

ENTERPRISE FINANCIAL SERVICES CORP
Form DEF 14A
March 26, 2013

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

SCHEDULE 14A

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

Filed by the Registrant [X]
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))
- [X] Definitive Proxy Statement
- [] Definitive Additional Materials
- [] Soliciting Material Under Rule 14a-12

ENTERPRISE FINANCIAL SERVICES CORP
(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- [X] No fee required.
- [] Fee computed on table below per Exchange Act Rules
14a-6(i)(4) 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:

ENTERPRISE FINANCIAL SERVICES CORP

150 NORTH MERAMEC
CLAYTON, MISSOURI 63105

NOTICE OF 2013 ANNUAL MEETING OF STOCKHOLDERS

The Annual Meeting of Stockholders of Enterprise Financial Services Corp will be held at the Donald Danforth Plant Science Center, 975 North Warson Road, St. Louis, MO 63132 on Wednesday, May 8, 2013, at 4:00 p.m. local time, for the following purposes:

1. The election of 12 directors to hold office until the next Annual Meeting of Stockholders or until their successors are elected and have qualified.
2. Proposal A, ratification of the selection of Deloitte & Touche LLP as independent registered public accounting firm.
3. Proposal B, an advisory (non-binding) vote to approve our executive compensation, as disclosed in this proxy statement.
4. Proposal C, an advisory (non-binding) vote on the frequency of the advisory vote on executive compensation.
5. Proposal D, approval of the 2013 Stock Incentive Plan.

The Board of Directors has fixed the close of business on March 15, 2013 as the record date for the determination of stockholders entitled to notice of and to vote at the meeting.

It is important that your shares be represented and voted at the meeting. You have three options for voting your shares:

1. vote via the Internet,
2. vote via the telephone or
3. complete and return the proxy card sent to you.

For Internet or telephone voting, instructions are printed on the proxy card sent to you. You can revoke a proxy at any time prior to its exercise at the meeting by following the instructions in the accompanying proxy statement.

By Order of the Board of Directors,

Noel J. Bortle, Secretary
Clayton, Missouri
March 26, 2013

TABLE OF CONTENTS

	Page
PROXY STATEMENT	<u>1</u>
QUESTIONS ABOUT THE MEETING AND THESE PROXY MATERIALS	<u>1</u>
ELECTION OF DIRECTORS	<u>4</u>
BOARD AND COMMITTEE INFORMATION	<u>6</u>
DIRECTOR COMPENSATION	<u>7</u>
EXECUTIVE COMMITTEE	<u>7</u>
AUDIT COMMITTEE	<u>8</u>
NOMINATING AND CORPORATE GOVERNANCE COMMITTEE	<u>8</u>
COMPENSATION COMMITTEE	<u>9</u>
EXECUTIVE COMPENSATION	<u>10</u>
COMPENSATION DISCUSSION AND ANALYSIS	<u>10</u>
COMPENSATION COMMITTEE REPORT	<u>17</u>
SEVERANCE AND CHANGE IN CONTROL BENEFITS	<u>19</u>
EXECUTIVE EMPLOYMENT AGREEMENTS	<u>19</u>
SUMMARY COMPENSATION TABLE	<u>21</u>
ALL OTHER COMPENSATION - SUPPLEMENTAL TABLE	<u>22</u>
GRANTS OF PLAN-BASED AWARDS	<u>23</u>
OUTSTANDING EQUITY AWARDS AT FISCAL YEAR END	<u>24</u>
OPTION EXERCISES AND STOCK VESTED	<u>25</u>
NONQUALIFIED DEFERRED COMPENSATION PLANS	<u>25</u>
POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL	<u>26</u>
EQUITY COMPENSATION PLAN INFORMATION	<u>26</u>
COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION	<u>26</u>
PROPOSAL A – RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM	<u>26</u>
PROPOSAL B – ADVISORY (NON-BINDING) APPROVAL OF EXECUTIVE COMPENSATION	<u>26</u>
PROPOSAL C – ADVISORY (NON-BINDING) VOTE ON FREQUENCY OF SAY-ON-PAY VOTES	<u>27</u>
PROPOSAL D – APPROVAL OF THE 2013 STOCK INCENTIVE PLAN	<u>27</u>
INFORMATION REGARDING BENEFICIAL OWNERSHIP	<u>32</u>
RELATED PERSON TRANSACTIONS	<u>34</u>
AUDIT COMMITTEE REPORT	<u>35</u>
FEE PAID TO INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM	<u>36</u>
PROPOSALS OF STOCKHOLDERS	<u>36</u>
OTHER MATTERS	<u>37</u>
ADDITIONAL INFORMATION	<u>37</u>
APPENDIX A - EFSC 2013 STOCK INCENTIVE PLAN	<u>38</u>

ENTERPRISE FINANCIAL SERVICES CORP

150 NORTH MERAMEC

CLAYTON, MISSOURI 63105

PROXY STATEMENT

These proxy materials are delivered by the Board of Directors of Enterprise Financial Services Corp (the “Company” or “EFSC”), in connection with the solicitation of proxies to be voted at the 2013 Annual Meeting of Stockholders or any adjournment or postponement thereof. The meeting will be held at the Donald Danforth Plant Science Center, 975 North Warson Road, St. Louis, MO 63132 on Wednesday, May 8, 2013 at 4:00 p.m. local time.

This Proxy Statement and the proxy card were first mailed to stockholders on or about March 26, 2013.

QUESTIONS ABOUT THE MEETING AND THESE PROXY MATERIALS

What may I vote on?

1. The election of 12 directors to hold office until the next Annual Meeting of Stockholders or until their successors are elected and have qualified.
2. Proposal A, ratification of the selection of Deloitte & Touche LLP as independent registered public accounting firm.
3. Proposal B, an advisory (non-binding) vote to approve our executive compensation, as disclosed in this proxy statement.
4. Proposal C, an advisory (non-binding) vote on the frequency of the advisory vote on executive compensation.
5. Proposal D, approval of the 2013 Stock Incentive Plan.

THE BOARD UNANIMOUSLY RECOMMENDS A VOTE FOR THE ELECTION AS DIRECTORS OF THE NOMINEES NAMED HEREIN, A VOTE IN FAVOR OF PROPOSALS B, and D, AND A VOTE IN FAVOR OF “1 YEAR” FOR PROPOSAL C. THE AUDIT COMMITTEE UNANIMOUSLY RECOMMENDS A VOTE IN FAVOR OF PROPOSAL A.

Who can vote at the meeting? Our Board of Directors has set March 15, 2013 as the record date for the Annual Meeting. All stockholders who owned our common stock at the close of business on the record date may attend and vote at the Annual Meeting. On the record date, there were 18,065,907 shares of common stock outstanding. Shares held as of the record date include shares that are held directly in your name as the stockholder of record and those shares held for you as a beneficial owner through a stockbroker, bank or other nominee.

How do I vote my shares? If your shares are registered directly in your name with our stock transfer agent, Computershare, you are considered a stockholder of record and the beneficial owner of those shares. As a stockholder of record, you have the right to grant your voting proxy directly to the Company, or to vote in person at the meeting. You may submit your ballot by mail, over the internet at www.proxyvote.com, or via the telephone at 1-800-690-6903.

If your shares are held in a stock brokerage account or by a bank, you are still considered the beneficial owner of those shares, but your shares are said to be held in “street name.” Generally, only stockholders of record may vote in person at the meeting. If your shares are held in street name, you will receive a form from your broker or bank seeking instruction as to how your shares should be voted. If you desire to vote shares held in street name in person at the meeting, you need to contact your broker and ask how to obtain a “legal proxy” to directly vote such shares.

Internet Availability of Proxy Solicitation and Other Annual Meeting Materials. Rules adopted by the U.S. Securities & Exchange Commission, or SEC, permit us to mail a notice to our stockholders advising that our proxy statement, annual report to stockholders, electronic proxy card and related materials are available for viewing, free of charge, on the Internet. Stockholders may then access these materials and vote over the Internet or request delivery of a full set of materials by mail or email. These rules help us lower the cost of conducting our annual meeting by reducing costs associated with printing and postage.

We will begin mailing the required Notice of Internet Availability of Proxy Materials to stockholders on or about March 26, 2013. The proxy materials will be posted on the Internet, at www.proxyvote.com, no later than the day we begin mailing the Notice. If you receive the Notice, you will not receive a paper or email copy of the proxy materials unless you request one in the manner set forth in the Notice.

The Notice of Internet Availability of Proxy Materials contains the following important information:

- The date, time and location of the annual meeting;
- A brief description of the matters to be voted on at the meeting;
- A list of the proxy materials available for viewing on www.proxyvote.com and the control number you will use to access the site; and
- Instructions on how to access and review the proxy materials online, how to vote your shares over the Internet, and how to get a paper or email copy of the proxy materials, if that is your preference.

Can I change my vote? Yes. If you are the stockholder of record, you may revoke your proxy at any time before the Annual Meeting by:

- entering a new vote by Internet or telephone;
- returning a later-dated proxy card;
- sending written notice of revocation to the Secretary of the Company; or
- attending the Annual Meeting and voting by ballot.

To change your vote for shares you hold in street name, you will need to follow the instructions provided by your broker or bank.

How are shares of Common Stock voted at the meeting? Each holder of common stock is entitled to one vote for each share of common stock held with respect to each matter to be voted upon; provided, however, that cumulative voting is available for the election of directors.

All shares of common stock represented at the Annual Meeting by properly executed proxies received prior to or at the Annual Meeting which are not properly revoked will be voted at the Annual Meeting in accordance with the instructions indicated on the proxies. If no contrary instructions are indicated, proxies will be voted FOR the election of the Board's director nominees, FOR approval of Proposals A, B, and D, and "1 Year" for Proposal C.

What does cumulative voting in the election of directors involve? Under cumulative voting, each stockholder is entitled to cast a number of votes equal to the number of shares held by such stockholder multiplied by the total number of directors to be elected. These votes may be divided among all nominees equally or may be voted for one or more of the nominees, either in equal or unequal amounts, as the stockholder may elect. A plurality of votes cast at the Annual Meeting is required for the election of each director, which effectively means that the twelve persons receiving the most votes will be elected as directors. Shares held by a stockholder who elects to withhold authority to vote for all nominees will not participate in the election for directors but will be present for other quorum and business purposes. A stockholder who withholds authority to vote for one or more (but less than all) director nominees will be deemed to have elected to allocate all his votes equally among all remaining director nominees. Notwithstanding the foregoing, the proxies have, and may exercise, authority to cumulate and allocate votes among the nominees, including to allocate votes from other stockholders to vote in favor of the nominees as to which the "withholding stockholder" has withheld authority. If any other proposals were to come before the meeting, each stockholder would be entitled to one vote for each share of common stock held by such stockholder.

How many votes are required to adopt the other proposals? The proposals, other than the election of directors, will be adopted if a majority of the votes cast on the respective proposal are in favor.

How do I vote if my shares are held in a benefit plan? If you are a current or former employee of the Company or one of its subsidiaries and you have any portion of your investment funds allocated to the EFSC Common Stock Fund in the EFSC Incentive Savings Plan ("Savings Plan"), you may instruct the Savings Plan's trustees how to vote the shares of common stock allocated to your account under the Savings Plan. You will instruct the voting of your stock in the same manner as other stockholders, i.e., by submitting your voting instructions by telephone or through the Internet or by requesting a proxy card to sign and return. Please see the Notice of Internet Availability of Proxy Materials we sent to you or this proxy statement for specific instructions on how to provide voting instructions by any of these methods. Please note that your voting instructions for stock you hold in the Savings Plan must be returned by 11:59 p.m. Eastern Time on May 3, 2013.

What if I don't give specific voting instructions or abstain?

If you indicate a choice on your proxy on a particular matter to be acted upon, the shares will be voted as indicated.

If you are a stockholder of record and you return a signed proxy card but do not indicate how you wish to vote, the shares will be voted in favor of the election as directors of the nominees described in this proxy statement, for the other proposals except for Proposal C, and for “1 Year” for Proposal C. If you do not return the proxy card, your shares will not be voted and will not be deemed present for the purpose of determining whether a quorum exists.

Under the rules of the New York Stock Exchange, which regulates stock brokers, Proposal A, the ratification of the selection of Deloitte & Touche LLP as the Company's independent registered public accounting firm, is considered a routine matter, and your brokerage firm or other nominee will be entitled to vote your shares in their discretion on this proposal even if you do not provide voting instructions to your broker or other nominee. However, the election of directors, Proposal B-the advisory (non-binding) vote to approve our executive compensation, Proposal C- the advisory (non-binding) vote on the frequency of the advisory vote on executive compensation, and Proposal D - the approval of the 2013 Stock Incentive Plan, are not considered routine matters, and brokers will not be permitted to vote on the election of directors or Proposals B, C, and D if beneficial owners fail to provide voting instructions. The shares that cannot be voted by brokers on non-routine matters are commonly referred to as “broker non-votes.” Abstentions and broker non-votes (assuming a quorum is present) will have no effect on the election of directors or on the remaining matters to be considered at the meeting.

Who pays for this proxy solicitation? The Company will pay the entire cost of preparing, assembling, printing, mailing and distributing these proxy materials. In addition to solicitation by mail, proxies may be solicited in person or by telephone or by other means by the Company’s directors, officers or employees, who will not receive any additional compensation for solicitation activities. The Company has engaged Broadridge Financial Solutions, Inc., for a fee to be determined, to assist in the distribution and tabulation of proxies. The Company will also reimburse brokerage firms and other nominees, custodians and fiduciaries for costs incurred by them in mailing proxy materials to the beneficial owners of common stock as of the record date.

The date of this Proxy Statement is March 26, 2013.

ELECTION OF DIRECTORS

The Board of Directors, upon recommendations of its Nominating and Governance Committee, has nominated for election the 12 persons named below. It is intended that proxies solicited will be voted for such nominees, in accordance with our cumulative voting structure as discussed above. The Board of Directors believes that each nominee named below will be able to serve, but should any nominee be unable to serve as a director, the persons named in the proxies have advised that they will vote for the election of such substitute nominee as the Board of Directors may propose.

The following biographical information is furnished with respect to each member of the Board of Directors of the Company, some of whom also serve as directors and officers of one or more of the Company's subsidiaries, including Enterprise Bank & Trust (the "Bank").

There are no family relationships between or among any directors or executive officers of the Company. Except as noted below, none of the Company's directors or executive officers serves as a director of (i) any company other than EFSC that has a class of securities registered under or that is subject to the periodic reporting requirements of the Securities Exchange Act of 1934, or (ii) any investment company registered under the Investment Company Act of 1940. Other than Mr. Benoist, all directors who served for any part of fiscal year 2012 have been determined to be independent for purposes of Rule 5605(a)(2) of the NASDAQ stock market.

Name of Nominee	Age	Director Since
Peter F. Benoist	65	2002
Michael A. DeCola	59	2007
William H. Downey	68	2002
John S. Eulich	62	2010
Robert E. Guest, Jr.	58	2002
Judith S. Heeter	63	2012
Lewis A. Levey	70	2005
Birch M. Mullins	69	1996
James J. Murphy, Jr.	69	2002
Brenda D. Newberry	59	2007
John M. Tracy	54	2010
Sandra A. Van Trease	52	2005

The biographies of the nominees below contain information regarding the person's service as a director, business experience, director positions held currently or at any time during the last five years, information regarding involvement in certain legal or administrative proceedings, if applicable, and the experience, qualifications, attributes or skills that caused the Nominating and Corporate Governance Committee and the Board to determine that the person should serve as a director.

James J. Murphy has been a director of the Company since 2002. Since 1982, Mr. Murphy has been the Chairman and Chief Executive Officer of Murphy Company, a mechanical specialty contracting firm. Mr. Murphy has been the Chairman of the Board of the Company since 2008 and served as the Lead Independent Director of the Company from November 2005 through May 2008. He is also a past chairman of the St. Louis Regional Business Council and is currently engaged in various community activities. Mr. Murphy has built a successful, private business and brings a long history of entrepreneurship which is the cornerstone of the Company's strategy of focusing on the banking and

wealth management needs of privately-held businesses, their owner families and other success-minded individuals.

Peter F. Benoist has been a director of the Company since 2002. Since May 2008, Mr. Benoist has been the President and Chief Executive Officer of the Company. Mr. Benoist was the Executive Vice President and Chairman and Chief Executive Officer of the Bank from October 2002 through May 2008, and served as the Chairman of the Company's Board from November 2005 through May 2008. Mr. Benoist was the Executive Director of the St. Louis Regional Housing and Community Development Alliance from 1999 through 2002. He has over thirty years of public company banking experience as an officer and director and

has served on public company boards. Mr. Benoist brings deep knowledge of the Company and its business and is the voice of management on the Board.

Michael A. DeCola has been a director of the Company since 2007. Mr. DeCola is currently the Chief Executive Officer and has been the President and Chief Executive Officer of Mississippi Lime Company (calcium based chemical products) since 1999. Mr. DeCola serves on several private company boards in the St. Louis community and is the past chairman of the St. Louis Regional Business Council. He brings to the Board executive business experience and connections with the St. Louis business community.

William H. Downey has been a director of the Company since 2002. Mr. Downey served as President, Chief Operating Officer and director of Great Plains Energy Inc. (NYSE:GXP), an electric utility company from 2003 until his retirement on August 31, 2011. Mr. Downey was also the President and Chief Operating Officer of Great Plains Energy's subsidiary, Kansas City Power & Light Company from 2003 and 2008, respectively and served as Chief Executive Officer from 2003 to 2008. In addition, he had served as President and Chief Operating Officer of Greater Missouri Operations, a subsidiary of Great Plains Energy since 2008. He joined the Board of Directors of BPL Global Inc (BPLG), a smartgrid technology company, in December, 2011. Mr. Downey is currently providing advisory services to the Kansas City water services department as an employee of Burns and McDonnell Engineering. Mr. Downey's broad strategic experience and knowledge of operations along with his experience in a publicly traded utility company and the related experience in regulatory relations at both a federal and state level is an asset for the board.

John S. Eulich has been a director of the Company since March 11, 2010. Mr. Eulich has been the Chairman and Chief Executive Officer of Aspeq Holdings, Inc. (dba INDEECO), a manufacturing company, since 2005. He has been a member of the Enterprise Bank & Trust Board of Directors since July 2009. Since 2005, Mr. Eulich has also been a director of LMI Aerospace (NASDAQ: LMIA) where he currently serves as a member of LMIA's Audit Committee and as the Chairman of LMIA's Compensation Committee. In addition to his public company experience, he is a successful entrepreneur and familiar with the needs of privately held businesses. He also is engaged in the St. Louis community through various boards.

Robert E. Guest, Jr. has been a director of the Company since 2002. Since 2007, Mr. Guest has been a partner at The Affinity Law Group. Mr. Guest was a partner at Doster Mickes James Ullom Benson & Guest, LLC, a law firm, from 2005 through 2007, and prior to that he was a partner at the law firm of Benson & Guest LLP, from 1986 through 2005. Mr. Guest brings significant legal experience in commercial activities and merger and acquisitions. He is also very familiar with the St. Louis and Kansas City business communities.

Judith S. Heeter was appointed as a director by action of the Board on February 7, 2012. Since February 2011, Ms. Heeter has served as president of Pathfinder Consulting, LLC, a consulting company based in Mission Hills, Kansas which she founded. From 1990 to 2010, Ms. Heeter served as Director of Business Affairs and Licensing for the Major League Baseball Players Association. Also from 1989 until February 2011, Ms. Heeter was a partner with the law firm of Polsinelli Shugart P.C. Ms. Heeter currently serves on the Board of Directors of Missouri Employers Mutual Insurance Company, serving as Chairman since December 2011. She also serves on several non-public boards in the Kansas City metro area. Ms. Heeter brings a variety of executive and legal experience to the Board, including having practiced as an attorney for over 30 years. She is experienced in negotiating and implementing strategic business transactions and reorganizations. She also has a significant business network within the Kansas City community.

Lewis A. Levey has been a director of the Company since 2005. Since 1997, Mr. Levey has been the Chairman and Chief Executive Officer of Enhanced Value Strategies, Inc., a real estate consulting company. Mr. Levey serves as Trust Manager (Director) and Lead Independent Trust Manager of Camden Property Trust, a REIT focused on multi-family residential housing (NYSE: CPT). He brings expertise in local and national commercial real estate

development and public company governance. Mr. Levey is also involved in various not-for-profit and philanthropic initiatives, principally in the St. Louis area.

Birch M. Mullins has been a director of the Company since 1996. He has been the President of Baur Properties, a real estate investment company, since 1988. Mr. Mullins is a successful real estate developer and brings expertise in St. Louis commercial real estate.

Brenda D. Newberry has been a director of the Company since 2007. Ms. Newberry is the Chief Executive Officer of Neshor, LLC, a business and leadership consulting firm, since 2010. She is the retired Chairman of The Newberry Group, a global IT company she founded in 1996. She was the Chairman and Chief Executive Officer from 2006 through 2009 when she appointed a successor CEO while remaining Chair until 2010, and was President and Chief Executive Officer from 1996 through 2005. Ms. Newberry has been a director of The Laclede Group, a natural gas distribution company, (NYSE: LG), since 2007 and has served on that company's Audit, Compensation and Investment Review committees. Ms. Newberry started, built and sold a successful, privately-held business after serving in the United States Air Force for 6 years, a major defense contractor for 5 years and MasterCard

International for 12 years, where she served in positions ranging from technology specialist to a global VP of a profit and loss business unit. She is also very active in the St. Louis community, especially programs encouraging education, as well as, youth and minority development. Ms. Newberry's experience in global operations combined with her entrepreneurial background and service on other publicly-traded company boards provides a broad and valuable perspective to our Board.

John M. Tracy has been a director of the Company since March 11, 2010. Mr. Tracy has been the Chief Executive Officer of Dot Foods, a food distribution company, since 2006. He has been employed by Dot Foods since 1980 and has held several positions in the organization including sales, marketing and operations. Mr. Tracy serves on several private company boards in the St. Louis metro area. He is a member of the St. Louis Regional Business Council. Mr. Tracy's experience leading a successful, privately-held business provides entrepreneurial perspective. In addition, he brings his experience in and perspective of the Illinois markets of the St. Louis area.

Sandra A. Van Trease has been a director of the Company since 2005. Since 2004, Ms. Van Trease has been the Group President of BJC HealthCare, a not-for-profit operator of hospitals and the largest healthcare institution in the St. Louis area. Ms. Van Trease was President and Chief Executive Officer at UNICARE, an operating unit of Well Point Inc., a health insurance company, from 2002 through 2004, and she was President, Chief Financial Officer and Chief Operating Officer of RightChoice, a health insurance company, from 2000 through 2002. Ms. Van Trease has been a director of Peabody Energy (NYSE: BTU) since 2002, where she has served as a member of their Audit Committee since 2002 and a member of their Health, Safety, Security and Environmental Committee and Nominating and Governance Committee since 2010. Ms. Van Trease is also a Certified Public Accountant. Ms. Van Trease's executive management and experience at these institutions together with her service on other publicly-traded company boards and strong community service make her a valued advisor and highly qualified to serve on our board and its committees.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR EACH OF THE INDIVIDUALS LISTED ABOVE FOR ELECTION AS DIRECTORS OF THE COMPANY.

BOARD AND COMMITTEE INFORMATION

The Board of Directors has determined that having an independent director serve as Chairman of the Board is in the best interest of stockholders at this time. The structure ensures a greater role for the independent directors in the oversight of the Company and active participation of the independent directors in setting agendas and establishing priorities and procedures for the work of the Board.

The Board is actively involved in oversight of risks that could affect the Company. This oversight is conducted primarily through committees of the Board, as disclosed in the descriptions of each of the committees below and in the charters of each of the committees, but the full Board has retained responsibility for general oversight of risks. The Board satisfies this responsibility through full reports by each committee chair regarding the committee's considerations and actions, as well as through regular reports directly from officers responsible for oversight of particular risks within the Company.

All Committee members are appointed by the Board. In addition, the Board has established membership standards for each committee which requires that a certain number of committee members must be "independent directors," as that term is defined in Rule 5605(a)(2) of the NASDAQ rules.

The Board met six times in 2012. All directors attended at least 75% of all meetings of the full Board and of those committees on which they served in 2012. The Company's Board of Directors periodically held executive sessions of the members of the Board who met the then current standards of independence. Executive sessions of the Board were presided over by the Chairman. In 2013, the Board is scheduled to meet six times. While there is no formal policy concerning director attendance at the annual meeting, all members of the Board are encouraged to attend if reasonably able to do so. Ten of our twelve then current members of the Board attended the 2012 annual meeting.

DIRECTOR COMPENSATION

The following table sets forth compensation paid to each of the Company's non-employee directors during 2012.

Name	Fees Earned or Paid in Cash (\$) ^(a)	Stock Awards (\$)	Total Annual Compensation (\$)
Michael A. DeCola	37	28,213	28,250
William H. Downey	13,476	11,224	24,700
John S. Eulich	9,535	27,715	37,250
Robert E. Guest, Jr.	25,850	14,100	39,950
Judith S. Heeter	12,639	11,611	24,250
Lewis A. Levey	15,534	14,966	30,500
Birch M. Mullins	37	27,838	27,875
James J. Murphy, Jr.	505	49,995	50,500
Brenda D. Newberry	15,403	15,347	30,750
John M. Tracy	547	26,203	26,750
Sandra A. Van Trease	42	30,208	30,250

(a) Includes fractional shares paid in cash.

In 2012, non-employee Directors received a \$12,000 annual retainer and \$1,000 per board meeting attended. For Committee service, the Chairpersons received an additional retainer as follows: Audit Committee (\$10,000), Compensation Committee (\$8,000) and Nominating and Governance Committee (\$6,000). Non-Chairperson committee members receive \$750 per committee meeting attended. Chairman Murphy receives only an annual fee of \$50,000. Directors also receive attendance fees and stipends for service on the Board of Directors of Enterprise Bank & Trust and representing the holding company board on the Bank's advisory boards. In 2012, Mr. Eulich received cash fees of \$9,500 for his service on the Bank's board of directors. Mr. Downey and Ms. Heeter received cash fees of \$1,700 and \$1,000, respectively, for their service on the Bank's Kansas City Regional Advisory Board. Mr. Guest received a stipend of \$10,200 for his service as Chairperson of the Clayton Advisory Board, and \$1,000 for his service on the Bank's Kansas City Regional Advisory Board.

Directors select whether to receive their holding company board compensation in 100% common stock or 50% cash/50% common stock. The shares are issued under a Stock Plan for Non-Management Directors, approved by the stockholders in 2006.

EXECUTIVE COMMITTEE

The Executive Committee is empowered to act on behalf of, and to exercise the powers of, the full Board of Directors in the management of the business and affairs of the Company when the full Board of Directors is not in session, except to the extent limited by applicable Delaware law. The charter for the Executive Committee may be found in the investor relations section of the Company's website at www.enterprisebank.com. All actions by the committee are reported at the next regular Board of Directors meeting. In addition, approved Executive Committee minutes are shared with all Directors. In 2012, the committee met five times.

The Committee consists of five non-employee directors who are "independent directors" as defined in the NASDAQ standards. For 2012, the independent members of the Executive Committee consisted of Directors Murphy (Committee Chairman), DeCola, Levey, Van Trease, and Tracy. The non-independent member of the Committee was Director Benoist.

AUDIT COMMITTEE

The Audit Committee oversees the Company's financial reporting process on behalf of the Board of Directors by reviewing all audit processes and fees, the financial information provided to the stockholders and the Company's systems of internal financial controls. The Audit Committee has the authority and responsibility to select and evaluate and, where appropriate, replace the Company's independent registered public accounting firm (the "independent auditors").

The Audit Committee is responsible for oversight of Company risks relating to accounting matters, financial reporting, legal and regulatory compliance and the Company's anonymous "whistleblower" reporting system. To satisfy these oversight responsibilities, the Committee separately meets regularly with the Company's chief financial officer, the outsourced internal audit firm, Deloitte & Touche LLP and management. The Committee chair periodically meets between formal Committee meetings with the Company's chief financial officer, the outsourced internal audit firm, and Deloitte & Touche LLP. The Committee also receives regular reports regarding issues such as the status and findings of audits being conducted by the internal and independent auditors, the status of material litigation, accounting changes that could affect the Company's financial statements and proposed audit adjustments.

All members of the Audit Committee meet the NASDAQ independence standards. In 2012, the Audit Committee consisted of Directors Van Trease (Committee Chairperson), Guest, Newberry, Levey, and Eulich. The Audit Committee met 13 times in 2012.

The Board of Directors has determined that Directors Guest and Van Trease satisfy the requirements of a "financial expert" as defined in Item 407(d)(5) of Regulation S-K and satisfy the definition of "financially sophisticated" under NASDAQ Rule 5605(c).

The Company's Board has determined that none of the Directors on the Audit Committee have a relationship with the Company or the Bank that would interfere with the exercise of independent judgment in carrying out their responsibilities as director. None of them is, or have been for the past three years, an employee of the Company or the Bank, and none of their immediate family members is, or have for the past three years, been an executive officer of the Company or the Bank.

As noted in the Audit Committee's charter, which is available on the Company's website at www.enterprisebank.com, the Company's management is responsible for preparing the Company's financial statements. The Company's independent auditors are responsible for auditing the financial statements. The activities of the Audit Committee are in no way designed to supersede or alter those traditional responsibilities. The Audit Committee's role does not provide any special assurances with regard to the Company's financial statements, nor does it involve a professional evaluation of quality of audits performed by the independent auditors. The Audit Committee reassesses the adequacy of the charter on an annual basis.

The Audit Committee has considered whether the provision by Deloitte & Touche LLP of the services covered by the audit fees is compatible with maintaining Deloitte & Touche LLP's independence and concluded that it is compatible. The Audit Committee is responsible for pre-approving all auditing services and permitted non-auditing services to be performed by the Company's independent auditors. The Chairperson of the Audit Committee has authority to approve in advance all audit or non-audit services to be performed by the independent auditors, but must report any such approval to the full Audit Committee at the next regularly scheduled meeting.

The Report of the Audit Committee appears on page 36 of this Proxy Statement.

NOMINATING AND CORPORATE GOVERNANCE COMMITTEE

The Nominating and Corporate Governance Committee assists the Board in identifying and recommending qualified director nominees for election at the stockholders' annual meeting. The charter for the Nominating and Corporate Governance Committee may be found at the Company's website at www.enterprisebank.com. The Committee also recommends membership on Board committees, is responsible for risks relating to management and Board succession planning, recommends corporate governance guidelines, and oversees an annual Board self-evaluation.

All members of the Committee meet the NASDAQ independence standards. Nominating and Corporate Governance Committee members for 2012 were Directors Tracy(Committee Chairman), Murphy, Newberry, and Heeter. The Committee met four times in 2012.

The Nominating and Corporate Governance Committee may consider candidates for Board membership coming to its attention through current Board members, search firms, stockholders and other persons. Suggestions for nominees from stockholders are evaluated in the same manner as other nominees. Any stockholder nomination must be submitted in writing to the Secretary,

Enterprise Financial Services Corp, 150 North Meramec, Clayton, Missouri 63105 and should include the stockholder's name, address and number of the Company's shares owned by the stockholder along with the nominee's name and qualifications in accordance with the procedures set forth in our bylaws, as described in Proposals of Stockholders on page 38. No stockholder has properly nominated anyone for election as a director at the Annual Meeting.

There is no fixed process for identifying and evaluating potential candidates to be nominees for directors, and there is no fixed set of qualifications that must be satisfied before a candidate will be considered. Rather, the Nominating and Corporate Governance Committee has the flexibility to consider such factors as it deems appropriate. These factors may include education, diversity, experience with business and other organizations comparable with EFSC, the interplay of the candidate's experience with that of other members of the Board of Directors, and the extent to which the candidate would be a desirable addition to the Board of Directors and to any of the committees of the Board of Directors. The Nominating and Corporate Governance Committee will evaluate nominees for directors submitted by stockholders in the same manner in which it evaluates other director nominees.

Stockholders may communicate directly to the Board of Directors by sending a letter to the Board at: Enterprise Financial Services Corp Board of Directors, 150 North Meramec, Clayton, Missouri 63105. All communications directed to the Board of Directors will be received and processed by the Secretary of the Company and will be transmitted to the Chairman of the Nominating and Corporate Governance Committee without any editing or screening.

COMPENSATION COMMITTEE

The Compensation Committee consists of Directors DeCola (Committee Chairman), Downey, Mullins and Murphy. The Compensation Committee met seven times in 2012. The Compensation Committee is comprised solely of non-employee directors, all of whom the Board has determined are independent pursuant to the NASDAQ rules. The responsibilities of the Committee are set forth in its charter, which is available on the Company's website at www.enterprisebank.com, and includes the responsibility for establishing, implementing and continually monitoring compliance with the Company's compensation philosophy. Members of the Committee are outside directors within the meaning of Section 162(m) of the Internal Revenue Code of 1986. During fiscal year 2012, no Member was an executive officer of another entity on whose compensation committee or board of directors an executive officer of the Company served.

The Compensation Committee is responsible for risks relating to employment policies and the Company's compensation and benefits systems. To assist it in satisfying these oversight responsibilities, the Committee has retained its own compensation consultant and meets regularly with management and with outside counsel to understand the financial, human resources and stockholder implications of compensation decisions being made.

The Compensation Committee Report appears on page 17 of this Proxy Statement.

EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

This section provides information regarding our compensation programs, including our overall compensation philosophy, components of compensation that we provide, the objectives and intended incentives of these components, and a discussion of the compensation of the following named executive officers (our “Named Executive Officers”):

Name	Title	Age
Peter F. Benoist	President and Chief Executive Officer	65
Frank H. Sanfilippo	Executive Vice President and Chief Financial Officer	50
Stephen P. Marsh	Executive Vice President Chairman and Chief Executive Officer - Enterprise Bank & Trust	57
Richard C. Leuck	Executive Vice President Chief Operating Officer - Enterprise Bank & Trust	55
Scott R. Goodman	Executive Vice President, Director of Commercial Banking and Wealth Management - Enterprise Bank & Trust	49

Compensation Philosophy

Our goal is to be one of the highest performing companies in the financial services industry. To achieve that goal, we must provide exceptional leadership to develop talented and focused associates to deliver outstanding client service and provide value to our stockholders.

Our compensation philosophy is based on providing incentives for performance and management of risk. We develop and administer compensation programs consistent with the following principles:

- Compensation will be based on clearly defined goals;
- We will align compensation and variable incentives with measurable business results, appropriate risk management and increases in stockholder value;
- Our compensation programs will be based on the implementation of our business plan;
- We will compensate our associates in ways designed to attract, motivate and retain valuable performers;
- We will provide fair and competitive compensation based on market data; and
- We will implement programs that are easy to understand and administer.

Overview of the Compensation Program

The Compensation Committee of the Board of Directors (the “Committee”) administers the Company’s executive compensation programs under the authority of its charter. The Committee has responsibility for establishing, implementing and continually monitoring compliance with the Company’s compensation philosophy.

The Committee has overall responsibility relating to compensation for the directors and officers and other associates and delegates certain of those functions to management. In the case of Named Executive Officers, the Committee establishes and reviews all aspects of base salaries, short-term incentives, and long-term incentives, including the establishment or approval of measurement metrics. With respect to executives below this level, the Committee reviews management’s recommendations for the aspects named above. In the case of the non-executive associate

population, the Committee reviews, approves, and monitors methods of generally administering compensation practices. The Committee retains oversight over compensation programs that are delegated to management, including evaluating compensation practices to determine that they do not encourage inappropriate risk to the Company.

Annual Shareholder Approval of Executive Compensation Practices. On an annual basis, we submit to our stockholders a non-binding advisory resolution approving our executive compensation practices. In every vote, our executive compensation practices have received the approval of our stockholders. In 2012, 98% of votes cast were voted for approval of our executive compensation practices. This vote is advisory and not binding upon the Committee, however the Committee takes the outcome of this vote into consideration in making executive compensation decisions.

Committee Agendas, Scheduling, and Keeping of the Minutes. The Committee Chairman, with input from the Committee, works with the Company's Senior Vice President of Human Resources, in preparing the agenda and calendar for the year. The Corporate Secretary takes minutes of the Committee's meetings. The Committee reviews and approves all minutes. The minutes are shared with the full Board upon approval.

Compensation Consultant. Two consultants, Klemm & Associates and Pay Governance, were used in 2012. The consultants do not own any securities of the Company, nor do the consultants have any other business relationships with the Company or other individual associates.

The Committee decides the nature and scope of the compensation consultants' assignments and the Chairman of the Committee, with the Senior Vice President of Human Resources, approves the budget and invoices relating to consultants. The consultants' work for the Committee includes:

Klemm & Associates

Consulting with respect to administration of grants made under the Long-Term Incentive Plan for the 2009-2011 and the 2010-2012 performance periods.

Pay Governance

Consulting with respect to administration of and accounting for all grants made under the Long-Term Incentive Plan after the 2010-2012 performance period;

Structuring grants made under the Company's Long-Term Incentive Plan for the 2012-2014 performance period;

Providing business and technical advice on executive compensation matters;

Discussing and making certain recommendations on specific pay programs and pay levels for executives; and

Structuring the Company's Short-Term Incentive Plan.

In 2012, the consultants did not provide services to the Company other than with respect to executive compensation.

Performance Reviews. Each of our executive officers performs an annual self-evaluation of his or her performance. Our Chief Executive Officer conducts performance evaluations or has final approval over performance evaluations for the other Named Executive Officers. The Executive Committee conducts the annual performance evaluation of our Chief Executive Officer and reports the results of the evaluation, including the Chief Executive Officer's leadership rating to the Compensation Committee. The performance review of our Chief Executive Officer is based on the financial performance of the Company, the increase in stockholder value, growth in the human capital of the organization, the continued reinvestment and improvement of the Company's product offerings, input from the outside members of the Board of Directors and the Company's overall management of risk. The Committee discusses the Chief Executive Officer evaluation without the Chief Executive Officer being present and a Committee member presents the Committee's recommendations for executive officer compensation to the full Board of Directors.

Peer group Comparison of Compensation. The Committee uses competitive data to compare its compensation levels to a group of peer companies with respect to the following elements of compensation for Named Executive Officers:

Base salary;

Short-term annual incentives;

Equity compensation elements such as stock options and restricted stock; and

Other elements that to date have been reported publicly under SEC rules.

The Committee does not set rigid benchmarks for compensation of Named Executive Officers. The Committee's objective is to offer total target compensation for Named Executive Officers that is competitive with the Company's peers. The Committee evaluates the competitiveness of the Company's executive compensation by comparisons to the

peer group, including median compensation for executives having comparable responsibility at financial institutions of comparable asset size. As the Company's size and operations change, the Committee will evaluate, with the advice of its compensation consultants, whether changes should be made to the peer group.

In 2012, our peer group consisted of the following 24 component companies:

Arrow Financial Corporation	Lakeland Financial Corp.
Bank of the Ozarks, Inc.	MidWest One Financial Group, Inc.
BNC Bancorp	Pinnacle Financial Partners Inc.
Cardinal Financial Corp.	QCR Holdings Inc.
CoBiz Financial Inc.	Republic Bancorp Inc.
Eagle Bancorp, Inc.	Simmons First National Corporation
Fidelity Southern Corporation	Southside Bancshares Inc.
Financial Institutions Inc.	Southwest Bancorp Inc.
First Financial Bankshares Inc.	StellarOne Corporation
First of Long Island Corp.	Suffolk Bancorp
Heartland Financial USA Inc.	SY Bancorp Inc.
Home Bancshares, Inc. (Conway, AR)	Tompkins Financial Corp.

In addition to comparisons to the peer group, and in the interest of taking internal equity into account, the Committee examines the relationship of one Named Executive Officer's total compensation and sub-elements to other Named Executive Officers.

Compensation Restrictions Under the United States Treasury Capital Purchase Program

As discussed in more detail below, for most of fiscal year 2012, the Company was subject to executive compensation restrictions imposed by the Capital Purchase Program ("CPP") sponsored by the United States Treasury.

On November 7, 2012, the Company redeemed all of the outstanding Series A Preferred Stock held by the Treasury. Upon the redemption of the Series A Preferred Stock, many of the CPP executive compensation restrictions ceased to apply to the Company. However, the Company's compensation practices will be affected by certain CPP executive compensation restrictions which survive the redemption, such as the prohibition on paying bonuses that the Company was prohibited from accruing during the period that the Series A Preferred Stock was outstanding.

Compensation Components

Our executive compensation consists of three components:

- base salary,
- short-term annual incentive awards, and
- long-term equity incentive compensation.

We also provide modest levels of perquisites, described later, to our Named Executive Officers. Named Executive Officers may elect to participate in a Deferred Compensation Plan that is available to certain other executives as well. We do not provide any executive benefits in the form of supplemental executive retirement plans, top hat plans, or special health care plans. Named Executive Officers also participate in other associate benefit programs that are provided or available to the general associate population such as health care, disability, life insurance and a defined contribution plan. These programs are described later. The Summary Compensation Table on page 21 provides additional information.

Base Salaries. We use base salary to recognize and take into account requisite competencies, experience, and knowledge that we believe our Named Executive Officers must possess. In setting base salaries, the Committee considers the Named Executive Officer's experience, the difficulty that might be encountered in replacing the Named Executive Officer, and how limited the pool of qualified people might be.

The Committee uses comparisons to the peer group to set competitive levels of base salary for Named Executive Officers.

With recommendations from the Chief Executive Officer and the Senior Vice President of Human Resources, the Committee annually reviews Named Executive Officer base salaries based on individual and Company performance, the individual's level of responsibility, peer group competitive data, internal equity considerations, compensation history, and terms and conditions of each Named Executive Officer's employment agreement.

Based on these factors, in 2012, the Committee approved increases in rates of base salaries for the Company's Named Executive Officers as follows:

Mr. Benoist - 0%
Mr. Marsh - 2%
Mr. Goodman* - 9%
Mr. Leuck - 2%
Mr. Sanfilippo - 0%

* Mr. Goodman's adjustment included an increase due to his promotion to the position of Executive Vice President, Director of Commercial Banking and Wealth Management.

Short-Term Annual Incentives. We use short-term incentive programs to drive an executive's performance in a given year by focusing on key goals. Our short-term incentive program sets a threshold, target and exceptional level of short-term incentive awards that a Named Executive Officer is eligible to earn. In the first quarter of each year, our Chief Executive Officer and the Senior Vice President of Human Resources, with the input of other members of management where appropriate, present proposed Named Executive Officer performance grids to the Committee for review and approval. For each of these Named Executive Officers, the Chief Executive Officers of the Company and the Bank review the goals and set the potential incentive amounts for each goal and performance level. The relative importance of each goal to all goals is determined. The relative weighting determines potential incentive payments for each goal. The Committee uses comparisons to the Company's peer group to determine levels of threshold, target, and exceptional goal payments.

For performance below threshold level of any goal, there is no payment. Payout for performance falling between the threshold, target and exceptional levels is determined using straight-line interpolation. The Committee retains discretion to make awards above the exceptional level amount if actual performance exceeds exceptional level goals.

Short-term annual incentives for 2012 were payable in cash, to the extent permitted by the CPP executive compensation standards. For executives who are prohibited from receiving any portion of their cash bonus under CPP rules, the Company will award shares of restricted stock that qualify as "long term restricted stock" under the rules.

The Company's short-term incentive program utilizes four goals for each of the Company's Named Executive Officers. The Committee believes these goals encourage performance in critical areas and align executives' incentives with the Company's stockholders. The Committee believes these goals promote efficient operations, profitability, prudent growth and effective risk management. The table below sets forth the threshold, target and exceptional level performance goals used in setting short term incentive awards for each of our Named Executive Officers under the 2012 Short-Term Incentive Plan. The minimum target amount of short-term annual incentives for Mr. Benoist is set forth in his employment agreement.

	% Weight		Goals (1)				
	At Target	Threshold	Target	Exceptional	Actual		
Peter F. Benoist							
Earnings per share	40	% \$1.05	\$1.12	\$1.20	\$1.37		
Asset Quality (1)	20	% 45	% 40	% 30	% 33	%	%
Fee Income (2)	20	% \$13,000	\$14,000	\$16,000	\$14,594		
Leadership Rating (3)	20	% 2.0	3.0	4.0	3.5		
Value	100	% \$83,750	\$167,500	\$251,250	\$226,628		
				% of Target	135	%	
Frank H. Sanfilippo							
Earnings per share	40	% \$1.05	\$1.12	\$1.20	\$1.37		
Asset Quality (1)	20	% 45	% 40	% 30	% 33	%	%
Fee Income (2)	20	% \$13,000	\$14,000	\$16,000	\$14,594		
Leadership Rating (3)	20	% 2.0	3.0	4.0	3.5		
Value	100	% \$33,750	\$67,500	\$101,250	\$91,328		
				% of Target	135	%	
Stephen P. Marsh							
Earnings per share	40	% \$1.05	\$1.12	\$1.20	\$1.37		
Asset Quality (1)	20	% 45	% 40	% 30	% 33	%	%
Fee Income (2)	20	% \$13,000	\$14,000	\$16,000	\$14,594		
Leadership Rating (3)	20	% 2.0	3.0	4.0	3.0		
Value	100	% \$46,875	\$93,750	\$140,625	\$122,156		
				% of Target	130	%	
Richard C. Leuck							
Earnings per share	40	% \$1.05	\$1.12	\$1.20	\$1.37		
Fee Income (2)	20	% \$13,000	\$14,000	\$16,000	\$14,594		
Branch Network Rationalization (4)	20	% 2.0	3.0	4.0	3.5		
Leadership Rating (3)	20	% 2.0	3.0	4.0	3.0		
Value	100	% \$36,750	\$73,500	\$110,250	\$94,058		
				% of Target	128	%	
Scott R. Goodman							
Earnings per share	40	% \$1.05	\$1.12	\$1.20	\$1.37		
Asset Quality (1)	20	% 45	% 40	% 30	% 33	%	%
Fee Income (2)	20	% \$13,000	\$14,000	\$16,000	\$14,594		
Leadership Rating (3)	20	% 2.0	3.0	4.0	3.5		
Value	100	% \$37,500	\$75,000	\$112,500	\$99,840		
				% of Target	133	%	

(1) The "Asset Quality" goal is measured by calculating the "classified assets" of the Company's banking subsidiary (excluding assets under FDIC loss-share agreements) as a percent of equity capital and reserves.

(2) The "Fee Income" goal is measured by revenues from the Company's trust, private banking, international, mortgage, new market tax credits, and treasury services.

The "Leadership Rating" goal consists of a rating of between zero and four points. Each performance review consists of separate subjective criteria based on the position and responsibilities of the Named Executive Officer, including leadership. A portion of Mr. Sanfilippo's subjective performance evaluation is based on an assessment by (3) the Chairperson of the Audit Committee and the Chief Executive Officer of the effectiveness of the Company's overall risk management procedures and processes. In determining this rating, the Chairperson of the Audit Committee and the Chief Executive Officer consider factors such as the Company's risk assessment process, internal controls over financial reporting,

including the existence of any significant deficiencies or material weaknesses in such controls, and disclosure controls and procedures.

(4) The "Branch Network Rationalization" goal was a subjective rating based on improvements in branch performance, including in areas of profitability, client service, client diversity and core deposit generation.

Long-Term Incentive Compensation. Our objectives for long-term incentive compensation for our Named Executive Officers include:

- Aligning incentives with increases in stockholder value;
- Using long-term incentives to attract and retain exceptional talent;
- Encouraging the long-term view in management decision making;
- Using long-term incentives as a tool to define, encourage, and promote high performance; and
- Align our Named Executive Officer's long term incentives with the risk-reward structure of the Company.

Our Long Term Incentive Plan primarily uses restricted stock units ("RSUs") or shares of restricted stock, while reserving the ability to grant stock options or stock settled appreciation rights ("SSARs") in certain circumstances.

We believe the Long-Term Incentive Plan provides our Named Executive Officers and other key associates with incentives for long term performance and prudent risk-management because:

- The value of RSUs and restricted shares are intrinsically tied to Company performance based on comparison to continuously updated peer group performance;
- The plan clearly aligns interests of Company managers with the economic interests of stockholders;
- The incentives provide no value until the three year performance period is over and performance has been achieved;
- It facilitates retention of talented executives as Awards are subject to a three year performance period; and
- It promotes stock ownership by management.

Compensation under the Long-Term Incentive Plan involves two steps:

- Grant: A participant first receives a "Grant", which is the setting of performance standards and the amount of incentives which will be awarded if those standards are satisfied. The performance period is typically three years.
- Award: If the performance standards are satisfied, the participant receives an "Award" of the equity incentives.

Each year management makes a recommendation to the Committee for incentives for Named Executive Officers and pools of other associates of the Company. Once the Committee reviews and approves the listing and pool level, we grant participating associates an award which entitles them to a potential Award of equity incentives if the performance standard is met.

Awards for 2010-2012 Performance Period

For the 2010-2012 performance period, the threshold, target and maximum financial goals consisted of three measures of the Company's financial performance measured against a group consisting of all bank and bank holding companies with assets of \$900 million to \$5.0 billion developed with the assistance of Klemm & Associates :

Goal	Weight	Threshold Goal	Target Goal	Exceptional Goal
Earnings Per Share Growth Rate	40%	60th percentile	70th percentile	80th percentile
Net Interest Income Growth	30%	70th percentile	75th percentile	80th percentile
Efficiency Ratio	30%	85th percentile	90th percentile	95th percentile
	100%			

The Committee will make decisions concerning awards for the 2010-2012 performance when peer group information for the full performance period is available. Any awards for this performance period will be subject to a five year vesting period.

15

Open Grants for 2011-2013 and 2012-2014 Performance Periods

Long-Term Incentive Plan grants are open with respect to the 2011-2013 and 2012-2014 performance periods. Grants for Named Executive Officers are reflected in the Summary Compensation Table on page 21 and the Grants of Plan-Based Awards table on page 23. These open grants are conditioned on performance in two criteria measured against a group of 45 banks and bank holding companies with assets between \$1.0 billion and \$10.0 billion, commercial loans greater than 20% of total loans and consumer loans less than 10% of total loans:

2011 - 2013 Performance Period

Goal	Weight	Threshold Goal	Target Goal	Exceptional Goal
Total Shareholder Return	50%	50 th percentile	65 th percentile	90 th percentile
Cumulative EPS	50%	\$4.00 per share	\$4.50 per share	\$5.00 per share
	100%			

2012 - 2014 Performance Period

Goal	Weight	Threshold Goal	Target Goal	Exceptional Goal
Total Shareholder Return	50%	50 th percentile	65 th percentile	90 th percentile
Cumulative EPS	50%	\$3.52 per share	\$4.02 per share	\$4.52 per share
	100%			

Named Executive Officer Perquisites. We provide perquisites and other personal benefits to Named Executive Officers that we believe are reasonable and consistent with our overall compensation program. See the All Other Compensation - Supplemental Table on page 22 for more information on these items. In 2012, no executives received a perquisite whose total value for such executive exceeded \$25,000.

Retirement Plans. We expect executives to plan for and fund their own retirement through a defined contribution 401(k) plan and a Deferred Compensation Plan that permits certain executives to defer a limited portion of salary and bonus into any of several investment alternatives. The Company has historically provided an annual Company match to the 401(k) plan. There are no Company contributions to the Deferred Compensation Plan. We do not maintain defined benefit retirement or executive retirement plans or provide for post-retirement benefits.

2012 Compensation for Named Executive Officers

Below is a summary of the compensation by category earned by our Named Executive Officers for 2012.

Name	Base Salary (1)	Short-term Annual Incentive Compensation (2)	Long-term Incentive Compensation (3)
------	-----------------	--	--------------------------------------