Schoenberger

*Chairman of the Board,*

*Chief Executive Officer and  
President*

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Hampton, New Hampshire

March 14, 2016

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

The Annual Meeting of Shareholders of Unitil Corporation (the Company) will be held at the office of the Company, 6 Liberty Lane West, Hampton, New Hampshire, on Wednesday, April 20, 2016, at 11:30 A.M. for the following purposes:

1. Election of four Directors of the Company nominated by the Board of Directors, each to serve a three-year term;
2. Ratification of the selection of Deloitte & Touche LLP as the Company's independent registered public accounting firm for 2016; and
3. Transaction of any other business as may properly be brought before the meeting.

The Board of Directors directed the Company to prepare this notice, the accompanying proxy statement, and the accompanying annual report, and to send them to you.

The Board of Directors fixed February 16, 2016 as the date for determining holders of record of common stock who are entitled to notice of and to vote at the meeting.

By Order of the Board of Directors,

Sandra L. Whitney

*Corporate Secretary*

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY  
MATERIALS FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON  
WEDNESDAY, APRIL 20, 2016**

This notice, the accompanying proxy statement and the accompanying annual report to shareholders are available for shareholders to view at [www.proxydocs.com/UTL](http://www.proxydocs.com/UTL).

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**YOUR VOTE IS IMPORTANT**

Your vote is important. In order to save the Company the expense of further solicitation to ensure a quorum is present at the Annual Meeting of Shareholders, please be sure your shares are represented at the meeting.

If you are a shareholder of record, please (i) **SIGN, DATE AND RETURN THE ENCLOSED PROXY CARD** (a self-addressed envelope is enclosed for your convenience) or (ii) **SUBMIT YOUR PROXY VIA THE INTERNET** at [www.investorvote.com/UTL](http://www.investorvote.com/UTL). Alternatively, you may vote your shares in person at the Annual Meeting of Shareholders. If for any reason you desire to revoke or change your proxy, you may do so at any time prior to the meeting by following the procedures described in the accompanying proxy statement or in person at the meeting.

If you beneficially own your shares in street name, please **DIRECT YOUR BANK, BROKER OR OTHER NOMINEE ON HOW TO VOTE YOUR SHARES** in accordance with the instructions provided by your bank, broker or other nominee. If for any reason you desire to revoke or change your voting instructions, you must contact your bank, broker or other nominee and follow its procedures for revoking or changing your voting instructions.

**ATTENDING THE ANNUAL MEETING OF SHAREHOLDERS**

All shareholders who wish to attend the Annual Meeting of Shareholders in person are encouraged to do so. However, to ensure that the meeting remains orderly and secure, you must follow certain protocols for admittance. Shareholders of record will need to provide their admission ticket or their name and government-issued picture identification. Beneficial owners who own their shares in street name (e.g., through a bank, broker or other nominee) will need to provide a copy of an account statement from the bank, broker or nominee holding the shares as proof of ownership as of the Record Date, as well as government-issued picture identification.



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March 14, 2016

**Unitil Corporation**

6 Liberty Lane West

Hampton, NH 03842-1720

**PROXY STATEMENT**

**ANNUAL MEETING OF SHAREHOLDERS, APRIL 20, 2016**

Unitil Corporation ( Unitil or the Company ) is providing this proxy statement and the accompanying annual report (which includes the Company s Annual Report on Form 10-K for fiscal year 2015) to shareholders in connection with the Company s 2016 Annual Meeting of Shareholders (the Annual Meeting ). The Company s Board of Directors (the Board ) is soliciting your designation of a proxy to vote your shares at the Annual Meeting. As a shareholder of the Company, you are invited to attend the Annual Meeting, as well as entitled and requested to vote (if you are a shareholder of record) or to provide voting instructions (if you beneficially own your shares in street name) on the proposals described in this proxy statement. This proxy statement provides information to assist you in voting your shares (if you are a shareholder of record) or in providing voting instructions with respect to your shares (if you beneficially own your shares in street name).

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

**Information about the Annual Meeting**

**Date, Time and Place**

The Annual Meeting will be held on Wednesday, April 20, 2016 at 11:30 A.M. at the office of the Company, 6 Liberty Lane West, Hampton, New Hampshire.

**Anticipated Mailing Date**

The Company anticipates first mailing definitive copies of this proxy statement, the accompanying proxy card, and the accompanying annual report to shareholders on or about March 14, 2016.

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**Matters to be Considered**

The Annual Meeting will be held for the purposes of:

- 1) Election of four Directors of the Company nominated by the Board, each to serve a three-year term. The Board has nominated each of Lisa Crutchfield, Edward F. Godfrey, Eben S. Moulton and David A. Whiteley for election as a Director of the Company and recommends a vote FOR each of these nominees. Information on Proposal No. 1 is included in the section entitled *Proposal 1: Election of Directors*.
- 2) Ratification of the selection of Unitil's independent registered public accounting firm, Deloitte & Touche LLP, for fiscal year 2016. The Board recommends a vote FOR this proposal. Information on Proposal No. 2 is included in the section entitled *Proposal 2: Ratification of Selection of Deloitte & Touche LLP, as Independent Registered Public Accounting Firm for 2016*.
- 3) Transaction of any other business that may properly be brought before the Annual Meeting.

**Record Date; Number of Shares Outstanding**

You are entitled to receive notice of and to vote at the Annual Meeting if you owned shares of the Company's common stock as of the close of business on February 16, 2016 (the Record Date). As of the Record Date, the Company had 14,036,548 shares of common stock issued and outstanding and entitled to vote at the Annual Meeting.

**Quorum; Required Vote**

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

If a quorum is present, Directors will be elected by a plurality of the votes cast by the shareholders. Votes withheld and broker non-votes will not be counted toward the achievement of a plurality. With respect to all other matters that may come before the Annual Meeting, action on a matter is approved if the votes cast favoring the action exceed the votes cast opposing the action. Therefore, abstentions and broker non-votes will have no effect on the other matters. Representatives of the Company's transfer agent will count the votes and certify the results.

## Voting Rights and Procedures

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

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

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accompanying proxy card directly to you. A Record Holder may (i) vote in person at the Annual Meeting or (ii) vote by designating another person (the proxy) to vote on his, her or its behalf by (a) delivering a properly completed proxy card or (b) submitting a proxy via the Internet at [www.investorvote.com/UTL](http://www.investorvote.com/UTL). The Board has selected and approved Robert G. Schoenberger and Mark H. Collin as proxies for the Annual Meeting to vote your shares in the manner that you specify on the proxy card or via the Internet, or if you do not give any specification on your proxy card or submitted proxy with respect to a matter, FOR such matter. Your designation of a proxy will not affect your right to attend the Annual Meeting and vote in person.

A Record Holder may revoke his, her or its designation of a proxy at any time before the taking of the vote at the Annual Meeting by (i) filing with Unitil's Corporate Secretary a later-dated written notice of revocation, (ii) delivering to Unitil's Corporate Secretary a properly completed, later-dated proxy card relating to the same shares, (iii) submitting a later-dated proxy via the Internet if the original designation of a proxy was made via the Internet, or (iv) attending the Annual Meeting and voting in person (although attendance at the Annual Meeting will not in and of itself constitute a revocation of a proxy). You should send any written notice of revocation or subsequent proxy (other than a subsequent proxy submitted via the Internet) to Unitil's Corporate Secretary at the address listed in the section entitled *Information about the Annual Meeting* so as to be delivered prior to the Annual Meeting.

A Record Holder may cast one vote for each share of common stock that the Record Holder owns on all matters presented at the Annual Meeting.

***Street Name Holders.*** If your shares of common stock were registered in the name of a bank, broker or other nominee as of the Record Date, then you are considered a beneficial owner of the shares in street name (a Street Name Holder) and your bank, broker or other nominee has sent this proxy statement and voting instructions to you. A Street Name Holder may direct his, her or its bank, broker or other nominee on how to vote the shares by following the voting instructions provided by the bank, broker or other nominee.

Street Name Holders may change how their bank, broker, or other nominee will vote their shares by following the procedures provided by their bank, broker or other nominee.

If a Street Name Holder wishes to attend the Annual Meeting and vote in person, the Street Name Holder must first obtain a properly completed proxy card from his, her or its bank, broker or other nominee giving the Street Name Holder the right to vote the shares at the Annual Meeting.

A Street Name Holder's shares may be voted even if voting instructions are not provided. Brokerage firms have the authority under the New York Stock Exchange rules to vote shares for which their customers do not provide voting instructions on routine matters. The ratification of the selection of Unitil's independent registered public accounting firm, Deloitte & Touche LLP, for fiscal year 2016 is considered a routine matter. When a proposal is not routine and

the brokerage firm has not received voting instructions from its customers, the brokerage firm cannot vote the shares on that proposal. Those shares are considered broker non-votes. Please note that, under the New York Stock Exchange's rules, this means that brokers may not vote a Street Name Holder's shares on Proposal 1 if specific instructions as to how to vote have not been given to the broker. If you are a Street Name Holder, please be sure to give specific voting instructions to your broker so that your vote can be counted.



**Table of Contents****Beneficial Ownership**

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

**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS,****DIRECTORS AND OFFICERS**

Name and Address of Beneficial Owner	Common Stock	Restricted Stock Units	Percent of Class
<b>5% Owners:</b>			
<b>BlackRock, Inc. (1)</b> 55 East 52 <sup>nd</sup> Street  New York, NY 10055	962,797		6.9%
<b>Frontier Capital Management Co., LLC (2)</b> 99 Summer Street  Boston, MA 02110	716,876		5.1%
<b>Directors: (3) (4)</b>			
<b>Robert V. Antonucci</b>	3,465	4,630	*
<b>David P. Brownell</b>	4,776	5,892	*
<b>Lisa Crutchfield</b>		4,630	*
<b>Albert H. Elfner, III</b>	8,088	5,892	*
<b>Edward F. Godfrey</b>	4,691	4,630	*
<b>Michael B. Green</b>	5,530	5,892	*
<b>Eben S. Moulton</b>	20,801	5,892	*
<b>M. Brian O' Shaughnessy</b>	15,647	5,892	*
<b>Robert G. Schoenberger (5)</b>	123,832		*
<b>Sarah P. Voll</b>	8,660		*
<b>David A. Whiteley</b>		4,630	*
<b>Named Executive Officers: (3)</b>			
<b>Robert G. Schoenberger (5)</b>  Chairman of the Board, Chief Executive Officer & President <b>Mark H. Collin (6)</b>	123,832		*
Senior Vice President, Chief Financial Officer & Treasurer <b>Thomas P. Meissner, Jr. (7)</b>	39,488		*
Senior Vice President & Chief Operating Officer <b>Todd R. Black (8)</b>	31,745		*
Senior Vice President, Unitil Service <b>George E. Long, Jr. (9)</b>	21,357 18,933		*

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Vice President, Unitil Service

**All Directors and Executive Officers as a Group (17 Persons)** <sup>(3)(10)</sup>

313,158

47,980

2.23%

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

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## NOTES:

- (1) Information obtained from the Schedule 13G/A filed by BlackRock, Inc. on behalf of itself, BlackRock Advisors, LLC, BlackRock Asset Management Canada Limited, BlackRock Asset Management Ireland Limited, BlackRock Asset Management Schweiz AG, BlackRock Fund Advisors, BlackRock Institutional Trust Company, N.A., BlackRock Investment Management (Australia) Limited, BlackRock Investment Management (UK) Limited, and BlackRock Investment Management, LLC with the Securities and Exchange Commission on January 27, 2016. BlackRock, Inc. is the beneficial owner of 962,797 shares of common stock, of which it has sole voting power with respect to 927,275 shares, and sole dispositive power with respect to 962,797 shares.
- (2) Information obtained from the Schedule 13G filed by Frontier Capital Management Co., LLC with the Securities and Exchange Commission on February 12, 2016. Frontier Capital Management Co., LLC is the beneficial owner of 716,876 shares of common stock, of which it has sole voting power with respect to 249,566 shares, and sole dispositive power with respect to 716,876 shares.
- (3) Based on information furnished to Unitil by its Directors and Executive Officers.
- (4) Restricted Stock Units ( RSUs ) are granted to the Directors who have elected to receive RSUs in lieu of common stock as the equity portion of the annual retainer for Board service. RSUs will settle as 70% stock and 30% cash upon retirement or other separation from the Board. RSUs were granted in October 2012, October 2013, October 2014, and October 2015 and include cumulative dividend equivalents earned as of December 31, 2015. If a Director is subject to the specified employee payment provision in Section 409A of the Internal Revenue Code, payment of the RSUs may be delayed for six months and the RSUs would not be paid within 60 days of the Record Date.
- (5) Included are 5,089 shares that are held in trust for Mr. Schoenberger under the terms of Unitil s 401(k). Mr. Schoenberger has sole voting and dispositive power only with respect to the shares credited to his account. Also included are 38,658 shares of unvested restricted stock granted under the terms and conditions of the Company s Second Amended and Restated 2003 Stock Plan (the Stock Plan ).
- (6) Included are 2,702 shares that are held in trust for Mr. Collin under the terms of Unitil s 401(k). Mr. Collin has sole voting and dispositive power only with respect to the shares credited to his account. Also included are 9,058 shares of unvested restricted stock granted under the terms and conditions of the Company s Stock Plan.
- (7) Included are 1,000 shares that are held in trust for Mr. Meissner under the terms of Unitil s 401(k). Mr. Meissner has sole voting and dispositive power only with respect to the shares credited to his account. Also included are 9,058 shares of unvested restricted stock granted under the terms and conditions of the Company s Stock Plan.
- (8) Included are 2,621 shares that are held in trust for Mr. Black under the terms of Unitil s 401(k). Mr. Black has sole voting and dispositive power only with respect to the shares credited to his account. Also included are 4,795 shares of unvested restricted stock granted under the terms and conditions of the Company s Stock Plan.
- (9) Included are 906 shares that are held in trust for Mr. Long under the terms of Unitil s 401(k). Mr. Long has sole voting and dispositive power only with respect to the shares credited to his account. Also included are 4,795 shares of unvested restricted stock granted under the terms and conditions of the Company s Stock Plan.
- (10) Included are 12,345 shares that are held in trust for the Executive Officers under the terms of Unitil s 401(k) and 68,835 shares of unvested restricted stock granted under the terms and conditions of the Company s Stock Plan. No shares held by any Director or Executive Officer have been pledged.

**Table of Contents****Description of Management**

The table below shows Executive Officers' biographical information as of the date of this proxy statement, including the Named Executive Officers, with the exception of Mr. Schoenberger. Biographical information for Mr. Schoenberger, who is a Director, as well as chairman of the Board, chief executive officer ( CEO ) and president of the Company, is included in the section entitled *Proposal 1: Election of Directors - Information About Directors Whose Terms of Office Continue Until 2017 or 2018*.

**MANAGEMENT INFORMATION TABLE**

<b>Name and Principal Position</b>	<b>Age</b>	<b>Description</b>
<b>Mark H. Collin</b> Senior Vice President, Chief Financial Officer & Treasurer	57	Mr. Collin has been Unitil's senior vice president and chief financial officer since February 2003. Mr. Collin has also served as Unitil's treasurer since 1998. Mr. Collin joined Unitil in 1988, and served as Unitil's vice president of finance from 1995 until 2003.
<b>Thomas P. Meissner, Jr.</b> Senior Vice President & Chief Operating Officer	53	Mr. Meissner has been Unitil's senior vice president and chief operating officer since June 2005. Mr. Meissner served as Unitil's senior vice president, operations, from February 2003 through June 2005. Mr. Meissner joined Unitil in 1994 and served as Unitil's director of engineering from 1998 to 2003.
<b>Todd R. Black</b> Senior Vice President, Unitil Service	51	Mr. Black has been Unitil's senior vice president, external affairs and customer relations (Unitil Service), since September 2009. Mr. Black joined Unitil in 1998 and served as vice president of sales and marketing for Usource from 1998 until 2003, and president of Usource from 2003 until September 2009.
<b>George E. Long, Jr.</b> Vice President, Unitil Service	59	Mr. Long has been Unitil's vice president of administration (Unitil Service), since February 2003. Mr. Long joined Unitil in 1994 and was director of human resources from 1998 to 2003.
<b>Laurence M. Brock</b> Controller & Chief Accounting Officer	62	Mr. Brock has been Unitil's controller and chief accounting officer since June 2005. Mr. Brock joined Unitil in 1995 as vice president and controller. Mr. Brock is a Certified Public Accountant in the state of New Hampshire.
<b>Sandra L. Whitney</b> Corporate Secretary	52	Ms. Whitney has been Unitil's corporate secretary and secretary of the Board since February 2003. Ms. Whitney joined Unitil in 1990 and also serves as the corporate secretary of Unitil's subsidiary companies.

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**Corporate Governance and Policies of the Board**

The Company, with the Board's oversight, maintains a tight focus on corporate governance and actively monitors new requirements mandated by the Securities and Exchange Commission ( SEC ) and by the New York Stock Exchange ( NYSE ), and emerging issues concerning corporate governance and financial disclosure. The Company will continue to monitor new developments and regulations, and will adopt changes and institute procedures as appropriate.

The Board is committed to sound and effective corporate governance practices. Accordingly, the Board has adopted and documented Corporate Governance Guidelines and Policies of the Board ( Corporate Governance Guidelines ) in the pursuit of superior Board function, effectiveness, communication and transparency. The Board and the Company believe that the ethical character, integrity and principles of the Board and senior management remain the most important safeguards of good corporate governance.

**General Governance Policies of the Board**

In the pursuit of excellence in corporate governance, members of the Board are expected to:

fulfill their fiduciary duties to the Company and its shareholders with proper oversight of the development of Company policy and strategy, and assessment of the Company's operational effectiveness and financial strength;

apply superior business judgment and leadership, and effectively exercise the duties of loyalty and care;

avoid any conflict of interest;

promote a high standard of personal integrity and adhere to the letter and spirit of Unitil's Code of Ethics; and

challenge management to commit to the highest attainable goals, and hold management accountable for its commitments.

**Code of Ethics**

The Company's Code of Ethics (the Code of Ethics ) is a statement of the Company's high standards for ethical behavior, legal compliance and financial disclosure, and is applicable to all Directors, officers and employees of the Company and its subsidiaries. The Board unanimously approved the Code of Ethics in 2004, and annually affirms

understanding of, and agreement and compliance with, the Code of Ethics. The Nominating and Governance Committee reviews the Code of Ethics annually for any required or desirable revisions. Should the Board adopt any changes to, or waivers of, the Code of Ethics, those changes or waivers will be promptly disclosed and posted on the Company's website at the address noted below, as required by law, rule or regulation. A copy of the Code of Ethics can be viewed on the Company's website at [www.unitil.com/investors](http://www.unitil.com/investors).

**Table of Contents****Director Independence**

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

Unitil's Corporate Governance Guidelines, as well as the NYSE independence standards, require that the Board annually affirm the independent status of non-employee or outside Directors. The Board makes this affirmation annually in January, and based on its last comprehensive review on January 26, 2016, the Board determined at that time that the following members of the Board are independent without exception:

Robert V. Antonucci  
David P. Brownell  
Lisa Crutchfield

Albert H. Elfner, III  
Edward F. Godfrey  
Michael B. Green  
Eben S. Moulton

M. Brian O. Shaughnessy  
Sarah P. Voll  
David A. Whiteley

The NYSE independence standards are not applied to Mr. Schoenberger, who is the chairman of the Board, CEO and president of the Company, and is therefore not independent.

Unitil's Corporate Governance Guidelines and a summary of the NYSE independence standards can be viewed in the Corporate Governance portion of the Investor Relations section of the Company's website at [www.unitil.com/investors](http://www.unitil.com/investors).

During its annual independence review and affirmation, the Board applies the independence standards set forth in the Company's Corporate Governance Guidelines and by the NYSE. Under these requirements, the members of the Board who qualify as independent must be free from any material relationship that would interfere with the exercise of independent judgment as a member of the Board. An independent Director is one for whom the Board has affirmatively determined that he or she, individually or through a member of his or her immediate family, does not have or has not had management responsibility with the Company or otherwise been affiliated with the Company for the past three years and who has no material relationship with the Company, either directly or as a partner, shareholder or officer of an organization with such a relationship with the Company. This definition generally leaves to the Board the discretion to determine, on a case-by-case basis, what constitutes a material relationship with the Company. The Board exercises this discretion in a manner that is consistent with applicable NYSE and SEC regulations and standards. In addition, members of the Board are obligated to notify the full Board of any material changes in their

relationships that may affect their independence status as determined by the Board. The obligation encompasses all relationships between Directors and the Company and its subsidiaries and/or members of senior management.



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### **Risk Oversight**

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

The Company has a formal Enterprise Risk Management (ERM) program which is overseen by the Board. The ERM program is a foundation for risk management that is relevant, sustainable and scalable. The ERM program is designed to identify potential risks that may impact the Company, and to manage risks within the Company's risk appetite in order to sustain operations and achieve business objectives. The Board has assigned the Executive Committee the responsibility of assisting the Board in overseeing the overall risk management strategy of the Company. In order to assist the Board with overall risk management, the Executive Committee is supported by and oversees the Risk Management Committee, which is comprised of the senior management team. Together, these two committees evaluate and provide direction with respect to risk identification and assessment, and risk management and mitigation, including the specific guidelines and policies governing the process by which risk assessment and risk management are undertaken at the Company.

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

### **Leadership Structure**

The leadership structure of the Board consists of a combined Chairman/CEO position which has been held by Mr. Schoenberger since 1997. Article VII of the Company's Bylaws requires that the Chairman of the Board shall be the chief executive officer of the Corporation. Further, at this time, the Company believes that as a small-cap domestic corporation, the combination of these two positions is the most appropriate and suitable structure for proper and efficient Board functioning and communication. Mr. Schoenberger is the direct link between senior management and the Board, and as a utility professional with over 35 years of industry experience, provides critical insight and perception to the Board, as well as feedback to senior management, through his comprehensive understanding of the issues at hand.

The Board also has appointed Mr. Elfner as the lead independent Director. In his role as lead Director, Mr. Elfner, who also serves as the chairman of the Executive Committee and as a member of the Nominating and Governance

Committee, presides at all meetings of the Board in executive session.

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### **Retirement Policy**

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

### **Stock Ownership Policy**

The Board has a mandatory stock ownership policy that is applicable to all members of the Board. The Board is of the continuing belief that its members should own a significant number of shares of the Company's common stock to properly align their interests with those of the shareholders of the Company. Effective as of January 1, 2013, all Directors must own shares of the Company's common stock in the equivalent value of three times the current annual cash retainer for Board service. Shares of restricted stock and restricted stock units ( RSUs ) are counted towards this total. The ownership requirement is calculated annually on January 1, and as of January 1, 2016, the ownership requirement was \$171,000 in value. Currently, all Board members meet the stock ownership requirement, with the exception of Ms. Crutchfield and Mr. Whiteley. Ms. Crutchfield and Mr. Whiteley were initially elected by the Company's shareholders on April 18, 2013 and will have until April 18, 2017 to meet the ownership requirement. Any new director who may join the Board in the future will have four years from the date of first election to the Board by shareholders to accumulate the required number of shares of common stock.

### **Annual Evaluation**

The Board conducts an annual evaluation on key Board- and committee-related issues that has proven to be a beneficial tool in the process of continuous improvement in Board and committee functioning and communication. This practice has also proven to be an effective catalyst for candid discussion and open dialog on emerging issues facing the utility industry, the Company, and the Board as a whole. The Board has conducted an annual evaluation since 2002.

### **Meeting Attendance**

The Company expects members of the Board to make a determined effort to attend all meetings of the Board and applicable committees upon which they serve. The Board met a total of four times in 2015. During 2015, no Director attended less than 75% of the aggregate of the total number of meetings of the Board and applicable committees. In 2015, Directors achieved 100% attendance at all meetings held.

Directors are encouraged to attend the Annual Meeting, although there is no formal requirement to attend. In 2015, eleven Directors attended the annual meeting of shareholders.

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Non-employee members of the Board have the opportunity to meet in executive session, without members of management present, either prior to the start or following the adjournment of each Board and committee meeting. During 2015, the Board met in executive session on three occasions and the lead Director, Mr. Elfner, presided at these meetings.

## **Communication with the Board**

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

## **Nominations**

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

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



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

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

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

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

## **Board Diversity**

Although the Board does not have a formal diversity policy, it does seek to maintain optimum Board heterogeneity through a diversity of backgrounds, perspectives, experience and skills among its members. Since 1999, the Board, and more recently, the Nominating and Governance Committee, has tracked the Directors' professional experience and skill sets with a board inventory matrix (the *matrix*). The matrix lists each Director and his or her professional experience and skill sets in 15 categories considered by the Committee to be advantageous to the regulated utility business, as well as for a company of Unitil's size and complexity. The Committee uses this information to assess overall Board composition and to identify existing and potential gaps in the skill sets of Directors. This information is also used for recruiting purposes when there is a vacancy, or an expected vacancy, on the Board. The matrix has been in use, and updated regularly, for more than 15 years because it has proven to be a valuable tool in this assessment exercise. The Board strives to represent a meaningful cross-section of business and industry experience, education, and specialized skill sets with a group of diverse individuals who add the element of quality to the Company's corporate governance framework, and who fairly and without compromise execute their fiduciary duty to serve the best interests of Unitil's shareholders and all of the Company's stakeholders.





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**Qualifications and Skills of Directors**

Directors must possess the ability to apply good business judgment and must be in a position to properly exercise their duties of loyalty and care. Directors should also exhibit proven leadership capabilities, integrity, superior business judgment and experience with a high level of responsibility and accomplishment within their chosen fields, and must have the ability to understand complex principles of business, finance, and utility regulation. Directors must comply with the Code of Ethics, be free of conflicts or potential conflicts of interest, and meet the requirements of independence as set forth by the NYSE, as appropriate. Mr. Schoenberger, as the chairman of the Board, CEO and president of the Company, is not independent and is exempted from this qualification requirement. Directors must be willing and able to dedicate the proper amount of time to service on the Board, and must not serve on more than two public company boards if currently holding a position of chief executive officer or an equivalent position, or on more than three public company boards if retired. Directors standing for reelection are also evaluated by the Nominating and Governance Committee with regard to their meeting participation and contribution, preparedness and attendance. Overall continuity and chemistry of the Board are also considerations, as well as factors relating to the composition of the Board, such as size and structure, and also the diversity of backgrounds, perspectives, experience and skills among its members. Lengthy tenure on the Board is considered to be a uniquely valuable qualification in the highly regulated utility industry.

**Transactions with Related Persons**

The Audit Committee is responsible for reviewing and approving, as appropriate, all Related Person Transactions (as defined below), in accordance with its charter (the Audit Committee Charter ). As a result, the Audit Committee has adopted procedures for such review and approval and included such procedures in the Company's Corporate Governance Guidelines. The Company had no Related Person Transactions in 2015, and there are no Related Person Transactions currently proposed for 2016.

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

As a result, the Audit Committee's review and approval procedure requires:

that all Related Person Transactions and all material terms of the transactions must be communicated to the Audit Committee, including, but not limited to, the approximate dollar value of the amount involved

in the transaction, and all the material facts as to the Related Person's direct or indirect interest in, or relationship to, the Related Person Transaction; and

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that each Related Person Transaction, and any material amendment or modification to any Related Person Transaction, be reviewed and approved or ratified by the Audit Committee.

The Audit Committee will evaluate Related Person Transactions based on:

information provided by members of the Board during the required annual affirmation of independence, at which the members of the Audit Committee will be present;

applicable responses to the Directors' and Officers' Questionnaires submitted by the Directors and officers and provided to the Audit Committee by the Corporate Secretary or the Director, Internal Audit & Controls;

background information on nominees for Director provided by the Nominating and Governance Committee of the Board; and

any other applicable information provided by any Director or officer of the Company.

In connection with the review and approval or ratification, if appropriate, of any Related Person Transaction, the Audit Committee will consider whether the transaction will compromise the Company's professional standards included in its Code of Ethics. In the case of any Related Person Transaction involving an outside Director or nominee for Director, the Audit Committee will also consider whether the transaction will compromise the Director's status as an independent Director as prescribed in the NYSE Listed Company Manual, Section 303A, Independent Directors.

**Exemption Clause:**

*Instruction (7)(a) to Item 404(a) of SEC Regulation S-K states that: Disclosure need not be provided if the transaction is one where the rates or charges involved in the transaction are determined by competitive bid, or the transaction involves rendering of services as a common or contract carrier, or public utility, at rates or charges fixed in conformity with law or governmental authority.*

**Applicable Definitions:**

Related Person shall have the meaning given to such term in Item 404(a) of Regulation S-K ( Item 404(a) ).

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Related Person Transaction means any transaction for which disclosure is required under the terms of Item 404(a) involving the Company and any Related Person.

The procedures followed by the Audit Committee to evaluate transactions with Related Persons are also available in the Corporate Governance portion of the Investor Relations section of the Company's website at [www.unitil.com/investors](http://www.unitil.com/investors).

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**Compensation Committee Operations**

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

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

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

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

Since 2009, the Compensation Committee has regularly engaged a compensation consultant, Willis Towers Watson (formerly known as Towers Watson), to provide the Committee with compensation study data, including data from selected peer companies and compensation marketplace survey analysis.

In 2014, the Compensation Committee engaged Willis Towers Watson to prepare a comprehensive compensation analysis (the 2014 Compensation Analysis), which included chief executive officer compensation, salary survey data for comparable industry executives and middle management, and benefits. The Committee used the information in the 2014 Compensation Analysis for decisions concerning executive compensation for the 2015 compensation year. The Committee also considered and discussed various recommendations from Willis Towers Watson based on study

findings and industry trends. The 2014 Compensation Analysis and the Committee's use of the 2014 Compensation Analysis are described in greater detail in the section entitled *Compensation Discussion and Analysis*.

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

Willis Towers Watson used market data from two sources for the 2015 Assessment, including:

- 1) ***Compensation Data from Published Compensation Surveys.*** Willis Towers Watson obtained compensation data from published compensation surveys focused on comparably sized organizations in the utility sector and general industry sector (for cross industry positions). The data were size-adjusted based on revenue, employee regression and/or scope parameters. Because the compensation surveys are confidential, the data did not indicate survey participants by company name.
- 2) ***Compensation Data from Proxy Filings.*** Willis Towers Watson obtained chief executive officer compensation data from publicly available proxy filings for a selected group of 15 publicly traded utility companies<sup>1</sup> (the 2015 Peer Group ) with annual revenues between \$86 million and \$1.6 billion.

The Compensation Committee used the information from the 2015 Assessment as a reference point, or benchmark, upon which to base its compensation decisions for Named Executive Officers, including the CEO, for the 2016 compensation year.

In 2015, the Company incurred total expenses of \$42,353 for services rendered by Willis Towers Watson. The services were approved by the Compensation Committee as part of Willis Towers Watson's 2015 engagement.

In addition, the Company requested and received information from Willis Towers Watson to assist the committee in determining whether its work raised any conflict of interest. Based on the responses provided by Willis Towers Watson in its completed Conflict of Interest Questionnaire, there were no conflicts of interest in 2015.

<sup>1</sup> The 2015 selected group consists of ALLETE, Inc., Black Hills Corp., Chesapeake Utilities Corp., Delta Natural Gas Company, Inc., El Paso Electric Company, Empire District Electric Company, Idacorp, Inc., ITC Holdings Corp., MGE Energy, Inc., Northwest Natural Gas Company, Northwestern Corp., Otter Tail Corp., PNM Resources, Inc., South Jersey Industries, Inc., and UIL Holdings Corp.





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

Section 16(a) of the Exchange Act requires the Company's Executive Officers, Directors, and persons who own more than ten percent of a registered class of the Company's equity securities to file certain reports of ownership and changes in share ownership with the SEC and the NYSE. Based upon its review of such forms that were filed in 2015, and written representations from certain reporting persons that such forms were not required to be filed by those persons for the reporting year 2015, the Company believes that all filing requirements applicable to its officers and Directors during 2015 and through February 2016, were met, with the exception that Mr. Green failed to timely file one report relating to one transaction with respect to the acquisition of 355 shares of Company common stock on May 22, 2015. Mr. Green filed the Form 4 reporting this transaction on June 4, 2015.

**Table of Contents****Committees of the Board**

The Board has the following standing committees: Audit Committee; Compensation Committee; Executive Committee; and Nominating and Governance Committee. Each of these committees has a formal written charter. The Corporate Governance Guidelines, as well as the charters for each of the standing committees, are available for review on the Corporate Governance page of the Investor Relations section of the Company's website at [www.unitil.com/investors](http://www.unitil.com/investors), and are available in print to any shareholder or other interested party, free of charge upon request to the Corporate Secretary at 1-800-999-6501 or at the address listed in the section entitled *Information about the Annual Meeting*. The following table shows the chair and the other members of each standing committee.

**Committee Membership:**

<b>Name</b>	<b>Audit Committee</b>	<b>Compensation Committee</b>	<b>Executive Committee</b>	<b>Nominating &amp; Governance Committee</b>
Robert V. Antonucci	p			
David P. Brownell		p		p
Lisa Crutchfield		p		
Albert H. Elfner, III			p	p
Edward F. Godfrey	p		p	
Michael B. Green	p			
Eben S. Moulton		p	p	
M. Brian O' Shaughnessy			p	p
Robert G. Schoenberger			p	
Sarah P. Voll		p		
David A. Whiteley	p			p
Committee Member	p			
Committee Chair				

**Audit Committee**

The Audit Committee is a separately-designated standing audit committee established in accordance with section 3(a)(58)(A) of the Exchange Act. Each member of the Committee is not an officer of the Company and is independent as defined by SEC regulations and in the NYSE Listed Company Manual. The Board has confirmed that Dr. Antonucci, Mr. Godfrey and Mr. Green are Audit Committee Financial Experts, as defined by the rules promulgated by the SEC. The Committee held four meetings in 2015 for the purpose of discharging its responsibilities in accordance with the Audit Committee Charter. In accordance with the Audit Committee Charter, the Committee is responsible for providing independent and objective oversight of the Company's accounting functions, internal controls and financial reporting. The Committee is also directly responsible for the appointment, compensation and oversight of the work of the Company's independent registered public accounting firm. Annually, the Committee reviews the Audit Committee Charter and adopts amendments, if necessary, to reflect changes governing financial reporting and accounting requirements or its responsibilities. The Audit Committee Charter was last reviewed and ratified on October 20, 2015. The Audit Committee Charter is available in the Corporate Governance portion of the Investor Relations section of the Company's website at [www.unitil.com/investors](http://www.unitil.com/investors). The Audit Committee Report, which appears in the section entitled *Audit Committee Report*, more fully describes the activities and responsibilities of the Committee.



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### **Compensation Committee**

Each member of the Compensation Committee is independent as defined in the NYSE Listed Company Manual. The Committee held six meetings in 2015. The Committee is responsible for establishing objectives and interpreting the terms of the Company's compensation policies with regard to base salary, incentive compensation, equity compensation, and benefits programs, as well as approval of executive-level base salaries and approval and recommendation to the Board of base salaries for Unitil's Named Executive Officers. The Committee's duties also include administration of merit, incentive, and commission compensation plans for all appropriate personnel, the review and approval of annual performance measures and approval of annual incentive compensation plan awards. The Committee is also responsible for the annual review and approval of the Compensation Discussion and Analysis contained in the Company's proxy statement. The Committee operates under the Compensation Committee Charter, which it reviews annually and, as appropriate, amends to reflect changes in its responsibilities. The Compensation Committee Charter was last reviewed and ratified on October 21, 2015. The Compensation Committee Charter is available in the Corporate Governance portion of the Investor Relations section of the Company's website at [www.unitil.com/investors](http://www.unitil.com/investors).

### **Executive Committee**

The Executive Committee held four meetings in 2015. With the exception of Mr. Schoenberger, all Committee members are independent as defined in the NYSE Listed Company Manual. The Committee's responsibilities are to act on behalf of the Board when necessary between scheduled Board meetings; to assess key business risks and implement appropriate risk management policies, practices and plans to mitigate such risks to the Company; and to review the CEO's performance. The Committee operates under a written charter (the Executive Committee Charter), which it reviews annually and, as appropriate, amends to reflect changes in its responsibilities. The Executive Committee Charter was last reviewed and amended on October 21, 2015. The Executive Committee Charter is available in the Corporate Governance portion of the Investor Relations section of the Company's website at [www.unitil.com/investors](http://www.unitil.com/investors).

### **Nominating and Governance Committee**

The Nominating and Governance Committee held three meetings in 2015. Each member of the Committee is independent as defined in the NYSE Listed Company Manual. The responsibilities of the Committee are to coordinate suggestions or searches for potential nominees for Board members, to review and evaluate qualifications of potential Board members, to recommend to the Board nominees for vacancies occurring from time to time on the Board, and to review Board member performance prior to recommendation for nomination to stand for election to an additional term. The Committee's duties also include the annual review and evaluation of Directors' compensation and the review and oversight of corporate governance standards. The Committee operates under the Nominating and Governance Committee Charter, which it reviews annually and, as appropriate, amends to reflect changes in its responsibilities. The Nominating and Governance Committee Charter was last reviewed and amended on October 21, 2015. The Nominating and Governance Committee Charter is available in the Corporate Governance portion of the Investor Relations section of the Company's website at [www.unitil.com/investors](http://www.unitil.com/investors).



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Audit Committee Report

The following report is submitted by the Audit Committee of Unitil Corporation with respect to the Company's audited financial statements for the fiscal year ended December 31, 2015.

In discharging its oversight responsibility regarding the audit process, the Audit Committee has discussed with Deloitte & Touche LLP ( Deloitte ), the Company's independent registered public accounting firm for the fiscal year ended December 31, 2015, the matters required to be discussed by the Statement on Auditing Standards No. 61, as amended, as adopted by the Public Company Accounting Oversight Board ( PCAOB ) in Rule 3200T. In addition, the Committee has received the written disclosures and the letter from Deloitte required by applicable requirements of the PCAOB regarding Deloitte's communications with the Committee concerning independence and has discussed with Deloitte the firm's independence with respect to the Company.

During 2015, the Audit Committee members received the Company's quarterly financial information for review and comment prior to the filing of each of the Company's Forms 10-Q with the SEC. In fulfilling its responsibilities relating to the financial statements, the Committee also reviewed and discussed the Company's significant accounting policies and the audited financial statements of the Company for the fiscal year ended December 31, 2015 with management and Deloitte. Based on the review and discussions with management and Deloitte, the Committee recommended to the Board that the audited financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2015, for filing with the SEC.

Audit Committee Members

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

**Table of Contents****Principal Accountant Fees and Services**

The following table presents fees for professional services rendered by Deloitte, the Company's independent registered public accounting firm, for the fiscal years ended December 31, 2015 and 2014.

	Fiscal 2015	Fiscal 2014
Audit Fees	\$ 668,500	\$ 630,000
Audit-Related Fees	\$ 0	\$ 0
Tax Fees	\$ 0	\$ 0
All Other Fees	\$ 0	\$ 0
Total Fees	\$ 668,500	\$ 630,000

**Audit Fees:**

In 2015 and 2014, this category includes fees incurred for professional services rendered by Deloitte for reviewing the quarterly financial statements included in the Company's Quarterly Reports on Form 10-Q, auditing the Company's annual financial statements included in the Company's Annual Report on Form 10-K, and auditing the Company's internal control over financial reporting.

**Audit-Related Fees:**

In 2015 and 2014, Deloitte did not perform any audit-related services.

**Tax Fees:**

In 2015 and 2014, Deloitte did not perform any tax services.

**All Other Fees:**

In 2015 and 2014, Deloitte did not perform any services that are not included in the above categories.

**Audit Committee Pre-Approval Policy**

The Audit Committee has adopted a formal policy concerning approval of audit and non-audit services to be provided by the independent registered public accounting firm engaged to audit the Company's consolidated financial statements. The policy requires that all services to be provided by the independent registered public accounting firm, including audit services and permitted audit-related and non-audit services, must be pre-approved by the Committee. The Committee pre-approved all audit, audit-related, tax and all other services provided by Deloitte during fiscal 2015 and 2014.



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**Compensation Discussion and Analysis**

**Introduction**

**Comparative Five-Year Cumulative Total Returns <sup>(1)</sup>**

In 2015, the Company continued to show strong operating and financial results, which have translated into greater returns for shareholders. Selected highlights of 2015 are outlined below.

<sup>(1)</sup> Unitil data provided by the Edison Electric Institute. S&P 500 and S&P 500 Utility Index data provided by Standard & Poors. All data reflects reinvestment of dividends, and assumes \$100 invested on December 31, 2010.

Net income grew to \$26.3 million in 2015, an increase of \$1.6 million compared to 2014. Earnings per share grew to \$1.89 per share, an increase of \$0.10 per share compared to 2014.

Unitil's financial results have improved considerably over the past several years, with net income growing at an annual rate of 13% since 2012, and EPS growing at an annual rate of approximately 10% over the same period. The improved financial results are largely driven by continued natural gas customer and sales growth, gas and electric utility rate base investments, and a successful regulatory agenda.

Unitil made a record \$104 million in capital investments. To match this investment growth, the Company has benefitted from a constructive regulatory environment with nearly \$60 million of rate relief awarded since 2010.

Unitil achieved outstanding gas safety and electric reliability, and its distribution cost per customer was among the lowest for both gas and electric customers as compared to peer utility companies in the northeast.

For the five-year period ended December 31, 2015, Unitil's total shareholder return (TSR) was 99%, a return that outperformed the S&P 500 Index at 81% and the S&P Utility Index at 69% over the same period. Of the 46 investor-owned utilities that appear in the Edison Electric Institute's Utility Index, Unitil's TSR is in the top 15 for the one-, three- and five-year periods ended December 31, 2015.

Unitil's annual common stock dividend of \$1.40 per share provided a dividend yield of approximately 4%, based on the closing stock price of \$35.88 per share on December 31, 2015. Unitil has paid an annual common stock dividend every year since trading on the open market began in 1984. In addition, on January 26, 2016, the Board of Directors voted to increase the annual dividend to \$1.42 per share.



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**Compensation Philosophy and Administration**

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

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

**Compensation Policy and Process**

The principal objective of Unitil's executive compensation program is to attract, motivate, retain and reward highly qualified persons who are committed to the achievement of solid financial performance, outstanding service to customers, and excellence in the management of the Company's assets. It is the Company's belief that a strong sense of teamwork and shared responsibility are vital components in the achievement of strong performance. The Company's incentive compensation reflects and supports this philosophy with an appropriate balance of both financial and operational goals that apply to the entire management team. See the section entitled *Compensation Discussion and Analysis - Elements of Compensation* for a discussion of the specific goals set, and results achieved, for 2015. The Company also believes that retention of talented and dedicated key executives will help ensure continued focus on the achievement of long-term growth in shareholder value and provide significant benefit to all of the Company's stakeholders, including shareholders, customers and employees.

The Compensation Committee follows the following guiding principles in the design and implementation of the Company's executive compensation program:

Annual compensation (currently defined as base salary, cash incentive and equity compensation for the Company's employees, including the Executive Officers) should generally target the national market median, which is defined as the middle, or the 50<sup>th</sup> percentile, of the compensation marketplace;

The compensation methodology for determining base pay increases should be the same for all executive positions including the CEO and other Named Executive Officers; and

The compensation methodology should include a consistent formula for determining each component of annual compensation based on both objective and verifiable market data and on attainment of selected performance measures from the Company's approved strategic plan (the Strategic Plan).

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To aid in its decision-making process concerning 2015 compensation, the Compensation Committee engaged Willis Towers Watson in 2014 to prepare a comprehensive compensation analysis (the 2014 Compensation Analysis ) which included chief executive officer compensation, salary survey data for comparable industry executives and middle management, and benefits. The nature and scope of the 2014 Compensation Analysis included:

- 1) Detailed review of compensation for executives (including Named Executive Officers) including defining the competitive marketplace and selected peer group, and assessing the competitiveness and mix of total compensation, appropriateness of cash and equity incentive programs, and competitiveness of key benefit programs.
- 2) Competitive assessment of non-union cash compensation for 92 positions covering 145 incumbents in the general employee population including cash compensation, appropriateness of salary structure, and analysis of incentive targets.
- 3) Review of broad-based benefit program design to ensure competitiveness of total compensation.

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

The Compensation Committee used the information in the 2014 Compensation Analysis, which was provided to the Committee in October 2014, (a) to gain a general understanding of compensation practices, (b) as a reference point, or benchmark, upon which to base its compensation decisions and (c) to analyze each Executive Officer's, including the CEO's, compensation.

In completing the 2014 Compensation Analysis, Willis Towers Watson used two sources of data for its analysis of the Company's position in the compensation marketplace:

- 1) ***Compensation Data from Published Compensation Surveys.*** Willis Towers Watson obtained compensation data from published compensation surveys focused on comparably sized organizations in the utility sector and general industry sector (for cross industry positions). Published survey data were size-adjusted based on revenue, employee regression and/or scope parameters. Because the surveys are confidential, the specific data selected by Willis Towers Watson did not indicate survey participants by company name.
- 2) ***Compensation Data from Proxy Filings.*** Willis Towers Watson obtained chief executive officer compensation data from publicly available proxy filings for a selected group of 16 publicly traded

utility companies with annual revenues between \$81 million

<sup>2</sup> The primary sources of data were the Willis Towers Watson CDB Executive Energy Services and General Industry Compensation Databases that provide market compensation data on over 1,000 U.S. organizations, as well as other published survey sources including Mercer's Executive/IT/Finance, and Accounting and Legal Benchmark databases.

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and \$1.6 billion (the 2014 Peer Group<sup>3</sup>). The Compensation Committee used this data to analyze the CEO's compensation, with the objective of ensuring that the CEO's total compensation was reasonable, competitive and consistent with pay practices at peer companies.

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

Base salary

Target annual incentive compensation

Actual total cash compensation (base salary plus most recent actual annual incentive payment)

Long-term incentive expected value granted during the most recent year

Actual total direct compensation (actual total cash plus the expected value of long-term incentives)

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

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

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

In 2015, at the request of the Compensation Committee, Willis Towers Watson prepared an assessment of the competitiveness of the compensation of the Named Executive Officers (the 2015 Assessment ) using the 2014 Compensation Analysis with updated information from published compensation marketplace surveys. The Committee used the information from the 2015

<sup>3</sup> The 2014 selected group consists of ALLETE, Inc., Black Hills Corp., Chesapeake Utilities Corp., CLECO Corp., Delta Natural Gas Company, Inc., El Paso Electric Company, Empire District Electric Company, Idacorp, Inc., ITC Holdings Corp., MGE Energy, Inc., Northwest Natural Gas Company, Northwestern Corp., Otter Tail Corp., PNM Resources, Inc., South Jersey Industries, Inc., and UIL Holdings Corp.



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Assessment as a reference point, or benchmark, upon which to base its compensation decisions for Named Executive Officers for the 2016 compensation year. The Committee also used information from the 2015 proxy statements of the Company's utility company peer group, at the 25<sup>th</sup> percentile target, as a secondary source to assess CEO compensation competitiveness. The 2015 Assessment methodology and the Compensation Committee's use of the 2015 Assessment are described in additional detail in the section entitled *Corporate Governance and Policies of the Board Compensation Committee Operations*.

Willis Towers Watson is engaged by and reports directly to the Compensation Committee. Willis Towers Watson receives compensation only for services related to executive compensation, employee benefits and general compensation issues, and neither it nor any affiliated company provides any other services to the Company. The fees paid to Willis Towers Watson in 2015 are described in the section entitled *Corporate Governance and Policies of the Board Compensation Committee Operations*.

Mr. Schoenberger and Mr. Long participate in meetings of the Compensation Committee at the Committee's request. Mr. Schoenberger and Mr. Long serve the Committee in a consultative capacity, providing data and analytical support to the Committee, management perspective relative to employee compensation and benefits, and recommendations for changes in employee benefits and compensation plans and programs for the Committee's review, consideration and approval. From time to time, other Executive Officers are also invited to meet with the Committee to provide information, viewpoints or status reports. Mr. Long is excluded from deliberations and decisions regarding Executive Officer compensation. Mr. Schoenberger is excluded from deliberations and decisions regarding his own compensation.

In addition to individual performance, the Company's performance is a critical component in the determination of how each individual executive is paid relative to the market median of the broad-based published compensation survey group, as described below. Accordingly, approximately 65.6% (for Mr. Schoenberger) and 49.5% (average for the other Named Executive Officers) of the 2015 annual compensation was incentive compensation directly related to the Company's performance.

## **Base Salary**

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



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### **Incentive Compensation    Cash Incentive**

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

### **Incentive Compensation    Equity Compensation**

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

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

Pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the Dodd-Frank Act ), the Company held (i) its second advisory (non-binding) shareholder vote on the compensation of the Company's Named Executive Officers (commonly known as a say-on-pay proposal), at its 2014 annual meeting of shareholders and (ii) its first shareholder vote on the frequency of such say-on-pay proposal, at its 2011 annual meeting of shareholders. As reported in the Company's Form 8-K, filed with the SEC on April 24, 2014, 88% of shareholders approved by advisory vote the compensation of the Company's Named Executive Officers. The Compensation Committee considered the results of the advisory vote by shareholders on the say-on-pay proposal presented to shareholders at the 2014 annual meeting of shareholders in its decision to make no direct changes to the Company's executive compensation program as a result of the vote. Additionally, at the 2011 annual meeting of shareholders, shareholders elected to hold a say-on-pay advisory vote every three years. The next required advisory shareholder vote on the compensation of the Company's Named Executive Officers, as well as the next required shareholder vote on the frequency of the say-on-pay advisory vote, will occur at the 2017 annual meeting of shareholders.

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**Elements of Compensation**

**Base Salary**

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

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

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

Mr. Schoenberger provides a recommendation to the Compensation Committee for base salary increases for Mr. Collin, Mr. Meissner, Mr. Black and Mr. Long. The Compensation Committee then reviews and recommends the base salaries of all of the Named Executive Officers to the full Board for discussion and approval. The recommendations are based on the performance evaluations and market information for each of the Named Executive Officers. For 2015, each Named Executive Officer received the increase set forth opposite his name in the following table.

Named Executive Officer	2015 Base Salary
	Increase
Mr. Schoenberger	4.8%
Mr. Collin	7.2%
Mr. Meissner	7.2%
Mr. Black	4.9%
Mr. Long	6.9%

**Incentive Compensation**

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

For the annual incentive awards, annual quantitative performance goals are established by the Compensation Committee. These goals, which relate to key performance metrics selected from the Strategic Plan, are the same for all employees (including Executive Officers), with the exception of Usource employees, to ensure that employees are focused on common bottom-line business, customer service, and operational results. (Usource employees are rewarded using performance metrics that are directly related to the growth and success of Usource, also as established by the Committee.) These goals are discussed below in the section entitled *Compensation Discussion and Analysis Elements of Compensation Performance Metrics and Goals For Incentive Compensation*. Under the Management Incentive Plan, Executive Officers receive a cash award if the quantitative goals that are set by the Committee are met. Each Executive Officer's Management Incentive Plan target award is established as a percentage of base



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salary based on the market median of the broad-based published compensation survey group for his or her position when compared to other comparable companies, calculated using data provided by Willis Towers Watson. The Committee also used information from the proxy statements of the Company's peer group, at the 25<sup>th</sup> percentile target, as a secondary source to set the CEO's Management Incentive Plan target award. The Management Incentive Plan target awards for 2015 were the following base salary percentages for the Named Executive Officers:

Named Executive Officer	Target Award (% of base salary)
Mr. Schoenberger	60%
Mr. Collin	45%
Mr. Meissner	45%
Mr. Black	35%
Mr. Long	35%

Actual awards may be less than or greater than the target awards depending upon actual results achieved. In addition, the Compensation Committee has the authority to increase or decrease the annual incentive award under the Company's incentive plans, including the Management Incentive Plan, and restricted stock awards under the Stock Plan. The Committee also has the freedom to decide to pay no award when one would otherwise be paid. The Committee has in the past exercised its discretion to both increase and decrease award payments when such calculation did not properly balance the interests of the employees and the shareholders. For awards for 2015 results, the Compensation Committee did not exercise any discretion to adjust the awards.

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

*Restricted Stock:*

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





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Awards of restricted stock generally vest fully over a period of four years at a rate of 25% each year subject to continued employment with the Company. Participants holding restricted stock have the same rights as all shareholders, including the right to vote the restricted stock and to collect any cash dividends paid on the restricted stock prior to vesting. Each Executive Officer's target restricted stock award is set by the Compensation Committee based upon recommendations from Willis Towers Watson, with the goal of granting a target award with a value equal to the market median of the broad-based published compensation survey group at the time of grant. The Committee also used information from the proxy statements of the Company's peer group, at the 25th percentile target, as a secondary source to set the CEO's target award. The values of the target restricted stock awards based on 2015 performance were the following:

Named Executive Officer	Stock Plan Target Award (\$)
Mr. Schoenberger	586,500
Mr. Collin	134,232
Mr. Meissner	134,232
Mr. Black	74,786
Mr. Long	74,786

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

- 1) set the amount of the stock award, with the value of the target restricted stock award equal to the value of the market median award of the broad-based published compensation survey group;
- 2) subtract the federal and Medicare tax impacts of the award; then
- 3) divide the net award value by the current stock price to calculate a net award in shares.

The net restricted stock award provides a market competitive award while minimizing both dilution and volatility. In addition, the Committee may exercise discretion to vary the size of the restricted stock award, but chose not to do so for the restricted stock awards for 2015 performance.

**Performance Metrics and Goals For Incentive Compensation**

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

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

The table below shows the performance metrics and goals selected by the Compensation Committee for 2015 for the annual incentive awards under the Company's incentive plans, including the Management Incentive Plan and the Stock Plan, as well as the performance results calculated for 2015.

Metric 2015	Goals	Result	Weight
<b>Earnings Per Share ( EPS )</b>	Minimum: approved budget EPS minus \$0.33	Above Target, Below Maximum	40%
the achievement of a stipulated level of EPS	Target: approved budget EPS plus or minus \$0.05		
<b>Gas Safety</b>	Maximum: approved budget EPS plus \$0.10 Minimum: 95%	Above Maximum	10%
the response to odor calls measured against Maine, Massachusetts, and New Hampshire minimum performance level for service quality	Target: 97%		
<b>Electric Reliability</b>	Maximum: 99% Minimum: 191 minutes	Above Maximum	10%
the achievement of a certain level of reliability performance as determined in accordance with the utility industry's SAIDI (System Average Interruption Duration Index) standard	Target: 156 minutes		
<b>Customer Satisfaction</b>	Maximum: 121 minutes Minimum: target minus 5%	Below Target, Above Minimum	10%
the achievement of a stipulated level of customer satisfaction as measured by direct customer feedback by means of a customer satisfaction survey distributed during the year and compared to the current national benchmark for residential customers	Target: national benchmark		
<b>Cost Per Customer</b>	Maximum: target plus 5% Minimum: better than most costly third of peers	Maximum (for both electric and gas)	30%
the achievement of a stipulated distribution cost per customer measured against same-year performance of peer utility companies in the northeast, in each case calculated using distribution costs reported to state and/or federal public utility regulators; results weighted 50% electric and 50% gas	Target: better than peer average		
<b>TOTAL</b>	Maximum: in the least cost third of peers		100%

For the peer utility companies referenced above, actual performance is compared to a select group of utility companies that have service territory characteristics comparable to Unitil. This peer group is comprised of: Algonquin Power & Utilities Corp., Emera, Inc., Fortis, Inc., Gaz Métro, Iberdrola USA, National Grid, Northeast Utilities, and UIL Holdings Corp.



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

**Incentive Compensation Formulas**

For each employee, including the Named Executive Officers, the following formula was used to calculate the individual annual cash incentive award payments:

$$\text{Plan Year Base Pay} \times \text{Target Percent} \times \text{Weighted Performance Factor} = \text{Incentive Payout}$$

For each Executive Officer and employee participant in the Stock Plan, including the Named Executive Officers, the following formula was used to calculate the individual grant of the restricted stock award in any plan year:

$$\text{Target Restricted Stock Grant} \times \text{Performance Factor} = \text{Actual Restricted Stock Grant}$$

For purposes of the restricted stock awards under the Stock Plan, the Performance Factor was determined based upon the Weighted Performance Factor as follows:

<b>Weighted Performance Factor</b>	<b>Performance Factor</b>
50% to 69%	50%
70% to 89%	75%
90% to 109%	100%
110% to 129%	125%
130% to 150%	150%

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

As provided in the Compensation Committee Charter, the Compensation Committee has discretion to establish policies, objectives, rules, and other procedures necessary for the effective operation of the Company’s compensation plans and programs. This discretion includes the authority to increase or decrease the annual cash incentive award payments under the Company’s incentive plans, including the Management Incentive Plan and the restricted stock awards under the Stock Plan. The Committee also has the freedom to decide to pay no award when one would

otherwise be paid. The Committee has in the past exercised its discretion to both increase and decrease certain awards when such calculation did not properly balance the interests of the employees and the shareholders. For awards for 2015 results, the Committee did not exercise any discretion to adjust the awards.

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**Other Benefits**

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

**Supplemental Executive Retirement Plan ( SERP )** The purpose of the SERP is to provide enhanced retirement benefits to certain key executives selected by the Board in order to encourage continued service by these executives until retirement. Currently, Mr. Schoenberger, Mr. Collin, Mr. Meissner, Mr. Black and Mr. Long have been named by the Board to participate in the SERP. The SERP enhances the retirement benefits provided by the Retirement Plan by:

- 1) counting all cash compensation towards the benefits formula, thereby providing a bypass to the compensation limits imposed by the Internal Revenue Service (the IRS );
- 2) including compensation received from the annual cash incentive awards in the benefits calculation; and
- 3) using a final three-year average of salary and annual cash incentive compensation to determine the benefits from the SERP.

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

**Change of Control Agreements** The Company provides certain executives with protection from job loss due to a change of control in the Company in the form of Change of Control Agreements ( Change of Control Agreements ). This protection is primarily provided so that the executives will make decisions and take actions that are in the best interest of shareholders and not unduly influenced by the fear of job loss. The Company maintains both two-year (executed in 2001 and later) and three-year (executed before 2001) Change of Control Agreements. Mr. Schoenberger, Mr. Collin and Mr. Black have three-year Change of Control Agreements, and Mr. Meissner and Mr. Long have two-year Change of Control Agreements in place. All existing Change of Control Agreements are double trigger agreements, meaning that two events must occur in order for payments to be made: (i) a change of control must occur; and (ii) an adverse employment action must occur, meaning that the Company must terminate the executive's employment other than for cause or disability or the executive must terminate his employment for good reason. Double trigger agreements were chosen to protect the shareholders from executives choosing to leave the Company as result of a change of control where there is no adverse employment action. All Change of Control Agreements were amended effective June 30, 2008, with the objective of complying with the provisions of IRS Code Section 409A

( 409A Amendment ). See also the section entitled *Compensation of Named Executive Officers - Potential Payments Upon Termination or Change of Control* for a full description of change of control as defined in the Change of Control Agreements.



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

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

## **Internal Revenue Code Section 162(m)**

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

## **Stock Ownership Requirement for Executive Officers**

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

## **Other Benefits**

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

policies.

Retired Employee Benefits The Company provides company-paid life insurance, as well as company-subsidized medical insurance, to qualifying retirees. For non-union employees hired

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

## Compensation Committee Interlocks and Insider Participation

The current members of the Compensation Committee are Mr. Brownell, Ms. Crutchfield, Mr. Moulton, who serves as chairman, and Dr. Voll. The current members of the Compensation Committee are neither current nor former officers or employees of the Company. No member of the Committee has any relationship requiring disclosure under Item 404 of Regulation S-K, Transactions with Related Persons. In addition, no Executive Officer of the Company serves on the board of directors or compensation committee of another company where an executive officer of the other company also serves on the Board or Compensation Committee.

## Compensation Committee Report

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

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

Compensation Committee Members

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

**Table of Contents****Compensation of Named Executive Officers**

The Summary Compensation Table below shows the information specified in paragraph (c)(2) of Item 402 of Regulation S-K concerning the compensation of the CEO, the CFO and the Company's three other most highly compensated officers for each of fiscal years 2013, 2014 and 2015.

**SUMMARY COMPENSATION TABLE**

Name and Principal Position (1)	Year	Salary (\$)	Bonus (\$)	Stock Awards (2) (\$)	Option Awards (3) (\$)	Non- Equity Incentive Plan Compen- sation (3) (\$)	Change in Pension Value & Non- qualified Deferred Compen- sation (4) (\$)	All Other Compen- sation (\$)	Total (\$)
<b>Robert G. Schoenberger</b>	2015	614,168		669,588		501,161	747,053	356,961 <sup>(5)</sup>	2,888,931
Chairman of the Board, Chief Executive Officer and President	2014	584,922		591,895		519,411	1,298,110	203,524	3,197,862
<b>Mark H. Collin</b>	2013	557,069		427,073		447,884	215,651	91,286	1,738,963
Senior Vice President, Chief Financial Officer and Treasurer	2015	310,000		153,164		189,720	148,101	71,366 <sup>(6)</sup>	872,351
<b>Thomas P. Meissner, Jr.</b>	2014	287,675		150,773		149,016	434,992	106,151	1,128,607
Senior Vice President and Chief Operating Officer	2013	273,976		82,188		128,495		33,278	517,937
<b>Todd R. Black</b>	2015	310,000		153,164		189,720	120,695	47,578 <sup>(7)</sup>	821,157
Senior Vice President, Unitil Service	2014	287,675		150,773		149,016	326,347	35,044	948,855
<b>George E. Long, Jr.</b>	2013	273,976		82,188		128,495		33,278	517,937
Vice President, Unitil Service	2015	224,848		85,581		107,028	49,192	30,275 <sup>(8)</sup>	496,924
<b>George E. Long, Jr.</b>	2014	213,802		70,162		94,928	202,404	23,639	604,935
Vice President, Unitil Service	2013	207,575		46,573		83,445		20,987	358,580
<b>George E. Long, Jr.</b>	2015	210,439		85,581		100,169	403,581	38,045 <sup>(9)</sup>	837,815
Vice President, Unitil Service	2014	196,029		70,162		87,037	203,546	28,494	585,268
	2013	190,319		46,573		76,508	3,373	21,172	337,945

NOTES:

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- (1) Officers of the Company also hold various positions with subsidiary companies. Compensation for those positions is included in the above table.
- (2) Values shown in column (e) represent the grant date fair value, calculated in accordance with FASB ASC Topic 718 and based on the closing price of Unitil common stock on the date of grant, of awards of restricted stock granted under the Stock Plan for results attained during the years 2013 – 2015. Stock Plan grants were made January 31, 2014 for 2013 results at a price of \$30.44, January 26, 2015 for 2014 results at a price of \$37.32, and January 26, 2016 for 2015 results at a price of \$36.73. See also the Grants of Plan-Based Awards Table in the section entitled *Compensation of Named Executive Officers*.
- (3) The terms of the Management Incentive Plan provide a cash incentive opportunity if the Company meets certain pre-established performance targets (see the section entitled *Compensation Discussion and Analysis*). The amounts shown for each Named Executive Officer reflect the cash incentive awarded on January 31, 2014 for 2013 Management Incentive Plan results, January 26, 2015 for 2014 Management Incentive Plan results, and January 26, 2016 for 2015 Management Incentive Plan results. See also the Grants of Plan-Based Awards Table in the section entitled *Compensation of Named Executive Officers*.
- (4) The amounts shown reflect the change in pension value plus the change in the SERP value. The Company does not have a non-qualified deferred compensation plan.

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NOTES, continued:

- (5) All Other Compensation for Mr. Schoenberger for the year 2015 includes use of a Company vehicle, club dues, the Company's contributions to 401(k) and HSA accounts, non-preferential dividends earned in 2015 on the 15,860 shares of restricted stock awarded in 2015, which are valued at \$22,204, and the tax adjustment on the 15,860 shares of restricted stock that vested for tax purposes in 2015 in accordance with the provisions of the Stock Plan, which is valued at \$310,670. Under the terms of the Company's Stock Plan, all unvested shares become fully vested upon retirement. According to IRS regulations, shares of restricted stock become taxable as current income when they become non-forfeitable. Mr. Schoenberger reached retirement eligibility age in 2012, under the provisions of the Unitil Corporation Retirement Plan, and his restricted stock would vest if he elected retirement. The IRS therefore requires the Company to treat all of Mr. Schoenberger's unvested restricted stock as taxable income. Taxes were paid on this additional taxable income in accordance with the tax adjustment provision of the Stock Plan. This tax adjustment is further described in the section entitled *Compensation of Named Executive Officers - Equity Compensation Plan Information*.
- (6) All Other Compensation for Mr. Collin for the year 2015 includes the Company's contributions to 401(k) and HSA accounts, non-preferential dividends earned in 2015 on the 4,040 shares of restricted stock awarded in 2015, and the tax adjustment on the 4,040 shares of restricted stock that vested in 2015 in accordance with the provisions of the Stock Plan, which is valued at \$56,760. Under the terms of the Company's Stock Plan, all unvested shares become fully vested upon retirement. According to IRS regulations, shares of restricted stock become taxable as current income when they become non-forfeitable. Mr. Collin reached retirement eligibility age in 2014, under the provisions of the Unitil Corporation Retirement Plan, and his restricted stock would vest if he elected retirement. The IRS therefore requires the Company to treat all of Mr. Collin's unvested restricted stock as taxable income. Taxes were paid on this additional taxable income in accordance with the tax adjustment provision of the Stock Plan. This tax adjustment is further described in the section entitled *Compensation of Named Executive Officers - Equity Compensation Plan Information*.
- (7) All Other Compensation for Mr. Meissner for the year 2015 includes the Company's contributions to 401(k) and HSA accounts, non-preferential dividends earned in 2015 on the 4,040 shares of restricted stock awarded in 2015, and the tax adjustment on the 2,350 shares of restricted stock that vested in 2015 in accordance with the provisions of the Stock Plan, which is valued at \$32,922.
- (8) All Other Compensation for Mr. Black for the year 2015 includes the Company's contributions to 401(k) and HSA accounts, non-preferential dividends earned in 2015 on the 1,880 shares of restricted stock awarded in 2015, and the tax adjustment on the 1,340 shares of restricted stock that vested in 2015 in accordance with the provisions of the Stock Plan, which is valued at \$18,693.
- (9) All Other Compensation for Mr. Long for the year 2015 includes the Company's contributions to 401(k) and HSA accounts, non-preferential dividends earned in 2015 on the 1,880 shares of restricted stock awarded in 2015, and the tax adjustment on the 1,880 shares of restricted stock that vested for tax purposes in 2015 in accordance with the provisions of the Stock Plan, which is valued at \$26,413. Under the terms of the Company's Stock Plan, all unvested shares become fully vested upon retirement. According to IRS regulations, shares of restricted stock become taxable as current income when they become non-forfeitable. Mr. Long reached retirement eligibility age in 2011, under the provisions of the Unitil Corporation Retirement Plan, and his restricted stock would vest if he elected retirement. The IRS therefore requires the Company to treat all of Mr. Long's unvested restricted stock as taxable income. Taxes were paid on this additional taxable income in accordance with the tax adjustment provision of the Stock Plan. This tax adjustment is further described in the section entitled *Compensation of Named Executive Officers - Equity Compensation Plan Information*.

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The table below provides information with respect to the grants of plan-based awards, including Management Incentive Plan awards and Stock Plan awards, made to the Named Executive Officers for the year 2015.

GRANTS OF PLAN-BASED AWARDS IN FISCAL YEAR 2015									
Name	Grant Date	Estimated Future Payouts			Estimated Future Payouts			All Other Stock Awards: Number of Shares of Stock or Units	Grant Date Fair Value of Stock and Option Awards
		Under Non-Equity			Under Equity				
		Incentive Plan Awards (1)			Incentive Plan Awards (2)				
		Threshold	Target	Max	Threshold	Target	Max		
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
Robert G. Schoenberger	1/26/16 (3) 1/26/16 (4)	184,250	368,501	552,751					
					6,080	12,150	18,230		
Mark H. Collin	1/26/16 (5) 1/26/16 (6)	69,750	139,500	209,250					669,588
					1,390	2,780	4,170		153,164
Thomas P. Meissner, Jr.	1/26/16 (7) 1/26/16 (8)	69,750	139,500	209,250					153,164
					1,390	2,780	4,170		153,164
Todd R. Black	1/26/16 (9) 1/26/16 (10)	39,348	78,697	118,045					85,581
					780	1,550	2,330		85,581
George E. Long, Jr.	1/26/16 (11) 1/26/16 (12)	36,827	73,654	110,480					
					780	1,550	2,330		85,581

## NOTES:

- (1) The Threshold reference shown in the table means the minimum threshold performance level that must be met to receive the minimum cash incentive award. Failure to meet the minimum threshold for all performance measures would result in no award.
- (2) The Threshold reference shown in the table means the minimum threshold performance level that must be met to receive the minimum stock award. Failure to meet the minimum threshold for all performance measures would result in no award. See the section entitled *Compensation of Named Officers Equity Compensation Plan Information* below for additional information on the mechanics of the Stock Plan.
- (3) The Compensation Committee selected the performance metrics and goals for the 2015 Management Incentive Plan awards on March 2, 2015, and payment was made on January 26, 2016. The estimated future payout information shown for the Management Incentive Plan is for a payment in 2016 based on 2015 performance. Mr. Schoenberger's actual award was 136% of Target, for a total award of \$501,161. See also column (g) of the Summary Compensation Table in the section entitled *Compensation of Named Executive Officers*.

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- (4) The estimated future payout information shown for the Stock Plan is for a grant in 2016 based on 2015 performance. Mr. Schoenberger's actual stock award was 150% of Target, for a total award of 18,230 shares of restricted stock with a closing market price of \$36.73 per share on the date of grant. See also column (e) of the Summary Compensation Table in the section entitled *Compensation of Named Executive Officers*.
- (5) The Compensation Committee selected the performance metrics and goals for the 2015 Management Incentive Plan awards on March 2, 2015, and payment was made on January 26, 2016. The estimated future payout information shown for the Management Incentive Plan is for a payment in 2016 based on 2015 performance. Mr. Collin's actual award was 136% of Target, for a total award of \$189,720. See also column (g) of the Summary Compensation Table in the section entitled *Compensation of Named Executive Officers*.
- (6) The estimated future payout information shown for the Stock Plan is for a grant in 2016 based on 2015 performance. Mr. Collin's actual stock award was 150% of Target, for a total award of 4,170 shares of restricted stock with a closing market price of \$36.73 per share on the date of grant. See also column (e) of the Summary Compensation Table in the section entitled *Compensation of Named Executive Officers*.
- (7) The Compensation Committee selected the performance metrics and goals for the 2015 Management Incentive Plan awards on March 2, 2015, and payment was made on January 26, 2016. The estimated future payout information shown for the Management Incentive Plan is for a payment in 2016 based on 2015 performance. Mr. Meissner's actual award was 136% of Target, for a total award of \$189,720. See also column (g) of the Summary Compensation Table in the section entitled *Compensation of Named Executive Officers*.



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NOTES, continued:

- (8) The estimated future payout information shown for the Stock Plan is for a grant in 2016 based on 2015 performance. Mr. Meissner's actual stock award was 150% of Target, for a total award of 4,170 shares of restricted stock with a closing market price of \$36.73 per share on the date of grant. See also column (e) of the Summary Compensation Table in the section entitled *Compensation of Named Executive Officers*.
- (9) The Compensation Committee selected the performance metrics and goals for the 2015 Management Incentive Plan awards on March 2, 2015, and payment was made on January 26, 2016. The estimated future payout information shown for the Management Incentive Plan is for a payment in 2016 based on 2015 performance. Mr. Black's actual award was 136% of Target, for a total award of \$107,028. See also column (g) of the Summary Compensation Table in the section entitled *Compensation of Named Executive Officers*.
- (10) The estimated future payout information shown for the Stock Plan is for a grant in 2016 based on 2015 performance. Mr. Black's actual stock award was 150% of Target, for a total award of 2,330 shares of restricted stock with a closing market price of \$36.73 per share on the date of grant. See also column (e) of the Summary Compensation Table in the section entitled *Compensation of Named Executive Officers*.
- (11) The Compensation Committee selected the performance metrics and goals for the 2015 Management Incentive Plan awards on March 2, 2015, and payment was made on January 26, 2016. The estimated future payout information shown for the Management Incentive Plan is for a payment in 2016 based on 2015 performance. Mr. Long's actual award was 136% of Target, for a total award of \$100,169. See also column (g) of the Summary Compensation Table in the section entitled *Compensation of Named Executive Officers*.
- (12) The estimated future payout information shown for the Stock Plan is for a grant in 2016 based on 2015 performance. Mr. Long's actual stock award was 150% of Target, for a total award of 2,330 shares of restricted stock with a closing market price of \$36.73 per share on the date of grant. See also column (e) of the Summary Compensation Table in the section entitled *Compensation of Named Executive Officers*.

**Non-Equity Compensation Plan Information****Management Incentive Plan**

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

On March 2, 2015, the Compensation Committee selected annual performance metrics and goals and target annual cash incentive awards for 2015 under the Management Incentive Plan. Based on 2015 results achieved as compared to the 2015 Management Incentive Plan performance goals, 136% of the target amount was earned, and the Committee approved payments of 136% of the target amount for Management Incentive Plan participants on January 26, 2016. For more detailed information with regard to performance metrics and goals, see the section entitled *Compensation Discussion and Analysis*.

## Equity Compensation Plan Information

### Stock Plan

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

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Based on 2015 results described above, awards of restricted stock were granted at 150% of the target amount. The Compensation Committee granted awards to Stock Plan participants on January 26, 2016. Grants of restricted stock generally vest at a rate of 25% per year beginning in the year following the year of the grant. All shares of restricted stock, regardless of vesting status, are fully eligible for quarterly dividend payments, as well as for participation in the Dividend Reinvestment and Stock Purchase Plan, and have full voting rights. In 2015, the Company paid four quarterly non-preferential dividends of \$0.35 per share on all shares of common stock outstanding, which included all shares of unvested restricted stock, as of each respective record date.

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

The restricted stock may not be sold, transferred, pledged, assigned or otherwise alienated or hypothecated prior to vesting. Unvested restricted stock is subject to forfeiture if the participant's employment is terminated for any reason other than the participant's death, disability, retirement, or in connection with a change of control. Under the terms of the Company's Stock Plan, all unvested shares become fully vested upon retirement. According to IRS regulations, shares of restricted stock become taxable as current income when they become non-forfeitable, which is upon eligibility for retirement. Taxes are paid on this additional taxable income. Upon the occurrence of death, disability, or a change of control of the Company, unless otherwise specifically prohibited under applicable laws, any restrictions and transfer limitations imposed on restricted stock will immediately lapse. The term "change of control" is defined in the section entitled *Compensation of Named Executive Officers Definition of Change of Control, Cause and Good Reason*.

## **Employment Agreement**

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



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The table below provides information with respect to salary in proportion to total compensation for Named Executive Officers for the year 2015.

<b>SALARY IN PROPORTION TO TOTAL COMPENSATION</b>			
<b>Named Executive Officer</b>	<b>Salary</b>	<b>Total Compensation</b>	<b>Salary as a % of Total Compensation</b>
(a)	(\$) (b)	(\$) (c)	(d)
<b>Robert G. Schoenberger</b>	614,168	2,888,931	21.3%
<b>Mark H. Collin</b>	310,000	872,351	35.5%
<b>Thomas P. Meissner, Jr.</b>	310,000	821,157	37.8%
<b>Todd R. Black</b>	224,848	496,924	45.3%
<b>George E. Long Jr.</b>	210,439	837,815	25.1%

The table below provides information with respect to the shares of stock granted under the Stock Plan in previous years that vested during 2015.

<b>OPTION EXERCISES AND STOCK VESTED</b>				
<b>Name</b>	<b>Option Awards (1)</b>		<b>Stock Awards</b>	
	<b>Number of Shares Acquired on Exercise</b>	<b>Value Realized on Exercise</b>	<b>Number of Shares Acquired Upon Vesting</b>	<b>Value Realized Upon Vesting (2)</b>
(a)	(#) (b)	(\$) (c)	(#) (d)	(\$) (e)
<b>Robert G. Schoenberger</b>			8,538	316,836
<b>Mark H. Collin</b>			2,360	87,451
<b>Thomas P. Meissner, Jr.</b>			2,360	87,451
<b>Todd R. Black</b>			1,340	49,655
<b>George E. Long Jr.</b>			1,340	49,655

## NOTES:

- (1) The Company has no option plan and no option awards outstanding.
- (2) Reflects the value of restricted stock based on a total of (i) the closing price of \$35.48 for shares that vested on February 9, 2015 pursuant to the terms of the restricted stock awards granted on February 9, 2011, (ii) the closing price of \$37.92 for shares that vested on February 3, 2015 pursuant to the terms of the restricted stock awards granted on February 3, 2012, (iii) the closing price of \$37.42 for shares that vested on February 4, 2015 pursuant to the terms of the restricted stock awards granted on February 4, 2013, and (iv) the closing price of \$37.36 for shares that vested on January 30, 2015 pursuant to the terms of the restricted stock awards granted on January 30, 2014.



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The table below provides information with respect to the outstanding equity awards of the Named Executive Officers as of December 31, 2015, which includes unvested stock awards granted under the Stock Plan. The Company has no option plan and no option awards outstanding.

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

Name	Number of Shares or Units of Stock That Have Not Vested	Stock Awards		Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested
		Market Value of Shares or Units of Stock That Have Not Vested <i>(1)</i>	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested	
	(#)	(\$)	(#)	(\$)
	(a)	(b)	(c)	(d)
	(e)	(f)	(g)	(h)
<b>Robert G. Schoenberger</b>	1,790 <sup>(2)</sup>	64,225		
	3,035 <sup>(3)</sup>	108,896		
	10,523 <sup>(4)</sup>	377,547		
<b>Mark H. Collin</b>	15,860 <sup>(5)</sup>	569,057		
	600 <sup>(2)</sup>	21,528		
	1,015 <sup>(3)</sup>	36,418		
	2,025 <sup>(4)</sup>	72,657		
<b>Thomas P. Meissner, Jr.</b>	4,040 <sup>(5)</sup>	144,955		
	600 <sup>(2)</sup>	21,528		
	1,025 <sup>(3)</sup>	36,418		
	2,025 <sup>(4)</sup>	72,657		
<b>Todd R. Black</b>	4,040 <sup>(5)</sup>	144,955		
	340 <sup>(2)</sup>	12,199		
	580 <sup>(3)</sup>	20,810		
	1,148 <sup>(4)</sup>	41,172		
<b>George E. Long, Jr.</b>	1,880 <sup>(5)</sup>	67,454		
	340 <sup>(2)</sup>	12,199		
	580 <sup>(3)</sup>	20,810		
	1,148 <sup>(4)</sup>	41,172		
	1,880 <sup>(5)</sup>	67,454		

NOTES:

- (1) Based on the closing price of Unitil common stock as of December 31, 2015, which was \$35.88.
- (2) Shares of restricted stock were granted on February 3, 2012 pursuant to the Stock Plan, which vested 25% on February 3, 2013, 25% on February 3, 2014, and 25% on February 3, 2015. The unvested shares shown in the table (25% of the total 2012 grant) fully vested on February 3, 2016.
- (3) Shares of restricted stock were granted on February 4, 2013 pursuant to the Stock Plan which vested 25% on February 4, 2014, and 25% on February 4, 2015. The unvested shares shown in the table (50% of the total 2013 grant) vested an additional 25% on February 4, 2016; and will further vest 25% on February 4, 2017.
- (4) Shares of restricted stock were granted on January 31, 2014 pursuant to the Stock Plan which vested 25% on January 30, 2015. The unvested shares shown in the table (75% of the total 2014 grant) vested an additional 25% on February 1, 2016; and will further vest 25% on January 31, 2017 and January 31, 2018, respectively.
- (5) Shares of restricted stock were granted on January 26, 2015 pursuant to the Stock Plan. The unvested shares shown in the table (100% of the total 2015 grant) vested 25% on January 26, 2016; and will further vest 25% on January 26, 2017, January 26, 2018, and January 26, 2019, respectively.



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The table below provides information with respect to the actuarial present value of the accumulated benefit under the Retirement Plan and the SERP for all Named Executive Officers as of December 31, 2015. The amounts shown in column (d) were determined using interest rate and post-retirement mortality rate assumptions consistent with those used in the Company's financial statements, which are included in Note 10 to the Company's Annual Report on Form 10-K filed with the SEC on January 28, 2016.

<b>PENSION BENEFITS</b>				
Name	Plan Name	Number of Years Credited Service	Present Value of Accumulated Benefit	Payments During Last Fiscal Year
(a)	(b)	(#) (c)	(\$) <sup>(1)</sup> (d)	(\$) (e)
<b>Robert G. Schoenberger</b>	Retirement Plan	18	1,207,803	
	SERP	18	4,897,230	
<b>Mark H. Collin</b>	Retirement Plan	27	1,103,160	
	SERP	27	379,987	
<b>Thomas P. Meissner, Jr.</b>	Retirement Plan	21	815,168	
	SERP	21	255,240	
<b>Todd R. Black</b>	Retirement Plan	18	541,450	
	SERP	18	43,131	
<b>George E. Long, Jr.</b>	Retirement Plan	22	796,591	
	SERP	22	357,518	

## NOTES:

- (1) The present value amounts calculated by the Company's actuary are based on assumptions for the growth of the Company's 401(k) contribution (SERP only), participant's salary, participant's age, the 2015 discount rate of 4.30%, and a discount factor of 2.50%.

**The Retirement Plan**

The Retirement Plan is a tax-qualified defined benefit pension plan and related trust agreement that provides retirement annuities for eligible employees of Unitil and its subsidiaries. Since the Retirement Plan is a defined benefit plan, contributions are made by Unitil generally for all participants, and no amounts were contributed or accrued specifically for the benefit of any Executive Officer of Unitil under the Retirement Plan. Directors of Unitil who are not or have not been officers of Unitil or any of its subsidiaries are not eligible to participate in the Retirement Plan.

Please see the section entitled *Compensation Discussion and Analysis* for information regarding the closure of the Retirement Plan, which became effective on June 1, 2013.

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The present formula for determining annual benefits under the Retirement Plan's life annuity option is:

2% of average annual salary (average annual salary during the five consecutive years out of the last 20 years of employment that give the highest average salary) for each of the first 20 years of benefit service

**plus (+)**

1% of average annual salary for each of the next 10 years of benefit service

**plus (+)**

1/2% of average annual salary for each year of benefit service in excess of 30

**minus (-)**

50% of age 65 annual Social Security benefit (as defined in the Retirement Plan)

**minus (-)**

any benefit under another Unitil retirement plan of a former employer for which credit for service is given under the Retirement Plan

The Retirement Plan provides participants with early retirement benefits upon the attainment of age 55 with at least 15 years of service. The early retirement benefit is an unreduced pension at age 60 with a reduction of 5% per year for each year prior to age 60. As of December 31, 2015, Mr. Schoenberger, Mr. Collin and Mr. Long are the Named Executive Officers eligible for early retirement benefits under the Retirement Plan. A participant is 100% vested for benefits under the Retirement Plan after five years of service with Unitil or one of its subsidiaries.

**The Supplemental Executive Retirement Plan**

The Company also maintains a SERP, a non-qualified defined benefit plan. The SERP provides for supplemental retirement benefits to executives selected by the Board. As of December 31, 2015, all of the Named Executive Officers have been selected by the Board to receive SERP benefits upon attaining normal retirement eligibility, which occurs when the participant attains age 65, or early retirement eligibility, which occurs when the participant attains both age 55 and has completed 15 years of service. If a participant terminates employment for any reason prior to retirement, other than in connection with a change in control as described below, the participant will not be entitled to any benefits under the SERP. Annual benefits are based on an amount equal to 60% of a participant's final average earnings, which includes annual salary and annual cash incentives, less the participant's benefits payable under the Retirement Plan, less other retirement income payable to the participant by Unitil or any previous employer, and less income that a participant receives as a primary Social Security benefit.

For a participant who elects to begin receiving early retirement benefits under the SERP prior to attaining age 60, the benefits are reduced by 5/12 of 1% for each full calendar month that commencement of benefits precedes attainment of age 60. As of December 31, 2015, of the Named Executive Officers participating in the SERP, Mr. Schoenberger, Mr. Collin, and Mr. Long are eligible for early retirement.

If a change in control occurs and a participant's employment terminates prior to the earlier to occur of the participant being eligible for retirement or early retirement, then the participant will begin to receive benefits on the earlier to occur of the date on which they would have attained

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normal or early retirement eligibility. In this case, the participant's benefits would be determined by assuming the participant had remained employed and continued to accrue additional years of service. The term "change in control" as used in the SERP is defined in the section entitled *Compensation of Named Executive Officers - Definition of Change of Control, Cause and Good Reason*.

**Potential Payments Upon Termination or Change of Control**

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

**Change of Control**

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

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The following tables show the payments and benefits the Named Executive Officers would have received in connection with a variety of employment termination scenarios, as well as upon a change of control, assuming that employment termination or the change of control was effective as of December 31, 2015. The actual amounts that would be paid can only be determined at the time of an actual separation from the Company. All of the payments and benefits described below would be provided by the Company or its subsidiaries.

ESTIMATED PRESENT VALUE OF BENEFITS						
Name	Termination by the Company for any Reason other than Death, Disability, or Cause; or Voluntary Termination for Good Reason (without a Change of Control) <sup>(1)</sup>	Termination of Service due to Death or Disability (with or without a Change of Control) <sup>(2)(3)</sup>	Termination by the Company for Cause; or Voluntary Termination other than for Good Reason or Retirement (without a Change of Control) <sup>(4)</sup>	Retirement (with or without a Change of Control) <sup>(2)(6)</sup>	Change of Control (without Adverse Employment Action) <sup>(2)</sup>	Change in Control (with Adverse Employment Action) <sup>(7)</sup>
	(a)	(b)	(c)	(d)	(e)	(f)
<b>Robert G. Schoenberger</b>						
<b>Compensation:</b>						
Severance	1,876,021					3,082,793
2015 Management Incentive Plan Award		501,161		501,161		
<b>Benefits:</b>						
Additional Pension Benefit						1,080,386
Additional 401(k) Match						23,012
Insurance Continuation	49,882					94,914
Accelerated Vesting of Restricted Stock <sup>(8)</sup>		1,119,707		1,119,707	1,119,707	1,119,707
Estimated Amount of Excise Tax Gross Up						1,770,869
<b>Total</b>	1,925,903	1,620,868		1,620,868	1,119,707	7,171,681

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ESTIMATED PRESENT VALUE OF BENEFITS						
Name	Termination by the Company for any Reason other than Death, Disability, or Cause; or Voluntary Termination for Good Reason (without a Change of Control)	Termination of Service due to Death or Disability (with or without a Change of Control) <sup>(2)(3)</sup>	Termination by the Company for Cause; or Voluntary Termination other than for Good Reason or Retirement (without a Change of Control) <sup>(4)</sup>	Retirement (with or without a Change of Control) <sup>(2)(5)</sup>	Change of Control (without Adverse Employment Action) <sup>(2)</sup>	Change of Control (with Adverse Employment Action) <sup>(7)</sup>
(a)	(\$) (b)	(\$) (c)	(\$) (d)	(\$) (e)	(\$) (f)	(\$) (g)
<b>Mark H. Collin</b>						
<b>Compensation:</b>						
Severance						1,319,245
2015 Management Incentive Plan Award		189,720		189,720		
<b>Benefits:</b>						
Additional Pension Benefit						298,382
Additional 401(k) Match						23,012
Insurance Continuation						65,934
Accelerated Vesting of Restricted Stock <sup>(8)</sup>		275,594		275,594	275,594	275,594
Estimated Amount of Excise Tax Gross Up						693,954
<b>Total</b>		465,314		465,314	275,594	2,676,121

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ESTIMATED PRESENT VALUE OF BENEFITS						
Name	Termination by the Company for any Reason other than Death, Disability, or Cause; or Voluntary Termination for Good Reason (without a Change of Control)	Termination of Service due to Death or Disability (with or without a Change of Control) <sup>(2)(3)</sup>	Termination by the Company for Cause; or Voluntary Termination other than for Good Reason or Retirement (without a Change of Control) <sup>(4)</sup>	Retirement (with or without a Change of Control) <sup>(2)</sup>	Change of Control (without Adverse Employment Action) <sup>(2)</sup>	Change of Control (with Adverse Employment Action) <sup>(7)</sup>
(a)	(\$) (b)	(\$) (c)	(\$) (d)	(\$) (e)	(\$) (f)	(\$) (g)
<b>Thomas P. Meissner, Jr.</b>						
<b>Compensation:</b>						
Severance						890,309
2015 Management Incentive Plan Award		189,720				
<b>Benefits:</b>						
Additional Pension Benefit						274,558
Additional 401(k) Match						15,530
Insurance Continuation						59,410
Accelerated Vesting of Restricted Stock <sup>(8)</sup>		275,594			275,594	275,594
Estimated Amount of Excise Tax Gross Up						456,467
<b>Total</b>		465,314			275,594	1,944,868



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ESTIMATED PRESENT VALUE OF BENEFITS						
Name	Termination by the Company for any Reason other than Death, Disability, or Cause; or Voluntary Termination for Good Reason (without a Change of Control)	Termination of Service due to Death or Disability (with or without a Change of Control) <sup>(2)(3)</sup>	By the Company for Cause; or Voluntary Termination other than for Good Reason or Retirement (without a Change of Control) <sup>(4)</sup>	Retirement (with or without a Change of Control) <sup>(2)</sup>	Change of Control (without Adverse Employment Action) <sup>(2)</sup>	Change of Control (with Adverse Employment Action) <sup>(7)</sup>
(a)	(b)	(c)	(d)	(e)	(f)	(g)
<b>Todd R. Black</b>						
<b>Compensation:</b>						
Severance						924,279
2015 Management Incentive Plan Award		107,028				
<b>Benefits:</b>						
Additional Pension Benefit						131,265
Additional 401(k) Match						23,012
Insurance Continuation						86,318
Accelerated Vesting of Restricted Stock <sup>(8)</sup>		141,636			141,636	141,636
Estimated Amount of Excise Tax Gross Up						477,032
<b>Total</b>		248,664			141,636	1,783,542

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ESTIMATED PRESENT VALUE OF BENEFITS						
Name	Termination by the Company for any Reason other than Death, Disability, or Cause; or Voluntary Termination for Good Reason (without a Change of Control)	Termination of Service due to Death or Disability (with or without a Change of Control) <sup>(2)(3)</sup>	Termination by the Company for Cause; or Voluntary Termination other than for Good Reason or Retirement (without a Change of Control) <sup>(4)</sup>	Retirement (with or without a Change of Control) <sup>(2)(5)</sup>	Change of Control (without Adverse Employment Action) <sup>(2)</sup>	Change of Control (with Adverse Employment Action) <sup>(7)</sup>
(a)	(b)	(c)	(d)	(e)	(f)	(g)
<b>George E. Long, Jr. Compensation:</b>						
Severance						586,569
2015 Management Incentive Plan Award		100,169		100,169		
<b>Benefits:</b>						
Additional Pension Benefit						166,128
Additional 401(k) Match						15,530
Insurance Continuation						50,604
Accelerated Vesting of Restricted Stock <sup>(8)</sup>		141,636		141,636	141,636	141,636
Estimated Amount of Excise Tax Gross Up						296,113
<b>Total</b>		241,805		241,805	141,636	1,256,580

## NOTES:

- (1) Unless otherwise noted, the amounts shown are the estimated present value calculated using a discount rate of 4.30% and a discount factor of 2.50%. The total for this column was calculated by adding (i) the present value of two years base salary and two years Management Incentive Plan cash award; and (ii) the present value of two years medical, dental and life insurance continuation for the individual and his eligible dependents, including an amount that would reflect a gross up for tax purposes on the cost of such continued coverage. The form and amount of benefits that would be provided under the Retirement Plan and the SERP are disclosed in the Pension Benefits Table above.
- (2) The totals for these columns include payments of the 2015 Management Incentive Plan awards based on actual 2015 performance for participants whose employment with Unitil is assumed to have terminated due to death (all Named Executive Officers), disability (all Named Executive Officers) or retirement at or after attaining age 55 (Mr. Schoenberger, Mr. Collin and Mr. Long). The totals for

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these columns also include the value of all unvested restricted stock held pursuant to the Stock Plan, which would accelerate vesting upon the occurrence of the specific event. See footnote 8 for a discussion of how this value was calculated. The form and amount of benefits that would be provided under the Retirement Plan and the SERP are disclosed in the Pension Benefits Table above. The form or amount of any payment or benefit under the Retirement Plan and the SERP would not be enhanced in connection with (i) the individual's death or disability (without a change of control), or (ii) a change of control (without an adverse employment action).

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NOTES, continued:

- (3) In the event of death, the actuarial present value of benefits under the Retirement Plan would be decreased from the amounts shown in the Pension Benefits Table above to \$640,661 for Mr. Schoenberger, \$832,347 for Mr. Collin, \$419,560 for Mr. Meissner, \$278,819 for Mr. Black, and \$595,905 for Mr. Long. In the event of death, the actuarial present value of benefits under the SERP would be decreased from the amounts shown in the Pension Benefits Table above to \$2,597,663 for Mr. Schoenberger, \$286,705 for Mr. Collin, \$191,006 for Mr. Meissner, \$32,293 for Mr. Black, and \$267,449 for Mr. Long.
- (4) If the individual's employment is terminated by the Company for cause or due to a voluntary termination by the individual other than for good reason or retirement, the individual would not be entitled to any severance payments or other benefits and any unvested shares of restricted stock would be forfeited.
- (5) In the event of retirement, the actuarial present value of benefits under the Retirement Plan would be increased from the amounts shown in the Pension Benefits Table above to \$1,586,380 for Mr. Collin, and \$1,132,964 for Mr. Long. In the event of retirement, the actuarial present value of the benefit under the SERP would be increased from the amount shown in the Pension Benefits Table above to \$546,434 for Mr. Collin, and \$467,591 for Mr. Long.
- (6) In the event of retirement, the actuarial present value of benefits under both the Retirement Plan and the SERP would be unchanged from the amounts shown in the Pension Benefits Table above for Mr. Schoenberger because he has reached normal retirement age, 65.
- (7) Unless otherwise noted, the amounts shown are the estimated present value of change of control benefits (with an adverse employment action) and were calculated using a discount rate of 4.30% and a discount factor of 2.50%. The totals for column (g), Change of Control (with an adverse employment action) in the tables above were calculated by adding (i) the present value of three years (for Mr. Schoenberger, Mr. Collin and Mr. Black) or two years (for Mr. Meissner and Mr. Long) base salary and target Management Incentive Plan cash award; (ii) the present value of the benefit, in addition to the amount reflected in the Pension Benefit Table above, the individual would have received under the Retirement Plan and the SERP, based on an additional two or three years of service credit for eligibility and benefit purposes pursuant to the individual's Change of Control Agreement; (iii) the present value of contributions that would have been made by the Company under the 401(k) assuming two or three additional years of continued employment after the termination date pursuant to the individual's Change of Control Agreement; (iv) the value of all unvested restricted stock held (see footnote 8 for a discussion of how this value was calculated), which would accelerate upon the occurrence of the specified event; (v) the present value of two or three years' medical, dental and life insurance continuation for the individual and his eligible dependents, including an amount that would reflect a gross up for tax purposes on the cost of such continued coverage pursuant to the individual's Change of Control Agreement; and (vi) the estimated amount of excess parachute excise tax gross-up that is equal to the 20% excise tax (which excise tax is itself grossed up for taxes) on the amount of severance and other benefits payable on December 31, 2015 that exceeds the individual's average W-2 earnings for the years 2011 to 2015. The benefits provided under the Change of Control Agreements are payable in the form of a lump sum cash payment made from the general funds of the Company. The Company is not required to establish a special or separate fund or other segregation of assets to assure such payments. Each Change of Control Agreement also provides for continued participation in the Company's group medical, dental and life insurance plans for a period of two or three years, based on the term of the agreement, commencing with the month in which the termination occurs.
- (8) The amounts shown are equal to the total number of restricted shares that would have vested upon the occurrence of the specified event, multiplied by the closing stock price on the last business day of the year (December 31, 2015) of \$35.88.

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

A change of control is defined in the Change of Control Agreements and the SERP as:

- (i) any person, group, corporation or other entity becomes the beneficial owner, directly or indirectly, of 25% or more of the outstanding common stock of Unitil, as disclosed on a Schedule 13D filed with the SEC pursuant to Section 13(d) of the Exchange Act, as amended;

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- (ii) any person, group, corporation or other entity other than Unitil, or a wholly owned subsidiary of Unitil, purchases shares pursuant to a tender offer or exchange offer to acquire any common stock of Unitil for cash, securities or any other consideration, provided that after consummation of the offer, the person, group, corporation or other entity in question is the beneficial owner, directly or indirectly, of 25% or more of the outstanding common stock of Unitil;
- (iii) the shareholders of Unitil approve:
  - (a) any consolidation or merger of Unitil in which Unitil is not the surviving corporation, or pursuant to which shares of common stock of Unitil would be converted into cash, securities or other property (except where Unitil shareholders, before such transaction, will be the owners of more than 75% of all classes of voting stock of the surviving entity), or
  - (b) any sale, lease, exchange or other transfer of all or substantially all the assets of Unitil; or
- (iv) there shall have been a change in a majority of the members of the Board of Unitil within a 25-month period unless the election or nomination for election by the Company's shareholders of each new Director was approved by the vote of two-thirds of the Directors then still in office who were in office at the beginning of the 25-month period.

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

Cause is defined in the Change in Control Agreements as the occurrence of any of the following events:

- (i) the employee's conviction for the commission of a felony; or
- (ii) the employee's fraud or dishonesty which has resulted or is likely to result in material economic damage to the company or any of its subsidiaries, as determined in good faith by the Directors of the Company at a meeting of the Board at which the employee is provided an opportunity to be heard.

Good reason is defined in the Change of Control Agreements as:

- (i) a material diminution in the employee's base compensation;

- (ii) a material diminution in the employee's authority, duties or responsibilities;
- (iii) a material diminution in the authority, duties or responsibilities of the supervisor to whom the employee is required to report, including, if the employee reports directly to the Board, a requirement that the employee report to a corporate officer or employee instead of reporting directly to the Board;
- (iv) a material diminution in the budget over which the employee retains authority;

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- (v) a material change in the geographic location at which the employee must perform services, which the Company has determined to include a change in the employee's principal place of employment by the Company from the location of the Company's principal place of business immediately prior to the date that the Change of Control Agreement becomes effective to a location more than 50 miles from such principal place of business; or
- (vi) any other action that constitutes a material breach by the Company of the Change of Control Agreement.

None of the events listed above will constitute "good reason" unless the employee has given written notice to the Company, specifying the event relied upon for such termination within 90 days after the occurrence of the event and the Company has not remedied the event within 30 days of receipt of the notice.

A change of control is defined in the Stock Plan as:

- (i) any person, group, corporation or other entity becomes the beneficial owner, directly or indirectly, of 25% or more of the outstanding common stock of Unitil, as disclosed on a Schedule 13D filed with the SEC pursuant to Section 13(d) of the Exchange Act, as amended;
- (ii) any person, group, corporation or other entity other than Unitil, or a wholly owned subsidiary of Unitil, purchases shares pursuant to a tender offer or exchange offer to acquire any common stock of Unitil for cash, securities or any other consideration, provided that after consummation of the offer, the person, group, corporation or other entity in question is the beneficial owner, directly or indirectly, of 25% or more of the outstanding common stock of Unitil;
- (iii) consummation of a transaction that involves:
  - (a) any consolidation or merger of Unitil in which Unitil is not the surviving corporation, or pursuant to which shares of common stock of Unitil would be converted into cash, securities or other property (except where Unitil shareholders, before such transaction, will be the owners of more than 75% of all classes of voting stock of the surviving entity), or
  - (b) any sale, lease, exchange or other transfer of all or substantially all the assets of Unitil; or
- (iv) there shall have been a change in a majority of the members of the Board of Unitil within a 25-month period unless the election or nomination for election by the Company's shareholders of each new Director was approved by the vote of two-thirds of the Directors then still in office who were in office at the beginning of the 25-month period.



**Chief Executive Officer Employment Agreement**

Mr. Schoenberger's Employment Agreement provides that (i) it does not affect Mr. Schoenberger's rights or obligations under the Severance Agreement dated June 30, 2008 ( Mr. Schoenberger's Change of Control Agreement ) and (ii) as long as Mr. Schoenberger's

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

Under the terms of the Employment Agreement, the Company may terminate Mr. Schoenberger's employment for any reason. If Mr. Schoenberger's employment is terminated by the Company during the term of the Employment Agreement for any reason other than death, disability or cause, or if Mr. Schoenberger terminates his employment with good reason, then the Company shall pay Mr. Schoenberger (i) all accrued and unpaid salary, bonus and expense reimbursements, (ii) a lump sum cash payment equal to the present value of 24 monthly payments of base salary (as in effect at the time of termination), (iii) a lump sum cash payment equal to the present value of two annual bonus payments (assuming each bonus payment is an amount equal to the average of the annual bonus amounts received by Mr. Schoenberger in the two calendar years preceding the year of termination), and (iv) a lump sum cash amount equal to the present value of the cost that the Company would have incurred to provide group medical, dental and life insurance coverage to Mr. Schoenberger and his eligible dependents for two years (grossed up for tax purposes). As of December 31, 2015, (i) the estimated amount of the lump sum payments relating to base salary and bonus was \$1,876,201 and (ii) the estimated amount of lump sum payments relating to group medical, dental and insurance coverage was \$49,882.

Cause is defined under the Employment Agreement as:

- (i) the failure by the executive to substantially perform his duties under the Employment Agreement other than due to his incapacity or physical or mental illness;
- (ii) the willful violation by the executive of any of his material obligations under the Employment Agreement;
- (iii) the willful engaging by the executive in misconduct which is materially injurious to the business or reputation of the Company or any of its affiliates; or
- (iv) the executive's conviction of a felony.

Good reason is defined under the Employment Agreement as:

- (i) a material diminution in the executive's authority, duties or responsibilities or the Company requiring the executive to report to a corporate officer or employee rather than reporting directly to the Board;

- (ii) a material change in the geographic location at which the executive must perform services, which the Company has determined to include a change in the executive's principal place of employment by the Company from the location of the Company's principal place of business on the date of the Employment Agreement to a location more than 50 miles from such principal place of business;

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- (iii) a material diminution in the executive's base compensation; or
- (iv) any other action or inaction that constitutes a material breach by the Company of the Employment Agreement.

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

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

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

### **Risk and Broad-Based Compensation Programs**

After review and evaluation of the Company's compensation policies and practices, including the annual incentive award performance metrics, variable and non-variable pay mix, and limited non-performance payouts, the Compensation Committee determined, and management agreed, that the risks arising from the Company's compensation policies and practices are not likely to have a material adverse effect on the Company because (a) the Company's compensation program is designed to be balanced and not motivate imprudent or excessive risk-taking by Executive Officers or other employees, (b) the Company does not use incentives that encourage short-term, high-risk strategies at the expense of long-term performance and value, (c) the Compensation Committee has significant discretion in its determination of incentive compensation awards, (d) the Compensation Committee considers distinct quantitative factors with regard to incentive compensation, (e) the Compensation Committee considers qualitative factors, such as the difficulty of achieving goals and challenges faced during the year, to encourage employees and Executive Officers to consider and balance all aspects of the Company's Strategic Plan, both short- and long-term, and (f) the variable and non-variable pay mix is proportionally weighted for Executive Officers and all employees.



**Table of Contents****Compensation of Directors**

The following table shows the compensation received by the members of the Board in 2015.

DIRECTORS COMPENSATION							Change in
Name <sup>(1)</sup>	Fees Earned or Paid in Cash	Stock Awards (2)	Option Awards (3)	Non- Equity Incentive Plan Compen- sation (3)	Deferred Compen- sation Earnings (4)	Pension Value & Non- qualified Deferred Compen- sation All Other Compen- sation	Total
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
Robert V. Antonucci <sup>(6)</sup>	60,000	51,996				498	112,494
David P. Brownell <sup>(7)</sup>	68,000	51,996				498	120,494
Lisa Crutchfield <sup>(8)</sup>	62,000	51,996				498	114,494
Albert H. Elfner, III <sup>(9)</sup>	71,000	51,996				498	123,494
Edward F. Godfrey <sup>(10)</sup>	66,000	51,996				498	118,494
Michael B. Green <sup>(11)</sup>	65,000	51,996				498	117,494
Eben S. Moulton <sup>(12)</sup>	68,000	51,996				498	120,494
M. Brian O Shaughnessy <sup>(13)</sup>	63,000	51,996				498	115,494
Robert G. Schoenberger <sup>(14)</sup>							
Sarah P. Voll <sup>(15)</sup>	60,000	51,850				497	112,347
David A. Whiteley <sup>(16)</sup>	63,000	51,996				498	115,494

## NOTES:

- (1) With the exception of Mr. Schoenberger, no member of the Board had any unvested stock awards or unexercised option awards outstanding as of December 31, 2015. Mr. Schoenberger's unvested stock awards are reflected in the Outstanding Equity Awards at Fiscal Year End Table, which is in the section entitled *Compensation of Named Executive Officers*.
- (2) Stock awards are the stock-based component of the annual retainer for Board service. The amount reflected is the weighted average cash equivalent value of 1,419 shares of common stock or 1,423 RSUs, as elected by each Director, which is the grant date fair value calculated in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718. RSUs are granted to the Directors who have elected to receive RSUs in lieu of common stock as the stock-based component of the annual retainer for Board service. RSUs will settle as 70% stock and 30% cash upon retirement or other separation from the Board.

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- (3) Members of the Board did not receive option awards and, with the exception of Mr. Schoenberger, did not participate in any non-equity incentive compensation plans. Mr. Schoenberger's non-equity compensation is reflected in the Summary Compensation Table, which is in the section entitled *Compensation of Named Executive Officers*.
- (4) With the exception of Mr. Schoenberger, members of the Board are not eligible to participate in the Unitil Corporation Retirement Plan. Mr. Schoenberger's change in pension value is reflected in the Summary Compensation Table, which is in the section entitled *Compensation of Named Executive Officers*. The Company does not have a nonqualified deferred compensation plan.
- (5) All other compensation includes dividends paid in 2015 on common stock, or dividend equivalents paid in 2015 on RSUs, in connection with the stock-based component of the annual retainer for Board service in 2015.
- (6) Dr. Antonucci is a member of the Audit Committee. Dr. Antonucci's stock award consists of 1,423 RSUs.
- (7) Mr. Brownell is a member of the Compensation Committee and the chairman of the Nominating and Governance Committee. Mr. Brownell's stock award consists of 1,423 RSUs.
- (8) Ms. Crutchfield is a member of the Compensation Committee and the Pension Committee. Ms. Crutchfield's stock award consists of 1,423 RSUs.

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NOTES, continued:

- (9) Mr. Elfner is the chairman of the Executive Committee and a member of the Nominating and Governance Committee. Mr. Elfner also serves on the Pension Committee. Mr. Elfner's stock award consists of 1,423 RSUs.
- (10) Mr. Godfrey is a member of both the Audit Committee and the Executive Committee. Mr. Godfrey's stock award consists of 1,423 RSUs.
- (11) Mr. Green is the chairman of the Audit Committee. Mr. Green's stock award consists of 1,423 RSUs.
- (12) Mr. Moulton is the chairman of the Compensation Committee and a member of the Executive Committee. Mr. Moulton's stock award consists of 1,423 RSUs.
- (13) Mr. O'Shaughnessy is a member of both the Executive Committee and the Nominating and Governance Committee. Mr. O'Shaughnessy's stock award consists of 1,423 RSUs.
- (14) As chairman of the Board, CEO and president of the Company, Mr. Schoenberger receives no separate compensation in the form of retainer fees for his service on the Board of Unitil or any subsidiary company. Mr. Schoenberger's compensation is reflected in the Summary Compensation Table, which is in the section entitled *Compensation of Named Executive Officers*.
- (15) Dr. Voll is a member of the Compensation Committee. Dr. Voll's stock award consists of 1,419 shares of common stock.
- (16) Mr. Whiteley is a member of the Audit Committee and the Nominating and Governance Committee. Mr. Whiteley's stock award consists of 1,423 RSUs.

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

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

will be 100% vested when granted;

generally will be settled by payment to the Director as soon as practicable following the Director's separation from service to the Company;

will be paid such that the Director will receive (i) 70% of the shares of the Company's common stock underlying the RSUs and (ii) cash in an amount equal to the fair market value of 30% of the shares of the Company's common stock underlying the RSUs; and

may not be sold, assigned, transferred, pledged or otherwise disposed of or encumbered by a Director.

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



settlement.

In October 2014, the Nominating and Governance Committee concluded a review of Directors' compensation using compensation information data that, at the committee's request, was prepared by management using the Equilar Insight executive compensation benchmarking software platform. The data provided included information regarding the 25<sup>th</sup> percentile of Unitil's 2014 compensation peer group. Consistent with the Committee's guideline, the 25<sup>th</sup> percentile of Unitil's compensation peer group was targeted as a benchmark for Directors' compensation, including the stock-based component thereof. The Director's compensation information showed that annual Directors' compensation was slightly below the 25<sup>th</sup> percentile of Unitil's peer group. Based on the

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information provided, the Committee recommended an increase in the cash component of Directors' compensation to \$57,000, and an increase in the stock-based component of Directors' compensation to \$52,000 for each member of the Board who is not an officer of Unitil or any of its subsidiaries, effective January 1, 2015 for the 2015 compensation year. This recommendation was approved by the Board on January 26, 2015.

In October 2015, the Nominating and Governance Committee reviewed Directors' compensation for the 2016 compensation year using compensation information data that, at the committee's request, was prepared by management using Main Data Group's Snapshot Data executive compensation benchmarking software platform, as well as the Equilar Insight executive compensation benchmarking software platform. Using the same methodology as was used in the 2014 review, and based on the information provided, the Committee determined that Directors' annual compensation was within the 25<sup>th</sup> percentile of the peer group. Therefore, the Committee concluded that the current compensation structure previously approved by the Board and in place for the 2015 compensation year remained reasonable and sufficient to attract high-quality new Board members, and no change to Directors' compensation was recommended for the 2016 compensation year.

In 2015, members of the Board who were not officers of Unitil or any of its subsidiaries were paid an annual cash retainer fee of \$57,000, which was paid in quarterly installments. In addition, non-chair members of the Audit Committee, Compensation Committee, Executive Committee, and Nominating and Governance Committee (the Committees) received an annual cash retainer fee of \$3,000, also paid quarterly. The chairs of the Committees each received an annual cash retainer fee of \$8,000, paid quarterly. In 2015, the stock-based compensation component was \$52,000 for each such member of the Board. For such members of the Board who elected to receive common stock as the stock-based component of the annual retainer, \$52,000 for each applicable Board member was used to purchase the equivalent number of shares, rounded up to the nearest whole share, of Unitil common stock on the open market on October 1, 2015, as approved by the Board. For members of the Board who elected to receive RSUs in lieu of common stock as the stock-based component of the annual retainer, the number of RSUs to provide to each applicable Board member was calculated by dividing \$52,000 by the closing market price of Unitil common stock on October 1, 2015, rounded up to the nearest whole share, pursuant to the terms and conditions of the Stock Plan, and as approved by the Board.

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

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## **Proposal 1: Election of Directors**

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

In addition to meeting or exceeding the general qualifications outlined in the section entitled *Corporate Governance and Policies of the Board Qualifications and Skills of Directors*, the Directors of the Company are listed below with the specific qualifications, skills or attributes that make them qualified to serve, or continue to serve, on the Board.

### **Information About Nominees for Director**

Ms. Crutchfield, Mr. Godfrey, Mr. Moulton, and Mr. Whiteley are standing for election to the Board this year upon the recommendation of the members of the Nominating and Governance Committee and the approval of the Board. Each nominee has been a member of the Board since the date indicated below and, except as otherwise noted, each nominee has held his or her present position (or another executive position with the same employer) for more than the past ten years.

Proxies will be voted for the persons whose names are set forth below unless instructed otherwise. If any nominee shall be unable to serve, the proxies will be voted for such person as may be designated by the Board to replace that nominee. Each of the nominees has consented to being named in this proxy statement and to serve if elected.

**Table of Contents****Nominees for Director Terms of Office to Expire in the Year 2019**

	<b>Individual Qualifications</b>
<p><b>Lisa Crutchfield, Age 52</b></p> <p>Ms. Crutchfield has been a member of Unitil's Board of Directors since December 2012. Ms. Crutchfield served as executive vice president of regulation and pricing for National Grid USA (National Grid), an international electric and gas company in Waltham, Massachusetts, from November 2008 to July 2011. Prior to joining National Grid, Ms. Crutchfield served as senior vice president for regulatory and external affairs for PECO Energy Company, an Exelon Corporation company, located in Philadelphia, Pennsylvania from 2003 until October 2008, and vice president of energy policy and strategy for Duke Energy Corporation in Charlotte, North Carolina from 1997 until 2000. Ms. Crutchfield also served as Vice Chairman of the Pennsylvania Public Utilities Commission from 1993 until 1997. Since June 2014, Ms. Crutchfield also serves on the board of directors of Fulton Financial Corporation located in Lancaster, Pennsylvania.</p>	<p>Utility industry experience; utility regulation strategy expertise; former vice chair - Pennsylvania Public Utility Commission; utility regulation policy and market economics insight; proven leadership</p>
<p><b>Edward F. Godfrey, Age 66</b></p> <p>Mr. Godfrey has been a member of Unitil's Board of Directors since January 2002. Mr. Godfrey was the executive vice president and chief operating officer of Keystone Investments, Incorporated (Keystone), Boston, Massachusetts, from 1997 until 1998. Mr. Godfrey was senior vice president, chief financial officer and treasurer of Keystone from 1988 until 1996. Mr. Godfrey has also been a director of Vector Fleet Management, LLC, Charlotte, North Carolina, since 2006.</p>	<p>Financial expertise; financial industry experience; Audit Committee financial expert; proven leadership; tenure on the Board</p>
<p><b>Eben S. Moulton, Age 69</b></p> <p>Mr. Moulton has been a member of Unitil's Board of Directors since March 2000. Mr. Moulton has been the managing partner of Seacoast Capital Corporation (a private investment company), of Danvers, Massachusetts, since 1995. Mr. Moulton also serves as a director of several private companies.</p>	<p>Business, financial and energy industry expertise; proven leadership; tenure on the Board</p>
<p><b>David A. Whiteley, Age 59</b></p> <p>Mr. Whiteley has been a member of Unitil's Board of Directors since December 2012. Mr. Whiteley has been the owner of Whiteley BPS Planning Ventures LLC, St. Louis, Missouri, a private consulting firm specializing in utility planning, operations, and management, since 2009. He has also served as the executive director of the Eastern Interconnection Planning Collaborative since 2011. Mr. Whiteley served as an executive vice-president of the North American Electric Reliability Corporation from 2007 to 2009. Prior to that, Mr. Whiteley served as senior vice president Energy Delivery Services for Ameren Corporation, a multi-state electric and gas utility, headquartered in St. Louis, Missouri from 2005 to 2007 and as senior vice president Energy Delivery, from 2003 to 2005. Mr. Whiteley started his employment at Ameren Corporation's predecessor, Union Electric Company, in 1978. Mr. Whiteley is a registered professional engineer in the states of Missouri and Illinois.</p>	<p>Utility industry experience; utility operations and energy delivery expertise; Registered Professional Engineer; electric utility reliability standards public policy insight; proven leadership</p>

***The Board recommends that the shareholders vote FOR each of the nominees named above.***

**Table of Contents****Information About Directors Whose Terms of Office Continue Until 2017 or 2018**

	<b>Individual Qualifications</b>
<p><b>Robert V. Antonucci, Age 70</b>  Dr. Antonucci has been a member of Unitil's Board of Directors since December 2004, and his current term will expire in 2017. Dr. Antonucci retired from Fitchburg State University ( FSU ) in Fitchburg, Massachusetts in June 2015, where he served as president since 2003. Post retirement, Dr. Antonucci was named president-emeritus of FSU. Prior to his employment with FSU, Dr. Antonucci was president of the School Group of Riverdeep, Inc., San Francisco, California, from 2001 until 2003 and president and chief executive officer of Harcourt Learning Direct and Harcourt Online College, Chestnut Hill, Massachusetts from 1998 until 2001. Dr. Antonucci also served as the commissioner of education for the Commonwealth of Massachusetts from 1992 until 1998. In addition, Dr. Antonucci also serves as a director of the Reliant Medical Group, chair of the board of the National Graduate School, a director of the Falmouth Road Race, Inc. and a director of the North Central Massachusetts United Way.</p>	<p>Business and education industry expertise; community and public policy insight; Audit Committee financial expert; Proven leadership; tenure on the Board</p>
<p><b>David P. Brownell, Age 72</b>  Mr. Brownell has been a member of Unitil's Board of Directors since June 2001, and his current term will expire in 2017. Mr. Brownell has been a retired senior vice president of Tyco International Ltd. ( Tyco ) (a diversified global manufacturing and service company), Portsmouth, New Hampshire, since 2003. Mr. Brownell had been with Tyco since 1984. Mr. Brownell is a former member of the board of the University of New Hampshire ( UNH ) Foundation. Mr. Brownell was also interim president of the UNH Foundation, former vice chairman of the board of the UNH Foundation, former volunteer board president of the United Way of the Greater Seacoast (New Hampshire), former vice chairman of the board of Exeter Health Resources and a former board member of the New Hampshire Junior Achievement Advisory Council.</p>	<p>Multinational business experience; investor relations and marketing expertise; proven leadership; tenure on the Board</p>
<p><b>Albert H. Elfner, III, Age 71</b>  Mr. Elfner has been a member of Unitil's Board of Directors since January 1999, and his current term will expire in 2017. Mr. Elfner was the chairman of Evergreen Investment Management Company, Boston, Massachusetts, from 1994 until 1999 and its chief executive officer from 1995 until 1999. Prior to 1994, Mr. Elfner held various senior management positions at Keystone Investments, Incorporated ( Keystone ), Boston, Massachusetts. Mr. Elfner also currently serves as a director of Main Street America Insurance Company ( Main Street ), Jacksonville, Florida, as well as chairman of the Main Street audit committee. Mr. Elfner is also a Chartered Financial Analyst.</p>	<p>Chartered financial analyst; financial industry expertise; proven leadership; corporate governance expertise; tenure on the Board</p>
<p><b>Michael B. Green, Age 66</b>  Mr. Green has been a member of Unitil's Board of Directors since June 2001, and his current term will expire in 2017. Mr. Green served as the president and chief executive officer of Capital Region Health Care and Concord Hospital, Concord, New Hampshire, from 1992 until his retirement in January 2014. In addition, Mr. Green currently serves as a director of Concord General Mutual Insurance Company, including membership on the executive and governance committees, and chair of the audit committee; a director of New Hampshire Mutual Bancorp including membership on the investment and compensation committees; and as vice chairman of Merrimack County Savings Bank, including membership on the investment and audit committees, and chair of the compensation committee. Mr. Green formerly served on the board of the Foundation for Healthy Communities.</p>	<p>Business and healthcare industry expertise; Audit Committee financial expert; proven leadership; tenure on the Board</p>
<p><b>M. Brian O Shaughnessy, Age 73</b>  Mr. O Shaughnessy has been a member of Unitil's Board of Directors since September 1998, and his current term will expire in 2017. Mr. O Shaughnessy has been the chairman of the board of Revere Copper Products, Inc. ( Revere ), Rome, New York, since 1989. Mr. O Shaughnessy also served as chief executive officer and president of Revere from 1988 until 2007. Mr. O Shaughnessy also serves on the board of directors of three copper industry trade associations, three manufacturing associations in New York State regarding energy-related issues, the Economic Development Growth Enterprise of the Mohawk Valley and the Coalition for a Prosperous America ( CPA ). Mr. O Shaughnessy is the chief co-chair of CPA.</p>	<p>Manufacturing, mining and energy industry expertise; proven leadership; business and public policy insight; tenure on the Board</p>

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**Individual Qualifications**

**Robert G. Schoenberger, Age 65**

Mr. Schoenberger has been Unitil's Chairman of the Board of Directors since October 1997, and his current term will expire in 2018. Mr. Schoenberger has also served as Unitil's Chief Executive Officer since 1997 and as President since 2003. Prior to his employment with Unitil, Mr. Schoenberger was president and chief operating officer of the New York Power Authority from 1993 until 1997. Mr. Schoenberger also served as chairman and trustee of Exeter Health Resources, Exeter, New Hampshire, from 1998 until 2009, and again as trustee and a member of the executive committee since 2012. Mr. Schoenberger also serves as a director of the Edison Electric Institute since 2012. Mr. Schoenberger also served as a director of Satcon Technology Corporation, Boston, Massachusetts (a company that developed innovative power conversion solutions for the renewable power industry) from 2007 until 2013.

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

**Sarah P. Voll, Age 73**

Dr. Voll has been a member of Unitil's Board of Directors since January 2003, and her current term will expire in 2018. Dr. Voll retired in 2010 as special consultant from National Economic Research Associates, Inc. (NERA), Washington, District of Columbia. Dr. Voll had been with NERA in the position of vice president since 1999, and in the position of senior consultant from 1996 until 1999. Prior to her employment with NERA, Dr. Voll was a staff member at the New Hampshire Public Utilities Commission from 1980 until 1996.

Utility regulation expertise; proven leadership; former chief economist and

executive director New

Hampshire Public Utilities

Commission; well-published consultant to utility and regulatory organizations worldwide; tenure on the Board

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## **Proposal 2: Ratification of Selection of Deloitte & Touche LLP, as Independent Registered Public Accounting Firm for 2016**

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

Based on this review, the Audit Committee has appointed Deloitte & Touche LLP ( Deloitte ), which has served as the Company's independent registered public accounting firm since 2014, as the independent registered public accounting firm to perform annual audit and quarterly review services for fiscal year 2016. Although shareholder approval is not required for the appointment of Deloitte, the Board and the Audit Committee have determined that it would be desirable as a good corporate governance practice to request shareholders to ratify the selection of Deloitte. Ratification requires the affirmative vote of a majority of the shares entitled to vote on, and voted for or against, the matter, represented in person or by proxy at the Annual Meeting. If the shareholders do not ratify the appointment, the Audit Committee may reconsider the appointment. Even if the appointment is ratified, the Audit Committee, in its discretion, may select a different independent registered public accounting firm if it subsequently determines that such a change would be in the best interest of the Company and its shareholders.

In 2013, in conjunction with the annual review process, the Audit Committee issued a Request For Proposal and conducted a selection process in order to retain an independent registered public accounting firm to perform annual audit and quarterly review services for fiscal year 2014. As a result of this process, the Audit Committee chose, and on January 29, 2014 the Company engaged, Deloitte to serve as the Company's independent registered public accounting firm beginning with fiscal year 2014. Deloitte was selected from among a number of firms, including RSM US LLP (formerly, McGladrey LLP) ( RSM ), that were invited to submit proposals.

During the fiscal years ended December 31, 2012 and December 31, 2013, and through January 29, 2014, the Company did not consult with Deloitte regarding either (i) the application of accounting principles to a specified transaction, either completed or proposed; or the type of audit opinion that might be rendered on the Company's financial statements, and neither a written report was provided to the Company or oral advice was provided that Deloitte concluded was an important factor considered by the Company in reaching a decision as to the accounting, auditing or financial reporting issue; or (ii) any matter that was either the subject of a disagreement (as defined in Item 304(a)(1)(iv) of Regulation S-K and the related instructions to such item) or a reportable event (as described in Item 304(a)(1)(v) of Regulation S-K).

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On September 25, 2013, the Company informed RSM of the Audit Committee's decision to dismiss RSM as the Company's independent registered public accounting firm effective upon completion of its audit of the Company's financial statements for the year ended December 31, 2013 and the filing by the Company of its Annual Report on Form 10-K for the year ended December 31, 2013. On January 29, 2014, the Company's dismissal of RSM as the Company's independent registered public accounting firm became effective.



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The audit reports of RSM on the Company's financial statements for the fiscal years ended December 31, 2012 and 2013 contained no adverse opinion or disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope, or accounting principles.

During the fiscal years ended December 31, 2012 and 2013 and through January 29, 2014, there were (i) no disagreements with RSM on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of RSM, would have caused RSM to make reference to the subject matter of the disagreements in connection with its reports on the Company's financial statements for such years and (ii) no reportable events (as defined in Item 304(a)(1)(v) of the Securities and Exchange Commission's (SEC) Regulation S-K).

Representatives of RSM will not be present at the Annual Meeting.

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

***The Board and the Audit Committee recommend a vote FOR the ratification of the selection and appointment of Deloitte & Touche LLP.***

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## Other Matters to Come Before the Meeting

The Board does not intend to bring before the Annual Meeting any matters other than those described above and knows of no other matters that may properly come before the Annual Meeting. If any other matter properly comes before the Annual Meeting, it is the intention of the persons named in the accompanying form of proxy to vote the shares represented by such proxy in accordance with their judgment on such matter. Discretionary authority with respect to such other matters is granted by the execution of the enclosed proxy or the submission of a proxy via the Internet.

### Shareholder Proposals

Any proposal submitted by a shareholder of Unitil for inclusion in the proxy material for Unitil's 2017 annual meeting of shareholders must be received by Unitil at its corporate headquarters by November 14, 2016.

Unitil's Bylaws provide that any proposal or director nomination submitted by a shareholder of Unitil for consideration at Unitil's 2017 annual meeting of shareholders must be received by Unitil at its corporate headquarters not earlier than December 21, 2016 and not later than January 20, 2017. However, if the date of Unitil's 2017 annual meeting of shareholders is not within 30 days of April 20, 2017, then the proposal or director nomination must be received not later than the close of business on the tenth day following the earlier of (i) the day on which notice of the date of Unitil's 2017 annual meeting of shareholders was mailed and (ii) the day on which public disclosure of the date of Unitil's 2017 annual meeting of shareholders was made. The proposal or director nomination also must comply with the other requirements set forth in Unitil's Bylaws.

### Solicitation of Proxies

The Company anticipates first mailing definitive copies of this proxy statement on or about March 14, 2016. Unitil is asking for your proxy and will pay all of the costs associated with asking for shareholders' proxies for the 2016 Annual Meeting. In addition to the use of the mail, proxies may be solicited by the Directors, officers and employees of Unitil by personal interview, telephone or otherwise. Directors, officers and employees will not be additionally compensated, but may be reimbursed for out-of-pocket expenses in connection with solicitation. Arrangements also will be made with brokerage houses and other custodians, nominees and fiduciaries for the forwarding of solicitation material to Street Name Holders, and Unitil will reimburse custodians, nominees and fiduciaries for reasonable out-of-pocket expenses in connection with the forwarding of solicitation material. Unitil has also retained Alliance Advisors, LLC to assist in the solicitation of proxies and will bear all reasonable solicitation fees and expenses associated with such retention at an estimated fee of \$15,000 plus reasonable out-of-pocket expenses, of which approximately \$9,500 has been incurred as of the date hereof. Alliance Advisors, LLC and certain related persons will

be indemnified against certain liabilities arising out of or in connection with the engagement.

*Unitil will furnish without charge to any shareholder or other interested party a copy of its annual report on Form 10-K, including financial statements and schedules thereto, required to be filed with the SEC for the fiscal year 2015, upon request to Mark H. Collin, senior vice president, chief financial officer and treasurer, Unitil Corporation, 6 Liberty Lane West, Hampton, NH 03842-1720; or to [InvestorRelations@unitil.com](mailto:InvestorRelations@unitil.com).*

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**Admission Ticket**

**Electronic Voting Instructions**

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

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

VALIDATION DETAILS ARE LOCATED BELOW IN THE TITLE BAR.

**Proxies submitted by the Internet must be received by 1:00 a.m., EST, on April 20, 2016.**

**Vote by Internet**

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

Or scan the QR code with your smartphone

Follow the steps outlined on the secure website

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

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

**Proposals** The Board recommends a vote **FOR** all nominees in Proposal 1, and **FOR** Proposal 2.

Election of Directors: **For Withhold**

**For Withhold**

**For Withhold**

01 - Lisa Crutchfield     "     "                   02 - Edward F. Godfrey     "     "                   03 - Eben S. Moulton     "     "  
04 - David A. Whiteley     "     "

**For   Against   Abstain**

2. To ratify the selection of independent  
registered public accounting firm, Deloitte &     "     "     "  
Touche LLP, for fiscal year 2016.

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

**Non-Voting Items**

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

**Meeting Attendance** ..

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

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

Date (mm/dd/yyyy) Please print date Signature 1 Please keep signature Signature 2 Please keep signature  
below. within the box. within the box.

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**Unitil Corporation**

**2016 Annual Meeting of Shareholders**

**Wednesday, April 20, 2016 at 11:30 A.M.**

**6 Liberty Lane West**

**Hampton, New Hampshire**

Dear Shareholder:

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

Your proxy must be submitted either in writing on the attached card or via the Internet prior to the Annual Meeting of Shareholders on April 20, 2016, unless you plan to vote in person at the meeting. Thank you in advance for your prompt consideration.

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

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

**Proxy Unitil Corporation**

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

The undersigned, revoking all previous proxies, hereby appoints MARK H. COLLIN and ROBERT G. SCHOENBERGER, and each of them, proxies with power of substitution to each, to vote for the undersigned at the Annual Meeting of Shareholders of Unitil Corporation (the Company) to be held at the office of the Company, 6 Liberty Lane West, Hampton, New Hampshire on Wednesday, April 20, 2016, at 11:30 A.M., and at any and all

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

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

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



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

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