

FIRST COMMONWEALTH FINANCIAL CORP /PA/  
Form DEF 14A  
March 14, 2019  
Table of Contents

**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**

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

Check the appropriate box:

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

**First Commonwealth Financial Corporation**

**(Name of Registrant as Specified In Its Charter)**

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

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:

**Table of Contents**

**FIRST COMMONWEALTH FINANCIAL CORPORATION**

601 Philadelphia Street

Indiana, Pennsylvania 15701

**NOTICE OF 2019 ANNUAL MEETING**

**OF SHAREHOLDERS**

*To Our Shareholders:*

The 2019 Annual Meeting of Shareholders of First Commonwealth Financial Corporation will be held at the Rustic Lodge, 2199 Oakland Avenue, Indiana, Pennsylvania 15701 on Tuesday, April 23, 2019, beginning at 2:00 p.m., Eastern Time, to consider and vote on the following matters:

- 1. Electing to our Board of Directors the thirteen (13) nominees who are named in the enclosed proxy statement to serve until the next annual meeting and until their successors are elected and qualified;**
- 2. Ratifying the Audit Committee's selection of Ernst & Young LLP as our independent registered public accounting firm for 2019;**
- 3. Approving a non-binding advisory vote on the compensation of our named executive officers; and**
- 4. Such other business as may properly come before the meeting.**

**The record date for the meeting was March 1, 2019. We sent shareholders of record as of the close of business on the record date a Notice of Internet Availability of Proxy Materials on or about March 14, 2019. Instructions on how to receive a printed copy of our proxy materials are included in the notice.**

**Whether or not you plan to attend the meeting in person, please sign, date and return the enclosed proxy card as promptly as possible so that your shares will be represented at the meeting.**

By Order of the Board of Directors,

**Matthew C. Tomb**

*Secretary*

March 14, 2019

**Table of Contents**

**TABLE OF CONTENTS**

	<b>Page</b>
<b><u>PROXY SUMMARY</u></b>	<b>1</b>
<b><u>STOCK OWNERSHIP OF CERTAIN BENEFICIAL OWNERS</u></b>	<b>4</b>
<b><u>STOCK OWNERSHIP OF DIRECTORS AND MANAGEMENT</u></b>	<b>5</b>
<b><u>CORPORATE GOVERNANCE</u></b>	<b>6</b>
<b><u>Corporate Governance Policies</u></b>	<b>6</b>
<b><u>Composition and Diversity of the Board</u></b>	<b>7</b>
<b><u>Independence of Directors</u></b>	<b>7</b>
<b><u>Oversight of Risk</u></b>	<b>8</b>
Table of Contents	<b>6</b>

<b><u>Audit Committee</u></b>	8
<b><u>Compensation and Human Resources Committee</u></b>	8
<b><u>Governance Committee</u></b>	9
<b><u>Risk Committee</u></b>	9
<b><u>Code of Conduct and Ethics</u></b>	9
<b><u>Where to Find Governance Documents</u></b>	9
<b><u>Communicating with Directors</u></b>	9
<b><u>COMPENSATION OF DIRECTORS</u></b>	11
<b><u>PROPOSAL 1 ELECTION OF DIRECTORS</u></b>	12
<b><u>PROPOSAL 2 RATIFICATION OF INDEPENDENT ACCOUNTING FIRM</u></b>	16
<b><u>AUDIT INFORMATION</u></b>	17
Table of Contents	7

<b><u>Report of the Audit Committee</u></b>	17
	<b>Page</b>
<b><u>PROPOSAL 3 ADVISORY VOTE ON EXECUTIVE COMPENSATION</u></b>	19
<b><u>EXECUTIVE COMPENSATION</u></b>	20
<b><u>Compensation Discussion and Analysis</u></b>	20
<b><u>Summary Compensation Table</u></b>	34
<b><u>Grants of Plan-Based Awards</u></b>	35
<b><u>Outstanding Equity Awards at Fiscal Year-End</u></b>	36
<b><u>Option Exercises and Stock Vested</u></b>	36
<b><u>Nonqualified Deferred Compensation</u></b>	37



<b><u>Compensation Policies and Practices Relating to Risk Management</u></b>	<b>37</b>
<b><u>Potential Payments Upon Termination or Change of Control</u></b>	<b>38</b>
<b><u>Ratio of CEO Pay to Median Employee Pay</u></b>	<b>42</b>
<b><u>SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</u></b>	<b>43</b>
<b><u>RELATED PARTY TRANSACTIONS</u></b>	<b>44</b>
<b><u>ANNUAL MEETING INFORMATION</u></b>	<b>45</b>
<b><u>REQUIREMENTS FOR DIRECTOR NOMINATIONS AND SHAREHOLDER PROPOSALS</u></b>	<b>48</b>
<b><u>HOUSEHOLDING OF PROXY MATERIALS</u></b>	<b>51</b>
<b><u>ANNUAL REPORT ON FORM 10-K</u></b>	<b>51</b>
<b><u>ACCESSING PROXY MATERIALS</u></b>	<b>51</b>



**Table of Contents**

*PROXY STATEMENT FOR THE*

*FIRST COMMONWEALTH FINANCIAL CORPORATION*

*2019 ANNUAL MEETING OF SHAREHOLDERS*

We are sending this proxy statement and the accompanying proxy card to you as a shareholder of First Commonwealth Financial Corporation, in connection with the solicitation of proxies for the Annual Meeting of Shareholders (the Annual Meeting).

First Commonwealth's Board of Directors is soliciting proxies for use at the Annual Meeting, or at any postponement or adjournment of the Annual Meeting. Only shareholders of record as of the close of business on March 1, 2019 will be entitled to vote at the Annual Meeting.

In this proxy statement, the Company, First Commonwealth, we, our or us all refer to First Commonwealth Financial Corporation and its subsidiaries. We also refer to the Board of Directors of First Commonwealth Financial Corporation as the Board.

*PROXY SUMMARY*

Here we present an overview of information that you will find throughout this proxy statement. As this is only a summary, we encourage you to read the entire proxy statement for more information about these topics prior to voting.

*ANNUAL MEETING*

**DATE AND TIME:** Tuesday, April 23, 2019, 2:00 p.m., EST

**PLACE:** Rustic Lodge  
2199 Oakland Avenue

Indiana, Pennsylvania 15701

**RECORD DATE:** Close of business on March 1, 2019

How to Vote: By Internet, Telephone or Mail. Refer to the Notice of Availability of Proxy Materials and the proxy card for instructions.

*SHAREHOLDER VOTING MATTERS*

Proposal	Page Reference
----------	----------------

	Board's Voting Recommendation	
1. Election of Directors	FOR all nominees	12 to 15
2. Ratification of Independent Accounting Firm	FOR	16 to 18
3. Advisory Vote on Executive Compensation	FOR	19 to 42

**Table of Contents*****OUR DIRECTOR NOMINEES***

You are being asked to vote on the election of the thirteen (13) director nominees listed below. Detailed information about each nominee's background, skills and expertise can be found under Proposal 1 Election of Directors.

Committee Memberships				
Name				
Current Position				
<b>Julie A. Caponi</b>	57	2007	YES	Chair
Retired Assistant Treasurer of Arconic				&#127761;
<b>Ray T. Charley</b>	67	1998	YES	&#127761; &#127761;
Chief Executive Officer of Thomi Co.				
<b>Gary R. Claus</b>	66	2011	YES	&#127761; &#127761;
Retired Tax Partner of PWC				
<b>David S. Dahlmann</b>	69	1998	YES	&#127761; &#127761;
Chairman of First Commonwealth Financial Corporation				
<b>Johnston A. Glass</b>	69	1986	YES	&#127761; Chair
Retired President and CEO of First Commonwealth Bank				
<b>Jon L. Gorney</b>	68	2013	YES	Chair &#127761;
Retired Executive Vice President of National City Corporation				
<b>David W. Greenfield</b>	68	2010	YES	Chair &#127761;
Retired General Counsel of Kennametal, Inc.				
<b>Bart E. Johnson</b>	53	2017	YES	&#127761; &#127761;

CEO of AgriCommunicators, Inc

**Luke A. Latimer**

Chairman, CEO & Treasurer of 42 2011 YES [#127761;](#)

R&L Development, Inc.

**Aradhna M. Oliphant**

President and CEO, 53 New YES

Leadership Pittsburgh

**T. Michael Price**

President and CEO of First  
Commonwealth 56 2012 NO

Financial Corporation

**Robert J. Ventura**

Executive Managing Director of 69 2004 YES [#127761;](#) **Chair**

Ventura Group LLC

**Stephen A. Wolfe**

President and CEO of Indiana 54 2017 YES [#127761;](#)

Regional Medical Center

\*The Credit Committee is a Committee of the Board of Directors of our subsidiary bank.

**2** [FIRST Commonwealth](#) *2019 Proxy Statement*

**Table of Contents*****CORPORATE GOVERNANCE FACTS***

We recognize that corporate governance is the foundation of sustainable growth. Our governance policies and structures, summarized in the table below, are designed to promote thoughtful consideration of business actions and appropriate risk taking, with the goal of producing strong business results for our shareholders.

<b>Board and Governance Information</b>	
Size of Board	13
Number of Independent Directors	12
Average Age of Directors	61
Board Meetings held in 2018	9
Annual Election of Directors	Yes
Mandatory Retirement Age	75
Majority Voting in Director Elections	Yes
Separate Chair and CEO	Yes
Independent Directors Meet Without Management Present	Yes
Annual Board and Committee Evaluations	Yes
Board Orientation and Continuing Education Program	Yes
Board Risk Committee	Yes
Codes of Conduct for Directors, Officers and Employees	Yes
Stock Ownership Guidelines for Directors and Executive Officers	Yes
Anti-Hedging and Pledging Policies	Yes
Recoupment ( Clawback ) Policy	Yes

**Table of Contents****STOCK OWNERSHIP OF CERTAIN BENEFICIAL OWNERS**

The following table sets forth certain information concerning the persons known by us to be the beneficial owners of more than 5% of the outstanding shares of our common stock.

Name and Address	Number of Shares Beneficially Owned	Percentage of Class
BlackRock, Inc. 55 East 52nd Street New York, NY 10055	14,701,789(1)	14.8%
Dimensional Fund Advisors LP Building One 6300 Bee Cave Road Austin, Texas 78746	7,261,979(2)	7.3%
The Vanguard Group, Inc. 100 Vanguard Blvd. Malvern, PA 19355	10,663,370(3)	10.7%

(1) Based on the information provided pursuant to a statement on Schedule 13G filed with the SEC on January 28, 2019 by BlackRock, Inc. reporting the holdings of BlackRock, Inc. and its subsidiaries as of December 31, 2018. According to the Schedule 13G, BlackRock, Inc. or its subsidiaries held sole voting power with respect to 14,401,855 shares and sole dispositive power over all of the reported shares.



- (2) Based on information provided pursuant to a statement on Schedule 13G filed with the SEC on February 8, 2019 by Dimensional Fund Advisors LP reporting holdings, as of December 31, 2018, of certain funds to which Dimensional Fund Advisors LP furnishes investment advice. Dimensional Fund Advisors LP disclaims beneficial ownership of the reported shares. According to the Schedule 13G, Dimensional Fund Advisors LP held sole voting power over 6,962,348 shares and sole dispositive power over all of the reported shares.
- (3) Based on information provided pursuant to a statement on Schedule 13G filed with the SEC on February 11, 2019 by The Vanguard Group, Inc. reporting the holdings of The Vanguard Group, Inc. and its subsidiaries as of December 31, 2018. According to the Schedule 13G, The Vanguard Group, Inc. held sole voting power over 98,240 shares, shared voting power over 16,896 shares, sole dispositive power over 10,558,838 shares and shared dispositive power over 104,532 shares.

4 **FIRST Commonwealth** *2019 Proxy Statement*

**Table of Contents****STOCK OWNERSHIP OF DIRECTORS AND MANAGEMENT**

The following table sets forth certain information as of the March 1, 2019 record date with respect to beneficial ownership of our common stock by: (i) each director and nominee; (ii) each Named Executive Officer ( NEO ) listed in the Summary Compensation Table under the section of this proxy statement entitled Executive Compensation, and (iii) all directors and executive officers as a group. As of the record date, there were 98,636,839 shares of common stock outstanding. Unless otherwise indicated, all persons named as beneficial owners of the Company's common stock have sole voting power and sole investment power with respect to the shares indicated as beneficially owned.

Name of Beneficial Owner	Shares Beneficially Owned	Percentage Owned
Julie A. Caponi	44,968	*
Ray T. Charley	298,041(1)	*
Gary R. Claus	35,410	*
David S. Dahlmann	52,862	*
Johnston A. Glass	78,373	*
Jon L. Gorney	20,557	*
Jane Grebenc	96,338	*
David W. Greenfield	32,472	*
Bart E. Johnson	53,927(2)	*
Brian G. Karrip	43,070	*
Luke A. Latimer	145,918	*
Aradhna M. Oliphant	0	*
T. Michael Price	215,891	*
James R. Reske	53,146	*
Laurie S. Singer	50,995(3)	*
Matthew C. Tomb	52,814	
Robert J. Ventura	46,403	*
Stephen A. Wolfe	3,159	*
All directors and executive officers as a group (21 persons)	1,475,486	1.50%

\* Less than 1%

- (1) Includes 273,952 shares held by Charley Family Investments, LP, for which Mr. Charley has sole voting and investment power as manager of the general partner of the partnership, and 18,000 shares held by trusts for Mr. Charley's children of which Mr. Charley has sole voting and investment power as trustee.
- (2) Does not include 682 shares owned by Mr. Johnson's children.
- (3) Does not include 4,100 shares held in a trust for Ms. Singer's spouse as to which Ms. Singer disclaims beneficial ownership.

**FIRST Commonwealth** 2019 Proxy Statement 5

## Table of Contents

### CORPORATE GOVERNANCE

The Board of Directors is responsible for overseeing the management of the Company's business and affairs. The Board measures the effectiveness of its oversight using a balanced scorecard which is comprised of three themes:

**Leadership and Accountability** – the Board's responsibility for appointing and retaining strong and qualified leaders and holding those leaders accountable for corporate performance;

**Strategic Direction and Execution** – the Board's responsibility to approve the Company's strategy and oversee its execution by management; and

**Risk Oversight** – the Board's responsibility to establish the Company's risk appetite and ensure that the Company's strategies and risk management practices are aligned with the risk appetite. Sound corporate governance provides the foundation which enables the Board to effectively carry out these responsibilities. This section discusses First Commonwealth's corporate governance policies and practices, as well as the composition of the Board and its standing committees.

#### **Corporate Governance Policies**

The Board of Directors has adopted Corporate Governance Guidelines which codify our corporate governance policies and reflect our commitment to following corporate governance best practices. Below is a summary of the significant guidelines that we follow.

***Separation of Chairman and CEO.*** We believe that the roles of Chairman of the Board and Chief Executive Officer should be held by separate persons and that the Chairman of the Board should be an independent director. This separation establishes an appropriate division of the Board's oversight role from the management responsibilities of the officers and employees of the Company. Consistent with this principle, our current Chairman, David S. Dahlmann, is a non-executive independent director.

***Majority Voting in Director Elections.*** Under our Corporate Governance Guidelines, any director who does not receive a majority of votes cast for his or her election in an uncontested election must tender his or her resignation promptly following the failure to receive the required vote. Within 90 days of the certification of the shareholder vote, the Governance Committee would then be required to make a recommendation to the Board as to whether the Board should accept the resignation, and the Board would be required to decide whether to accept the resignation and to disclose its decision-making process.

***Director Independence.*** We believe that all directors other than the Chief Executive Officer should be independent from management. All of our directors other than the Chief Executive Officer currently satisfy the independence requirements of the New York Stock Exchange ( NYSE ), as described below under Independence of Directors.

***Executive Sessions.*** Our Board and committees regularly meet in executive session without management present, and our non-management directors meet regularly without the Chief Executive Officer. This enables directors to provide candid feedback, raise concerns and discuss sensitive or confidential matters. Our Chairman, David S. Dahlmann, has also been designated as our Lead Director to preside at meetings of the non-management directors.

*Stock Ownership.* We believe that directors should hold a meaningful investment in the Company's stock to ensure that their interests are aligned with our shareholders. Our guidelines require that all directors own shares having a value of at least \$130,000 (five times the annual cash retainer) or 25,000 shares, whichever is less. This guideline must be met within five years of a director's initial election to the Board. Directors receive 50% of their annual retainer in shares of Company stock; however, directors who own shares having a value of \$400,000 or greater may elect to receive their full retainer in cash.

*Director Orientation and Education.* All new directors and committee members receive orientation to learn about the Company and its strategic plans, significant financial, regulatory, accounting and risk management matters and policies and compliance programs. Our current directors regularly participate in continuing education to maintain the skills necessary to perform their duties and responsibilities and to keep abreast of industry trends, legal and regulatory developments and corporate governance practices.

**6** **FIRST Commonwealth** *2019 Proxy Statement*

## **Table of Contents**

*Performance Evaluations.* Our Board and committees regularly evaluate and discuss their performance. In addition, our Board performs a peer evaluation from time to time to provide directors with a confidential forum to assess and provide candid feedback regarding their own performance and the performance of fellow directors. The Board and its committees use the results of these evaluations to identify opportunities to enhance performance and topics for director continuing education.

*Retirement Age.* We have established a mandatory retirement age of 75 for our directors. No candidate may be nominated for election as a director if he or she would be age 75 or older at the time of the election.

*Meeting Frequency and Attendance.* Directors are expected to attend Board meetings and meetings of committees on which they serve and to spend the time needed and meet as frequently as necessary to properly discharge their responsibilities. Last year, our Board met nine times. All of our directors attended at least 75% of the total number of meetings of the Board and all committees of which they were members.

*Annual Meeting Attendance.* The annual meeting provides an opportunity for shareholders to meet and interact with our directors. All directors are expected to attend the annual meeting in the absence of an unavoidable conflict. Last year all of our directors attended the annual meeting.

## **Composition and Diversity of the Board**

We believe that our Board should generally consist of between 10 and 15 directors. This range permits diversity of experience and sharing of Board and committee responsibilities without hindering effective governance. However, the Board may increase its membership beyond 15 to accommodate an exceptional candidate or operate with fewer than 10 directors if a vacancy arises.

We believe that effective oversight requires that the Board possess a diversity of perspectives, backgrounds and skills. The Governance Committee considers the diversity of the professional experience, education, expertise, viewpoints, background and other demographics when evaluating the current composition of the Board and the need for additional directors and when identifying and evaluating director nominees. The Governance Committee is also guided by a set of criteria that has been approved by the Board of Directors. Under these criteria, a director candidate should:

possess a sustained record of high achievement in financial services, business, industry, government, academia, the professions, or civic, charitable or non-profit organizations;

have a reputation for integrity, honesty and adherence to high ethical standards and personal qualities that will help to sustain an atmosphere of mutual respect and collegiality among the members of the Board;

have the strength of character necessary to challenge management's recommendations and actions when appropriate and to confirm the adequacy and completeness of management's responses to such challenges to his or her satisfaction;

understand or demonstrate a commitment to understand First Commonwealth, including our strategic vision, our mix of businesses and our approach to regulatory relations and risk management;

have a commitment and sufficient time to devote to our affairs, including regularly attending and participating in meetings of the Board and at least one standing committee; and

not have, nor appear to have, a conflict of interest that would impair his or her ability to represent the interests of our shareholders and to fulfill the responsibilities of a director.

When assessing each current director for possible nomination and re-election, the Governance Committee considers all of the criteria listed above, as well as the needs of the Board, the independence of the director, the director's meeting attendance and participation, and the value of the director's contributions to the effectiveness of our Board and its committees.

### **Independence of Directors**

The rules of the NYSE require that at least a majority of our Board of Directors be comprised of independent directors. Our Corporate Governance Guidelines require that all directors other than the Chief Executive Officer must meet the independence standards established by the NYSE.

## **Table of Contents**

The Board reviews all relationships between the Company and its directors at least once per year and assesses each director's independence annually using the NYSE independence standards. The Board has determined that a director may be independent even if he or she has business relationships with First Commonwealth or one of its affiliates, as long as, in the Board's business judgment:

any transaction involving the director is entered into in the ordinary course of business and on substantially the same terms as those prevailing at the time for comparable transactions with other persons;

the relationship complies with all applicable laws and regulations; and

the relationship would not interfere with the director's exercise of judgment independent from management of First Commonwealth.

Based upon these criteria, the Board has determined that directors Caponi, Charley, Claus, Dahlmann, Gorney, Glass, Greenfield, Johnson, Latimer, Ventura and Wolfe and director nominee Oliphant are independent.

When evaluating the independence of Mr. Latimer, the Board considered the lease transaction between First Commonwealth Bank and SML Limited Partnership described below under the heading Related Party Transactions, and concluded that the transaction did not impact the independence of Mr. Latimer because the amount paid to SML Limited Partnership during 2018 fell below the quantitative limits established by the NYSE independence rules and was not otherwise material to Mr. Latimer or First Commonwealth.

## **Oversight of Risk**

The Board of Directors actively oversees the risk management practices employed by First Commonwealth and its management team. The Board receives regular reports from our Chief Risk Officer regarding material risk exposures and the actions taken to monitor and mitigate those risks. In addition, senior management updates the Board at its regular meetings regarding trends and developments for credit, market, liquidity, compliance, reputation, operational and strategic risk. Our Risk Committee provides risk oversight for the Board as a dedicated forum to review and discuss risks and risk management policies and practices. In addition, the Credit Committee of the First Commonwealth Bank Board of Directors oversees the Bank's lending operations and the quality and performance of its loan portfolios.

## **Audit Committee**

The Audit Committee is comprised of Julie A. Caponi (Chair), Gary R. Claus, Laurie S. Singer and Robert J. Ventura, each of whom is an independent director under our Guidelines and the NYSE and Securities and Exchange Commission (SEC) standards. The primary responsibilities of the Audit Committee are to monitor the integrity of our financial statements, select and oversee our independent registered public accounting firm, oversee our internal audit process, monitor our compliance with legal and regulatory requirements, including the receipt and resolution of complaints concerning accounting, internal controls and auditing matters, and review and discuss major financial risk exposures with management and steps taken to monitor and control those exposures, including risk assessments and risk management policies. Each member of the Audit Committee is financially literate, and our Board has determined that Directors Caponi and Claus qualify as audit committee financial experts as defined by the rules of the SEC. The Audit Committee met ten times in 2018. A report of the Audit Committee follows on page 17.



## **Compensation and Human Resources Committee**

The Compensation and Human Resources Committee is comprised of Robert J. Ventura (Chair), Ray T. Charley, Gary R. Claus and David W. Greenfield. The primary responsibilities of the Compensation and Human Resources Committee are to review and determine the compensation of the CEO and other executive officers, lead the annual review of the performance of the CEO, develop and approve the CEO succession plan and oversee succession and development planning for the other executive officers, establish and oversee executive compensation and employee benefit programs, and review and approve the terms of any employment, severance, change of control or similar agreement for our CEO and other

**8** **FIRST Commonwealth** *2019 Proxy Statement*

## **Table of Contents**

executive officers. The Compensation and Human Resources Committee met seven times during 2018. Each member of the Compensation and Human Resources Committee is an independent director under our Guidelines and applicable NYSE standards. A report of the Compensation and Human Resources Committee follows on page 33.

## **Governance Committee**

The Governance Committee is comprised of David W. Greenfield (Chair), Ray T. Charley, Luke A. Latimer, and Laurie S. Singer. The primary responsibilities of the Governance Committee are to identify and recommend director nominees to the Board of Directors, recommend directors to serve as members and as chair for each committee of the Board, determine director compensation, lead the annual review of the performance of the Board and its committees, recommend and approve corporate governance policies and practices for the Board, and review and approve related party transactions and monitor compliance with our Code of Conduct and Ethics, insider trading and related policies. Each member of the Governance Committee is an independent director under our Guidelines and applicable NYSE standards. The Governance Committee met six times during 2018.

## **Risk Committee**

The Risk Committee is a joint committee of the Boards of Directors of First Commonwealth Financial Corporation and First Commonwealth Bank and is comprised of Jon L. Gorney (Chair), David S. Dahlmann, Johnston A. Glass, Bart E. Johnson and Stephen A. Wolfe. The primary responsibilities of the Risk Committee are to oversee and review information regarding our enterprise risk management framework, review and approve our significant risk management policies, assess the risks associated with our compensation practices, review and discuss with management the level and trend of risk exposures, including credit, market, liquidity, operational, compliance and legal, reputation and strategic risk, and assess risks associated with strategic and operating plans and strategic initiatives. Each member of the Risk Committee is an independent director under our Guidelines and applicable NYSE standards. The Risk Committee met eight times during 2018.

## **Code of Conduct and Ethics**

The Code of Conduct and Ethics governs the actions and working relationships of First Commonwealth employees, officers and directors. This Code addresses, among other items, conflicts of interest, confidentiality, fair dealing, protection and proper use of corporate assets and compliance with laws, rules and regulations. The Code of Conduct and Ethics encourages and provides a process for the reporting of any illegal or unethical behavior. First Commonwealth has established an ethics hotline to allow employees, officers and directors to anonymously report any known or suspected violation of laws, rules or regulations or the Code of Conduct and Ethics.

## **Where to Find Governance Documents**

You can find copies of the charters for our Audit Committee, Compensation and Human Resources Committee, Governance Committee and Risk Committee, as well as our Corporate Governance Guidelines, Code of Conduct and Ethics and other important information, by visiting our website at [www.fcbanking.com](http://www.fcbanking.com) and following the links to Investor Relations and Corporate Governance.

## **Communicating with Directors**

You may communicate directly with any director or the full Board. To do so, please write to the person or persons desired and mail the communication to:

First Commonwealth Financial Corporation

Attn: Board Communications

P.O. Box 400

Indiana, PA 15701

Our employees will not open or otherwise screen any communications sent to this address. The communications will be delivered directly to the Lead Director, who will determine how to respond,

**FIRST Commonwealth** 2019 Proxy Statement 9

**Table of Contents**

including whether to present the communication to the full Board or to forward it to an individual director. If you send director-related communications to our offices, we will handle them in accordance with a collection and organization process approved by the Board. These communications are subject to a screening process that will determine which communications will be relayed to directors.

In addition, First Commonwealth has retained an independent service provider to receive calls from shareholders and other interested parties who wish to communicate with the non-management directors. The telephone number for this service is 1-866-825-5283. The independent service provider will forward all communications to the Lead Director who will take such action as he deems appropriate. A summary report of all communications received and actions taken by the Lead Director will be presented during the next executive session of the non-management directors and, if the non-management directors deem appropriate, to the full Board.

**10** **FIRST Commonwealth** *2019 Proxy Statement*

**Table of Contents****COMPENSATION OF DIRECTORS****Director Compensation Schedule**

In 2018 our Non-Management directors were compensated according to the following schedule:

Board Member Retainer(1)	\$52,000
Committee Member Retainer	\$ 8,000
Committee Chair Premium(2)	\$12,000
Audit Committee Chair Premium(2)	\$14,500

(1) Half of the annual retainer fee for service on the Board of Directors is paid in cash and half is paid in shares of common stock based on the closing price of the Company's stock on the date of the annual meeting of Shareholders. Directors who own shares having a value of at least \$400,000 may elect to receive their full retainer in cash.

(2) The Chair of each Committee is paid a premium for the additional time and effort required to chair the committee. The premium is in addition to the Committee Member Retainer.

In addition to the fees described above, Mr. Dahlmann received an annual retainer fee of \$125,000 during 2018 for his service as the non-executive Chairman of First Commonwealth Financial Corporation. The Chief Executive Officer does not receive additional compensation for service on our Board of Directors.

**Director Compensation in 2018**

The following table shows the compensation paid to our non-employee directors during 2018:

Name	Fees Earned or Paid in Cash (\$)(1)	Stock Awards (\$)(2)	All Other Compensation (\$)(3)	Total (\$)
Julie A. Caponi	51,167	26,000	5,333	82,500
Ray T. Charley	42,000	26,000	0	68,000
Gary R. Claus	42,000	26,000	0	68,000
David S. Dahlmann	185,000	0	8,000	193,000
Johnston A. Glass	60,000	0	20,000	80,000

Edgar Filing: FIRST COMMONWEALTH FINANCIAL CORP /PA/ - Form DEF 14A

Jon L. Gorney	46,000	26,000	8,000	80,000
David W. Greenfield	50,000	26,000	0	76,000
Bart E. Johnson	31,333	26,000	8,000	65,333
Luke A. Latimer	34,000	26,000	2,667	62,667
Laurie Stern Singer	72,000	0	0	72,000
Robert J. Ventura	80,000	0	0	80,000
Stephen A. Wolfe	34,000	26,000	0	60,000

(1) Fees Earned or Paid in Cash consists of retainer fees for service on the Board of Directors and committees of First Commonwealth Financial Corporation.

(2) Represents the portion of the annual retainer paid in shares of common stock based upon the grant date fair value of the shares.

(3) All Other Compensation consists of cash retainer fees for service on the Credit Committee of First Commonwealth Bank.

None of our directors hold options to purchase our stock.

---

**Table of Contents****PROPOSAL 1 ELECTION OF DIRECTORS**

Upon the recommendation of our Governance Committee, the Board of Directors has nominated the thirteen (13) persons named below for election at the 2018 Annual Meeting of Shareholders to serve until the next annual meeting and until his or her successor is elected and qualified. Director Laurie Singer has advised the Board that she will retire from the Board of Directors at the expiration of her current term and is not standing for reelection at the Annual Meeting. Relevant biographical information concerning each nominee, including the nominee's business experience and qualifications, is set forth below.

**Julie A. Caponi.** Ms. Caponi, age 57, is a Certified Public Accountant. In January 2018, she retired from her position as Assistant Treasurer of Arconic Inc. (formerly known as Alcoa Inc.), a manufacturer of engineered products from aluminum and other lightweight metals, having served in that capacity since May 2013. Ms. Caponi previously served as Vice President-Audit of Arconic from 2005 to 2013 and as Assistant Controller of Arconic from 2000 to 2005. Before joining Arconic, Ms. Caponi was an audit partner at Deloitte, principally serving clients in the financial services industry. Ms. Caponi joined our Board in 2007 and currently chairs our Audit Committee. She is a director of First Commonwealth Bank and a member of the Credit Committee of First Commonwealth Bank. Ms. Caponi has served as a Director of First Western Financial, Inc., a bank holding company in Denver, Colorado, since 2017 and is a member of the audit and compensation committees of First Western Financial. Ms. Caponi earned a Bachelor of Science Degree in Accounting from the Indiana University of Pennsylvania. She is a member of the American and Pennsylvania Institutes of Certified Public Accountants. Ms. Caponi's qualifications for service on our Board include her leadership experience and her expertise in financial accounting, auditing and internal controls.

**Ray T. Charley.** Mr. Charley, age 67, has served as the Chief Executive Officer of Thomi Co., an operator of retail grocery stores in Greensburg, Pennsylvania, since 1983. Mr. Charley served as a director of Southwest National Corporation from 1989 and joined our Board in 1998 upon the completion of our merger with Southwest National Corporation. Mr. Charley is a member of our Governance Committee and our Compensation and Human Resources Committee and is also a director of First Commonwealth Bank. He is the Chair of the Westmoreland Frick Hospital Foundation of Excelsa Health, an operator of hospitals and other health care facilities in Western Pennsylvania, and a former officer of Excelsa Health Holding Co. Mr. Charley also serves as a director and in leadership capacities for various charitable organizations. Mr. Charley earned a Bachelor's degree from Duquesne University and a law degree from the Pennsylvania State University Dickinson School of Law. Mr. Charley's qualifications for service on our Board include his business acumen and his commitment to sound governance and oversight as demonstrated by his extensive experience as a director in the financial services industry.

**Gary R. Claus.** Mr. Claus, age 66, is a Certified Public Accountant. Mr. Claus spent 35 years as a tax accountant at PriceWaterhouseCoopers, where he was admitted as a Partner in 1986 and served as the Pittsburgh Tax Site Leader from 1992 through 2004. He served as an executive search and talent consultant from 2008 until his retirement in October 2017. Mr. Claus joined our Board in April 2011, serves as a member of our Audit Committee and our Compensation and Human Resources Committee and is also a director of First Commonwealth Bank. Mr. Claus has a wide variety of experience advising clients ranging from large publicly held companies to small privately owned companies, including manufacturers, law firms and other service companies. He is also active in professional, community and church organizations, serving as Chairman of the Board of Goodwill of Southwestern Pennsylvania and Chairman of the Board of Trustees of Robert Morris University. Mr. Claus earned a Bachelor of Science degree in Accounting from Robert Morris University. Mr. Claus's qualifications for Board service include his extensive professional experience in accounting, executive compensation and human resources.

**David S. Dahlmann.** Mr. Dahlmann, age 69, has served as the Chairman of the Board of First Commonwealth Financial Corporation and First Commonwealth Bank since 2006. He was formerly Vice Chairman of First

Commonwealth Financial Corporation from 1998 to 2002, President and Chief Executive Officer of Southwest National Corporation from 1991 to 1998 and President and Chief Executive Officer of Southwest Bank from 1991 until its merger with First Commonwealth Bank in 2002. He was a director of Southwest National Corporation from 1991 and joined our Board in 1998 upon the completion of our merger with Southwest National Corporation. Mr. Dahlmann formerly served on the Board of Directors of the

**12** **FIRST Commonwealth** *2019 Proxy Statement*



---

**Table of Contents**

Federal Reserve Bank of Cleveland and as an Adjunct Professor at Saint Vincent College in Latrobe, Pennsylvania, and he serves as a director for numerous charitable, educational and civic associations. Mr. Dahlmann is a member of our Risk Committee and the Credit Committee of First Commonwealth Bank. He earned a Bachelor's Degree in Economics and Masters of Business Administration degrees from the Indiana University of Pennsylvania. Mr. Dahlmann's qualifications for Board service include his extensive career as a director and executive in the financial services industry and his expertise and experience in corporate governance matters.

*Johnston A. Glass.* Mr. Glass, age 69, is retired. Mr. Glass has served on our Board since 1986. He served as Vice Chairman of First Commonwealth Financial Corporation and as President and Chief Executive Officer of First Commonwealth Bank and its predecessor, NBOC Bank, until his retirement in 2005. Mr. Glass is a director of First Commonwealth Bank, serves as member of our Risk Committee and Chairs the Credit Committee of First Commonwealth Bank. Mr. Glass served as a director of First National Bank of Santa Fe until May 2013. He has served as a director and officer of numerous civic and non-profit associations and as past director of the Pennsylvania Bankers Association. He earned a Bachelor of Science degree from the Pennsylvania State University. Mr. Glass's qualifications for Board service include his extensive leadership experience in the banking industry, his thorough understanding of First Commonwealth and its business and his long history of service as a director of First Commonwealth and other organizations.

*Jon L. Gorney.* Mr. Gorney, age 68, is a management consultant. He joined our Board in January 2013. He is also a director of First Commonwealth Bank. Mr. Gorney chairs our Risk Committee and is a member of the Credit Committee of First Commonwealth Bank. Mr. Gorney began his 37-year career in the financial services industry with National City Corporation. He served as Executive Vice President of National City Corporation from 1992 through 2008 and oversaw all technology and operations for National City. From 2004 through 2006, Mr. Gorney also served as Chairman and Chief Executive Officer of National Processing Company, a majority subsidiary of National City that was the second largest merchant card processor in the United States. Mr. Gorney joined PNC Financial Services Group through the acquisition of National City in December 2008 and served as an Executive Vice President until his retirement in June 2010. While at PNC, Mr. Gorney co-chaired the company-wide integration of PNC and National City and was responsible for the leadership and development of a single operating organization for PNC. He currently serves as a director of Professional Bank, Coral Gables, Florida. Mr. Gorney earned a Bachelor of Science degree in Computer Science from the University of Dayton. His qualifications for Board service include his extensive experience as a financial services executive and his strong expertise in financial services information technology and operations.

*David W. Greenfield.* Mr. Greenfield, age 68, is retired. He has served on our Board since April 2010 and is a member of our Compensation and Human Resources Committee and Chair of our Governance Committee. He is also a director of First Commonwealth Bank. Mr. Greenfield was formerly Vice President, Secretary and General Counsel of Kennametal, Inc., a global manufacturer of tooling, engineered components and advanced materials consumed in production processes from 2001 until his retirement in 2010. Prior to joining Kennametal in 2001, Mr. Greenfield was a shareholder of Buchanan Ingersoll & Rooney P.C., a Pittsburgh-based law firm, focusing on corporate, financial and transactional issues involving public and private companies. He also served as Senior Vice President, General Counsel and Secretary of Meritor Automotive, Inc. and Associate General Counsel of Rockwell International Corporation. He is also active in a number of charitable, educational and civic organizations, and also serves as a trustee of Warren Wilson College in Asheville, North Carolina. Mr. Greenfield earned a Bachelor of Arts degree from the University of Pittsburgh and a law degree from Wake Forest University School of Law. Having practiced law for over 35 years and served in executive capacities for three publicly traded companies, Mr. Greenfield has extensive experience in corporate governance, ethics and compliance matters and the execution of corporate strategy and is therefore qualified to serve as a director.

*Bart E. Johnson.* Mr. Johnson, age 53, is President and Chief Executive Officer of AgriCommunicators, Inc., a multi-channel communications firm specializing in the agricultural community. Mr. Johnson served as a director of DCB Financial Corp., the bank holding company for The Delaware County Bank and Trust Company, from 2010 until the merger of DCB Financial Corp with First Commonwealth. Mr. Johnson was

---

**Table of Contents**

appointed to our Board following the merger in April 2017. He is also a director of First Commonwealth Bank and serves as a member of our Risk Committee and the Credit Committee of First Commonwealth Bank. He earned a Bachelor's degree in Agricultural Economics from The Ohio State University. Mr. Johnson has expertise in marketing and communications from his association with AgriCommunicators, and his background and association with Delaware County, Ohio and the regional farm community provides an important connection between First Commonwealth and its Central Ohio market and agricultural related customers.

*Luke A. Latimer.* Mr. Latimer, age 42, is Chairman, Chief Executive Officer and President of R&L Development, a heavy construction company in New Alexandria, Pennsylvania. He previously served as Executive Vice President and Treasurer of R&L Development from 1999 to October 2015. Mr. Latimer is a General Partner of SML Limited Partnership, a real estate holding and development partnership in New Alexandria, Pennsylvania. Mr. Latimer joined our Board in April 2011. He also serves as a director of First Commonwealth Bank and is a member of our Governance Committee. Mr. Latimer has served as a Director and Compensation Committee member of First Western Financial, Inc., a bank holding company in Denver, Colorado, since July 2015, and previously served as Chairman of the Board of Directors of First National Bank of Santa Fe and a director of New Mexico Banquest Corporation, a bank and bank holding company in Santa Fe, New Mexico, until May 2013. He earned a Bachelor of Science degree in Business Management from Saint Vincent College. His qualifications for service as a director include his extensive business experience and his years of service as a director in the financial services industry.

*Aradhna M. Oliphant.* Ms. Oliphant, age 53, has served as President and Chief Executive Officer of Leadership Pittsburgh, Inc., a leadership development and networking organization in Southwestern Pennsylvania, since 2005. She previously served in leadership positions at The Forbes Funds, an affiliate of the Pittsburgh Foundation, The Children's Festival Chorus in Pittsburgh, and Princeton Pro Musica in New Jersey. She has also served as an Adjunct Professor of Business Management and Psychology at various universities in New Jersey including Rider University, College of New Jersey, and College of St. Elizabeth. Ms. Oliphant earned a Bachelor of Arts Degree in Humanities and a Master of Arts Degree in Psychology from University of Bhopal, India. She earned a Master of Business Administration from Rutgers University, New Jersey. She has received Honorary Doctorates from Waynesburg University and Robert Morris University, both in Pennsylvania. Ms. Oliphant's qualifications for service on our Board include her extensive leadership, professional development and business experience, extensive command of issues affecting the Pittsburgh Region and strong network and reputation among leaders across the business, foundation, public and civic sectors.

*T. Michael Price.* Mr. Price, age 56, is the President and Chief Executive Officer of First Commonwealth Financial Corporation and Chief Executive Officer of First Commonwealth Bank. He has been a director of the Company since March 2012 and is also a director of First Commonwealth Bank. He served as Interim President and Chief Executive Officer of the Company from January 2012 until being appointed to serve in that capacity on a permanent basis in March 2012. Mr. Price served as President of First Commonwealth Bank from November 2007 until May 2013. Before joining First Commonwealth, Mr. Price served as Chief Executive Officer of the Cincinnati and Northern Kentucky Region of National City Bank from July 2004 to November 2007 and as Executive Vice President and Head of Small Business Banking of National City Bank prior to July 2004. He currently serves on the Board of Directors of Indiana Regional Medical Center and is the First Vice Chairman of the Pennsylvania Bankers Association Board of Directors. Mr. Price received his Bachelor of Science degree from the University of Utah, and he earned his MBA from Cleveland State University. Mr. Price's qualifications for service on our Board include his thorough understanding of the banking and financial services industry, which he has attained through more than 25 years of executive leadership experience.

*Robert J. Ventura.* Mr. Ventura, age 69, is Executive Managing Director of Ventura Group, LLC, an investment banking firm in Pittsburgh, Pennsylvania, and formerly served in a similar capacity as Managing Director of Raptor

Partners, LLC, from June 2010 through August 2012 and as Principal of Ventura Group, LLC. Mr. Ventura previously served as Director of Acquisitions and Divestitures and Director of Financial Planning and Analysis during a 15-year career with Rockwell International Corporation, a diversified global manufacturing company. Mr. Ventura served as a director of GA Financial, Inc. from 1998 and joined our

**14** **FIRST Commonwealth** *2019 Proxy Statement*

**Table of Contents**

Board in 2004 at the completion of our acquisition of GA Financial, Inc. Mr. Ventura chairs our Compensation and Human Resources Committee, serves as a member of our Audit Committee and is also a director of First Commonwealth Bank. He earned a Bachelor of Science degree in Industrial Engineering from the University of Pittsburgh and Masters of Business Administration degree from Duquesne University and has held Series 79 and 63 securities licenses. Mr. Ventura's qualifications for Board service include his expertise in business and financial analysis and mergers and acquisitions and his experience as a director in the financial services industry.

*Stephen A. Wolfe.* Mr. Wolfe, age 54, has served as President and Chief Executive Officer of Indiana Regional Medical Center, an independent community hospital in Indiana, Pennsylvania, since 1999. Mr. Wolfe is the Founder, President and Chairman of the Pennsylvania Mountains Healthcare Alliance, a regional health information organization that facilitates the exchange of electronic health information among healthcare providers, and is the Chairman of the Pennsylvania Mountain Care Network, a collaborative network of three hospitals in Western Pennsylvania. Mr. Wolfe joined our Board in April 2017 and serves as a director of First Commonwealth Bank and as a member of our Risk Committee. He is active in numerous civic and charitable organizations, having served as Chairman of the Indiana County Chamber of Commerce, a member of the Indiana County Development Corporation and Center for Economic Operations, the co-founder and Chairman of the Seeds of Faith Christian Academy and Campaign Chair for the United Way. Mr. Wolfe earned a Bachelor of Science degree in Pharmacy from Temple University and a Masters in Public Administration from Penn State University. Mr. Wolfe contributes extensive experience in business, strategic planning and execution and organizational development to our Board of Directors.

Each director elected this year will continue in office until a successor has been elected. Each nominee has indicated that he or she will serve if elected. We do not anticipate that any nominee will be unable or unwilling to stand for election, but if that happens, your proxy will be voted for another person nominated by the Board. The Board may also choose to reduce the number of directors to be elected, as permitted by our By-laws.

**The Board of Directors recommends that you vote FOR each of the nominees listed above.**

**Table of Contents**

**PROPOSAL 2 RATIFICATION OF INDEPENDENT ACCOUNTING FIRM**

The Audit Committee of the Board has appointed Ernst & Young LLP as the independent auditors of First Commonwealth and our subsidiaries for the year ending December 31, 2019. KPMG LLP served as our independent registered public accounting firm for the year ended December 31, 2018. The Audit Committee periodically considers whether there should be a rotation of the independent registered public accounting firm. As part of that consideration, during 2018, the Audit Committee conducted a competitive selection process to determine the Company's independent registered public accounting firm. As a result of that process, the Audit Committee decided to approve the appointment of Ernst & Young LLP for 2019.

In selecting Ernst & Young LLP, the Audit Committee considered a number of factors, including:

the professional qualifications of Ernst & Young LLP, the lead partner and other key engagement partners;

Ernst & Young LLP independence and its processes for maintaining independence;

Ernst & Young LLP's depth of understanding of First Commonwealth's business, accounting policies and practices and internal control over financial reporting, as well as the breadth and depth of Ernst & Young LLP's understanding of the financial services industry;

the appropriateness of Ernst & Young LLP's fees for audit and non-audit services;

the most recent Public Company Accounting Oversight Board (PCAOB) inspection report on Ernst & Young LLP and the results of peer review and self-review examinations;

the results of annual evaluations by management and the Audit Committee of the qualifications, performance and independence of Ernst & Young LLP; and

the potential impact of changing our independent registered public accounting firm.

At the annual meeting, shareholders will be asked to ratify the appointment of Ernst & Young LLP as First Commonwealth's independent registered public accounting firm for the 2019 fiscal year. Although shareholder approval is not required, the Board desires to obtain shareholder ratification of this appointment. If the appointment is not ratified at the annual meeting, the Board will review its future selection of auditors. If the appointment is ratified, the Audit Committee in its discretion may select a different independent registered public accounting firm at any time during the year if it determines that such a change would be in the best interests of First Commonwealth and its shareholders. No formal statement by representatives of KPMG LLP or Ernst & Young LLP is anticipated at the Annual Meeting. However, representatives of Ernst & Young LLP are expected to attend the Annual Meeting to respond to appropriate questions.

The affirmative vote of the holders of a majority of First Commonwealth's common stock present in person or represented by proxy at the annual meeting is necessary for ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm.

**The Board of Directors recommends that you vote FOR the ratification of the selection of Ernst & Young LLP as our independent registered public accounting firm.**

**16** **FIRST Commonwealth** *2019 Proxy Statement*

**Table of Contents**

**AUDIT INFORMATION**

**Report of the Audit Committee**

The Audit Committee of First Commonwealth's Board of Directors operates under a written charter that specifies the Audit Committee's duties and responsibilities. This charter is available on First Commonwealth's website at [www.fcbanking.com](http://www.fcbanking.com) by following the links to Investor Relations and Corporate Governance.

Management is responsible for the financial reporting process, the system of internal controls, including internal control over financial reporting, and procedures designed to ensure compliance with accounting standards and applicable laws and regulations. First Commonwealth's independent registered public accounting firm is responsible for the integrated audit of the consolidated financial statements and internal control over financial reporting. The Audit Committee's responsibility is to monitor and oversee these processes and procedures. The Audit Committee relies, without independent verification, on the information provided to the Audit Committee and on the representations made by management regarding the effectiveness of internal control over financial reporting, that the financial statements have been prepared with integrity and objectivity and that such financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America. The Audit Committee also relies on the opinions of the independent auditors on the consolidated financial statements and the effectiveness of internal control over financial reporting.

In fulfilling its responsibilities, the Audit Committee has reviewed and discussed the audited consolidated financial statements of First Commonwealth as of and for the year ended December 31, 2018 with First Commonwealth's management and KPMG LLP. The Audit Committee has also discussed with KPMG LLP the firm's independence from the Company and management, and has received the written disclosures and the communication from the independent auditor required by applicable requirements of the Public Company Accounting Oversight Board (PCAOB) regarding the independent auditor's communications with the Committee concerning independence. In addition, the Committee has discussed with KPMG LLP the required communications of PCAOB Auditing Standard No. 16, *Communications with Audit Committees*.

Based on the review and discussions noted above, the Audit Committee recommended to the Board of Directors that the audited consolidated financial statements be included in First Commonwealth's annual report on Form 10-K for the fiscal year ended December 31, 2018 for filing with the Securities and Exchange Commission.

Submitted by the Audit Committee,

Julie A. Caponi, Chair

Gary R. Claus

Laurie S. Singer

Robert J. Ventura



**Table of Contents****Fees Billed by KPMG LLP to First Commonwealth**

The aggregate fees billed by KPMG LLP for each of the fiscal years ended December 31, 2018 and 2017, respectively, were as follows:

	For the Fiscal Year Ended December 31, 2018 (\$)	For the Fiscal Year Ended December 31, 2017 (\$)
Audit Fees(1)	1,582,905	1,655,000
Audit Related Fees	0	0
Tax Fees	0	0
All Other Fees(2)	0	35,529

(1) The amount of Audit Fees for 2018 represents actual fees billed and does not include additional fees related to the integrated audit of First Commonwealth's 2018 consolidated financial statements that may be billed after the date of this proxy statement.

(2) All Other Fees consists of advisory services to assist with assessment activities surrounding the allowance for loan loss.

**Audit Committee Pre-Approval Policies and Procedures**

The Audit Committee is required to pre-approve the audit and non-audit services performed by First Commonwealth's independent auditors in order to assure that the provision of those services does not impair the accounting firm's independence. Accordingly, the Audit Committee has adopted a policy for the pre-approval of audit and non-audit services by First Commonwealth's independent auditors and requires that the independent auditor be engaged for non-audit services only when it is best suited for the job. This policy allows the Audit Committee to pre-approve services through general pre-approval or specific pre-approval.

Under general pre-approval, the Audit Committee approves in advance the payment of up to a specified amount of fees for the performance of specified types of audit, audit-related, tax and other services by the independent auditors. The term of general pre-approval is generally twelve (12) months from the date of pre-approval. Any services that are not subject to general pre-approval or fees in excess of pre-approved limits must be specifically pre-approved by the Audit Committee on a case-by-case basis. Pre-approved fee levels or budgeted amounts for all services to be provided by the independent auditors are established annually by the Audit Committee.

The Audit Committee does not delegate its responsibilities to pre-approve services performed by the independent auditors to management. However, the pre-approval policy allows the Audit Committee to delegate to one or more

designated members of the Audit Committee the authority to grant required pre-approvals. The decision of any member to whom authority is delegated to pre-approve an activity is presented to the full Audit Committee at its next scheduled meeting.

**18** **FIRST Commonwealth** *2019 Proxy Statement*

**Table of Contents**

**PROPOSAL 3 ADVISORY VOTE ON EXECUTIVE COMPENSATION**

First Commonwealth is providing shareholders with the opportunity at the 2019 Annual Meeting of Shareholders to vote on an advisory resolution, commonly known as Say-on-Pay, to approve the compensation of First Commonwealth's named executive officers. Such compensation is described on pages 20 through 42 of this proxy statement. We currently conduct Say-on-Pay votes annually. The next Say-on-Pay vote is expected to occur in 2020.

The Compensation and Human Resources Committee, which is responsible for the compensation of our executive officers, has overseen the development of a compensation program designed to attract, retain and motivate executives who enable us to achieve our strategic and financial goals. The Compensation Discussion and Analysis section of this proxy statement and the tabular disclosures regarding named executive officer compensation, together with the accompanying narrative disclosure, allow shareholders to view the trends in compensation and application of our compensation philosophies and practices for the years presented.

Shareholders are being asked to vote on the following advisory resolution:

RESOLVED, that the shareholders approve the compensation of First Commonwealth Financial Corporation's named executive officers as described in the Compensation Discussion and Analysis section and in the tabular disclosure regarding named executive officer compensation (together with the accompanying narrative disclosure) in this proxy statement.

Because your vote is advisory, it will not be binding upon the Board of Directors. However, the Compensation and Human Resources Committee and the Board will take the outcome of the vote into account when considering future executive compensation arrangements.

**The Board of Directors recommends that you vote FOR the advisory resolution on executive compensation.**

**Table of Contents****EXECUTIVE COMPENSATION****Compensation Discussion and Analysis**

This Compensation Discussion & Analysis, or CD&A, is intended to assist shareholders in understanding and evaluating the information found in this proxy statement about the compensation and benefits provided to First Commonwealth's Chief Executive Officer (CEO), Chief Financial Officer (CFO), and the three other executive officers who earned the highest compensation during 2018, which we refer to as the named executive officers or NEOs. The NEOs are identified below.

<b>Name</b>	<b>Positions</b>
T. Michael Price	President and Chief Executive Officer
James R. Reske	Executive Vice President and Chief Financial Officer
Jane Grebenc	Executive Vice President and Chief Revenue Officer
Brian G. Karrip	Executive Vice President and Chief Credit Officer
Matthew C. Tomb	Executive Vice President, Chief Risk Officer & General Counsel

**Executive Summary**

We seek to align the interests of our executives with the interests of our shareholders. We believe it is important to incent and reward executives for corporate and individual performance, with a clear emphasis on corporate performance. We maintain a pay-for-performance compensation philosophy with an executive compensation program having both short-term and long-term performance-based awards, including a significant equity component and a significant portion of at-risk compensation.

Consistent with our longstanding compensation practices, performance-based cash and equity awards in 2018 constituted a significant portion of the compensation for our named executive officers. Our short-term performance goals for 2018 required the Company to achieve double-digit growth of core EPS and core ROA, a core Efficiency Ratio that surpassed management's below-60% target and performance that met or exceeded the consensus estimate of analysts. Our long-term performance goals for the 2016-2018 performance cycle required the Company to achieve sustained earnings per share growth and deliver total return to shareholders that outperformed our peers. These performance goals advanced strategic objectives that we believe will create long-term value for our shareholders without encouraging undue risk taking or imprudent actions by our executive officers.

**2018 Achievements**

First Commonwealth's activities in 2018 reflected key strategic accomplishments.

The Company continued its strategic expansion into Ohio through the acquisition of Foundation Bank with 5 branches in Cincinnati. By the end of 2018, First Commonwealth's Ohio franchise had grown to 290 employees serving approximately 48 thousand households through 34 branches with \$1.5 billion in loans and \$1.4 billion in deposits.

The Company continued to grow the mortgage banking business that it launched de novo in 2014. With continued steady growth in Pennsylvania and Ohio, the business originated approximately \$365 million of mortgage loans in 2018 (up 29% from 2017) and generated revenue of \$13.1 million (up 12% from 2017).

The Company grew its SBA lending business, which began in 2017, originating approximately \$45 million in loans and generating \$2.2 million of fee income during 2018. The Company became the number two bank in SBA lending by dollars in the SBA's Western Pennsylvania District for fiscal 2018.

**20** **FIRST Commonwealth** *2019 Proxy Statement*

## **Table of Contents**

First Commonwealth continued its trend of consistently improving financial performance in 2018 delivering record net income driven by higher revenue, net interest margin expansion, improved operating leverage and low credit costs.

Highlights of our financial successes in 2018 include the following:

The Company achieved double-digit growth of core<sup>1</sup> earnings per share (EPS) for the fifth consecutive year. Core EPS increased 34% from \$0.82 in 2017 to \$1.10 in 2018. Core net income of \$108.8 million increased 39% from 2017 and has more than doubled since 2015.

Core return on average assets (ROA) increased from 1.09% in 2017 to 1.44% in 2018.

Core return on average tangible common equity (ROTCE) increased from 13.4% in 2017 to 16.9% in 2018.

The core efficiency ratio improved to 57.2% in 2018 from 60.2%.

The Company grew loans by \$364 million or 7%.

The Company grew average deposits by \$441 million or 8%.

The Company maintained strong asset quality. Nonperforming loans as a percentage of total loans fell to 0.55% at year-end 2018 from 0.78% at the end of 2017. Other asset quality measures, including total delinquency, criticized loans as a percentage of total loans and nonperforming assets as a percentage of total loan assets ended 2018 at the best levels in over a decade.

In addition to its strategic and financial accomplishments, the Company generated solid returns for its shareholders with total return to shareholders (TSR) of 48% and 59% for the most recent three-year and five-year periods.

### ***Summary of Executive Compensation Actions***

The following is a summary of compensation actions taken by the Company in 2018:

We adopted an Annual Incentive Plan (AIP) in 2018 that was materially the same as our 2017 AIP and granted awards to our NEOs under the 2018 AIP on substantially the same terms as previous years.

We granted awards to our NEOs under the 2018-2020 LTIP consisting of 50% time-vesting and 50% performance based restricted stock units (RSUs). For the performance-based RSUs, we retained total return to shareholders relative to peers as a performance measure and replaced cumulative earnings per share (EPS) with return on average tangible common equity (ROTCE) relative to peers as the second performance measure. The Committee determined that relative ROTCE is more directly aligned with the interests of shareholders than cumulative EPS.

- <sup>1</sup> Core financial results are non-GAAP financial measures that exclude one-time acquisition costs in 2017 and 2018 and a charge incurred in 2017 related to the revaluation of the Company's deferred tax asset as a result of the passage of the Tax Cuts and Jobs Act.

## **Table of Contents**

We approved salary increases ranging from 3% to 4% for the NEOs, except for Mr. Tomb whose base salary increase was 12% to align pay with the market.

We approved the reimbursement of relocation expenses to Mr. Price in connection with his move to Pittsburgh, Pennsylvania, and to Mr. Tomb in connection with his move to Columbus, Ohio. These actions strategically position executives to support growth in key markets.

In 2019, we paid AIP awards to the NEOs above the target performance levels based on 2018 performance. Financial performance in 2018 improved on a year-over-year basis and exceeded our AIP targets as described below under Executive Compensation Decisions in 2018 Annual Incentive Plan.

In 2019, pursuant to our 2016-2018 LTIP we approved the award of common stock equal to 170% of the target award level. The Company's TRS relative to peers and Cumulative EPS achieved the Superior performance level, and the Company met the Annual EPS target for the 2016-2018 LTIP.

### ***Corporate Governance Highlights***

We maintain important corporate governance policies:

Our directors receive a substantial portion of their compensation in stock, and all of our directors and executive officers are subject to stock ownership guidelines.

Our no-hedging policy prohibits our directors, officers (including NEOs) and all employees from engaging in hedging transactions with Company stock.

Our executive incentive compensation plans allow us to recoup any incentive compensation paid to the recipient where the payment was predicated upon the achievement of erroneous financial or strategic business results or conduct which the Committee determines created unnecessary or excessive risk to the Company or constituted dishonest or unethical conduct for the purposes of increasing the amount of the executive's Award.

Our long-term equity awards reward performance over a three-year time horizon.

We annually conduct a risk assessment of all of our compensation plans. The Risk Committee annually reviews the assessment to ensure the compensation programs do not encourage inappropriate risk taking and reports its conclusions to the Compensation & Human Resources Committee.



**Table of Contents**

**Summary of Executive Compensation Practices**

Align executive pay with performance and align executive interests with shareholders	<ul style="list-style-type: none"> <li>Assess performance with financial, strategic and total return measures</li> <li>Allow limited discretion on the part of the Compensation Committee to recognize individual performance that may not be reflected in specific pre-approved performance measures</li> <li>Consider competitive pay opportunity as well as realizable pay in managing and aligning overall executive compensation arrangements and individual pay decisions</li> <li>Limit the use of perquisites</li> <li>Require directors and executives to maintain significant share ownership</li> <li>Use of a claw-back in our annual cash bonus and long-term incentive plans</li> <li>Conduct executive sessions of the Compensation Committee without management present</li> </ul>
Maintain effective governance of our programs	<ul style="list-style-type: none"> <li>Prohibit liberal share recycling within the equity plan</li> <li>Prohibit re-pricing of equity awards</li> <li>Prohibit hedging or pledging of company stock by directors or executive officers</li> <li>Utilize an independent compensation consultant that serves only the Compensation and Governance Committees of the Board.</li> <li>Do not provide any change of control excise tax gross-ups</li> </ul>
Protect shareholders	<ul style="list-style-type: none"> <li>Require executives to agree to reasonable protective covenants including confidentiality and non-solicitation provisions</li> <li>Emphasize the role of total return relative to others in our industry</li> </ul>

**Composition and Role of the Compensation Committee**

The Compensation and Human Resources Committee of the Board is comprised of four directors: Robert Ventura (Chairman), Ray Charley, Gary Claus and David Greenfield. Each member of the Committee is an independent director for purposes of the New York Stock Exchange listing standards for compensation committee members. The Committee operates under a written charter that is reviewed and approved annually by the Board. A copy of this charter is available under the Investor Relations Corporate Governance section of our website, <http://www.fcbanking.com>.

The primary responsibilities of the Committee are to:

- review and evaluate First Commonwealth's general compensation philosophy and oversee the development and implementation of its compensation policies and programs;

- determine the CEO's salary, bonus and other incentive and equity compensation and review and approve the individual and corporate goals assigned to the CEO and evaluate the performance of the CEO in light of those goals;

- approve the salary, bonus and other incentive and equity compensation of the other executive officers and review and approve the individual and corporate goals assigned to the executive officers and the CEO's evaluation of the performance of the executive officers in light of those goals;

make recommendations to the Board with respect to incentive and equity-based compensation plans that are subject to Board approval, oversee the administration and carry out the Committee's responsibilities under such plans, including the approval of awards of equity-based compensation; and

oversee First Commonwealth's succession planning and talent management processes.

The Committee relies upon performance data, statistical information and other data regarding executive compensation programs and peer practices provided from time to time by First Commonwealth's Human Resources department, officers and outside advisors. The Committee has access to individual members of

## **Table of Contents**

management and employees and may invite them to attend any Committee meeting. The Committee has the power and discretion to retain, at First Commonwealth's expense, independent counsel and other advisors and experts as it deems necessary or appropriate to carry out its duties.

### **Independent Compensation Advisor**

Board Advisory LLC has served as the Committee's compensation advisor since 2010. Board Advisory provides the Committee with peer executive compensation data, as well as expertise and advice on various matters brought before the Committee. Board Advisory also provides data and advice relating to non-employee director compensation to the Governance Committee. As part of its engagement in 2018, Board Advisory was asked to facilitate the Board's evaluation of the CEO, evaluate our performance and compensation against the performance and compensation of our peer group and make recommendations regarding the design of executive incentive compensation plans. The analysis provided by Board Advisory is described under "Peer Comparisons" and elsewhere in this CD&A.

The Committee has the sole authority to retain and terminate Board Advisory as its compensation consultant and approve fees and other engagement terms. The Committee has determined that Board Advisory is independent from management based upon the consideration of relevant factors, including:

that Board Advisory does not provide any services to the Company except advisory services to the Committee and the Governance Committee;

that the amount of fees received from the Company by Board Advisory is not material as a percentage of Board Advisory's total revenue;

that Board Advisory has policies and procedures that are designed to prevent conflicts of interest;

that Board Advisory and its employees who provide services to the Committee do not have any business or personal relationship with any member of the Committee or any executive officer of the Company; and

that Board Advisory and its employees who provide services to the Committee do not own any stock of the Company.

### **Role of Executives in Establishing Compensation**

The CEO plays a significant role in the design and implementation of our compensation program for all executive officers other than himself. His role includes:

making recommendations on performance measures and goals for our incentive plans;

evaluating executive officer performance and overseeing succession and development planning for executive officers;

making recommendations regarding corporate titles, base salaries, annual and long-term incentive award opportunities and other employment terms for executive officers; and

providing background information for Committee meeting agenda items.

The CEO generally attends Committee meetings, but he is not present during executive sessions of the Committee at which his performance and compensation are discussed. Other members of management also attend meetings from time to time at the request of the Committee to provide reports and information on agenda topics.

### **Peer Comparisons**

The Committee reviews a peer compensation assessment annually as a market check for the Company's executive pay and performance. This assessment is performed using compensation data provided by Board Advisory. The peer group is intended to:

serve as a point of reference for defining the range of competitive pay practices, including the range of target total pay opportunities appropriate for First Commonwealth executive officers;

**Table of Contents**

serve as a point of reference in understanding the relative expense burden associated with First Commonwealth executive officer pay;

help the Committee to assess pay-related talent risk by providing transparent pay data from those companies most likely to attract First Commonwealth's executive officers; and

help the Committee test the alignment of actual pay delivered relative to Company performance and calibrate future payouts.

The compensation peer group selected by the Committee is comprised of 16 publicly traded commercial banks with headquarters in the Mid-Atlantic and Midwest regions and total assets generally between \$4 billion and \$15 billion, which is roughly one-half to double First Commonwealth's asset size. Three members of the 2017 peer group were removed in 2018 because they exceed the upper end of the target size: FNB Corporation, Chemical Financial Corporation, and United Bankshares Inc. The companies within the compensation peer group are listed below.

1st Source Corp.	Northwest Bancshares Inc.
Community Bank Systems, Inc.	Park National Corp.
Community Trust Bancorp	Republic Bancorp, Inc.
First Financial Bancorp	S&T Bancorp
First Merchants Corp.	Sandy Spring Bancorp, Inc.
Great Southern Bancorp, Inc.	Tompkins Financial Corp.
Lakeland Bancorp, Inc.	Wesbanco Inc.
NBT Bancorp Inc.	WSFS Financial Corporation

In assessing the pay-for-performance relationship, the Committee considers the historic realizable pay provided by the Company to its CEO and other NEOs in relation to the Company's performance. Realizable pay consists of actual base salary and annual cash incentives paid, the fair market value of full-value share grants and payouts (or shares earned) under long-term incentive plans for a specified performance period. The Committee believes this is a more accurate reflection of the actual compensation delivered to the NEOs than the amounts reported in the Summary Compensation Table, which include a mix of actual pay and unearned long-term pay opportunities.

The following is a summary of the key findings from the Committee's 2018 peer compensation assessment:

Excluding the CEO, the Company's executive pay cost structure approximates competitive levels. Individual non-CEO executive target compensation levels are competitive with peers.

The CEO's base salary remains below the peer group median, which negatively impacts the CEO's target annual cash incentive and LTIP awards. However, after taking into account special equity awards and share price appreciation, realizable pay approximates the peer median.

Executive share ownership is approaching peer levels, and executive officers are exceeding guideline ownership levels.

## **Table of Contents**

The charts below show the realizable pay of the Company's CEO compared to the peer group relative to the Company's 2017 Core ROE and relative to the Company's total shareholder return (TSR) over the three-year period 2015 through 2017 (the most recent publicly-available compensation data as of the publication of this proxy statement). As these charts illustrate, the CEO's realizable pay remained commensurate with Company performance over the same three-year time period.

## **Executive Compensation Philosophy and Strategy**

### ***Overall Objective***

The Committee believes that the continued success of the Company in achieving its strategic objectives depends in large part on the talent and leadership of its executives and the alignment of those executives with the interests of our investors. Accordingly, the Committee's philosophy toward executive compensation can be summarized as follows:

***Competitive Compensation.*** We will provide compensation opportunities to executive officers that, in the aggregate, reflect the median practices of similarly-sized banks in the Mid-Atlantic and Midwest, adjusted for individual variance in skill and contribution.

***Pay-for-Performance.*** To earn competitive total pay levels, executive officers will be required to meet financial and operating objectives derived from internal business plan objectives as well as outperform our peer group.

***Link Compensation to Talent and Accountability.*** To attract, retain and develop superior talent, we assess the leadership skills and professional competence of executive officers as part of our overall assessment of individual performance. Executives are held individually accountable for providing leadership to the organization and achievement of individual internal financial and non-financial objectives, as well as identifying and developing successors. Results of this assessment serve as input to Committee deliberations over salary increases and incentive adjustments and as input to related management selection and employment discussions.

***Promote Long-Term Share Ownership.*** We use share ownership to support risk management efforts, balancing demands for short term results with long term consequences. All long term incentive awards are paid with shares of Company stock, and all executives are expected to maintain a significant investment in the Company in accordance with our share ownership and retention guidelines.

**Table of Contents**

*Provide Reasonable Income Security.* We provide change of control agreements to our executive officers consistent with industry standards and competitive requirements. These agreements are designed to foster stability and retain well-qualified executives by providing reasonable income protection upon termination of employment following a change of control. All agreements are double trigger, requiring both a change of control and the loss of employment, and no agreement provides for any gross-up of taxes.

The following graphs show the direct relationship between our financial performance and our CEO total compensation levels and our improving performance relative to peers by comparing our Core ROA, Core ROATCE and EPS growth to the median of our peer group and the total annual compensation<sup>2</sup> for Mr. Price for each of the last five years.

<sup>2</sup> CEO compensation for 2015 through 2018 includes one-fifth of the grant date fair value of 60,000 restricted stock units granted in 2015 which vest on the fifth anniversary of the grant date.



**Table of Contents*****Compensation Positioning and Mix***

First Commonwealth strives to maintain an executive compensation package (both individual components and in the aggregate) that is competitive with the market. While the targeted pay level is set to provide competitive pay for meeting expected performance, the actual pay level (by component and in the aggregate) varies based on performance relative to goals and industry performance over both short- and long-term timeframes. In the aggregate, the objective of First Commonwealth's total compensation program is to provide a balanced mix of fixed and variable (i.e., incentive / performance) and cash and equity compensation. The target mix of compensation will vary based on the executive's role, and the actual mix will vary based on performance. For example, in a year when no annual incentive is paid, the percentage of total compensation paid in salary will increase, while in a year of strong corporate performance, incentive compensation would represent a larger percentage of total compensation.

The Committee generally targets incentive compensation to represent at least 50% of the total compensation opportunity for the CEO and 35% to 45% of the total compensation opportunity of other NEOs.

Below is a table that reflects the mix of each element of target compensation as well as compensation at risk as percentages of target total compensation as of December 31, 2018. Compensation at risk is comprised of short and long-term incentives. Approximately 51% of our CEO's and 43% of our other NEOs' target compensation in 2018 was subject to performance and/or vesting requirements.

	Base Salary	Annual Incentive	Long-Term Incentive	% of Total Compensation At Risk
CEO	49%	27%	24%	51%
Other NEOs (Average)	57%	21%	22%	43%

***Elements of Compensation***

The compensation program for our NEOs consists of base salary, cash and equity-based incentive compensation and other benefits. Each of these elements of compensation is described below.

***Base Salary***

We provide base salaries to compensate our NEOs for services performed during the year. Base salaries further our objectives of attracting and retaining executive talent and providing compensation that is competitive with our peers. Base salary directly affects the size of our Annual Incentive Plan awards, because we express AIP awards as a percentage of salary.

## Table of Contents

Base salaries for executive officers are determined by:

Evaluating the responsibilities of the position held and the experience of the individual; and

Considering the competitive marketplace for executive talent, primarily through a comparison to base salaries for comparable positions with companies in our regional and national peer groups.

The Committee typically reviews and approves base salaries annually as part of the performance review process as well as upon promotion or other change in job responsibility. Adjustments to base salaries, within a range of competitive practices, are determined primarily by:

The performance of the executive's business unit or area of responsibility, based upon measures contained in business unit scorecards and the success of business unit operating initiatives; and

An evaluation of the executive's personal development, which includes an assessment of his or her individual skills and attributes through a formal performance evaluation and progress on individual development objectives.

### *Incentive Compensation*

In order to align pay with corporate performance, the Committee seeks to appropriately balance fixed compensation with variable, or at risk, incentive compensation that is contingent on performance and the financial success of the organization.

For 2018, the NEOs and certain other key executives participated in two incentive compensation plans:

an annual incentive plan, or AIP, which provides for the payment of annual cash awards based on the attainment of annual corporate and individual performance measures, and

a long-term incentive compensation plan, or LTIP, which provides performance-based equity compensation determined by the attainment of corporate performance measures relative to the Company's peers over a rolling three-year period and time-vesting restricted stock units.

Each plan includes performance goals with threshold, target and superior performance levels. The threshold level represents the minimum acceptable level of performance to earn an award under the particular performance goal. The Committee considers our budget, peer performance, growth percentages and the consensus estimate of covering analysts when establishing the target level of performance under our AIP. The superior performance level generally reflects stretch targets for the corporate performance goals. To achieve the target performance level in our LTIP, the Company's performance must meet or exceed the median of a national peer group comprised of all United States banks and thrifts having total assets between 50% and 200% of the Company's total assets. The threshold level requires performance above the first quartile and the superior level requires performance within the top quartile of the national peer group. The Committee has discretion to consider unusual factors and their resulting effect on our performance, such as merger and acquisition transactions, the impact of share repurchase activity on the achievement of

performance goals, strategic decisions that have an adverse impact on near-term results such as conversion-related expenses, unusual investment gains or losses, corporate and balance sheet restructuring, significant asset sales and other items it deems appropriate in determining the extent of which we achieve our performance goals.

Our incentive compensation plans are intended to align our executives' financial interests with those of our investors. The combination of annual and long-term incentives is intended to balance our desire to achieve strong financial results over the short term with the need to employ prudent and sustainable growth strategies.

### ***Benefit Programs and Perquisites***

The NEOs participate in employee benefit programs available to all other eligible employees of First Commonwealth, including our 401(k) plan, and group medical, life and disability insurance. In addition, First Commonwealth maintains a Nonqualified Deferred Compensation Plan that is designed to restore benefits that are not available to them under our 401(k) plan as highly compensated employees, according

**Table of Contents**

to rules of the IRS. Under the terms of this Plan, each participant may contribute up to 25% of his or her base salary and up to 100% of his or her annual incentive payment to the Plan. There are presently no employer matching contributions under this Plan.

The Company pays for certain members of senior management (including certain NEOs) to belong to one or more private clubs as a venue to entertain customers and to participate in various community functions. Expenses of a personal nature or related to a spouse are not paid by the Company.

The Company offers our executive officers (including NEOs) the opportunity to receive financial planning and tax preparation services from a third-party to assist with their personal finances. Providing this service gives our executive officers a better understanding of their pay and benefits, allowing them to concentrate on the Company's future success.

If the Company hires or initiates a transfer of an employee, including an NEO, and requires a relocation of more than 50 miles, the employee may be eligible for reimbursement of the costs of house hunting trips, closing on the sale of the old home and the purchase of the new home, temporary living quarters and moving household goods and furniture. In these circumstances the Company will also gross up taxable relocation reimbursements for applicable taxes.

The Committee periodically reviews the levels of perquisites and other personal benefits provided to executive officers (including the NEOs). The Committee believes the perquisites and other personal benefits provided by the Company are consistent with the Company's philosophy of attracting and retaining superior executive talent.

***Agreements with Executives***

We provide employment and change of control agreements to certain executive officers (including the NEOs) to promote stability and continuity of executive officers and ensure their interests are aligned with shareholders. Terms of these agreements consider marketplace practices and First Commonwealth's unique needs and are tailored to the individual executive with a focus on retention and recruitment. The change of control agreements contain a double trigger, providing benefits only upon an involuntary termination or constructive termination of the executive officer in connection with a change of control. The agreements do not provide for any tax gross-ups payments upon a change of control event. The Committee considers change of control agreements to be necessary in the current financial services industry legal, regulatory and economic environment. Details on employment agreements and change of control agreements are included under "Potential Payments Upon Termination or Change of Control" on page 38.

***Stock Ownership Guidelines***

The Committee has established stock ownership guidelines to encourage Company share ownership by our executive officers (including the NEOs) through retention of shares granted under the Company's incentive plans. The stock ownership guidelines are summarized in the table below.

<i>Position</i>	<b>Stock Ownership Guideline as a Multiple of Salary</b>
Chief Executive Officer	3X
Other Executive Officers	1X

Executives are not required to purchase shares to reach these ownership guidelines. However, executives are restricted from selling shares received as equity-based compensation (net of required withholding tax) until the guidelines are

achieved. Furthermore, executives are required to retain at least 50% of shares earned under equity-based compensation plans (net of required withholding tax) once the guidelines have been met. The Committee believes that these stock ownership guidelines, coupled with the use of equity-based compensation, will increase the level of executive stock ownership over time, which will further align the interests of our executives with shareholders.

**Table of Contents**

All of our executive officers (including the NEOs) are currently in compliance with the stock ownership guidelines.

**Policy Regarding Derivatives, Short Sales and Hedging**

First Commonwealth's policy prohibits directors and officers (including the NEOs) from pledging shares on margin, trading in derivative securities of First Commonwealth's common stock, engaging in short sales of First Commonwealth securities, or purchasing any other financial instruments that are designed to hedge or offset any decrease in the market value of First Commonwealth securities.

**Executive Compensation Decisions in 2018****Base Salary**

In 2018, the Committee approved merit increases for Mr. Price and other NEOs. The table below compares the base salaries of the NEOs as of December 31, 2017 and 2018.

	12/31/2018 Base Salary	12/31/2017 Base Salary
T. Michael Price	\$474,000	\$460,000
James R. Reske	\$390,000	\$376,000
Jane Grebenc	\$438,000	\$424,000
Brian G. Karrip	\$368,000	\$354,000
Matthew C. Tomb	\$320,000	\$285,000

**Annual Incentive Plan**

The Committee approved AIP participation for the NEOs in February 2018. The 2018 AIP utilized corporate performance measures to maximize the alignment between executive incentive pay and corporate performance. The Committee retained earnings per share (EPS), ROA and efficiency ratio as corporate performance measures. The Committee also retained an individual performance component for those executive officers with risk management responsibilities (our Chief Credit Officer, Chief Risk Officer and Chief Audit Executive) with a weighting of 30%.

The table below lists the performance goals for the 2018 AIP and their respective weightings and threshold, target and superior performance levels, and results:

Performance Goal	Performance Range			Weighting		
	Threshold	Target	Superior	Core Results <sup>3</sup>	Risk Executives	All Other NEOs
Core EPS	\$0.94	\$1.00	\$1.06	\$1.10	40%	50%
Core ROA	1.23%	1.31%	1.39%	1.44%	15%	25%
Core Efficiency Ratio	59.4%	58.4%	55.5%	57.15%	15%	25%
Individual Performance	Varies by participant			See below	30%	0%
					100%	100%

In 2018, First Commonwealth's core performance improved compared to 2017 and exceeded budget and AIP targets due to strong loan and non-interest income growth, net interest margin expansion, lower credit costs and a lower corporate income tax rate. Core EPS and Core ROA performance each exceeded the Superior performance level, and Core Efficiency Ratio fell between the target and superior performance

- <sup>3</sup> Core financial results are non-GAAP financial measures that exclude one-time costs incurred in connection with the acquisition of Garfield Acquisition Corp. and its banking subsidiary Foundation Bank.

**Table of Contents**

levels. The Committee determined that Mr. Karris achieved his individual goals at 150% of the target performance level having met the superior performance level for both provision expense and non-performing assets. The Committee determined that Mr. Tomb achieved his individual goals at 150% of the target performance level having met the superior performance levels for legal expense management and internal and external audits and examinations. Based on the corporate and individual performance, in January 2019, the Committee approved a payout under the AIP to each of the NEOs between the target and superior performance levels. In accordance with the terms of the AIP, each NEO received a cash payment as set forth in the table below.

Executive	Percent of Target	Annual Incentive
	Earned	Payout
T. Michael Price	143%	\$372,509
James R. Reske	143%	\$222,905
Jane Grebenc	143%	\$250,340
Brian G. Karris	146%	\$214,519
Matthew C. Tomb	146%	\$139,903

**Long-Term Incentive Plans****2016-2018 LTIP**

2018 represented the final year of the performance cycle for the performance-vesting restricted stock units issued pursuant to the 2016-2018 LTIP. The vesting of the restricted stock units was based upon First Commonwealth's achievement of the following three performance goals: (1) cumulative EPS for the performance period; (2) total return to shareholders (TRS) in relation to the peer group during the performance period; and (3) annual EPS. In 2018, the Committee increased the cumulative EPS performance levels to offset the benefit of a lower corporate tax rate in 2018. In January 2019, the Committee assessed First Commonwealth's performance in comparison to the performance goals. The Committee determined that it was appropriate to exclude merger costs and the charge relating to the revaluation of the Company's deferred tax asset for purposes of measuring EPS performance.

The table below lists the performance goals for the 2016-2018 LTIP and their respective weightings and threshold, target and superior performance levels, and results:

Performance Goal	Weighting	Performance Range			Results	Payout
		Threshold	Target	Superior		
Cumulative EPS	35%	\$1.92	\$2.32	\$2.54	\$2.61 <sup>4</sup>	70%
TRS Relative to Peers	35%	35 <sup>th</sup> %ile	55 <sup>th</sup> %ile	75 <sup>th</sup> %ile	89 <sup>th</sup> %ile	70%
Annual EPS	30%	n/a	\$0.56/yr	n/a	Earned	30%

Based upon these results, in January 2019 the Committee determined that each participant earned 170% of his or her target share award.

**2018-2020 LTIP**

In February 2018, the Committee established a LTIP for the three-year performance cycle from 2018 through 2020. Awards under the 2018-2020 LTIP consist of 50% time-vesting restricted stock units which vest in a single



installment on the third anniversary of the award and 50% performance-vesting restricted stock units. The Committee replaced cumulative EPS with Return on Tangible Common Equity (ROTCE) compared to peers as a performance measure for the 2018-2020 LTIP. The Committee concluded that

- <sup>4</sup> Cumulative EPS is a non-GAAP financial measure that excludes one-time acquisition costs and a charge incurred in 2017 related to the revaluation of the Company's deferred tax asset as a result of the passage of the Tax Cuts and Jobs Act.

**32** **FIRST Commonwealth** *2019 Proxy Statement*

## **Table of Contents**

relative ROTCE is more directly aligned with the interests of shareholders than cumulative EPS. The Committee retained three-year TRS compared to peers as the second performance measure and maintained equal weighting for both performance measures. The peer group for measuring performance under the 2018-2020 LTIP is comprised of all publicly traded United States banks and thrifts having total assets greater than or equal to 50% and less than or equal to 200% of the total assets of the Company as of December 31, 2020. The number of shares that may be earned for the TRS and relative ROTCE performance goals ranges from 40% of the target award for threshold performance to 200% of the target award for superior performance.

## **Tax Treatment of Compensation**

Prior to the Tax Cuts and Jobs Act that was signed into law December 22, 2017, Section 162(m) of the Internal Revenue Code generally limited to \$1 million the U.S. federal income tax deductibility of compensation paid in one year to a company's CEO or any of its three next-highest-paid executive officers (other than its Chief Financial Officer). Grandfathered performance-based compensation is not subject to this limit on deductibility so long as such compensation meets certain requirements, including shareholder approval of material terms. The Committee strived to provide the NEOs with incentive compensation programs that preserved the tax deductibility of compensation paid by First Commonwealth, to the extent reasonably practicable and consistent with the Committee's other compensation objectives. The Committee believes, however, that shareholder interests are best served by not restricting the Committee's discretion and flexibility in structuring compensation programs, even though such programs may result in non-deductible compensation expenses. With the enactment of the Tax Cuts and Jobs Act, the deductibility exemption for performance-based compensation under Section 162(m) has been eliminated. As a result, compensation in excess of \$1,000,000 paid to covered executive officers generally will not be deductible.

## **Advisory Vote on Executive Compensation**

Our shareholders approved, in an advisory vote, the compensation of our NEOs at our 2018 annual meeting of shareholders. The advisory vote received the support of 95.6% of the votes cast (excluding abstentions and broker non-votes). While the Committee considered the results of this advisory vote to be overwhelmingly favorable, it did not speculate as to the intent of the shareholders or otherwise consider the advisory vote when making decisions regarding the compensation of our NEOs.

## **Compensation Committee Report**

The Compensation and Human Resources Committee has reviewed and discussed with management the Compensation Discussion and Analysis set forth in the preceding pages of this proxy statement, and based on such review and discussions, the Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement and the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2018 as filed with the Securities and Exchange Commission.

Respectfully submitted,

Robert J. Ventura, Chairman

Ray T. Charley

Gary R. Claus

David W. Greenfield



**Table of Contents****Summary Compensation Table**

The table below shows compensation of our named executive officers.

Name and Principal Position	Year	Salary (\$)(1)	Bonus (\$)	Stock Awards (\$)(2)	Non-Equity Incentive Plan Compensation (\$)(3)	All Other Compensation (\$)(4)	Total (\$)
T. Michael Price <i>President and</i>	2018	471,667		242,583	372,509	100,412	1,187,171
	2017	459,000		240,487	282,058	33,666	1,015,211
<i>Chief Executive Officer</i>	2016	452,500		295,050	282,894	22,585	1,053,029
James R. Reske <i>Executive Vice President</i>	2018	387,667		159,329	222,905	55,720	825,621
	2017	374,167		155,107	161,386	50,464	741,124
<i>and Chief Financial Officer</i>	2016	363,667		118,020	159,206	47,132	688,025
Jane Grebenc <i>Executive Vice President</i>	2018	435,667		179,425	250,340	16,500	881,932
	2017	423,333		177,875	181,989	16,200	799,397
<i>and Chief Revenue Officer</i>	2016	383,417		118,020	183,195	18,350	702,982
Brian G. Karris <i>Executive Vice President</i>	2018	365,667		150,717	214,519	32,264	763,167
	2017	353,333	37,500	143,723	165,506	120,363	820,425
<i>and Chief Credit Officer</i>	2016	314,167		99,043	139,903	102,019	655,132
Matthew C. Tomb(5) <i>Executive Vice President,</i>	2018	314,167		99,043	139,903	102,019	655,132
<i>Chief Risk Officer &amp;</i>							
<i>General Counsel</i>							

(1) Annual salary includes compensation deferred at the election of the named executive officer pursuant to First Commonwealth's 401(k) plan and non-qualified deferred compensation plan.

(2) Stock awards for 2018 consist of time-based and performance-based restricted stock unit awards ( RSUs ) granted under the Company's 2018-2020 long-term incentive plan ( LTIP ). The performance-based RSUs vest only if the

Company achieves certain performance goals. The vesting of time-based and performance based RSUs is further contingent upon the officer remaining employed with the Company until the end of the performance period (i.e., December 31, 2020).

All stock awards are reflected at their grant date fair value, as determined pursuant to Accounting Standards Codification Topic 718, Stock Compensation ( ASC 718 ). Assumptions used in the calculation of this amount are included in Note 22 to the Company s audited financial statements for the fiscal year ended December 31, 2018, included in the Company s Annual Report on Form 10-K. The amounts reflected for performance-based RSUs assume that we will achieve the required performance goals at target levels and that the officer will continue to be employed by us through December 31, 2020.

The following table provides the grant date fair value of performance-based RSUs granted during 2018 assuming target and superior performance:

Name	At Target (\$)	At Superior (\$)
T. Michael Price	122,846	245,692
James R. Reske	80,686	161,372
Jane Grebenc	90,863	181,725
Brian G. Karrip	76,325	152,649
Matthew C. Tomb	50,156	100,312

(3) Represents cash awards earned by the named executive officers under our 2018 Annual Incentive Plan.

**Table of Contents**

- (4) The amounts shown under the heading **All Other Compensation** include, with respect to each named executive officer, (i) matching contributions made by First Commonwealth under First Commonwealth's 401(k) plan, (ii) dividends on unvested shares of restricted stock; (iii) professional advisory fees for financial planning and tax preparation services; and (iv) membership dues paid to country clubs:

Name	Matching 401(k) Contributions (\$)	Restricted Stock Dividends (\$)	Professional Advisory Fees (\$)	Country Club Dues (\$)
T. Michael Price	16,500		11,582	11,010
James R. Reske	16,500		13,175	8,511
Jane Grebenc	16,500			
Brian G. Karrip	16,500	6,710		9,054
Matthew C. Tomb	16,500		11,595	13,939

The amount of **All Other Compensation** shown for Mr. Reske includes temporary living expenses of \$12,289 and the reimbursement of \$5,244 for the payment of taxes in respect of the temporary living expenses. The amount of **All Other Compensation** shown for Mr. Price includes relocation, expenses of \$43,856 and the reimbursement of \$17,464 for the payment of taxes in respect of the relocation expenses. The amount of **All Other Compensation** shown for Mr. Tomb includes relocation expenses of \$42,301 and the reimbursement of \$17,683 for the payment of taxes in respect of the relocation expenses.

- (5) Mr. Tomb became a named executive officer in 2018.

**Grants of Plan-Based Awards**

The following table shows information on plan-based awards to the named executive officers during 2018:

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1)			Estimated Future Payouts Under Equity Incentive Plan Awards(2)			All Other Stock Awards (#)(3)	Grant Date Fair Value of Stock Awards (\$)(4)
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)		

T. Michael Price	2/22/2018	65,175	260,700	391,050	3,380	8,450	16,900	8,450	242,583
James R. Reske	2/22/2018	39,000	156,000	234,000	2,220	5,550	11,100	5,550	159,329
Jane Grebenc	2/22/2018	43,800	175,200	262,800	2,500	6,250	12,500	6,250	179,425
Brian G. Karris	2/22/2018	36,800	147,200	220,800	2,100	5,250	10,500	5,250	150,717
Matthew C. Tomb	2/22/2018	24,000	96,000	144,000	1,380	3,450	6,900	3,450	99,043

- (1) Amounts reflected under the *Estimated Future Payouts Under Non-Equity Incentive Plan Awards* column of the table above represent the cash award opportunities for named executive officers under our 2018 AIP based upon the threshold, target and maximum (referred to as *superior* in the AIP) levels of performance for all relevant performance goals. The amount actually earned by each named executive officer under the 2018 AIP is included in the Summary Compensation Table under the column *Non-Equity Incentive Plan Compensation*. Refer to the discussion of *2018 Incentive Plans* under the Compensation Discussion and Analysis section of this proxy statement for additional information concerning the 2018 AIP.
- (2) The amounts reflected under the *Estimated Future Payouts Under Equity Incentive Plan Awards* column of the table above represent the number of performance-based restricted stock units (RSUs) that may be issued to our named executive officers under the 2018-2020 LTIP based upon the threshold, target and maximum (referred to as *superior* in the LTIP) levels of performance for the relevant performance goals.
- (3) The amounts reflected in the *All Other Stock Awards* column of the table represent the number of service-based RSUs that were granted to each of our named executive officers under the 2018-2020 LTIP.
- (4) The amounts shown under *Grant Date Fair Value of Stock Awards* are calculated in accordance with ASC Topic 718 assuming, in the case of performance-based RSUs, that applicable performance goals are achieved at the target level.

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

The following table presents the number and market value of unvested stock awards held by the named executive officers as of December 31, 2018:

		Stock Awards			
Name	Grant Date	Number of Shares or Units of Stock That Have Not Vested (#)(1)	Market Value of Shares or Units of Stock That Have Not Vested (\$)(2)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)(3)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)(2)
T. Michael Price	2/22/2018	8,450	102,076	8,450	102,076
	2/23/2017	8,450	102,076	8,450	102,076
	2/18/2016			35,000	422,800
	12/30/2015	60,000	724,800		
James R. Reske	2/22/2018	5,550	67,044	5,550	67,044
	2/23/2017	5,450	65,836	5,450	65,836
	2/18/2016			14,000	169,120
Jane Grebenc	2/22/2018	6,250	75,500	6,250	75,500
	2/23/2017	6,250	75,500	6,250	75,500
	2/18/2016			14,000	169,120
Brian G. Karrip	2/22/2018	5,250	63,420	5,250	63,420
	2/23/2017	5,050	61,004	5,050	61,004
	9/19/2016	11,000	132,880		
Matthew C. Tomb	2/22/2018	3,450	41,676	3,450	41,676
	2/23/2017	2,950	35,636	2,950	35,636



2/18/2016

8,000

96,640

(1) Shares reflected in this column include time-vesting RSUs granted to each named executive officer under our 2017-2019 LTIP and 2018-2020 LTIP, shares of time-vesting restricted stock issued to Mr. Karris as an inducement award upon his employment as Chief Credit Officer in 2016, and a performance unit award issued to Mr. Price in 2015.

(2) Market values are calculated using the closing market price of First Commonwealth's stock on the NYSE on the last trading day of 2018 (\$12.08 per share).

(3) Shares reflected in this column represent the number of shares that would be issued to each named executive officer under our 2016-2018 LTIP, 2017-2019 LTIP and 2018-2020 LTIP assuming that the target level of performance is achieved for each plan.

### Option Exercises and Stock Vested

We had no outstanding stock options during 2018. The following table presents information concerning shares of restricted stock held by named executive officers that vested during 2018:

Name	Stock Awards	
	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)(1)
T. Michael Price(2)	37,000	535,390
James R. Reske(2)	20,720	299,818
Jane Grebenc(2)	20,720	299,818
Brian G. Karris(3)	11,000	179,850
Matthew C. Tomb(2)	11,840	171,325

- (1) Calculated by multiplying the number of shares acquired on vesting by market value of the shares on the vesting date using the closing market price of First Commonwealth's stock on the NYSE on the vesting date.
- (2) Consists of shares awarded on January 31, 2018 upon the vesting of performance-based awards under the 2015-2017 LTIP.
- (3) Represents one-third of a restricted stock award granted to Mr. Karris upon his employment as Executive Vice President and Chief Credit Officer which vested on September 19, 2018.

**36** **FIRST Commonwealth** *2019 Proxy Statement*

**Table of Contents****Nonqualified Deferred Compensation**

We maintain a non-qualified deferred compensation plan in which each named executive officer may contribute up to 25% of his or her base salary and, beginning in 2018, up to 100% of his or her annual incentive payment. Amounts held in the plan may be invested at the discretion of the executive in First Commonwealth stock and eligible mutual funds. Plan assets are generally distributed in a lump sum following the later of the termination of the officer's employment or the attainment of age 62. Amounts held in the plan are not subject to vesting or forfeiture. The following table presents executive and employer contributions, aggregate earnings, withdrawals and distributions and year-end balance for each of the named executive officers for 2018:

Name	Executive Contributions in Last FY (\$)(1)	Registrant Contributions in Last FY (\$)(1)	Aggregate Earnings in Last FY (\$)(2)	Aggregate Withdrawals/ Distributions (\$)	Aggregate Balance at Last FYE (\$)
T. Michael Price	41,400	0	(64,905)	0	530,674
James R. Reske	26,320	0	(5,968)	0	115,002
Jane Grebenc	0	0	0	0	0
Brian G. Karris	0	0	0	0	0
Matthew C. Tomb	14,250	0	(15,056)	0	129,082

(1) Amounts contributed to the non-qualified deferred compensation plan are invested at the discretion of the participant in First Commonwealth stock and third party investment vehicles, such as mutual funds and money-market accounts. These amounts are included in the Salary column of the Summary Compensation Table.

(2) Earnings reflect the market return on plan investments and include interest, dividends and appreciation (or depreciation) in the net asset value of investments held in each named executive officer's Non-Qualified Deferred Compensation Plan account.

**Compensation Policies and Practices Relating to Risk Management**

As a financial services institution, our objective is to effectively understand and manage our risk exposures and to ensure we are compensated appropriately for the risks that we take. Incentive plans play an important role in our success by providing specific rewards for achievement of goals, while balancing the risks we undertake with asset quality and safety and soundness considerations. We follow the following compensation policies and practices to ensure that we achieve this balance:

All of our incentive plans have explicit provisions that allow First Commonwealth to recover any amounts paid to an employee as a result of erroneous or intentionally misrepresented data.

Our corporate banking incentive plans provide the Company with the right to recover any payments made to an employee in respect of loans that are downgraded to non-accrual status or charged off within 24 months after origination.

Our corporate banking incentive plans have explicit credit quality disqualifiers, which can reduce or eliminate an incentive otherwise earned if the employee fails to follow established portfolio management requirements.

All sales and service incentives, including all incentives relating to the sale of loan and line-of-credit products, are capped at a performance level reflecting strong but achievable results, at total earnings levels that are within a range of competitive pay levels.

All sales and service incentive plans are reviewed annually and must be approved by a panel of executive officers.

All incentives are monitored by our Human Resources department for compliance with documentation, risk profile and credit quality requirements.

---

**Table of Contents**

In addition, management performs an annual assessment of First Commonwealth's incentive plans in order to determine the extent to which the incentives could potentially encourage excessive risk taking by our employees or otherwise expose the organization to risks that could destroy shareholder value or jeopardize the safety and soundness of First Commonwealth Bank. This assessment is reviewed by the Risk Committee and Compensation and Human Resources Committee of the Board of Directors. In 2018, the assessment was conducted by our Chief Risk Officer and our Assistant Compensation Manager. These officers reviewed incentive designs, performance metrics, and resulting performance/payout relationships for positions where incentives for individual behavior could potentially create an incentive for excessive risk taking, as well as mitigating controls in the design and administration of incentive plans. The assessment concluded that our compensation policies do not encourage excessive and unnecessary risk-taking and that the level of risk that they do encourage is not reasonably likely to have a material adverse effect on the Company.

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

First Commonwealth has entered into agreements with certain executive officers and key employees, including each named executive officer, which provide for the payment of severance and benefits in the event of a qualifying termination of employment following a change of control. In addition, Mr. Price, Mr. Reske and Ms. Grebenc are parties to employment agreements that entitle these officers to receive severance payments and benefits if their employment is terminated under certain circumstances. These agreements are summarized below. Except as provided in these agreements, First Commonwealth has not agreed to pay severance or provide benefits to any of the named executive officers following the termination of his or her employment.

***Change of Control Agreements***

We have entered into a Change of Control Agreement with each of the Named Executive Officers which entitle the executive to receive severance payments in equal monthly installments over a specified period following the termination of his or her employment if the executive is terminated without cause (as defined below) or terminates his or her employment for good reason (as defined below) within a specified period following the occurrence of a change of control (as defined below) of First Commonwealth, each of which is referred to in the Change of Control Agreements as a qualifying termination.

As used in the Change of Control Agreements: (A) cause includes (i) the conviction of a felony which results or is intended to result in a loss to the Company or its clients, employees, directors or officers; (ii) the failure to perform the executive's duties with the degree of skill and care reasonably expected of a professional of his or her experience and stature after notice and an opportunity to cure; (iii) acts of dishonesty which result in material damage to the business or reputation of the Company; or (iv) a violation of the terms of the Change of Control Agreement or any Company policy or procedure which is deliberate and results or is intended to result in material damage to the business or reputation of the Company; (B) good reason includes (i) the diminution of or assignment of duties which are inconsistent with the position, authority, duties or responsibilities of the executive prior to the change of control; (ii) changing the location of the executive's employment by more than fifty miles or substantially increasing the executive's travel obligations; or (iii) reduction of the executive's base salary or discontinuance of any benefit, welfare or compensation plan or material fringe benefit for the executive; and (C) change of control means (i) the acquisition by any person of beneficial ownership of 50% or more of the outstanding shares of our stock; (ii) a change in the composition of the majority of our Board of Directors (except for nominees who are approved by a majority vote of the incumbent Board); or (iii) a merger, reorganization, consolidation, sale or similar transaction in which the persons who owned our outstanding shares prior to the transaction do not beneficially own at least 50% of the outstanding shares of the resulting entity. However, the placement of the Company into receivership by the FDIC, the sale of the Company in an FDIC-assisted transaction or a change in the composition of our Board of Directors at the direction of an agency having supervisory authority over us will not constitute a change of control for purposes of the Change of

Control Agreements.

The monthly severance payment is calculated as one-twelfth (1/12) of the sum of the following:

the executive's annual base salary immediately prior to the change of control;

**38** **FIRST Commonwealth** *2019 Proxy Statement*

**Table of Contents**

the average of the aggregate amount of all bonuses paid to the executive during the thirty-six months prior to the change of control;

the aggregate amount of all contributions by First Commonwealth for the account of the executive under First Commonwealth's 401(k) plan during the twelve months prior to the change of control; and

the aggregate amount of any contributions by First Commonwealth to the executive's Non-Qualified Deferred Compensation Plan account during the twelve-months prior to the change of control.

In addition to severance payments, the former executive and his or her family will continue to receive, at the employer's expense, the same level of medical benefits for up to eighteen (18) months following the occurrence of a qualifying termination.

If the payments and benefits to which the executive is entitled under his or her Change of Control Agreement, either alone or together with any other payments or benefits that he or she is entitled to receive from First Commonwealth, would constitute a parachute payment for purposes of section 280G of the Internal Revenue Code, the payments and benefits will be reduced by the minimum amount necessary to result in no portion of the payments and benefits being non-deductible by First Commonwealth and subject to the excise taxes imposed under the Internal Revenue Code for parachute payments.

The following table sets forth the payments and the value of benefits that each such person would have been entitled to receive if a qualifying termination had occurred following a change of control on December 31, 2018:

Name	Severance Period	Aggregate	
		Severance Payments (\$)	Value of Health Benefits \$(1)
T. Michael Price	24 months	1,399,574	24,601
James R. Reske	24 months	1,050,280	26,816
Jane Grebenc	24 months	1,176,536	24,601
Brian G. Karris	24 months	929,338	21,363
Matthew C. Tomb	24 months	811,212	24,601

(1) Calculated using actual premium costs for 2019 and estimated premium costs for 2020 based on a 15% projected annual increase in premiums.

***Employment Agreement with Mr. Price***

We entered into an employment agreement with Mr. Price in November 2007 when he joined First Commonwealth as President of First Commonwealth Bank, and we entered into an amended and restated employment agreement with Mr. Price when he assumed the position of Interim President and Chief Executive Officer of the Company effective January 1, 2012. Under the terms of his employment agreement, as amended and restated, Mr. Price is employed for successive one-year terms ending December 31 unless the agreement is terminated by either party upon notice given at least 60 days prior to the end of the current term. The current term of Mr. Price's employment agreement ends December 31, 2019.

If First Commonwealth terminates Mr. Price's employment other than for cause (as defined below) during the term of the agreement or Mr. Price resigns for good reason (as defined below) during the term of the agreement, then First Commonwealth will pay Mr. Price severance in an amount equal to one year's base salary, subject to the execution of an agreed form of separation agreement and general release by Mr. Price. As used in Mr. Price's employment agreement: (A) cause includes (i) the failure by Mr. Price to comply with any material provision of his employment agreement; (ii) the refusal by Mr. Price to comply with any lawful, written directive from the Board of Directors; (iii) Mr. Price's failure to perform his duties with the degree of skill and care reasonably to be expected of a professional of his experience and stature after notice and a reasonable opportunity to cure (unless the failure to perform is incapable of being cured); or



## **Table of Contents**

(iv) any act of dishonesty, fraud or moral turpitude by Mr. Price or the conviction of Mr. Price of a crime which, in the judgment of the Board of Directors, renders his continued employment materially damaging or detrimental to the Company; and (B) "good reason" includes (i) a substantial reduction in Mr. Price's title, position or responsibilities; (ii) any reduction in Mr. Price's base salary or a material reduction of benefits (unless such reduction of benefits applies equally to all similarly situated employees of the Company); (iii) the assignment of Mr. Price to a position which requires him to relocate permanently to a site more than fifty (50) miles outside of Indiana, Pennsylvania; or (iv) the assignment to Mr. Price of any duties or responsibilities (other than due to a promotion) which are materially inconsistent with the position of the President and Chief Executive Officer.

The severance amount is payable in equal periodic installments in accordance with the Company's normal payroll schedule, provided that any installments that would otherwise be payable within six months following Mr. Price's separation from service will be paid on the day following the six-month anniversary of the separation from service. First Commonwealth will also offer continuation coverage to Mr. Price, as required by COBRA, under First Commonwealth's group health plan on the terms and conditions mandated by COBRA and will pay the cost of Mr. Price's COBRA premiums for 12 months following his separation from service.

The employment agreement contains certain covenants which protect the Company during and following the termination of Mr. Price's employment, including: (i) a non-competition covenant which prohibits Mr. Price from serving in certain capacities with competitive businesses for a period of one year following the termination of his employment; (ii) a provision prohibiting Mr. Price from soliciting or hiring our employees for one year following the termination of his employment; and (iii) customary provisions protecting the confidentiality of Company information and requiring the return of documents and information upon the termination of Mr. Price's employment.

If we had terminated Mr. Price's employment without cause on December 31, 2018, or if Mr. Price had terminated his employment with us for good reason on that date, he would have been entitled to severance payments totaling \$474,000 and COBRA premiums having an aggregate value of \$15,620

### ***Employment Agreement with Mr. Reske***

We entered into an employment agreement with Mr. Reske in April 2014 when he joined First Commonwealth as Executive Vice President and Chief Financial Officer. The term of Mr. Reske's employment agreement automatically renews on March 31 for successive one-year periods unless the agreement is terminated by either party upon notice given at least 60 days prior to the end of the current term.

If First Commonwealth terminates Mr. Reske's employment other than for "cause" (as defined below) during the term of the agreement or Mr. Reske resigns for "good reason" (as defined below) during the term of the agreement, then First Commonwealth will pay Mr. Reske severance in an amount equal to the product of (x) one-twelfth (1/12) of his base salary multiplied by (y) the greater of (i) twelve months or (ii) the number of months remaining in the term of his employment agreement, subject to the execution of an agreed form of separation agreement and general release by Mr. Reske. As used in Mr. Reske's employment agreement: (A) "cause" includes (i) the failure by Mr. Reske to comply with any material provision of his employment agreement; (ii) the refusal by Mr. Reske to comply with any lawful, written directive from the Board of Directors; (iii) Mr. Reske's failure to perform his duties with the degree of skill and care reasonably to be expected of a professional of his experience and stature after notice and a reasonable opportunity to cure (unless the failure to perform is incapable of being cured); or (iv) any act of dishonesty, fraud or moral turpitude by Mr. Reske or the conviction of Mr. Reske of a crime which, in the judgment of the Board of Directors, renders his continued employment materially damaging or detrimental to the Company; and (B) "good reason" includes (i) a substantial reduction in Mr. Reske's title, position or responsibilities; (ii) any reduction in Mr. Reske's base salary or a material reduction of benefits (unless such reduction of benefits applies equally to all similarly situated employees

of the Company); (iii) the assignment of Mr. Reske to a position which requires him to relocate permanently to a site more than fifty (50) miles outside of Indiana, Pennsylvania; or (iv) the assignment to Mr. Reske of any duties or responsibilities (other than due to a

**40** **FIRST Commonwealth** *2019 Proxy Statement*

## Table of Contents

promotion) which are materially inconsistent with the position of the Executive Vice President and Chief Financial Officer.

The severance amount is payable in equal periodic installments in accordance with the Company's normal payroll schedule, provided that any installments that would otherwise be payable within six months following Mr. Reske's separation from service will be paid on the day following the six-month anniversary of the separation from service. First Commonwealth will also offer continuation coverage to Mr. Reske, as required by COBRA, under First Commonwealth's group health plan on the terms and conditions mandated by COBRA and will pay the cost of Mr. Reske's COBRA premiums for 12 months following his separation from service.

The employment agreement contains certain covenants which protect the Company during and following the termination of Mr. Reske's employment, including: (i) a non-competition covenant which prohibits Mr. Reske from serving in certain capacities with competitive businesses for a period of one year following the termination of his employment; (ii) a provision prohibiting Mr. Reske from soliciting or hiring our employees for one year following the termination of his employment; and (iii) customary provisions protecting the confidentiality of Company information and requiring the return of documents and information upon the termination of Mr. Reske's employment.

If we had terminated Mr. Reske's employment without cause on December 31, 2018, or if Mr. Reske had terminated his employment with us for good reason on that date, he would have been entitled to severance payments totaling \$390,000 and COBRA premiums having an aggregate value of \$17,026.

### *Employment Agreement with Ms. Grebenc*

We entered into an employment agreement with Ms. Grebenc in May 2013 when she joined First Commonwealth as Executive Vice President and Chief Revenue Officer and President of First Commonwealth Bank. The term of Ms. Grebenc's employment agreement automatically renews on May 31 of each year for successive one-year periods unless the agreement is terminated by either party upon notice given at least 60 days prior to the end of the current term.

If First Commonwealth terminates Ms. Grebenc's employment other than for cause (as defined below) during the term of the agreement or Ms. Grebenc resigns for good reason (as defined below) during the term of the agreement, then First Commonwealth will pay Ms. Grebenc severance in an amount equal to the product of (x) one-twelfth (1/12) of her base salary multiplied by (y) the greater of (i) twelve months or (ii) the number of months remaining in the term of her employment agreement, subject to the execution of an agreed form of separation agreement and general release by Ms. Grebenc. As used in Ms. Grebenc's employment agreement: (A) cause includes (i) the failure by Ms. Grebenc to comply with any material provision of her employment agreement; (ii) the refusal by Ms. Grebenc to comply with any lawful, written directive from the Board of Directors; (iii) Ms. Grebenc's failure to perform her duties with the degree of skill and care reasonably to be expected of a professional of her experience and stature after notice and a reasonable opportunity to cure (unless the failure to perform is incapable of being cured); or (iv) any act of dishonesty, fraud or moral turpitude by Ms. Grebenc or the conviction of Ms. Grebenc of a crime which, in the judgment of the Board of Directors, renders her continued employment materially damaging or detrimental to the Company; and (B) good reason includes (i) a substantial reduction in Ms. Grebenc's title, position or responsibilities; (ii) any reduction in Ms. Grebenc's base salary or a material reduction of benefits (unless such reduction of benefits applies equally to all similarly situated employees of the Company); (iii) the assignment of Ms. Grebenc to a position which requires her to relocate permanently to a site more than fifty (50) miles outside of Pittsburgh, Pennsylvania; or (iv) the assignment to Ms. Grebenc of any duties or responsibilities (other than due to a promotion) which are materially inconsistent with the position of the Executive Vice President and Chief Revenue Officer.

The severance amount is payable in equal periodic installments in accordance with the Company's normal payroll schedule, provided that any installments that would otherwise be payable within six months following Ms. Grebenc's separation from service will be paid on the day following the six-month anniversary of the separation from service. First Commonwealth will also offer continuation coverage to Ms. Grebenc,

## **Table of Contents**

as required by COBRA, under First Commonwealth's group health plan on the terms and conditions mandated by COBRA and will pay the cost of Ms. Grebenc's COBRA premiums for 12 months following her separation from service.

The employment agreement contains certain covenants which protect the Company during and following the termination of Ms. Grebenc's employment, including: (i) a non-competition covenant which prohibits Ms. Grebenc from serving in certain capacities with competitive businesses for a period of one year following the termination of her employment; (ii) a provision prohibiting Ms. Grebenc from soliciting or hiring our employees for one year following the termination of her employment; and (iii) customary provisions protecting the confidentiality of Company information and requiring the return of documents and information upon the termination of Ms. Grebenc's employment.

If we had terminated Ms. Grebenc's employment without cause on December 31, 2018, or if Ms. Grebenc had terminated her employment with us for good reason on that date, she would have been entitled to severance payments totaling \$438,000 and COBRA premiums having an aggregate value of \$15,620.

### **Ratio of CEO Pay to Median Employee Pay**

In accordance with SEC rules, we are reporting the ratio of the annual total compensation of our CEO to the annual total compensation of our median employee. We identified the median employee from among all employees as of December 1, 2018. We used gross earnings as reported for the 2018 tax year as the compensation measure to identify the median employee annualizing the gross earnings for each permanent employee (both full time and part time) who was newly hired during the fiscal year. The median employee's annual total compensation for comparison to the CEO's includes such employee's actual base and variable compensation for 2018, including 401(k) contributions, and matching contributions made by us under First Commonwealth's 401(k) plan. The CEO's annual total compensation is the amount reflected for 2018 in the Total column of the Summary Compensation Table on page 34.

(A) Median employee annual total compensation: \$40,599

(B) CEO annual total compensation: \$1,187,171

(C) Ratio of A to B: 1:29

**42** **FIRST Commonwealth** *2019 Proxy Statement*

**Table of Contents**

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

Section 16(a) of the Securities Exchange Act of 1934 requires First Commonwealth's directors and executive officers, and persons who own more than 10% of a registered class of First Commonwealth's equity securities, to file with the Securities and Exchange Commission (SEC) an initial report of ownership and reports of changes in ownership of our common stock and other equity securities of First Commonwealth. Executive officers, directors and greater than 10% shareholders are required by SEC regulations to furnish First Commonwealth with copies of all Section 16(a) forms they file. Based solely on First Commonwealth's review of the copies of forms received by it, and written and oral representations from its directors, executive officers and greater than 10% shareholders, First Commonwealth is not aware of any late filings or failures to file Section 16(a) forms during 2018.

**FIRST Commonwealth** 2019 Proxy Statement **43**

**Table of Contents**

**RELATED PARTY TRANSACTIONS**

Any transaction, arrangement or relationship or series of similar transactions, arrangements or relationships between First Commonwealth or any of its subsidiaries and any of First Commonwealth's executive officers, directors or nominees for election as a director, any person owning more than 5% of First Commonwealth's common stock or any immediate family member of any of the foregoing persons is considered a related party transaction and must be approved or ratified by the Governance Committee in accordance with a written policy adopted by First Commonwealth's Board of Directors. This policy requires the Governance Committee to review the material facts of any related party transaction and either approve or disapprove the transaction after considering, among other factors it deems appropriate, whether the related party transaction is on terms no less favorable than terms generally available to an unaffiliated third-party under the same or similar circumstances and the extent of the related party's interest in the transaction. Any director who has an interest in the transaction may not participate in any discussion or approval of the transaction except for the purpose of providing material facts concerning the transaction.

The policy does not apply to the following categories of transactions:

transactions that are available to all employees or customers of First Commonwealth generally;

transactions involving less than \$120,000 when aggregated with all similar transactions; and

loans made by First Commonwealth Bank (or any other banking subsidiary of First Commonwealth) in the ordinary course of business, made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable loans with persons not related to the lender, and not involving more than the normal risk of collectibility or presenting other unfavorable features.

In addition, certain categories of transactions have been pre-approved under the terms of the policy, including:

compensation paid to executive officers of First Commonwealth if either (i) the compensation is required to be reported in First Commonwealth's proxy statement under the rules of the SEC or (ii) the executive officer is not an immediate family member of another executive officer or director of First Commonwealth and the compensation would be reported in First Commonwealth's proxy statement if the executive officer was a named executive officer (as defined above under Executive Compensation) and such compensation has been approved by the Compensation and Human Resources Committee;

compensation paid to directors that is required to be reported in First Commonwealth's proxy statement; and

transactions in which all shareholders benefit proportionately (such as the payment of dividends).

First Commonwealth Bank is a party to a lease agreement with SML Limited Partnership, a real estate holding company of which director Luke A. Latimer is a general partner and owns a 34% interest, for the construction and operation of a branch in New Alexandria, PA. The lease has an initial term of 15 years with three optional renewal terms of five years each. During 2018, First Commonwealth Bank paid \$95,173 under the terms of the lease,

consisting of \$82,800 in base rent and \$12,373 for real estate taxes. The aggregate base rent payable from January 1, 2019 through the expiration of the initial 15-year term is \$373,200.

In 2018, certain of our directors and executive officers were customers of, and had banking transactions with, various subsidiaries of First Commonwealth Financial Corporation, including our subsidiary bank First Commonwealth Bank. All relationships between any director or executive officer and First Commonwealth or any of its subsidiaries are conducted in the ordinary course of business. All loans and loan commitments were made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with persons not affiliated with us, and did not involve more than the normal risk of collectability nor did they present other unfavorable features. We determined that these loans and loan commitments were performing in accordance with their contractual terms.

**44** **FIRST Commonwealth** *2019 Proxy Statement*



## **Table of Contents**

### **ANNUAL MEETING INFORMATION**

#### **What matters will be voted upon at the meeting?**

At the meeting, you will be asked to consider the following items of business:

election to our Board of Directors of the thirteen (13) nominees who are named in this proxy statement to serve until the next annual meeting and until their successors are elected and qualified;

ratification of the selection of Ernst & Young LLP as our independent registered public accounting firm for our 2019 fiscal year;

approval of a non-binding advisory vote on the compensation of our named executive officers; and

any other business that may properly come before the meeting.

#### **Why did I receive a Notice of Internet Availability of Proxy Materials instead of paper copies of the proxy materials?**

The SEC notice and access rule allows us to furnish our proxy materials over the internet to our shareholders instead of mailing paper copies of those materials to each shareholder. As a result, on or around March 14, 2019 we sent to most of our shareholders by mail or e-mail a notice containing instructions on how to access our proxy materials over the internet and vote online. This notice is not a proxy card and cannot be used to vote your shares. If you received only a notice this year, you will not receive paper copies of the proxy materials unless you request the materials by following the instructions on the notice or on the website referred to on the notice.

We provided some of our shareholders, including shareholders who have previously asked to receive paper copies of the proxy materials, with paper copies of the proxy materials instead of a notice that the materials are electronically available over the internet.

#### **What does the Notice of Internet Availability of Proxy Materials look like?**

You will get a document titled "Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to Be Held on April 23, 2019" containing instructions on how to access the proxy statement and the 2018 Annual Report over the Internet, how to request a printed copy of these materials, and how to vote your shares.

#### **Who can vote?**

Shareholders of record on the record date, which was March 1, 2019, may vote at the annual meeting. As of the record date, there were 98,636,839 shares of our common stock outstanding.

#### **How does the Board of Directors recommend I vote on the proposals?**

The Board of Directors recommends that you vote as follows:

FOR the election of the thirteen (13) nominees who are named in this proxy statement to the Board of Directors;

FOR the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm; and

FOR the advisory vote on named executive officer compensation.

**What constitutes a quorum to hold the annual meeting?**

The presence at the meeting, in person or by proxy, of the holders of a majority of the aggregate voting power of the common stock outstanding on the record date will constitute a quorum, permitting us to hold the meeting and conduct business. Proxies received but marked as abstentions and broker non-votes (described below under *How do I vote my shares if they are held in the name of my broker?* ) will be included in the calculation of the number of votes considered to be present at the meeting for purposes of determining a quorum.

## **Table of Contents**

### **How many votes are required to approve each proposal?**

**Election of Directors:** Directors are elected by a plurality of votes cast, which means that the thirteen (13) nominees who receive the highest number of votes will be elected. However, our Corporate Governance Guidelines provide that in the circumstance of an uncontested director election, which is the case for this year's directors' election, any director who does not receive a majority of votes cast must promptly tender his or her resignation to the Board. Upon recommendation of the Governance Committee, the Board will determine whether to accept the resignation. Any broker non-votes or abstentions will not be included in the total votes cast and will not affect the director election results.

**Ratification of Independent Registered Public Accounting Firm:** The ratification of the selection of Ernst & Young as our independent registered public accounting firm for the 2019 fiscal year will be approved if the proposal receives the affirmative vote of at least a majority of the votes cast by shareholders present, in person or by proxy, at the meeting. Abstentions will not be counted as votes cast either for or against the proposal.

**Approval of Named Executive Officer Compensation:** The non-binding advisory vote on the compensation of our named executive officers will be approved by the affirmative vote of at least a majority of the votes cast by shareholders present, in person or by proxy, at the meeting. Abstentions and broker non-votes will not be counted as votes cast either for or against the proposal.

### **How many votes may I cast?**

For the election of directors, you are entitled to cast one vote for each share that you held as of the record date for each candidate nominated. Cumulative voting is not permitted.

For each other proposal and any other matter brought before the meeting, you are entitled to one vote for each share that you held as of the record date.

### **What do I have to do to vote?**

You may vote by granting a proxy, or for shares held in street name, by submitting voting instructions to your broker or other nominee. If your shares are held by a broker or other nominee, you will receive instructions that you must follow to have your shares voted. See below for more information on voting your shares if held in the name of your broker.

If you hold your shares as the shareholder of record, you may vote by signing and dating each proxy card you receive and returning it in the postage paid envelope that accompanies the proxy card. You may also submit your proxy over the Internet or by telephone by following the instructions provided on the proxy card.

If you mark the proxy card to show how you wish to vote, your shares will be voted as you direct. If you return a signed proxy card but do not mark the proxy card to show how you wish to vote, your shares will be voted in accordance with the recommendations of the Board of Directors as described above.

In addition, if other matters are properly presented at the annual meeting, the proxy holders are also authorized to vote on such matters as they determine in their sole discretion. As of the date of this proxy statement, we have not received notice of any other matters that may be properly presented at the annual meeting.

### **How do I vote my shares if they are held in the name of my broker?**

If your shares are held by your broker, you must vote your shares through your broker. You should receive a form from your broker asking how you want to vote your shares. Follow the instructions on that form to give voting instructions to your broker.

If you do not give instructions to your broker with respect to the ratification of Ernst & Young as our independent registered public accounting firm your broker may vote your shares at its discretion on your

## **Table of Contents**

behalf. If you do not give instructions to your broker with respect to (1) the election of directors or (2) the non-binding advisory vote on the compensation of our named executive officers, a broker non-vote will occur. The broker non-vote will not be counted and no votes will be cast on your behalf. The voting instruction form will provide instructions for you to return it, including instructions for voting by telephone and the Internet. You may change your vote by submitting new voting instructions to your broker.

If you plan to attend the annual meeting and your shares are held in the name of a broker or other nominees, you must bring with you a letter from the broker or nominee confirming your ownership as of the record date. Failure to bring such a letter may prevent you from attending the meeting.

If you wish to vote your shares at the meeting, you must obtain a legal proxy from your broker or other nominee and present it to the inspectors of elections with your ballot when you vote at the meeting.

### **How do I revoke a proxy or change my vote?**

If you are the record holder of the shares, you may revoke your proxy or change your vote at any time before it is counted at the annual meeting by: (1) notifying our Secretary in writing at 601 Philadelphia Street, Indiana, Pennsylvania 15701; (2) attending the annual meeting and voting in person; or (3) submitting a later dated proxy card. If your shares are held by your broker, you should follow the instructions that the broker provides to you to revoke your proxy or change your vote.

### **What does it mean if I receive more than one proxy card?**

If your shares are registered differently and are in more than one account, you will receive more than one proxy card. Please follow the directions for voting on each of the proxy cards you receive to ensure that all of your shares are voted.

### **Who pays for the solicitation of proxies?**

First Commonwealth pays all costs related to the Company's solicitation of proxies. We may solicit proxies by mail, or our directors, officers or employees may solicit proxies personally, by telephone, facsimile or the Internet. These persons will not receive any additional compensation for their efforts to solicit proxies. We will request that the notice of annual meeting, this proxy statement, the proxy card and related materials, if any, be forwarded to beneficial owners, and we expect to reimburse banks, brokers and other persons for their reasonable out-of-pocket expenses in handling these materials.

**Table of Contents**

**REQUIREMENTS FOR DIRECTOR NOMINATIONS AND SHAREHOLDER PROPOSALS**

**Director Nominations, Proposals for Action, and Other Business Brought Before the annual meeting**

Shareholders may make nominations for the election of directors and other proposals for action at an annual meeting. Under our By-Laws, nominations or other business may be brought before the meeting:

Pursuant to our notice of the meeting.

By, or at the direction of, a majority of our Board of Directors.

By a shareholder who:

is a shareholder of record at the time of giving of the notice required by our By-Laws and will be such at the time of the annual meeting; and

is entitled to vote at the meeting; and

complies with the notice and other procedures set forth in our By-Laws as to such business or nomination. The By-Law procedures described above are the exclusive means for a shareholder to make nominations or submit other business before the meeting, other than matters properly brought under Rule 14a-8 under the Securities Exchange Act of 1934, as amended, and included in our notice of meeting.

If you would like to include a proposal in our notice of the annual meeting and proxy materials under Rule 14a-8, please see the requirements under Proxy Proposals Brought Under Rule 14a-8 below.

If you do not want to make a nomination of a director for consideration at our annual meeting, but would like to submit the name of a director candidate to our Board for its consideration, please see Recommendations of Director Candidates from Shareholders below. If you follow the process discussed in that section, our Governance Committee will consider your candidate.

Please direct any questions about the requirements or notices in this section to our Corporate Secretary at 601 Philadelphia Street, Indiana, Pennsylvania 15701.

**By-Law Requirements for Nominations or Other Business.**

If you are a shareholder who would like to nominate candidates for election as directors, or bring other proposals for action at the 2020 Annual Meeting of Shareholders, our By-Laws require that you deliver a notice to the Secretary at our principal executive offices.

To be timely, the notice must be delivered not earlier than the close of business on the 180th day and not later than the close of business on the 150th day prior to the first anniversary of the preceding year's annual meeting. For the 2020 Annual Meeting of Shareholders, this would mean that timely notice would be delivered between October 26, 2019 and November 25, 2019.

If the date of next year's annual meeting is more than 30 days before, or 60 days after, April 23, 2020, timely notice must be delivered not earlier than (1) the close of business on the 120th day prior to the date of the 2020 Annual Meeting of Shareholders and not later than (2) the close of business on the later of the 90th day prior to the date of the 2020 Annual Meeting of Shareholders or, if the first public announcement of the date of the 2020 Annual Meeting is less than 100 days prior to the date of the meeting, the 10th day following the day on which we make a public announcement of the meeting date.

All notices of nominations for director or other proposals for action must contain, on behalf of the shareholder and beneficial owner, if any, on whose behalf the nomination or proposal is being made, the following information, which is summarized from, and should be read in conjunction with, our By-Laws:

The name and address of the shareholder, any beneficial owner, and any affiliates or associates.

**Table of Contents**

The number of shares of First Commonwealth stock which are, directly or indirectly, owned beneficially and of record by the shareholder, beneficial owner, affiliates or associates.

Disclosure of any indirect, derivative, convertible or other right related to any class or series of shares of First Commonwealth, or any stock borrowings, dividend rights, or proxy or other voting arrangements.

Disclosure of any information relating to such shareholder and beneficial owner, if any, that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for, as applicable, the proposal and/or for the election of directors in a contested election pursuant to Section 14 of the Securities Exchange Act and the rules and regulations promulgated thereunder.

In addition to the information listed above, the following additional information is required for notices of nominations for director:

All information relating to such person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors in a contested election pursuant to Section 14 of the Securities Exchange Act and the rules and regulations promulgated thereunder (including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected).

A description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three years, and any other material relationships.

A completed and signed questionnaire, representation and agreement as required under our By-Laws.

Such other information as may reasonably be required by First Commonwealth to determine the eligibility of such proposed nominee to serve as an independent director of First Commonwealth or that could be material to a reasonable shareholder's understanding of the independence, or lack thereof, of such nominee.

A notice for a proposal for action other than a nomination for director must include the following information, in addition to the information applicable to all notices as described above:

A brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and any material interest of such shareholder and beneficial owner, if any, in such business.

The text of the proposal or business (including the text of any resolutions proposed for consideration).

A description of all agreements, arrangements and understandings between such shareholder and beneficial owner, if any, and any other person or persons (including their names) in connection with the proposal of such business by



such shareholder.

The proxies we appoint for the 2020 Annual Meeting of Shareholders may exercise their discretionary authority to vote on any shareholder proposal timely received and presented at the meeting. Our proxy statement must advise shareholders of the proposal and how our proxies intend to vote. A shareholder may mail a separate proxy statement to our shareholders, and satisfy certain other requirements, to remove discretionary voting authority from our proxies.

The Chairman of the meeting has the power and duty to determine whether a nomination or any business proposed to be brought before the annual meeting was made or proposed in accordance with our By-Laws, and to declare that a defective proposal or nomination be disregarded.

#### **Proxy Proposals Brought Under Rule 14a-8.**

If you are a shareholder who would like us to include your proposal in our notice of annual meeting and related proxy materials, you must follow SEC Rule 14a-8. In submitting your proposal, our Corporate Secretary must receive your proposal, in writing, at our principal executive offices, no later than November 15, 2019. If you do not follow these procedures, we will not consider your proposal for inclusion in next year's proxy statement.

**Table of Contents**

**Recommendations of Director Candidates From Shareholders**

If a shareholder recommends a candidate for director in good faith, our Governance Committee will consider it. If you are a shareholder, the Governance Committee will consider your candidate if you follow these procedures. Your recommendation must be in writing and be submitted no later than November 25, 2019.

You must submit your recommendation to the Secretary at our principal executive offices. Your written recommendation must include the following information:

The proposed nominee's name and address.

A description of all arrangements or understandings between you, the proposed nominee and any other person or persons regarding the proposed nomination of the director. You must also name such other persons.

Any commercial, industrial, banking, consulting, legal, accounting, charitable, familial or other relationships involving the proposed nominee and us or our subsidiaries that may be relevant in determining whether your proposed nominee is independent of our management and eligible to serve on the Board's Audit, Governance and Compensation and Human Resources Committees, under SEC and NYSE rules, and for the Compensation and Human Resources Committee, under Section 162(m) of the Internal Revenue Code.

The educational, professional and employment-related background and experience of your proposed nominee.

Any other facts and circumstances that may be relevant in determining whether your proposed nominee is an audit committee financial expert under SEC rules.

Such other information regarding the proposed nominee as would be required to be included in our proxy materials if the proposed nominee is nominated by our Board.

The written consent of the proposed nominee to serve as a director of First Commonwealth Financial Corporation, if elected.

Under current practices, the Governance Committee does not evaluate candidates recommended by a shareholder any differently than candidates recommended by the Governance Committee.

## Table of Contents

### HOUSEHOLDING OF PROXY MATERIALS

The SEC has adopted rules that permit companies and intermediaries such as brokers to satisfy delivery requirements for proxy statements with respect to two or more shareholders sharing the same address by delivering a single proxy statement addressed to those shareholders. This process, which is commonly referred to as householding, potentially provides extra convenience for shareholders and cost savings for companies. We and some brokers who household proxy materials, may deliver a single proxy statement to multiple shareholders sharing an address unless contrary instructions have been received from the affected shareholders. Once you have received notice from your broker or us that they or we will be householding materials to your address, householding will continue until you are notified otherwise or until you revoke your consent. If, at any time, you no longer wish to participate in householding and would prefer to receive a separate proxy statement, or if you are receiving multiple copies of the proxy statement and wish to receive only one, please notify your broker if your shares are held in a brokerage account or us if you hold registered shares. You can notify us by sending a written request to Investor Relations, First Commonwealth Financial Corporation, 654 Philadelphia Street, Indiana, PA 15701, or by calling our transfer agent, Computershare Shareowner Services LLC, at 1-866-203-5173.

### ANNUAL REPORT ON FORM 10-K

A shareholder may obtain a paper copy of this proxy statement, the 2018 Annual Report or any other filing with the SEC without charge by writing to Investor Relations, First Commonwealth Financial Corporation, 654 Philadelphia Street, Indiana, Pennsylvania 15701. Copies of all Company filings with the SEC are available on our website at [www.fcbanking.com](http://www.fcbanking.com) by following the links to Investor Relations and SEC Filings.

### ACCESSING PROXY MATERIALS

The SEC allows us to deliver proxy materials to shareholders over the Internet. We believe that this offers a convenient way for shareholders to review our information. It also reduces printing expenses and lessens the environmental impact of paper copies. We provided access to our proxy materials beginning on March 14, 2019. On that day, we mailed the Notice of Availability of Proxy Materials and made our proxy materials available on the Internet.

Any shareholder may access our proxy materials electronically. Upon request, we will continue to provide paper copies of proxy materials to shareholders for the current meeting or for future meetings.

If you hold our shares in street name, we generally cannot mail our materials to you directly. Your broker or bank must provide you with the Notice of Availability of Proxy Materials or the proxy statement and proxy card, and must also explain the voting process to you.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON APRIL 23, 2019:** This Notice of Annual Meeting and Proxy Statement and the 2018 Annual Report are available at: [www.envisionreports.com/FCF](http://www.envisionreports.com/FCF).

**Table of Contents**

**Your vote matters here's how to vote!**

You may vote online or by phone instead of mailing this card.

**Votes submitted electronically must be received by 1:00 a.m., Eastern Time, on April 23, 2019.**

**Online**

Go to [www.envisionreports.com/FCF](http://www.envisionreports.com/FCF) or scan the QR code login details are located in the shaded bar below.

**Phone**

Call toll free 1-800-652-VOTE (8683) within the USA, US territories and Canada

**Save paper, time and money!**

**Sign up for electronic delivery at [www.envisionreports.com/FCF](http://www.envisionreports.com/FCF)**

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

**2019 Annual Meeting Proxy Card**

q **IF VOTING BY MAIL, SIGN, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.** q

**A**

**Proposals The Board of Directors recommends a vote FOR all the nominees listed and FOR Proposals 2 and 3.**

- |                           |                          |                          |
|---------------------------|--------------------------|--------------------------|
| 1. Election of Directors: |                          |                          |
| 01 - Julie A. Caponi      | 06 - Jon L. Gorney       | 10 - Aradhna M. Oliphant |
| 02 - Ray T. Charley       | 07 - David W. Greenfield | 11 - T. Michael Price    |

03 - Gary R. Claus  
04 - David S. Dahlmann  
05 - Johnston A. Glass

08 - Bart E. Johnson  
09 - Luke A. Latimer

12 - Robert J. Ventura  
13 - Stephen A. Wolfe

**Mark here to vote**

**Mark here to WITHHOLD**

**FOR all nominees**

**vote from all nominees**

**For All EXCEPT** - To withhold authority to vote nominee(s), write the name(s) of such nominee(s)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**For Against Abstain**

**For Against Abstain**

2. To ratify the selection of Ernst & Young LLP as the company's independent registered public accounting firm for 2019.

3. Advisory vote to approve named executive officer compensation.

**B Authorized Signatures This section must be completed for your vote to be counted. Date and Sign Below**

NOTE: Please sign as your name appears hereon. All joint owners should sign. When signing as an attorney, executor, administrator, corporate officer, trustee, custodian or guardian, please give full title as such. If the shares are held by a corporation or other legal entity, please sign in full corporate or entity name by President or other authorized capacity.

Date  
(mm/dd/yyyy)  
Please print date  
below.

Signature 1 Please keep signature within the box. Signature 2 Please keep signature within the box.

/ /

1 P C F

0300SB

**Table of Contents**

**Small steps make an impact.**

Help the environment by consenting to receive electronic  
delivery, sign up at [www.envisionreports.com/FCF](http://www.envisionreports.com/FCF)

**q IF VOTING BY MAIL, SIGN, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED  
ENVELOPE. q**

**FIRST COMMONWEALTH FINANCIAL CORPORATION**

**ANNUAL MEETING OF SHAREHOLDERS - APRIL 23, 2019**

**THIS PROXY IS SOLICITED BY THE BOARD OF DIRECTORS OF THE COMPANY**

The undersigned hereby appoints Douglas Brown and Natalie M. Felix, and each of them, with power to act without the other and with power of substitution, as proxies and attorneys-in-fact and hereby authorizes them to represent and vote, as provided on the other side, all the shares of First Commonwealth Financial Corporation Common Stock which the undersigned is entitled to vote, and, in their discretion, to vote upon such other business as may properly come before the Annual Meeting of Shareholders of the Company to be held April 23, 2019 or at any adjournment or postponement thereof, with all powers which the undersigned would possess if present at the Meeting.

**THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED AS DIRECTED HEREBY BY THE UNDERSIGNED SHAREHOLDER. IF THIS PROXY IS SIGNED, BUT NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED IN ACCORDANCE WITH THE RECOMMENDATION OF FIRST COMMONWEALTH FINANCIAL CORPORATION S BOARD OF DIRECTORS.**

(Continued, and to be marked, dated and signed, on the reverse side.)

**C**

**Non-Voting Items**

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

**Comments** Please print your comments below.

**Meeting Attendance**

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