

INTEGRAMED AMERICA INC  
Form DEFM14A  
August 20, 2012

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**WASHINGTON, DC 20549**

**SCHEDULE 14A**

**(Rule 14a-101)**

**INFORMATION REQUIRED IN  
PROXY STATEMENT**

**SCHEDULE 14A INFORMATION**

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

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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to § 240.14a-12

**IntegraMed America, Inc.**

(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.

Title of each class of securities to which transaction applies:

(1)

(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:

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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:

August 20, 2012

To the Stockholders of IntegraMed America, Inc.:

I am pleased to inform you that, on June 10, 2012, IntegraMed America, Inc., or the Company, entered into an Agreement and Plan of Merger, or the merger agreement, with SCP-325 Holding Corp., or Buyer, and Buyer's wholly-owned subsidiary, SCP-325 Merger Sub, Inc., or Merger Sub, providing for the merger of Merger Sub with and into the Company, or the merger, with the Company surviving the merger as a wholly-owned subsidiary of Buyer. Buyer and Merger Sub are both affiliates of Sagard Capital Partners, L.P., an investment firm. If the merger is completed, each share of the Company's common stock, or a common share, other than as provided below, will be converted into the right to receive \$14.05 in cash, without interest and less applicable withholding tax. The following common shares will not be converted into the right to receive \$14.05 in cash, without interest and less applicable withholding tax, in connection with the merger: (i) common shares owned by Buyer, Merger Sub or any other direct or indirect wholly-owned subsidiary of Buyer, (ii) common shares owned by the Company as treasury stock or any direct or indirect wholly-owned subsidiary of the Company and (iii) common shares owned by stockholders who have properly exercised appraisal rights under the Delaware General Corporation Law.

You will be asked, at a special meeting of the holders of common shares, or the special meeting, to be held on September 19, 2012, at 3:00 p.m. local time, at the Company's headquarters located at Two Manhattanville Road, 3<sup>d</sup> Floor, Purchase, New York 10577, to consider and vote on a proposal to adopt and approve the merger agreement.

After careful consideration, the Company's board of directors approved the merger agreement and the transactions contemplated by the merger agreement and determined that the merger agreement, the merger and the other transactions contemplated by the merger agreement are advisable, fair to and in the best interests of the Company and the holders of common shares. **THE BOARD OF DIRECTORS OF THE COMPANY UNANIMOUSLY RECOMMENDS THAT YOU VOTE "FOR" THE ADOPTION AND APPROVAL OF THE MERGER AGREEMENT.**

The accompanying proxy statement provides you with information about the merger agreement, the merger and the special meeting of the holders of common shares. A copy of the merger agreement is attached as *Annex A* to the accompanying proxy statement. The Company encourages you to read the entire proxy statement and merger agreement carefully. You may also obtain more information about the Company from documents that it has filed with the Securities and Exchange Commission.

**Your vote is important. Adoption and approval of the merger agreement requires the affirmative vote of the holders of a majority of the outstanding common shares entitled to vote thereon. The failure of any holder of common shares to vote will have the same effect as a vote "AGAINST" adopting and approving the merger agreement. Accordingly, whether or not you plan to attend the special meeting, you are requested to promptly vote your common shares by completing, signing and dating the enclosed proxy card and returning it in the envelope provided, or by voting over the telephone or over the internet as instructed in the accompanying materials. If your common shares are held in an account at a broker, dealer, commercial bank, trust company or other nominee, you should instruct that entity how to vote in accordance with the voting instruction form that it furnished to you. The failure to instruct your broker, dealer, commercial bank, trust company or other**

**nominee to vote your common shares “FOR” adoption and approval of the merger agreement will have the same effect as a vote “AGAINST” adopting and approving the merger agreement.**

Voting by proxy will not prevent you from voting your common shares in person if you subsequently choose to attend the special meeting.

Thank you for your cooperation and continued support.

Sincerely,

Jay Higham

*Chairman, President and Chief Executive Officer*

**Neither the Securities and Exchange Commission nor any state securities commission has passed upon the merits or fairness of the merger agreement or the transactions contemplated thereby, including the merger, or upon the adequacy or accuracy of the information contained in this document or the accompanying proxy statement. Any representation to the contrary is a criminal offense.**

**THE ACCOMPANYING PROXY STATEMENT IS DATED AUGUST 20, 2012 AND IS FIRST BEING MAILED TO HOLDERS OF COMMON SHARES ON OR ABOUT AUGUST 20, 2012.**

**INTEGRAMED AMERICA, INC.**

**Two Manhattanville Road, 3<sup>rd</sup> Floor**

**Purchase, New York 10577**

**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON SEPTEMBER 19, 2012**

To the Stockholders of IntegraMed America, Inc.:

Notice is hereby given that a special meeting, or the special meeting, of the stockholders of IntegraMed America, Inc., or the Company, will be held on September 19, 2012, at 3:00 p.m. local time, at the Company's headquarters located at Two Manhattanville Road, 3<sup>rd</sup> Floor, Purchase, New York 10577. The special meeting is called for the following purposes:

1. To consider and vote on a proposal to adopt and approve the Agreement and Plan of Merger, dated as of June 10, 2012, or the merger agreement, by and among SCP-325 Holding Corp., a Delaware corporation, or Buyer, Buyer's wholly-owned subsidiary, SCP-325 Merger Sub, Inc., a Delaware corporation, or Merger Sub, and the Company, pursuant to which Merger Sub will be merged with and into the Company, with the Company surviving the merger as a wholly-owned subsidiary of Buyer;
2. To consider and vote on a proposal to approve, on a non-binding advisory basis, the merger-related executive compensation payable under existing agreements with the Company that the Company's named executive officers will or may receive in connection with the merger contemplated by the merger agreement;
3. To consider and vote on a proposal to approve the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies in the event that there are not sufficient votes at the time of the special meeting to adopt and approve the merger agreement or to constitute a quorum; and
4. To transact such other business as may properly come before the special meeting.

Only holders of record of shares of the Company's common stock, or common shares, at the close of business on July 26, 2012 are entitled to notice of and to vote at the special meeting and at any adjournment or postponement of the special meeting. All holders of record of common shares are cordially invited to attend the special meeting in person.

Holders of common shares who do not vote in favor of adopting and approving the merger agreement will have the right to seek appraisal of the fair value of their common shares if the merger contemplated by the merger agreement is completed, but only if they submit a written demand for appraisal to the Company prior to the time the vote is taken on the adoption and approval of the merger agreement and comply with all other requirements of the Delaware General Corporation Law, or the DGCL. A copy of the applicable DGCL statutory provisions is included as *Annex C* to the accompanying proxy statement, and a summary of those provisions can be found under “*Appraisal Rights*” beginning on page 84 of the accompanying proxy statement.

The adoption and approval of the merger agreement requires the affirmative vote of the holders of a majority of the outstanding common shares entitled to vote thereon. The failure to vote will have the same effect as a vote “**AGAINST**” the adoption and approval of the merger agreement. Even if you plan to attend the special meeting in person, please complete, sign, date and return the enclosed proxy, or vote over the telephone or the internet as instructed in the accompanying materials, as promptly as possible to ensure that your common shares will be represented at the special meeting if you are unable to attend. If your common shares are held in an account at a broker, dealer, commercial bank, trust company or other nominee, you should instruct that entity how to vote in accordance with the voting instruction form that it furnishes to you. Your failure to instruct your broker, dealer, commercial bank, trust company or other nominee to vote your common shares “**FOR**” the adoption and approval of the merger agreement will have the same effect as a vote “**AGAINST**” the adoption and approval of the merger agreement. If you do attend the special meeting and wish to vote in person, you may withdraw your proxy and vote in person. However, if your common shares are held in an account at a broker, dealer, commercial bank, trust company or other nominee, you must provide a legal proxy from such nominee in order to vote your common shares in person at the special meeting.

**Whether or not you plan to attend the special meeting, you are requested to promptly vote your COMMON shares by completing, signing and dating the enclosed proxy card and returning it in the envelope provided, or by voting over the telephone or over the Internet as instructed in the accompanying materials. VOTING BY PROXY WILL NOT PREVENT YOU FROM ATTENDING THE SPECIAL MEETING IF YOU SO DESIRE.**

Claude E. White

*Vice President, General Counsel and Secretary*

August 20, 2012

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## SUMMARY

*This summary highlights selected information from this proxy statement. It may not contain all of the information that is important to you. Accordingly, you are urged to read carefully the entire proxy statement, its annexes and the other documents referred to in this proxy statement. See “Where You Can Find More Information” beginning on page 89. Each item in this summary refers to the page of this proxy statement on which that subject is discussed in more detail. In this proxy statement, the terms “we,” “us,” “our” and the “Company” refer to IntegraMed America, Inc. and its subsidiaries, unless the context requires otherwise.*

### The Merger (see page 25)

You are being asked to vote to adopt and approve the Agreement and Plan of Merger, dated as of June 10, 2012, which we refer to as the merger agreement, by and among us, SCP-325 Holding Corp., a Delaware corporation, which we refer to as Buyer, and Buyer’s wholly-owned subsidiary, SCP-325 Merger Sub, Inc., a Delaware corporation, which we refer to as Merger Sub, pursuant to which Merger Sub would merge with an into the Company and the Company would continue as the surviving corporation and a wholly-owned subsidiary of Buyer following the merger. In this proxy statement, we refer to the merger contemplated by the merger agreement as the merger and we refer to the surviving corporation in the merger as the surviving corporation. Adoption and approval of the merger agreement requires the approval of our stockholders, as described herein. Upon completion of the merger, each share of our common stock, par value \$0.01 per share, which we refer to as a common share, other than as provided below, will be automatically cancelled and converted into the right to receive \$14.05 per common share in cash, which we refer to as the per common share merger consideration, without interest and less applicable withholding tax. The following common shares will not be converted into the right to receive the per common share merger consideration in connection with the merger: (i) common shares owned by Buyer, Merger Sub or any other direct or indirect wholly-owned subsidiary of Buyer, (ii) common shares owned by us as treasury stock or any of our direct or indirect wholly-owned subsidiaries and (iii) common shares owned by stockholders who have properly exercised appraisal rights under the Delaware General Corporation Law, which we refer to as the DGCL.

### Parties to the Merger (see page 25)

The parties to the merger agreement are:

#### IntegraMed America, Inc. (see page 25)

We are a specialty healthcare services company offering products and services to patients and providers in the fertility and vein care segments of the health industry. We provide services and products through our three operating divisions, fertility centers, consumer services and vein clinics, and shared support services for providers through our corporate offices. We provide our fertility centers and vein clinics with administrative services, such as finance, accounting, human resources, risk management, legal and purchasing support, marketing and sales support, internet marketing and website support, access to integrated information systems, in some instances, non-physician practitioners and access to capital for financing clinic operations and expansion.

#### SCP-325 Holding Corp. (see page 26)

Buyer is a Delaware corporation and is a controlled affiliate of Sagard Capital Partners, L.P., an investment firm, which we refer to as Sagard. Buyer was formed at the direction of Sagard solely for the purpose of entering into the merger agreement and consummating the transactions contemplated by the merger agreement and the related financing transactions. At the effective time of the merger, the Company will become a direct, wholly-owned subsidiary of Buyer. Buyer has *de minimis* assets and has not engaged in any business or operations other than activities incidental to its formation and in connection with the merger and the other transactions contemplated by the

merger agreement.

SCP-325 Merger Sub, Inc. (see page 26)

Merger Sub is a Delaware corporation and a wholly-owned subsidiary of Buyer. Merger Sub was formed at the direction of Buyer solely for the purpose of entering into the merger agreement and consummating the transactions contemplated by the merger agreement and the related financing transactions. At the effective time of the merger, Merger Sub will merge with and into the Company and cease to exist, with the Company continuing as the surviving corporation and a wholly-owned subsidiary of Buyer. Merger Sub has *de minimis* assets and has not engaged in any business or operations other than activities incidental to its formation and in connection with the merger and the other transactions contemplated by the merger agreement.

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The Special Meeting (see page 20)

Date, Time and Place (see page 20)

The special meeting of the holders of common shares, which we refer to as the special meeting, will be held on September 19, 2012, at 3:00 p.m. local time, at our headquarters located at Two Manhattanville Road, 3<sup>rd</sup> Floor, Purchase, New York 10577.

Purpose (see page 20)

At the special meeting, you will be asked to consider and vote on the following proposals:

to adopt and approve the merger agreement;  
to approve, on a non-binding advisory basis, the merger-related executive compensation payable under existing agreements with us that our named executive officers will or may receive in connection with the merger;  
to approve the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies in the event that there are not sufficient votes at the time of the special meeting to adopt and approve the merger agreement or to constitute a quorum; and  
such other proposals as may properly come before the special meeting.

Record Date (see page 20)

Only holders of record of common shares at the close of business on July 26, 2012, the record date for the special meeting, are entitled to vote at the special meeting and at any adjournment or postponement of the special meeting. On the record date for the special meeting, 11,983,556 common shares were issued and outstanding and were held by 90 holders of record. Holders of record of common shares on the record date for the special meeting are entitled to one vote per common share at the special meeting on each proposal to be voted on at the special meeting.

Quorum (see page 20)

A quorum is necessary to hold the special meeting. The presence at the special meeting, in person or by proxy, of the holders of a majority of the common shares issued and outstanding at the close of business on the record date, and entitled to vote at the special meeting, constitutes a quorum for purposes of the special meeting. Abstentions and broker non-votes will be counted as present for the purposes of determining whether a quorum is present at the special meeting. In the event that a quorum is not present at the special meeting, it is expected that the special meeting will be adjourned or postponed.

Vote Required (see page 21)

The adoption and approval of the merger agreement requires the affirmative vote of the holders of a majority of the outstanding common shares entitled to vote thereon.

The approval, on a non-binding advisory basis, of the merger-related executive compensation payable under existing agreements with us that our named executive officers will or may receive in connection with the merger requires the approval of a majority of the votes properly cast on this proposal at the special meeting.

The approval of the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies requires the approval of a majority of the votes properly cast on this proposal at the special meeting.

Our directors and executive officers have informed us that, as of the date of this proxy statement, they intend to vote all of their common shares in favor of the proposal to adopt and approve the merger agreement, in favor of the

proposal to approve, on a non-binding advisory basis, the merger-related executive compensation payable under existing agreements with us that our named executive officers will or may receive in connection with the merger and in favor of the proposal to approve the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies. As of July 26, 2012, the record date for the special meeting, our directors and executive officers owned, in the aggregate, 541,516 common shares, or collectively approximately 4.5% of the outstanding common shares.

In addition, pursuant to the Voting Agreement, dated as of June 10, 2012, which we refer to as the voting agreement, among Buyer, IAT Reinsurance Company Ltd., which we refer to as IAT, Wilshire Insurance Company, which we refer to as Wilshire, and Peter R. Kellogg, IAT, Wilshire and Mr. Kellogg have generally agreed, subject to certain exceptions and among

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other things, to vote all of the common shares beneficially owned by them in favor of the proposal to adopt and approve the merger agreement and the transactions contemplated thereby unless the voting agreement is terminated. As of July 26, 2012, the record date for the special meeting, IAT, Wilshire and Mr. Kellogg owned, in the aggregate, 3,221,286 common shares, or collectively approximately 26.9% of the outstanding common shares. The voting agreement is described under “*The Merger—Voting Agreement*” beginning on page 47.

#### Proxies and Revocation (see page 23)

Any holder of record of common shares entitled to vote at the special meeting may submit a proxy by telephone, over the internet or by returning the enclosed proxy card in the envelope provided or may vote in person at the special meeting. If your common shares are held in an account at a broker, dealer, commercial bank, trust company or other nominee, you should instruct that entity how to vote in accordance with the voting instruction form that it furnished to you. If you fail to submit a proxy or to vote in person at the special meeting, or if you vote “**ABSTAIN**,” or if you do not provide your broker, dealer, commercial bank, trust company or other nominee with voting instructions, it will have the same effect as a vote “**AGAINST**” the adoption and approval of the merger agreement.

If you are a holder of record of common shares, you can change your vote at any time before your proxy is voted at the special meeting by properly delivering a later-dated proxy through any of the methods available to you or attending the special meeting in person and voting. You may also revoke your proxy by delivering a notice of revocation to our Secretary prior to the time your proxy is voted at the special meeting. If your common shares are held in an account at a broker, dealer, commercial bank, trust company or other nominee, you must contact your broker, dealer, commercial bank, trust company or other nominee to revoke your proxy.

#### Reasons for the Merger (see page 34)

After consideration of the various factors described under “*The Merger—Recommendation of the Board of Directors; Reasons for the Merger*” beginning on page 34, our board of directors unanimously determined that the merger agreement and the transactions contemplated thereby are advisable, fair to and in the best interests of the Company and the holders of common shares, approved the merger agreement and the transactions contemplated thereby, resolved that a special meeting of the holders of common shares be called to adopt and approve the merger agreement and recommended that the holders of common shares adopt and approve the merger agreement and, on a non-binding advisory basis, approve the merger-related execution compensation that the Company’s named executive officers will or may receive in connection with the merger at that meeting.

In considering the recommendation of our board of directors with respect to the proposal to adopt and approve the merger agreement, you should be aware that certain of our directors and executive officers have interests in the merger that are different from, or in addition to, the interests of the holders of common shares generally. Our board of directors was aware of and considered these interests, to the extent such interests existed at the time, among other matters, in evaluating and negotiating the merger agreement, and in recommending that the merger agreement be adopted and approved by the holders of common shares. See “*The Merger—Interests of Certain Persons in the Merger*” beginning on page 48.

**Our board of directors unanimously recommends that you vote “FOR” the adoption and approval of the merger agreement, “FOR” the approval, on a non-binding advisory basis, of the merger-related executive compensation that our named executive officers will or may receive in connection with the merger and “FOR” the proposal to adjourn the special meeting, if necessary, to solicit additional proxies.**

#### Opinion of the Company’s Financial Advisor (see page 37)

In connection with the merger, our board of directors received an opinion from the Company's financial advisor, Jefferies & Company, Inc., which we refer to as Jefferies, dated June 9, 2012, as to the fairness, from a financial point of view and as of that date, of the per common share merger consideration to be received by holders of common shares (other than Sagard and its affiliates). The full text of Jefferies' opinion describes the assumptions made, procedures followed, matters considered and limitations on the review undertaken by Jefferies. This opinion is attached as *Annex B* to this proxy statement, which the Company encourages you to read in its entirety, and is incorporated herein by reference. **Jefferies' opinion was provided for the use and benefit of our board of directors (in its capacity as such) in its evaluation of the per common share merger consideration from a financial point of view and did not address any other aspect of the merger. The opinion did not address the relative merits of the transactions contemplated by the merger agreement as compared to any alternative transactions or opportunity that might be available to the Company, nor did it address the Company's underlying business decision to engage in the merger or the terms of the merger agreement or any voting or other agreements, documents or other arrangements referred to in the merger agreement or entered into in connection with the merger. Jefferies' opinion does**

**not constitute a recommendation as to how any holder of common shares should vote or act with respect to the merger or any related matter.**

Financing of the Merger (see page 43)

Buyer anticipates that the total funds needed to complete the merger, including the funds needed to:

pay the holders of common shares (and the holders of our other equity-based interests) the amounts due to them under the merger agreement, which, based upon the common shares (and our other equity-based interests) outstanding as of the record date, would be approximately \$169.5 million;

refinance our outstanding indebtedness, which, as of August 14, 2012, was approximately \$8.2 million in principal amount; and

pay all fees and expenses relating to the merger and the financing of the merger,

will be funded through a combination of:

up to approximately \$79.5 million of equity financing to be provided by Sagard or one or more of its affiliated entities, or other parties to whom Sagard allocates a portion of its commitment pursuant to the equity commitment letter described below;

a \$95.0 million senior secured credit facility, consisting of a \$90.0 million term loan and a \$5.0 million revolving loan facility; and

our cash on hand.

Buyer has obtained the equity commitment letter and Sagard and Merger Sub have obtained the debt commitment letter described below. The funding under those commitment letters is subject to certain conditions, including conditions that do not relate directly to the merger agreement. We believe the amounts committed under the commitment letters will be sufficient to complete the transaction, but we cannot assure you of that. Those amounts might be insufficient if, among other things, one or more of the parties to the commitment letters fails to fund the committed amounts in breach of a commitment letter or if the conditions to a commitment are not met. Although obtaining the proceeds of any financing, including any financing under the commitment letters, is not a condition to the completion of the merger, the failure of Buyer and Merger Sub to obtain any portion of the committed financing (or alternate financing) will likely result in the failure of the merger to be completed. In that case, Buyer may be obligated to pay us a termination fee, as described under “*The Merger Agreement—Termination Fees and Reimbursement of Expenses*” beginning on page 77. Buyer’s obligation to pay the termination fee is guaranteed by Sagard pursuant to the limited guaranty referred to below.

Equity Financing (see page 44)

Buyer has entered into an equity commitment letter with Sagard, dated as of June 10, 2012, which we refer to as the equity commitment letter, pursuant to which Sagard has committed to purchase, directly or indirectly through one or more affiliated entities, at or prior to the closing of the merger, equity interests of Buyer, for an amount equal to approximately \$79.5 million, to fund a portion of the aggregate merger consideration to be paid by Buyer under the merger agreement and to pay the related fees and expenses pursuant to and in accordance with the merger agreement. Sagard may allocate a portion of its equity commitment to other investors. However, the allocation of any portion of Sagard’s equity commitment to other investors will only reduce Sagard’s equity commitment by the amount actually contributed to Buyer by those other investors (and not returned) at or prior to the closing date of the merger for the purpose of funding a portion of the merger consideration, any other amounts required to be paid pursuant to the merger agreement and related fees and expenses pursuant to the merger agreement.

Sagard’s obligation to fund the equity financing contemplated by the equity commitment letter is subject to:

our execution and delivery of the merger agreement (which took place on June 10, 2012);



the satisfaction or waiver (with Sagard's prior written approval) of each of the conditions to the obligations of Buyer and Merger Sub to consummate the transactions contemplated by the merger agreement; and the contemporaneous funding of the debt financing, or any alternate debt financing that is accepted from alternate sources in accordance with the merger agreement, in accordance with the terms and conditions thereof.

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Debt Financing (see page 44)

In connection with the execution of the merger agreement, Sagard and Merger Sub received a debt commitment letter, dated as of June 10, 2012, which, along with the related fee letter, we refer to as the debt commitment letter, from GCI Capital Markets LLC, which we refer to as the commitment party. Pursuant to the debt commitment letter, the commitment party or, to the extent all or a portion of any syndication contemplated by the debt commitment letter has occurred, a syndicate of lenders, which we refer to as the lenders, have committed to provide a \$95.0 million senior secured credit facility, consisting of a \$90.0 million term loan and a \$5.0 million revolving loan facility, to us and Merger Sub on the terms and subject to the conditions set forth in the debt commitment letter. The debt commitment letter will expire if either the closing of the debt facilities contemplated by the debt commitment letter or the funding of the loans thereunder has not occurred on or prior to November 15, 2012.

The debt facilities contemplated by the debt commitment letter are subject to a number of closing conditions, as described under “*The Merger—Financing of the Merger—Debt Financing*” beginning on page 44. However, the debt commitment letter is not subject to a due diligence or a “market out” condition that would allow the commitment party not to fund its commitment if the financial markets are materially adversely affected. There is a risk that the conditions to the debt financing will not be satisfied and the debt financing may not be funded when required. As of the date of this proxy statement, no alternative financing arrangements or alternative financing plans have been made in the event that the debt financing described in this proxy statement is not available as anticipated.

Limited Guaranty (see page 46)

Pursuant to the limited guaranty, dated as of June 10, 2012, which we refer to as the limited guaranty, by Sagard in favor of the Company, Sagard has agreed to guarantee:

- the payment by Buyer of the \$8,476,812 termination fee payable to us in certain circumstances; and
- the reimbursement and indemnification obligations of Buyer in connection with the costs and expenses incurred by us in connection with the arrangement of the financing of the merger and successful suits to enforce the termination fee provisions of the merger agreement.

See “*The Merger Agreement—Termination Fees and Reimbursement of Expenses*” beginning on page 77 and “*The Merger Agreement—Expenses*” beginning on page 78. However, Sagard’s obligations under the limited guaranty are subject to a cap equal to \$8,476,812.

Voting Agreement (see page 47)

In connection with the execution of the merger agreement, Buyer, IAT, Wilshire and Peter R. Kellogg entered into the voting agreement, pursuant to which IAT, Wilshire and Mr. Kellogg have generally agreed, subject to certain exceptions and among other things, to vote all of the common shares beneficially owned by them in favor of the proposal to adopt and approve the merger agreement and the transactions contemplated thereby unless the voting agreement is terminated. As of July 26, 2012, the record date for the special meeting, IAT, Wilshire and Mr. Kellogg owned, in the aggregate, 3,221,286 common shares, or collectively approximately 26.9% of the outstanding common shares. A copy of the voting agreement is attached as *Annex D* to this proxy statement, which we encourage you to read in its entirety.

Interests of Certain Persons in the Merger (see page 48)

In considering the recommendation of our board of directors with respect to the proposal to adopt and approve the merger agreement, you should be aware that certain of our directors and executive officers have interests in the merger that are different from, or in addition to, the interests of the holders of common shares generally. Our board of directors was aware of and considered these interests, to the extent such interests existed at the time, among other

matters, in evaluating and negotiating the merger agreement, and in recommending that the merger agreement be adopted and approved by the holders of common shares, as described under “*The Merger—Recommendation of the Board of Directors; Reasons for the Merger*” beginning on page 34. These interests include, among others:

- accelerated vesting of options to purchase common shares that were issued under our stock option or long-term compensation plans, and cash payments with respect to those options to purchase common shares that have an exercise price of less than \$14.05;
- accelerated vesting of common shares that are subject to restrictions on transfer or forfeiture and that were granted pursuant to our stock option or long-term compensation plans, which we refer to as restricted stock, and cash

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payments of \$14.05, without interest and less applicable withholding tax, with respect to each share of restricted stock;

a lump sum cash payment to Jay Higham, our Chairman, President and Chief Executive Officer, representing his base salary for a 24-month period, plus twice the full amount of his annual bonus based on current salary, without regard to the conditions precedent established for the bonus payment, pursuant to his employment agreement, if, within one year after the merger, Mr. Higham's employment is terminated by Mr. Higham for "Good Reason" (as defined in the employment agreement) or by the surviving corporation without cause;

certain payments and benefits to our executive officers who have entered into employee retention agreements with us, in the event that, within 18 months of the completion of the merger, their employment is terminated, either by the surviving corporation without cause or by themselves for "Good Reason" (as defined in the employee retention agreements), including:

- o a cash lump sum payment equal to the executive officer's annual base salary, plus the pro rata portion of the cash bonus that he or she would have earned for the fiscal year during which the termination occurred, plus the most recent annual cash bonus, if any, paid by us to him or her prior to the date that his or her employment is terminated or the date of the completion of the merger, whichever is higher;

- o continuation of certain employee benefits for one year following the date that the executive officer's employment is terminated (or if that continuation of benefits is not available, payment of the equivalent value thereof);

- o accelerated vesting of all incentive stock options granted to the executive officer;

- o reimbursement of up to \$15,000 of reasonable expenses incurred within two years of the date that the executive officer's employment is terminated for outplacement services; and

- o payment of reasonable fees and expenses incurred in successfully litigating the executive officer's rights under his or her employee retention agreement;

if our board of directors were to terminate our Long-Term Cash Award Plan as of the effective date of the merger,

lump sum cash payments would be made to certain of our executive officers representing the entire unpaid balance of their cash award accounts maintained by us under the Long-Term Cash Award Plan;

continued indemnification and liability insurance for our directors and officers following the completion of the merger;

for a period of at least one year following the completion of the merger, Buyer will provide, or cause the surviving corporation and its subsidiaries to provide, our executive officers who remain employed by Buyer, the surviving corporation or any of their respective subsidiaries, with base salaries, bonus opportunities and employee pension and welfare benefits (other than equity-based or change in control compensation) that are substantially comparable in the aggregate to those provided by us and our subsidiaries to such individuals immediately prior to the completion of the merger; and

credit for prior service with us for purposes of eligibility, vesting and other determinations under benefit plans in which our executive officers may become eligible to participate following the completion of the merger.

See "*The Merger—Interests of Certain Persons in the Merger*" beginning on page 48 for additional information.

#### Material U.S. Federal Income Tax Consequences of the Merger (see page 56)

The exchange of common shares for cash pursuant to the merger will generally be a taxable transaction for U.S. federal income tax purposes. In general, a U.S. holder whose common shares are converted into the right to receive cash in the merger will recognize gain or loss for U.S. federal income tax purposes in an amount equal to the difference, if any, between the amount of cash received with respect to his, her or its common shares (determined before the deduction of any applicable withholding taxes) and his, her or its adjusted tax basis in those common shares. Any gain recognized on the exchange of common shares for cash pursuant to the merger by non-U.S. holders will generally not be subject to U.S. federal income tax unless the non-U.S. holder has certain connections to the United States. Backup withholding may also apply to the cash payments made pursuant to the merger unless the holder or other payee provides the required information and certification and otherwise complies with the backup withholding rules. For the definitions of "U.S. holder" and "non-U.S. holder" and a more detailed discussion of the U.S. federal income tax consequences of the merger, see "*The Merger—Material U.S. Federal Income Tax Consequences of*

*the Merger*” beginning on page 56. You should also consult your tax advisor regarding the specific tax consequences of the merger applicable

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to you in light of your particular circumstances and for a complete analysis of the effect of the merger on your federal, state, local and foreign taxes.

Required Antitrust Approvals (see page 59)

Under the terms of the merger agreement, the merger cannot be consummated until the waiting period, and any extensions thereof, applicable to the consummation of the merger under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, which we refer to as the HSR Act, has expired or been earlier terminated.

Under the HSR Act and the rules promulgated thereunder by the Federal Trade Commission, the merger cannot be consummated until each of the Company and Buyer files a notification and report form with the Federal Trade Commission and the Antitrust Division of the Department of Justice under the HSR Act and the applicable waiting period has expired or been terminated. These notification and report forms were filed on June 22, 2012 and the parties received notification of early termination of the waiting period on June 29, 2012.

Litigation Related to the Merger (see page 59)

On June 21, 2012, we, the members of our board of directors, Buyer, Merger Sub and Sagard were named as defendants in a putative class action filed in the Supreme Court of the State of New York, County of Westchester. The complaint relating to this lawsuit alleges that the members of our board of directors breached their fiduciary duties and that we, Buyer, Merger Sub and Sagard aided and abetted purported breaches of fiduciary duties by our board of directors. This lawsuit seeks injunctive and other equitable relief, including enjoining the merger, and damages, as well as recovery of the costs of the action, including reasonable attorneys' fees.

On June 26, 2012, we, the members of our board of directors, our former director Wayne R. Moon, Buyer, Merger Sub and Sagard were named as defendants in a putative class action filed in the Court of Chancery of the State of Delaware. The complaint relating to this lawsuit alleges that the members of our board of directors and Mr. Moon breached their fiduciary duties and that Buyer, Merger Sub and Sagard aided and abetted purported breaches of fiduciary duties by our board of directors and Mr. Moon. This lawsuit seeks injunctive and other equitable relief, including enjoining the merger, and damages, as well as recovery of the costs and disbursements of the action, including reasonable attorneys' and experts' fees. On July 31, 2012, counsel for the plaintiff in this lawsuit requested that this lawsuit be stayed in deference to and during the pendency of the lawsuit filed in the Supreme Court of the State of New York, County of Westchester. On August 1, 2012, the Court of Chancery of the State of Delaware entered an order staying this lawsuit.

On August 14, 2012, a memorandum of understanding was entered into relating to the settlement and dismissal with prejudice of both lawsuits. The settlement is subject to, among other things, the completion of appropriate settlement documentation, confirmatory discovery, notice to the putative class and all necessary court approvals. See "*The Merger—Litigation Related to the Merger*" beginning on page 59 for additional information.

Delisting and Deregistration (see page 59)

Following the consummation of the merger, the common shares will be delisted from the Nasdaq Global Market and deregistered under the Securities Exchange Act of 1934, as amended, and will cease to be publicly traded. Therefore, following the consummation of the merger, we would no longer file periodic reports with the Securities and Exchange Commission on account of the common shares.

The Merger Agreement (see page 60)

Treatment of Options and Restricted Stock (see page 61)

Immediately prior to the effective time of the merger, each outstanding and unexercised option to purchase common shares that was issued under our stock option or long-term compensation plans, whether or not then vested or exercisable, will become fully vested and exercisable and, at the effective time of the merger, each such option that is not exercised will be cancelled and automatically converted into the right to receive, as soon as reasonably practicable after the effective time of the merger (but in any event no later than three business days after the effective time of the merger), an amount in cash equal to the product of (i) the total number of common shares subject to that option immediately prior to the effective time of the merger and (ii) the excess, if any, of \$14.05 over the exercise price of that option, without interest and less applicable withholding tax. In the event that the exercise price per common share of any option to purchase common shares that was issued under our stock option or long-term compensation plans is equal to or greater than \$14.05, at the effective time of the merger, that option will be cancelled without any consideration being payable in respect thereof.

Immediately prior to the effective time of the merger, each outstanding share of restricted stock, whether or not then vested, will become free of all restrictions, fully vested and transferable and, at the effective time of the merger, will be cancelled and automatically converted into the right to receive, as soon as reasonably practicable after the effective time of the merger (but in any event no later than three business days after the effective time of the merger), \$14.05 in cash, without interest and less applicable withholding tax.

No Solicitation (see page 69)

As of the date of the merger agreement, we were generally required to, and generally must use our reasonable best efforts to instruct and cause our representatives to, cease and cause to be terminated any discussions or negotiations with any person or entity that may have been ongoing with respect to an acquisition proposal.

From the date of the merger agreement until the effective time of the merger, we generally may not, and generally must use our reasonable best efforts to instruct and cause our representatives not to:

- initiate, solicit or knowingly encourage the making of any acquisition proposals;
- engage in or otherwise participate in any discussions or negotiations with any person or entity with respect to any acquisition proposals;
- provide any non-public information concerning us or any of our subsidiaries to any person or entity with the intent to initiate, solicit or knowingly encourage the making of any acquisition proposals; or
- enter into any alternative acquisition agreement.

However, at any time following the date of the merger agreement and prior to obtaining the vote of the holders of common shares required for the consummation of the merger, if we or any of our representatives receives an acquisition proposal from any person or entity that did not result from our material breach of the non-solicitation provisions of the merger agreement, we and our representatives may contact that person or entity to clarify the terms and conditions of the acquisition proposal and (i) we and our representatives may provide access to non-public information concerning us and our subsidiaries to that person or entity pursuant to a confidentiality agreement that meets certain criteria set forth in the merger agreement (so long as we promptly make that material non-public information available to Buyer and Merger Sub, to the extent that it has not previously been provided to Buyer and Merger Sub), (ii) we and our representatives may engage, enter into or participate in any discussions or negotiations with that person or entity with respect to the acquisition proposal, if and only to the extent that, prior to taking any action described above, our board of directors determines in good faith (after consultation with our outside legal counsel and financial advisor) that the acquisition proposal either constitutes a superior proposal or could reasonably be expected to lead to a superior proposal and (iii) after complying with the relevant provisions of the merger agreement, our board of directors may authorize, adopt, approve, recommend or otherwise declare advisable such acquisition proposal if, and only to the extent that, prior to taking any action referenced to in this clause (iii), our board of directors determines in good faith (after consultation with our outside legal counsel and financial advisor) that the acquisition proposal is a superior proposal.

Generally, our board of directors may not (i) withhold, withdraw, modify or amend, in a manner adverse to Buyer, its recommendation that the holders of common shares adopt the merger agreement, (ii) authorize, adopt, approve, recommend or otherwise declare advisable any acquisition proposal or (iii) cause or permit us to enter into an alternative acquisition agreement; provided, however, so long as we comply with certain terms of the merger agreement, described under “*The Merger Agreement—No Solicitation*” beginning on page 69, prior to obtaining the vote of the holders of common shares required for the consummation of the merger, our board of directors may (a) withhold, modify or amend its recommendation that the holders of common shares adopt the merger agreement or (b) authorize, adopt, approve, recommend or otherwise declare advisable any acquisition proposal made after the date of the merger agreement that our board of directors determines in good faith (after consultation with our outside legal counsel and financial advisor) is a superior proposal, in each case if our board of directors determines in good faith (after consultation with our outside legal counsel) that failure to do so could be inconsistent with its fiduciary obligations under applicable law. In addition, prior to obtaining the vote of the holders of common shares required for the consummation of the merger, if our board of directors determines in good faith (after consultation with our outside legal counsel and financial advisor) that an acquisition proposal is a superior proposal, we may terminate the merger agreement and enter into an alternative acquisition agreement with respect to that superior proposal, so long as we comply with certain terms of the merger agreement, described under “*The Merger Agreement—No Solicitation*” beginning on page 69, including paying a termination fee to Buyer. See “*The Merger Agreement—Termination Fees and*



*Reimbursement of Expenses*” beginning on page 77. In addition, we must notify Buyer at least 72 hours prior to terminating the merger agreement to enter into an alternative acquisition agreement with respect to a superior proposal. Buyer would then have the opportunity to deliver to us a written, binding and irrevocable offer altering the terms of the merger agreement, the equity commitment letter, the debt commitment letter and the limited guaranty as would permit our board of directors to conclude that the superior proposal no longer constitutes a superior proposal.

Please refer to “*The Merger Agreement—No Solicitation*” beginning on page 69 for the definitions of “acquisition proposal,” “alternative acquisition agreement” and “superior proposal.”

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Conditions to the Merger (see page 74)

The respective obligations of the Company, Buyer and Merger Sub to effect the merger are subject to the satisfaction or waiver (where permissible under applicable law) of the following conditions:

- the merger agreement must have been duly adopted by the holders of a majority of the outstanding common shares; any waiting period, and extensions thereof, applicable to the consummation of the merger under the HSR Act relating to the merger must have expired or been earlier terminated (notification of which was received on June 29, 2012) and all required approvals and clearances by any other applicable governmental antitrust entity applicable to the merger under applicable antitrust law must have been obtained and any applicable waiting period, or extension thereof, thereunder must have expired or been earlier terminated; and no governmental entity of competent jurisdiction will have enacted, issued, promulgated, enforced or entered any statute, law, common law, ordinance, code, rule, order, judgment, injunction, writ, decree, directive, regulation, guideline or interpretation having the force of the law, permit or franchise that is in effect and has the effect of making the merger illegal or otherwise prohibiting consummation of the merger.

The obligations of Buyer and Merger Sub to effect the merger are also subject to the satisfaction or waiver (where permissible under applicable law) of the following additional conditions:

our representations and warranties regarding the absence of a Company material adverse effect since December 31, 2011 and our and our subsidiaries' security interests in certain assets of the fertility centers and vein clinics to which we or one of our subsidiaries provides management services must be true and correct in all respects at and as of the effective time of the merger;

our representations and warranties regarding our capitalization and the absence of encumbrances on our ownership of the capital stock of our subsidiaries must be true and correct in all respects, except for inaccuracies that are *de minimis* relative to those representations and warranties taken as a whole, at and as of the effective time of the merger (except to the extent expressly made as of an earlier date, in which case as of that date);

- our representations and warranties regarding the absence of any undisclosed broker's or finder's fee and our and our subsidiaries' indebtedness, without giving effect to any materiality or Company material adverse effect qualifications, must be true and correct in all material respects at and as of the effective time of the merger with the same effect as though made as of the effective time of the merger (except to the extent expressly made as of an earlier date, in which case as of that date);

our representations and warranties (other than those referenced in the preceding bullet points), without giving effect to any materiality or Company material adverse effect qualifications, must be true and correct as of the effective time of the merger (except to the extent expressly made as of an earlier date, in which case as of that date), except for failures to be true and correct that would not have, individually or in the aggregate, a Company material adverse effect;

we must have performed in all material respects the obligations required to be performed by us under the merger agreement prior to the closing date of the merger;

- a Company material adverse effect must not have occurred since the date of the merger agreement;

we must have delivered to Buyer a certificate, dated as of the closing date of the merger, signed on our behalf by a duly authorized officer, certifying as to the satisfaction of the conditions set forth:

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Allan Levine

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Director

2019



The following biographical information is furnished as to each of the remaining members of our board of directors: Mark A. Casale is our founder and has served as our Chief Executive Officer and as a member of our board of directors since 2008, including as its Chairman since 2013. Mr. Casale has more than 25 years of financial services management experience, with senior roles in the areas of mortgage banking, mortgage insurance, bond insurance and capital markets. From 2001 to 2007, Mr. Casale held various senior management positions with Radian Group Inc., including most recently serving as the president of its mortgage insurance subsidiary, Radian Guaranty Inc. Prior to that, Mr. Casale oversaw capital markets and strategic investments for Radian and managed its joint venture businesses. Mr. Casale also held various management positions with Advanta Corp., a financial services company, including serving as its senior vice president of corporate finance services. Mr. Casale holds a BS in accounting from St. Joseph's University and an MBA in finance from New York University. Mr. Casale current serves on the Board of Trustees of St. Joseph's University. We believe that Mr. Casale is qualified to serve on our board of directors because of his experience in the mortgage and mortgage insurance industries as well as his extensive knowledge of our operations.

Douglas J. Pauls has served as a member of our board of directors since 2013. Mr. Pauls has over 30 years of experience in the areas of finance, accounting, internal controls, and financial reporting for public companies, including most recently senior roles with financial institutions. Mr. Pauls served as chief financial officer of BankUnited, Inc., a bank holding company, from 2009 until his retirement in 2013. From 2008 until 2009, Mr. Pauls served as executive vice president of finance for TD Bank, NA following TD Bank's acquisition of Commerce Bancorp, Inc. in March 2008. Prior to that, Mr. Pauls held several positions with Commerce, including serving as its chief financial officer from 2002 until its acquisition by TD Bank and its chief accounting officer from 1995 to 2002. Earlier in his career, Mr. Pauls was a senior manager in the audit department of Ernst & Young in Philadelphia and Pittsburgh, Pennsylvania. He is currently a director of BankUnited, Inc. Mr. Pauls holds a BA in economics from Dickinson College and serves on Dickinson's Board of Trustees. We believe that Mr. Pauls is qualified to serve on our board of directors because of his more than 30 years of experience as a corporate executive and his experience as a chief financial officer of publicly traded companies.

William Spiegel has served as a member of our board of directors since 2008. Mr. Spiegel is co-president and a founding partner of Pine Brook Road Partners, LLC, an investment firm, where he is responsible for managing its financial services investing activities. He is also a member of Pine Brook's investment committee. Mr. Spiegel currently represents Pine Brook as a director of Fair Square Financial Holdings LLC, Fidelis Insurance Holdings Limited, Global Atlantic Financial Group and Vibe Syndicate Management. Mr. Spiegel has over 28 years of private equity investment experience. Prior to joining Pine Brook, Mr. Spiegel was with The Cypress Group from its inception in 1994 until 2006. Prior to joining The Cypress Group, Mr. Spiegel worked in the Merchant Banking Group at Lehman Brothers. He has served on the board of directors of numerous companies, including seven publicly traded corporations. Mr. Spiegel holds a BSc in economics from The London School of Economics and Political Science, an MA in economics from the University of Western Ontario and an MBA from The University of Chicago. Mr. Spiegel is currently a member of The University of Chicago Polsky Center for Entrepreneurship and Innovation Advisory Board and the Private Equity Counsel. We believe that Mr. Spiegel is qualified to serve on our board of directors because of his experience in private equity fund management and his financial expertise, as well as his experience as a director of public and private companies.

Robert Glanville has served as a member of our board of directors since 2008. Mr. Glanville currently serves as the managing member of REG Consulting LLC, a financial advisory business. Mr. Glanville was a founding partner and served as a managing director on the financial services investment team of Pine Brook Road Partners, LLC, an investment firm, from 2006 to 2015. From 2003 to 2006, Mr. Glanville was senior vice president, financial and treasury services for Arch Capital Group, Ltd., an insurance and reinsurance company. From 1999 to 2003, Mr. Glanville was employed by Warburg Pincus, a private equity firm. Before joining Warburg Pincus, Mr. Glanville founded FA Services, an emerging markets financial services and investment boutique based in Moscow. From 1988 to 1992, Mr. Glanville worked in New York and Tokyo for Morgan Stanley, an investment banking firm, specializing in corporate finance and M&A. Mr. Glanville holds an AB in American history from Princeton University. We believe that Mr. Glanville is qualified to serve on our board of directors because of his experience in private equity

fund management and his financial expertise, as well as his management experience with financial services and insurance and reinsurance companies.

Allan Levine has served as a member of our board of directors since 2008. Mr. Levine currently is the chairman and chief executive officer of Global Atlantic Financial Group, a global financial services company, formerly the Goldman Sachs Reinsurance Group which he initially joined in 1997. Prior to the spin-off of Global Atlantic from Goldman Sachs in 2013, Mr. Levine was a partner and managing director of Goldman, Sachs & Co. and global head of the Goldman Sachs Reinsurance Group, and prior to assuming that role, was co-head of the firm's strategy group. Mr. Levine holds a BS from Miami University and an MBA from Columbia Business School. We believe that Mr. Levine is qualified to serve on our board of directors because of his extensive experience in the financial services and insurance and reinsurance industries as well as his financial expertise.

## CORPORATE GOVERNANCE

### Our Commitment to Corporate Governance

Our board of directors and management have a strong commitment to effective corporate governance. We believe that we maintain a comprehensive corporate governance framework for our operations which, among other things, takes into account the requirements of the Securities and Exchange Commission (SEC), the New York Stock Exchange (NYSE), the Sarbanes-Oxley Act of 2002 and the Dodd-Frank Wall Street Reform and Consumer Protection Act. The key components of this framework are set forth in:

- our Bye-laws;
- our Corporate Governance Guidelines;
- our Code of Business Conduct and Ethics;
- our Related Party Transaction Policy;
- our Audit Committee Charter;
- our Compensation Committee Charter;
- our Nominating and Corporate Governance Committee Charter; and
- our Risk Committee Charter.

A copy of each of these documents is published on our website at [www.essentgroup.com](http://www.essentgroup.com), except our Bye-laws, which are filed with the SEC and can be found on the SEC's website at [www.sec.gov](http://www.sec.gov). Each of these documents is available in print to any shareholder upon request by writing to our Secretary at Essent Group Ltd., Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. Our board of directors regularly reviews corporate governance developments and modifies our committee charters and key practices and policies as our board believes to be warranted.

### Corporate Governance Guidelines

Our board of directors has adopted Corporate Governance Guidelines that serve as a flexible framework within which our board of directors and its committees operate. These guidelines cover a number of areas including the size and composition of the board, board membership criteria and director qualifications, director responsibilities, board agenda, roles of the chairman of the board and chief executive officer, meetings of independent directors, committee responsibilities and assignments, board member access to management and independent advisors, director communications with third parties, director compensation, director orientation and continuing education, evaluation of senior management and management succession planning.

### Code of Business Conduct and Ethics

Our Code of Business Conduct and Ethics includes information regarding procedures established by the audit committee for the submission of complaints about our accounting or auditing matters. Our Code of Business Conduct and Ethics is applicable to our directors, executives and employees, and reflects and reinforces our commitment to integrity in the conduct of our business. Amendments to our Code of Business Conduct and Ethics and any grant of a waiver from a provision of our Code of Business Conduct and Ethics will be included in a current report on Form 8-K within four days of the date of the amendment or waiver, unless posting such information on our website will then satisfy the rules of the NYSE.

Our audit committee, on behalf of itself and our other non-management directors, has established procedures to enable employees or other parties who may have a concern about our conduct or policies to communicate that concern. Our employees are encouraged and expected to report any conduct which they believe in good faith to be an actual or apparent violation of our Code of Business Conduct and Ethics. In addition, our audit committee has established procedures pertaining to receiving, retaining, and treating complaints received regarding accounting, internal accounting controls, or auditing matters, and with respect to the confidential, anonymous submission by our

employees of concerns regarding, among other things, questionable accounting or auditing matters. Such communications may be confidential or anonymous, and may be e-mailed, submitted in writing, or reported by phone through various internal and external mechanisms as provided on the our internal website. Additional procedures by which internal communications may be made are provided to each employee.

Our Code of Business Conduct and Ethics prohibits any employee or director from retaliating or taking any adverse action against anyone for raising or helping to resolve an integrity concern.

### Board Leadership Structure

Our board of directors does not have a policy regarding the separation of the roles of chief executive officer and chairman of our board of directors, as our board of directors believes it is in our best interests to make that determination based on the position and direction of the Company and the membership of our board of directors. Both the chairman and chief executive officer positions are currently held by Mr. Casale. Pursuant to our Corporate Governance Guidelines, in the event that the role of chairman is held by a member of our management, the independent members of our board of directors may designate one independent director to serve as the lead independent director. Mr. Spiegel currently serves as our lead independent director. Under the terms of our Corporate Governance Guidelines, the lead independent director has broad responsibility and authority, including:

- organizing and presiding over all meetings of our board of directors at which the chairman is not present, including all executive sessions of our non-management and independent directors;

- serving as the liaison between the chairman and the non-management directors;

- overseeing the information sent to our board of directors by management;

- approving meeting agendas and schedules for our board of directors;

- facilitating communication between our board of directors and management; and

- performing such other duties as requested by our board of directors.

Our board of directors has determined that having Mr. Casale serve as both our chief executive officer and the chairman of our board of directors, along with a lead independent director, is in the best interests of the Company and our shareholders at this time.

A number of factors support the leadership structure chosen by our board, including, among others:

Mr. Casale has extensive knowledge of all aspects of us and our business and risks, our industry and our customers, is intimately involved in our day-to-day operations and is best positioned to elevate the most critical business issues for consideration by our board of directors;

- our board of directors believes that having Mr. Casale serve in both capacities allows him to more effectively execute our strategic initiatives and business plans and confront our challenges;

the combined role is both counterbalanced and enhanced by the effective oversight and independence of our board of directors and the independent leadership provided by our lead independent director and independent committee chairs; and

our board of directors believes that the appointment of a strong lead independent director and the use of regular executive sessions of the non-management directors, along with the board's strong committee system and all directors being independent except for Mr. Casale, allow it to maintain effective oversight of management.

### Determination of Director Independence

Our board of directors has considered whether our directors qualify as "independent" directors in accordance with NYSE listing requirements. The NYSE independence definition include a series of objective tests, such as that the director is not, and has not been for at least three years, one of our employees and that neither the director nor any of his family members has engaged in various types of business dealings with us.

Based upon these standards, our board of directors has determined that only Mr. Casale is not considered to be independent, as he is a current employee of the Company. In making this determination, our board of directors reviewed and discussed information provided by the directors and us with regard to each director's business and personal activities and relationships as they may relate to us and our management.



Meetings and Committees of our Board of Directors

Our board of directors met four times during 2017. Each incumbent director attended at least 75% of the aggregate meetings of our board of directors during 2017 that were held following his election and of the meetings held by all board

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committees on which he served. Although we do not have a policy regarding the attendance of our board members at our annual general meetings of shareholders, we encourage all directors to attend our annual general meetings of shareholders. All of our directors at the time of our 2017 Annual General Meeting of Shareholders were present at that meeting.

Our non-management and independent directors also hold regular meetings without our management being present. Our non-management and independent directors held four such meetings in 2017.

Our board of directors maintains standing audit, compensation, nominating and corporate governance, and risk committees. Each committee has a charter that, among other things, reflects what we believe to be the best current practices in corporate governance.

#### Audit Committee

The audit committee has the responsibility for, among other things, assisting the board of directors in reviewing our financial reporting and other internal control processes, our financial statements, the independent auditors' qualifications, independence and compensation, the performance of our internal audit function and independent auditors, and our compliance with legal and regulatory requirements and our Code of Business Conduct and Ethics. Our audit committee consists of Messrs. Pauls, Dutt, Glanville and Turnbull. Mr. Pauls serves as the chairman of the audit committee. Our board of directors has determined that all of the members of the audit committee are independent, and meet the requirements for financial literacy, under applicable rules and regulations of the SEC and the NYSE. Our board of directors has determined that each of Messrs. Pauls and Glanville is an "audit committee financial expert" as defined under the applicable rules of the SEC and has the requisite financial sophistication as defined under the applicable rules and regulations of the NYSE.

The audit committee met four times during 2017.

#### Compensation Committee

The compensation committee has the responsibility for, among other things, determining the compensation of our executive officers and directors, reviewing our executive compensation policies and plans, administering and implementing our equity compensation plans, and preparing a report on executive compensation for inclusion in our proxy statement for our annual meeting.

Our compensation committee consists of Messrs. Kasmar, Levine and Spiegel. Mr. Kasmar serves as the chairman of our compensation committee. Our board of directors has determined that all of the members of the compensation committee are independent under applicable rules and regulations of the SEC and the NYSE. Each of the members of our compensation committee is an "outside director" as that term is defined in Section 162(m) of the Internal Revenue Code.

The compensation committee met four times during 2017.

#### Nominating and Corporate Governance Committee

The nominating and corporate governance committee has the responsibility for, among other things, reviewing board structure, composition and practices, and making recommendations on these matters to our board of directors, reviewing, soliciting and making recommendations to our board of directors and shareholders with respect to candidates for election to the board of directors, overseeing our board of directors' performance and self-evaluation process, and developing and reviewing a set of corporate governance principles for the Company.

Our nominating and corporate governance committee consists of Messrs. Spiegel, Levine and Kasmar. Mr. Spiegel serves as the chairperson of our nominating and corporate governance committee. Our board of directors has determined that all of the members of the nominating and corporate governance committee are independent under applicable rules and regulations of the SEC and the NYSE.

The nominating and corporate governance committee met four times during 2017.

#### Risk Committee

The risk committee has the responsibility for, among other things, assisting with the oversight of key risks that we face and the review of our investing activities.

Our risk committee consists of Messrs. Glanville, Dutt, Pauls and Turnbull. Mr. Glanville serves as the chairman of our risk committee.

The risk committee met four times during 2017.



### Board of Directors' Role in Risk Oversight

Our board of directors as a whole has responsibility for risk oversight, with reviews of certain areas being conducted by the relevant committees of the board that report on their deliberations to the board. The oversight responsibility of our board of directors and its committees is enabled by management reporting processes that are designed to provide visibility to the board about the identification, assessment and management of critical risks and management's risk mitigation strategies. These areas of focus include competitive, economic, operational, financial (accounting, credit, liquidity and tax), legal, regulatory, compliance and reputational risks. Our board of directors and its committees oversee risks associated with their respective principal areas of focus, as summarized below.

Committee	Primary Areas of Risk Oversight
Audit Committee	Risks and exposures associated with financial matters, particularly financial reporting, tax, accounting, disclosures, compliance, internal control over financial reporting, financial policies and credit and liquidity matters and our enterprise risk management program.
Nominating and Corporate Governance Committee	Risks and exposures associated with leadership and succession planning and corporate governance.
Compensation Committee	Risks and exposures associated with executive compensation programs and arrangements, including incentive plans.
Risk Committee	Risks associated with insurance and investment portfolios and investment guidelines, including credit, underwriting, pricing risk, market risk and liquidity risk.

### Director Nominations

The nominating and corporate governance committee is responsible for recommending to our board of directors candidates for nomination and election as directors at annual general meetings of shareholders or for appointment to fill vacancies on the board. The committee annually reviews with the board the applicable skills and characteristics required of board nominees in the context of current board composition and company circumstances. In making its recommendations to our board of directors, the nominating and corporate governance committee considers, among other things, the qualifications of individual director candidates in light of the criteria described below. In accordance with its charter, the committee may use a variety of sources, including but not limited to executive search firms, to identify director candidates, and has the authority to retain and approve compensation for such firms.

In evaluating a candidate, our corporate governance and nominating committee and our board of directors takes into account a variety of factors as it deems to be appropriate, including the following:

- high personal and professional ethics, values and integrity;

- sound business judgment and financial literacy;

- diversity of point of view, including the candidate's education, skill, professional background, personal accomplishments, geography, race, gender, age, ethnic background, national origin, experience with mortgage, insurance, reinsurance or other businesses and organizations that our board deems relevant and useful, including whether such attributes or background would contribute to the diversity of the board as a whole;

- ability and willingness to serve on any committees of our board of directors;

- ability and willingness to commit adequate time to the proper functioning of our board of directors and its committees; and

- any criteria regarding independence and other matters required by the NYSE or other applicable law or regulations.

Based on the information available to the corporate governance and nominating committee about a potential nominee, the committee will make an initial determination whether to conduct a full evaluation of a candidate. As part of the full evaluation process, the corporate governance and nominating committee may conduct interviews, obtain additional background information and conduct reference checks of potential nominees. The corporate governance and

nominating committee may also ask potential nominees to meet with management and other members of our board of directors. After completing this evaluation process, the corporate governance and nominating committee makes a recommendation to the full board of

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directors, which makes the final determination whether to nominate the candidate as a director. Each of Mses. Chwick and Heise were identified as potential director candidates by Diversity Search, a third-party search firm which was engaged by the corporate governance and nominating committee during 2017 to assist it in identifying and evaluating potential candidates.

Our board of directors evaluates each individual in the context of the board as a whole, with the objective of recommending a group that can perpetuate the success of our business and represent shareholder interests through the exercise of sound judgment, using its diversity of experience.

Each director is expected to maintain an acceptable level of attendance, preparedness and participation with respect to meetings of the board of directors and its committees. In determining whether to recommend a director for re-election, the nominating and corporate governance committee also considers the director's past attendance at meetings, participation in and contributions to the activities of our board of directors, and the results of the most recent board self-evaluation.

Shareholders desiring to recommend nominees should submit their recommendations in writing to our Secretary at Essent Group Ltd., Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. Recommendations from shareholders should include pertinent information concerning the proposed nominee's background and experience. The corporate governance and nominating committee may consider, as one of the factors in its evaluation of shareholder recommended nominees, the size and duration of the interest of the recommending shareholder or shareholder group in our capital stock. The corporate governance and nominating committee may also consider the extent to which the recommending shareholder intends to continue holding its interest in our capital stock, including, in the case of nominees recommended for election at an annual general meeting of shareholders, whether the recommending shareholder intends to continue holding its interest at least through the time of such annual general meeting of shareholders.

#### Communications with our Board of Directors and Non-Management Directors

Any shareholder or other interested party that desires to communicate directly with our board of directors, any committee of the board of directors or our non-management directors as a group may do so by addressing the communication in care of our Secretary at Essent Group Ltd., Clarendon House, 2 Church Street, Hamilton HM11, Bermuda with a request to forward the communication to the intended recipient. The Secretary's office opens all such correspondence and forwards it to the relevant director or group of directors, except for items unrelated to the functions of the board, including business solicitations or advertisements.

#### Director Compensation

The compensation committee reviews and establishes the compensation of our non-employee directors. Our director compensation program is designed to compensate our non-employee directors for their service to the Company and the level of responsibility they have assumed in today's corporate governance environment.

Our compensation committee retains the services of an independent compensation consultant, Korn Ferry Hay Group, to review our non-employee director compensation program in comparison with market data. In connection with our initial public offering in November 2013, the compensation committee of our board of directors, based on information provided by Korn Ferry Hay Group, set the total annual compensation of the non-employee directors to position it at the median of our peer group at that time (for additional information regarding our peer group see below under "Executive Officers and Executive Compensation—Compensation Discussion and Analysis—Peer Group Composition" on page 21). In late 2016, the compensation committee asked Korn Ferry Hay Group to re-evaluate the compensation that we pay to our board of directors. Based on information provided by Korn Ferry Hay Group, the compensation committee approved modest changes to our non-employee director compensation program commencing in 2017 in order to bring certain elements of the program closer in line with competitive market practices while continuing to position total annual compensation at the median of our peer group.

The compensation arrangements for the non-employee directors of the board for 2017 are described below.

Mr. Casale, the chairman of the board of directors, and our chief executive officer and president, does not receive additional compensation for serving as a member of our board of directors.



	2017
Annual Cash Retainer	\$80,000
Additional Annual Cash Retainer for Board Committee Chairpersons	
Audit Committee	\$25,000
Compensation Committee	\$17,500
Nominating and Corporate Governance Committee	\$10,000
Risk Committee	\$10,000
Additional Annual Cash Retainer for Board Committee Members	
Audit Committee	\$15,000
Compensation Committee	\$10,000
Nominating and Corporate Governance Committee	\$5,000
Risk Committee	\$5,000
Additional Annual Cash Retainer for Lead Independent Director	\$20,000

In addition, each non-employee director was entitled to receive in 2017 an annual equity award valued at \$110,000 in the form of restricted common share units granted under the Essent Group Ltd. 2013 Long- Term Incentive Plan, or 2013 Plan, that vests on the first anniversary of the grant date. If a non-employee director joins our board of directors after the grant date for the annual equity award, such director will receive a prorated award based on the date that he or she joined our board.

Our non-executive directors are required to maintain certain ownership levels of our common shares during their service as described below on page 28.

The following table sets forth compensation earned by our non-employee directors during the year ended December 31, 2017:

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)(1)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Non-qualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
Aditya Dutt	100,000	110,000	—	—	—	—	210,000
Robert Glanville	105,000	110,000	—	—	—	—	215,000
Roy J. Kasmar	102,500	110,000	—	—	—	—	212,500
Allan Levine	95,000	110,000	—	—	—	—	205,000
Douglas J. Pauls	110,000	110,000	—	—	—	—	220,000
William Spiegel	120,000	110,000	—	—	—	—	230,000
Andrew Turnbull	100,000	110,000	—	—	—	—	210,000

The amounts reported in this column represent the aggregate grant date fair value of the restricted common share units granted in 2017 computed in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 718. For additional information, including a discussion of the assumptions (1) used to calculate these values, see Note 10 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2017. On May 3, 2017, each of our non-employee directors received 3,003 restricted share units in respect of their board service through our 2018 Annual General Meeting of Shareholders. All of such restricted share unit awards remained outstanding on December 31, 2017.

#### Succession Planning

Our board of directors, primarily through the nominating and corporate governance committee, assesses succession planning for management and leadership, with a primary focus on succession in the event of the unexpected incapacity of our chairman of the board of directors, chief executive officer and president. Our Corporate Governance



Guidelines provide that our chairman, chief executive officer and president should at all times make available to our board, on a confidential basis, his recommendations and evaluations of potential successors.

#### Indemnification

Our Bye-laws provide that we are required to indemnify our directors and officers, in each case to the fullest extent permitted by Bermuda law.

We have entered into agreements to indemnify each of our directors and officers. These agreements provide for indemnification of our directors and officers to the fullest extent permitted by applicable Bermuda law against all expenses, including attorneys' fees, judgments, fines and settlement amounts incurred by any such person in actions or proceedings, including actions by us or in our right, arising out of such person's services as our director or officer, any of our subsidiaries or any other company or enterprise to which the person provided services at our request.

We believe that these bye-law provisions and indemnification agreements are necessary to attract and retain qualified persons as directors and officers.

We also maintain standard policies of insurance that provide coverage (i) to our directors and officers against losses arising from claims made by reason of breach of duty or other wrongful act, and (ii) to us with respect to indemnification payments that we may make to such directors and officers.

#### Compensation Committee Interlocks and Insider Participation

Roy J. Kasmar, Allan Levine and William Spiegel served as the members of our compensation committee in 2017. No member of our compensation committee is an officer or employee of our Company. None of our executive officers serves, or in the past year has served, as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving on our board of directors or compensation committee.

## EXECUTIVE OFFICERS AND EXECUTIVE COMPENSATION

## Executive Officers

The following table identifies each of our executive officers:

Name	Age	Position
Mark A. Casale	53	Chairman of the Board of Directors, Chief Executive Officer and President
Lawrence E. McAlee	54	Senior Vice President and Chief Financial Officer
Vijay Bhasin	53	Senior Vice President and Chief Risk Officer
Jeff R. Cashmer	47	Senior Vice President, Business Development
Mary Lourdes Gibbons	56	Senior Vice President, Chief Legal Officer and Assistant Secretary
Joseph Hissong	54	Senior Vice President and President, Essent Reinsurance Ltd.
David B. Weinstock	53	Vice President and Chief Accounting Officer

The following are biographical summaries of our executive officers, except for Mr. Casale, whose biography is included in the section entitled "Board of Directors" above.

Lawrence E. McAlee has served as our Senior Vice President and Chief Financial Officer since 2009. Mr. McAlee has over 25 years of experience in the areas of finance, accounting, controls and risk management. Between 2002 and 2009, Mr. McAlee held a series of senior management positions at Sovereign Bancorp, Inc., including serving as its chief accounting officer, general auditor and chief enterprise risk management officer. Prior to joining Sovereign, Mr. McAlee was a partner with Arthur Andersen LLP. Mr. McAlee holds a BS in accounting from St. Joseph's University and is a certified public accountant.

Vijay Bhasin has served as our Senior Vice President and Chief Risk Officer since 2009. Mr. Bhasin has significant mortgage finance industry expertise, including multiple senior management positions specializing in mortgage risk. From 2006 to 2008, Mr. Bhasin served as a managing director of Countrywide Financial Corporation and Bank of America, with responsibility for economic capital assessment, asset liability management, counterparty credit risk measurement and structured credit analytics. Earlier in his career, Mr. Bhasin held management positions with the Federal Home Loan Mortgage Corporation (Freddie Mac), including serving as vice president overseeing development and implementation of a variety of mortgage credit and prepayment models. He has also held research positions with the Federal National Mortgage Association (Fannie Mae) and the Board of Governors of the Federal Reserve System. Mr. Bhasin holds a BS in mechanical engineering from the National Institute of Technology, Kurukshetra, India, an MBA in finance and marketing from Southern Illinois University, and a PhD in finance from Indiana University, Bloomington.

Jeff R. Cashmer has served as the Senior Vice President and Chief Business Officer of Essent Guaranty, Inc., our mortgage insurance subsidiary, since 2009. Mr. Cashmer has more than 20 years of experience in mortgage finance, mortgage insurance and business development. From 2006 to 2009, Mr. Cashmer held several management positions with Radian Guaranty Inc., a mortgage insurance company, including most recently as Radian's executive vice president and chief operating officer, with responsibility for all operations, pricing and sales functions. He has also held other management positions within the mortgage insurance industry, including business development, capital markets, international business and strategic planning. Mr. Cashmer also worked at Household Finance Corporation, with roles in underwriting and quantitative marketing analytics. Mr. Cashmer holds a BS in finance from Illinois State University and an MBA from DePaul University's Kellstadt Graduate School of Business.

Mary Lourdes Gibbons has served as our Senior Vice President, Chief Legal Officer and Assistant Secretary since 2008. Ms. Gibbons has more than 25 years of experience in the mortgage industry. From 2003 to 2008, Ms. Gibbons served as chief legal officer of Wilmington Finance, Inc., a mortgage lender. Ms. Gibbons began her career at the U.S. Bankruptcy Court and White and Williams LLP, a law firm. Ms. Gibbons' mortgage-related experience includes senior roles at ContiMortgage Corp. and Advanta Mortgage Corp. Ms. Gibbons holds a BS in marketing from St. Joseph's University and a JD from The Delaware Law School.

Joseph Hissong has served as our Senior Vice President and the President of Essent Reinsurance Ltd., our Bermuda-based reinsurance company, since 2015. Mr. Hissong has over 25 years of experience, specializing in strategy development and executing upon new business initiatives associated with international reinsurance transactions and strategic investment opportunities. From 2013 to 2015, Mr. Hissong was president of Cartesian Re

Management Company, an insurance linked securities manager. Prior to joining Cartesian Re, Mr. Hissong worked for PartnerRe, Ltd. from 2003 to 2013, most recently as its executive director and head of private equity/strategic investments, where he sponsored PartnerRe's original investment in Essent. Earlier in his career, Mr. Hissong served as a managing director of Swiss Re Financial Services Group and as a partner

in the law firm LeBoeuf, Lamb, Greene & MacRae LLP. Mr. Hissong holds a BS in mathematics and philosophy from Fordham University and a JD from the University of Chicago Law School.

David B. Weinstock has served as our Vice President and Chief Accounting Officer since 2009. Mr. Weinstock has over 25 years of experience in the areas of finance, accounting and controls. Between 1998 and 2009, Mr. Weinstock held a series of senior management positions at Advanta Corp., including serving as its chief accounting officer and vice president of investor relations. Prior to joining Advanta, Mr. Weinstock was a senior manager at Arthur Andersen LLP. Mr. Weinstock holds a BS in accounting from The Pennsylvania State University and is a certified public accountant.

Our executive officers are appointed by our board of directors and serve until their successors have been duly appointed and qualified or their earlier resignation or removal.

#### Compensation Discussion and Analysis

This Compensation Discussion and Analysis describes our executive compensation program for our named executive officers, whose compensation is set forth in the Summary Compensation Table elsewhere in this proxy statement.

For the year ended December 31, 2017, our named executive officers were:

- Mark A. Casale, Chairman of the Board of Directors, Chief Executive Officer and President;
- Lawrence E. McAlee, Senior Vice President and Chief Financial Officer;
- Vijay Bhasin, Senior Vice President and Chief Risk Officer;
- Jeff R. Cashmer, Senior Vice President, Business Development, Essent Guaranty, Inc.; and

- Mary Lourdes Gibbons, Senior Vice President, Chief Legal Officer and Assistant Secretary

#### Executive Summary

The following summarizes our Company's pay-for-performance and key compensation-related actions that we took in 2017 and demonstrates the alignment of our compensation program with Company performance.

#### Overview of Our Performance in 2017

During 2017, we continued to execute on our core financial and business objectives:

new insurance written in 2017 was \$43.9 billion, compared to \$34.9 billion in new insurance written in 2016—exceeding our target level for 2017 by \$6.8 billion, or approximately 18.3%;

diluted earnings per share increased by 65.6% year-over-year, to \$3.99 per share, exceeding our target level for 2017 by \$1.19 per share. The Tax Cuts and Jobs Act, which was signed into law on December 22, 2017, resulted in an \$85.1 million income tax benefit reflecting the one-time impact of the reduced U.S. corporate income tax rate on our net deferred tax liability position. Diluted earnings per share excluding the impact of tax reform increased by 28.2% year-over-year, to \$3.09 per share as compared to \$2.41 per share for 2016, exceeding our target level for 2017 by \$0.29 per share; and

return on average equity for the year ended December 31, 2017 was 23.1%. Excluding the impact of tax reform, return on average equity for 2017 was 18.4%, exceeding our 17.5% target level for the year.

Diluted earnings per share excluding the impact on tax reform and return on average equity excluding the impact on tax reform are Non-GAAP financial measures. See Appendix I to this proxy statement for a reconciliation of these non-GAAP financial measures to the most comparable GAAP amounts.

Our Bermuda reinsurance subsidiary, Essent Reinsurance Ltd. ("Essent Re") continued to execute third-party reinsurance transactions in 2017. As of December 31, 2017, Essent Re provided insurance and reinsurance in connection with GSE risk-share transactions covering approximately \$538.9 million of risk. Essent Re also continues to reinsure 25% of our US-based mortgage insurance business.

In addition, we continued to strengthen our capital position and balance sheet. In May 2017, we amended and restated our credit facility, increasing our aggregate borrowing capacity under the facility to up to \$450 million (of which \$375 million

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is committed) and extending the term of the facility through May 2021. We also raised approximately \$198 million in net proceeds through a public offering of common shares in August 2017.

#### Executive Compensation Highlights

Consistent with our emphasis on performance-based compensation (see "—Compensation Philosophy" below), the actual incentive compensation paid to our named executive officers for 2017 was above target. The compensation committee of our board of directors, which we refer to as the "compensation committee" or the "committee" in this Compensation Discussion and Analysis, awarded each of our named executive officers above-target incentive compensation under our annual bonus plan for 2017, in each case representing 150% of his or her respective annual incentive compensation target.

The compensation committee, with the assistance of its independent compensation consultant, engages in an ongoing review of our executive compensation program to determine that it supports the competitive compensation philosophy established by the committee and ultimately serves the interests of our shareholders. For 2017, the committee followed a similar process as it has used in prior years:

Process used for compensation determinations. The committee reviewed external market data presented by its independent compensation consultant to aid it in setting market-based compensation levels. The committee also considered individual and Company performance, skill sets, experience, leadership, growth potential and other business needs as well as current best practices and developments when making compensation decisions.

Total target cash compensation. Total target cash compensation for 2017 continued to be targeted around the 25th percentile of our peer group (see "—Compensation Processes and Decisions During 2017" on page 22 for additional information).

Annual equity compensation. We continued to make annual long-term equity incentive grants to our chief executive officer and other named executive officers.

Based upon its ongoing review of the Company's compensation program, the compensation committee approved in February 2017 the following changes to the compensation of certain of our named executive officers:

the annual base salaries of each of Messrs. McAlee, Bhasin and Cashmer and Ms. Gibbons were increased to \$400,000, \$450,000, \$450,000 and \$400,000 (from \$350,000, \$400,000, \$400,000 and \$350,000), respectively, effective January 1, 2017; and

the target annual long term equity incentive awards for Messrs. McAlee, Bhasin and Cashmer and Ms. Gibbons were set at 150%, 200%, 200% and 150% (increased from 50%, 75%, 75% and 50%), respectively, of his or her annual base salary, with 50% of each award being subject to performance- and time-based vesting and 50% being subject to time-based vesting over a three-year period.

Our compensation committee made the foregoing changes to the compensation of our named executive officers in order to better align their compensation with those holding similar positions within our peer group and in recognition of the performance of the Company as a whole and the contributions of our named executive officers to our growth. Our compensation committee did not make any changes to Mr. Casale's base salary or target annual long term equity incentive awards.

#### Advisory Vote on Compensation

At our 2017 Annual General Meeting of Shareholders, our "say on pay" proposal resulted in a favorable vote from approximately 95% of the shares cast. We believe this high percentage primarily was due to the appropriateness of the overall design of our compensation programs and our regular communications with our shareholders and responsiveness to shareholder feedback obtained through our regular engagement process. After consideration of the shareholder input we received, which in general supported the structure and design of our compensation plans and programs, particularly our emphasis on long-term equity awards, as well as our strong performance and management's and the compensation committee's assessment of the continuing success of our compensation programs, the compensation committee determined that the overall design of our compensation programs during 2017 would be maintained consistent with immediate past years. The compensation committee will continue to work to ensure that our named executive officers' interests are aligned with our shareholders' interests to support long-term value creation

and continue to strengthen the Company.

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### Executive Compensation Best Practices

We maintain strong compensation governance practices that we believe support our pay-for-performance principles and align management incentives with the interests of our shareholders. We have adopted a number of "best practices" with respect to executive compensation, including:

#### What We Do

- ü A significant portion of target annual compensation for our named executive officers is "at-risk" compensation, including performance-based incentive and long-term equity-based awards.

- ü Maintain robust share ownership guidelines.

- ü Double-trigger equity vesting in respect of time-based restricted common shares upon a change in control.

- ü Prohibit employees from hedging the value of our common shares.

- ü Retain an independent compensation consultant to review our executive compensation program and practices.

- ü Engage with our shareholders.

- ü Design our executive compensation programs to manage business and operational risk and to discourage short-term risk taking at the expense of long-term results.

#### Compensation Philosophy

Our compensation philosophy centers upon:

- attracting and retaining industry-leading talent to maximize shareholder value creation over the long-term by targeting compensation levels that are competitive when measured against other companies within our industry;

- emphasizing performance-based compensation that appropriately rewards our executives for delivering financial, operational and strategic results that meet or exceed pre-established goals, as reflected in our annual incentive program as well as through the use of restricted common shares subject to performance-based vesting in our long-term incentive program;

- rewarding individual performance and contribution to our success; and

- aligning the interests of our executives with those of our shareholders and the long-term interests of the Company through equity ownership requirements and grants of equity-based awards.

#### Executive Compensation Participants

##### Compensation Committee—Role and Permitted Members

The compensation committee oversees the compensation and benefit programs of our executive officers. The committee is responsible for ensuring that our compensation policies and practices support the successful recruitment, development, and retention of executive talent and leadership required to achieve our business objectives. The responsibilities of the compensation committee include:

- approving the goals and objectives relating to our chief executive officer's compensation, evaluating the performance of our chief executive officer in light of such goals and objectives, and setting the compensation of our chief executive officer based on this evaluation;

- approving the salaries and annual incentive awards of our other executive officers who report directly to our chief executive officer, including each of our senior vice presidents as well as our vice president and chief accounting officer, taking into account the recommendation of our chief executive officer and such other information as the

#### What We Don't Do

- x No significant perquisites.

- x No special retirement plans for our named executive officers.

- x No re-pricing of stock options without shareholder approval.

- x No tax gross-ups on excise taxes.

- x No dividends or dividend equivalents are paid in respect of unearned performance-based restricted common shares.

compensation committee believes appropriate;

administering our equity incentive plans, including authorizing restricted common shares, restricted common share units, performance units, options and other equity-based awards under these plans;

retaining and terminating, in its sole discretion, third party consultants to assist in the evaluation of director and executive compensation (with sole authority to approve any such consultant's fees and other terms of engagement); and

assessing the appropriate structure and amount of compensation for our directors.

The committee is made up entirely of "independent" directors, consistent with the current listing standards of the NYSE. Each member of the committee also qualifies as a "non-employee director" as defined under Section 16 of the Securities Exchange Act of 1934 and as an "outside director" under Section 162(m) of the Internal Revenue Code.

#### Role of Management and Chief Executive Officer in Compensation Decisions

The compensation committee strongly believes in aligning the interests of our executives with those of our shareholders through an executive compensation program designed with input from our chief executive officer who is in regular dialogue with the committee and, as appropriate, the committee's independent compensation consultant, regarding internal, external, cultural, business and motivational challenges and opportunities facing us and our executive talent. To that end, our management team analyzes, with assistance from the committee's independent compensation consultant, trends and may recommend improvements to the compensation programs.

Our compensation committee seeks the views of our chief executive officer in setting and administering our executive compensation programs. In particular, at the beginning of each year, Mr. Casale, the Chairman of our board of directors and our Chief Executive Officer and President, oversees the development of corporate and individual goals for purposes of annual and long term compensation of each of our named executive officers (other than himself). These goals are derived from our corporate business plan and include both quantitative measurements and qualitative considerations selected to reinforce and enhance achievement of our operating and growth objectives. The compensation committee reviews these goals with Mr. Casale, adopts revisions it deems appropriate and determines the final goals for compensation.

Following the end of each year, Mr. Casale reviews with the compensation committee the achievement of corporate, business unit/regional and individual goals and the performance of each named executive officer (other than himself) and presents his recommendations (without any recommendation as to his own compensation) regarding base salary adjustments, annual bonus, and long-term equity awards for our named executive officers (other than his own) to ensure alignment of shareholder interests with each executive's goals as well as to reward the executive for their performance. Although the committee receives management's input with respect to executive compensation, all decisions regarding compensation for our named executive officers are made by the committee. With respect to the non-quantitative performance measures applicable to our named executive officers, the compensation committee relies heavily on the views of Mr. Casale (other than as to himself). As our Chief Executive Officer, Mr. Casale oversees the day to day performance of the other named executive officers. As such, our compensation committee believes that he is well positioned to evaluate their performance and make recommendations as to their overall compensation.

#### Independent Compensation Advisor

The compensation committee has the power to hire and fire independent compensation consultants, legal counsel, or financial or other advisors as it may deem necessary to assist it in the performance of its duties and responsibilities, without consulting or obtaining the approval of management of the Company. The compensation committee recognizes the importance of objective, independent expertise and advice in carrying out its responsibilities. The compensation committee has retained Korn Ferry Hay Group as its independent compensation consultant since before our initial public offering in 2013. Korn Ferry Hay Group reports directly to, and is directly accountable to, the committee, and the committee has the sole authority to retain, terminate and obtain the advice of Korn Ferry Hay Group at the Company's expense. The compensation committee selected Korn Ferry Hay Group as its consultant because of its expertise and reputation and the fact that Korn Ferry Hay Group has no other ties to management that could jeopardize its fully independent status, and has strong internal governance policies that help ensure that it maintains its independence. The committee partnered with Korn Ferry Hay Group throughout 2017 on executive

compensation matters, including a review of the Company's compensation programs which resulted in the changes discussed above to the compensation of our named executive officers for 2017. The committee, with the assistance of its independent compensation consultant, monitors market compensation practices and developments, as well as the appropriateness of the various components of the executive pay program, as our business progresses and evolves with anticipated growth and changing market conditions.

The compensation committee annually assesses the independence of Korn Ferry Hay Group pursuant to the rules of the SEC and the listing standards of the NYSE rules. In performing the annual independence assessment, the committee considers various factors bearing on adviser independence, including the nature and amount of work performed for the committee during the year, the nature of any unrelated services performed for the Company, the amount of fees paid for those services in relation to the firm's total revenues, the adviser's policies and procedures designed to prevent conflicts of interest, and the existence of any business or personal relationship that could impact the adviser's independence. Pursuant to SEC and NYSE rules, the committee assessed the independence of Korn Ferry Hay Group and determined that Korn Ferry Hay Group's work for the committee has not raised any conflicts of interest. During 2017, we paid Korn Ferry Hay Group approximately \$60,000 in fees for its services to the compensation committee relating to executive and director compensation.

#### Peer Group Composition

In making compensation decisions, the compensation committee considered competitive market data presented by its independent compensation consultant, including data derived from a peer group of companies approved by the committee.

Our peer group for purposes of evaluating compensation for 2017 consisted of the following 15 publicly traded companies, which the committee initially approved in October 2014:

- Arch Capital Group Ltd.
- Assurant, Inc.
- EverBank Financial Corp. (1)
- Fidelity National Financial Inc.
- First American Financial Corp.
- Genworth Financial Inc.
- Markel Corporation
- MGIC Investment Corp.
- Nationstar Mortgage Holdings Inc.
- NMI Holdings, Inc.
- PHH Corporation
- Ocwen Financial Corp.
- Radian Group Inc.
- Stewart Information Services Corp.
- W. R. Berkley Corp.

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(1) On June 12, 2017, EverBank Financial Corp. was acquired by TIAA.

In selecting peers, the compensation committee seeks to maintain consistency from year to year, to the extent appropriate, and the compensation committee's intention is to update its peer group every other year (other than for events potentially calling for the immediate elimination of a peer group member, such as a merger, acquisition or bankruptcy of a peer group member). The compensation committee selected the members of this peer group based on the consideration of the size (measured by both revenue and market capitalization), industry, organizational complexity of each company, the companies that we compete with for experienced executives, and the recommendations of its independent compensation consultant.

In November 2017, the committee, based on input from Korn Ferry Hay Group, removed three companies from the peer group (EverBank Financial Corp., which was removed due to its acquisition by TIAA, and each of Ocwen Financial Corp. and PHH Corporation, due to the market capitalization of each such company becoming substantially less than that of Essent) and added two new peer group companies (Assured Guaranty Corp. and PennyMac Financial Services, Inc.). Assured Guaranty and PennyMac were added to our peer group due in part to their respective involvement in the real estate and mortgage industries, as well as the overlap of several of the members of peer group members of Assured Guaranty and PennyMac with our peer group. This peer group was used by the committee to evaluate our executive compensation in early 2018.

#### Compensation Objectives and Principles

The compensation committee believes that the establishment and maintenance of a competitive executive compensation program is in the best interests of our shareholders. Consistent with our compensation philosophy, the executive compensation program approved by the compensation committee is designed to facilitate the attraction and retention of top-caliber talent and to align the interests of our executives with those of our shareholders. For our fiscal year 2017:

• target cash compensation of our named executive officers was determined to target generally the 25th percentile of our peer group (see "—Peer Group Composition" above); and

• annual incentive opportunities for our named executive officers as a percentage of base salary were determined to target the 50th percentile (median) relative to our peer group.

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#### Compensation Processes and Decisions During 2017

In 2017, our compensation committee made the following changes to the compensation of certain of our named executive officers in order to better align their compensation with those holding similar positions within our peer group and in recognition of the performance of the Company as a whole and the contributions of those named executive officers to our growth:

the annual base salaries of each of Messrs. McAlee, Bhasin and Cashmer and Ms. Gibbons were increased to \$400,000, \$450,000, \$450,000 and \$400,000 (from \$350,000, \$400,000, \$400,000 and \$350,000), respectively, effective January 1, 2017; and

the target annual long term equity incentive awards for Messrs. McAlee, Bhasin and Cashmer and Ms. Gibbons were set at 150%, 200%, 200% and 150% (increased from 50%, 75%, 75% and 50%), respectively, of his or her annual base salary, with 50% of each award being subject to performance- and time-based vesting and 50% being subject to time-based vesting over a three-year period.

Our compensation committee did not make any changes to Mr. Casale's base salary or target annual long term equity incentive awards.

#### Elements of Compensation

In accordance with our overall compensation philosophy and program, executives are provided with a mix of base salary, short-term incentives, long-term incentives, and retirement and welfare benefits. Our compensation philosophy places a greater portion of the potential compensation for each named executive officer "at risk" such that compensation will vary based on performance. The following table describes key elements of compensation and the philosophy behind providing for each such element:

Compensation Element Description		Philosophy Behind Providing Compensation Element
Annual Compensation:		
Annual Base Salary	<ul style="list-style-type: none"> <li>• Fixed component of annual cash compensation that reflects expertise and scope of responsibilities</li> </ul>	<ul style="list-style-type: none"> <li>• Attract and retain key talent</li> <li>• Provide financial certainty and stability</li> <li>• Recognition of individual performance</li> <li>• Incentivize and motivate our named executive officers to meet or exceed our pre-established annual performance goals</li> </ul>
Performance-Based Annual Incentive	<ul style="list-style-type: none"> <li>• Cash bonus plan based on performance relative to Company and individual objectives.</li> </ul>	<ul style="list-style-type: none"> <li>• Attract and retain key talent</li> <li>• Reward team success</li> <li>• Align named executive officers' and shareholders' interests</li> <li>• Discourages excessive risk taking</li> </ul>
Long-Term Compensation:		
Long-Term Incentive Program	<ul style="list-style-type: none"> <li>• A long-term incentive program using time-vested and performance-based restricted common share awards, with performance-vested awards subject to a multi-year performance period</li> </ul>	<ul style="list-style-type: none"> <li>• Foster a focus on long-term Company performance and long-term success</li> <li>• Attract and retain key talent</li> <li>• Align named executive officers' and shareholders' interests</li> <li>• Discourages excessive risk taking</li> </ul>
Other Executive Benefits:		
Retirement Programs	<ul style="list-style-type: none"> <li>• Participation in a 401(k) defined contribution plan, including a matching contribution of 100% of a participant's contribution up to 4% of the participant's compensation</li> </ul>	<ul style="list-style-type: none"> <li>• Attract and retain key talent</li> <li>• Provide income security for retirement</li> </ul>
Perquisites	<ul style="list-style-type: none"> <li>• Financial planning services</li> <li>• Diagnostic wellness examinations</li> </ul>	<ul style="list-style-type: none"> <li>• Assist with financial planning needs so executives can better focus on key responsibilities</li> <li>• Allow executives to focus on general health and well being</li> </ul>
Other Benefits	<ul style="list-style-type: none"> <li>• Medical, dental, vision, life insurance, short and long-term disability, and other benefits</li> </ul>	<ul style="list-style-type: none"> <li>• Attract and retain key talent</li> <li>• Provide for safety and wellness of executive</li> <li>• Provide competitive benefits to employees</li> </ul>

The compensation committee reviews all elements that collectively contribute to total compensation rather than any specific formula to determine the allocation between performance-based and fixed compensation in making its decisions each year. This process ensures that judgments made in respect of any individual element of compensation are taken in the context of the total compensation that an individual receives, particularly the balance between base salary, annual incentives and long-term incentives.

#### Base Salary

Base salaries are an important element of compensation and provide our executive officers with a fixed rate of cash compensation that is "non-variable" during the relevant period. In determining base pay, our compensation committee considers the executive's responsibilities, growth potential, individual performance against predetermined objectives,



base salary competitiveness as compared to the external market, and our operating performance.

While the compensation committee targeted base salary for 2017 at the 25th percentile of our peer group (see "—Peer Group Composition" above), actual base salary may be above or below that percentile based on the committee's review of the underlying scope of a named executive officer's responsibilities, individual performance and experience, internal pay equity, and retention concerns. The compensation committee strives to maintain base salaries at levels that will attract top talent, while linking a significant portion of an executive's total compensation opportunity to our success.

The annual base salaries for our named executive officers for 2017 were:

Name	2017 Base Salary
Mark A. Casale	\$900,000
Lawrence E. McAlee	\$400,000
Vijay Bhasin	\$450,000
Jeff R. Cashmer	\$450,000
Mary Lourdes Gibbons	\$400,000

#### Annual Incentive Compensation

In connection with our initial public offering in November 2013, our board of directors approved, and our shareholders adopted, the Essent Group Ltd. Annual Incentive Plan, which we refer to as the "Annual Plan." The Annual Plan was re-approved by our shareholders at our 2017 annual meeting.

In 2017, incentive awards were made under our annual leadership bonus program pursuant to the Annual Plan. The Annual Plan is intended to advance the interests of the Company and its shareholders by: providing those employees designated by the compensation committee, which may include our named executive officers, senior vice presidents, other senior executives, and other employees, incentive compensation tied to pre-established performance goals;

identifying and rewarding superior performance;

providing competitive compensation to attract, motivate, and retain outstanding employees who achieve superior performance for us; and

fostering accountability and teamwork throughout the Company.

In accordance with the terms of the Annual Plan, the compensation committee established our fiscal year (which coincides with the calendar year) as the performance period, designated those executives eligible to participate, set the level of potential awards and determined the financial targets or other performance measures which, if attained, result in payment of awards under our annual leadership bonus program for 2017 (the "performance goals").

#### Performance Targets for Past Year/Performance Period

The table below sets forth each named executive officer's 2017 threshold, target and maximum annual incentive opportunities under our annual leadership bonus program, expressed as a percentage of base salary.

#### 2017 Annual Incentive Opportunity

Expressed as a Percentage of Base Salary in 2017

Name	Threshold	Target	Maximum
Mark A. Casale	112.5%	150%	262.5%
Lawrence E. McAlee	75%	100%	175%
Vijay Bhasin	75%	100%	175%
Jeff R. Cashmer	75%	100%	175%
Mary Lourdes Gibbons	75%	100%	175%

The weighting of corporate and individual performance goals for annual incentive compensation opportunities varies among our named executive officers. Mr. Casale's annual award is based entirely on the achievement of corporate goals. Mr. Cashmer's annual award is based 75% on achievement of individual goals and 25% on the achievement of corporate goals. The annual awards of our other named executive officers are based 50% on achievement of each of corporate and individual goals. We believe that these goals in concert help ensure that executives are focused on creating long-term value for our shareholders by effectively growing in a profitable manner with an emphasis on the long-term prospects of the Company.

With respect to corporate goals, the annual incentive opportunity for 2017 was designed to focus our named executive officers on both quantitative and qualitative financial and strategic goals: new insurance written (35% weighting); diluted earnings per share (35% weighting); return on average equity (20% weighting); and subjective corporate-level strategic accomplishments determined and evaluated by the compensation committee (10%). Management and the compensation committee view the substance and nature of the subjective corporate-level strategic accomplishments to

be proprietary and sensitive.

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The following table summarizes the corporate performance goals for 2017 applicable to our named executive officers.

## 2017 Annual Incentive Plan Performance Goals

Goal	Threshold	Target	Maximum	Actual	Actual Excluding Tax Reform Impact
New insurance written	\$31.8 billion	\$37.1 billion	\$42.4 billion	\$43.9 billion	\$43.9 billion
Diluted earnings per share	\$2.65	\$2.80	\$3.15	\$3.99	\$3.09
Return on average equity for the year ended December 31, 2017	16%	17.5%	>20%	23.1%	18.4%
Strategic accomplishments	as determined by the Compensation Committee				

For the purposes of determining the achievement of the corporate performance goals for 2017, we did not include the impact of the Tax Cuts and Jobs Act, which was signed into law on December 22, 2017. Tax reform resulted in (1) an \$85.1 million income tax benefit in 2017 reflecting the one-time impact of the reduced U.S. corporate income tax rate on our net deferred tax liability position. See Appendix I to this proxy statement for a reconciliation of these non-GAAP financial measures to the most comparable GAAP amounts.

In determining the annual incentive award for each of our named executive officers (other than Mr. Casale), the compensation committee considered the achievement of the following individual performance goals:

Name	Individual Performance Goals
Lawrence E. McAlee	<ul style="list-style-type: none"> <li>• Continue to develop long term capital plan and evaluate capital forecasting process</li> <li>• Evaluate opportunities to enhance yield on investment portfolio</li> <li>• Assist in evaluation of potential strategic investments and transactions</li> <li>• Evaluate and implement tools to increase the efficiency and productivity of the Company's finance function</li> <li>• Evaluate expense management opportunities</li> <li>• Provide support to the Company's IT functions</li> <li>• Support the Company's new product development efforts</li> <li>• Evaluate potential catastrophic risk transfer transactions</li> <li>• Develop quarterly process for reporting on health of housing economy, focusing on borrow demographics and home construction</li> </ul>
Vijay Bhasin	<ul style="list-style-type: none"> <li>• Provide stewardship to the Company's reinsurance business</li> <li>• Maintain surveillance efforts over incoming loan quality, default performance, pricing and geographies</li> <li>• Maintain and re-estimate risk models as needed</li> <li>• Monitor and evaluate potential changes and updates to PMIERS</li> <li>• Support the Company's new product development efforts</li> <li>• Increase active clients to 1,200 for year ended December 31, 2017</li> </ul>
Jeff R. Cashmer	<ul style="list-style-type: none"> <li>• New insurance written of \$35 billion in 2017</li> <li>• Implement career development processes for the Company's account representatives</li> <li>• Manage business development expenses</li> </ul>
Mary Lourdes Gibbons	<ul style="list-style-type: none"> <li>• Support the Company's new product development efforts</li> <li>• Provide legal support to assist in strategies to grow the Company's business</li> <li>• Provide guidance to ensure build out of human capital record systems</li> <li>• Oversee the Company's facility enhancement projects</li> <li>• Achieve milestone deliverables on strategic marketing initiatives</li> </ul>

Based on the achievement of corporate and, as applicable, individual performance goals, the compensation committee approved annual incentive awards in the following amounts for each of our named executive officers, all of which was

paid in cash.

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Name	Target Annual Incentive Bonus - 2017	Annual Incentive Award - 2017	% of Target
Mark A. Casale	\$1,350,000	\$2,025,000	150%
Lawrence E. McAlee	\$400,000	\$600,000	150%
Vijay Bhasin	\$450,000	\$675,000	150%
Jeff R. Cashmer	\$450,000	\$675,000	150%
Mary Lourdes Gibbons	\$400,000	\$600,000	150%

#### Long-Term Equity Incentive Compensation

Through our long-term equity incentive program, we provide our senior executives, including each of our named executive officers, the opportunity to earn equity awards which are in part contingent on the attainment of multi-year performance goals. Our long-term equity incentive awards provide balanced equity incentives that reward executive focus on delivering both financial results and long-term growth. Equity-based compensation is used in order to facilitate retention, provide long-term motivation and focus our executives on increasing shareholder value. In addition, we believe that our long-term equity incentive compensation program balances the risks associated with short-term incentive compensation that may reward behavior with short-term benefits that may be less beneficial over the long-term. The target long-term equity incentive awards are designed to achieve, when combined with the executive's base salary and target annual incentive compensation opportunity, total compensation at approximately the 50th percentile of comparable positions at peer group companies (see "—Peer Group Composition" above).

As discussed above, commencing in 2017, the compensation committee approved changes in the target annual long term equity incentive awards to Messrs. McAlee, Bhasin and Cashmer and Ms. Gibbons. For 2017, the target annual long term equity incentive award for Messrs. McAlee, Bhasin and Cashmer and Ms. Gibbons were set at 150%, 200%, 200% and 150%, respectively, of his or her annual base salary, with 50% of such award being subject to performance- and time-based vesting and 50% being subject to time-based vesting over a three-year period.

The following table sets forth the annual long term equity incentive awards granted to our named executive officers in 2017:

Name	Restricted Shares Subject to Time-Based Vesting	Restricted Shares Subject to Time- and Performance- Based Vesting	Total Restricted Shares Granted
Mark A. Casale	24,801	74,401	99,202
Lawrence E. McAlee	8,267	8,267	16,534
Vijay Bhasin	12,401	12,401	24,802
Jeff R. Cashmer	12,401	12,401	24,802
Mary Lourdes Gibbons	8,267	8,267	16,534

The time-vested restricted common shares vest in equal annual installments during the three-year period commencing on March 1, 2017, subject to the executive's continuous employment through each such vesting date. The performance-vested shares become earned upon the Company's achievement of the compounded annual book value per growth percentage set out in the following table (with straight line interpolation between the respective levels) during the three-year performance period commencing on January 1, 2017, and any earned shares will vest on March 1, 2020, subject to the executive's continuous employment through such date:

Performance Level	Compounded Annual Book Value Per Share Growth	Restricted Common Shares Earned(*)
Threshold	<16%	—%
	16%	25%
	17%	50%
	18%	75%
Maximum	>19%	100%

In the event that the compounded annual book value per share growth falls between the performance levels shown (\*) above, the restricted common shares earned will be determined on a straight line basis between the respective levels.

#### Other Elements of Compensation

As described below, we also provide certain retirement benefits and welfare benefits to our named executive officers.

##### Retirement Benefits

Our eligible employees, including each of our named executive officers, are eligible to participate in a tax-qualified 401(k) retirement plan. In addition to being able to make contributions (up to tax law limits), participants are eligible for a Company matching contribution of 100% on their contributions up to 4% of their eligible compensation effective January 1, 2017 (prior to January 1, 2017, our 401(k) matching contribution was 50% on contributions up to 4% of eligible compensation). The matching contribution is provided on the same basis to our named executive officers as all other employees who participate in the plan. The amounts contributed to the 401(k) plan on behalf of each of the named executive officers are listed in the Summary Compensation Table elsewhere in this proxy statement.

##### Perquisites

We do not have a formal perquisite policy and do not emphasize special perquisites for our executive officers, although the compensation committee periodically reviews perquisites for our named executive officers. Rather, there are certain specific perquisites we have agreed to compensate particular executives based on their specific situations. In particular, each of our named executive officers is entitled to participate in the Company's financial counseling and diagnostic wellness programs as in effect from time to time.

##### Medical and Other Welfare Benefits

Our named executive officers, along with all of our other employees, are eligible to participate in medical, dental, life, accidental death and disability, long-term disability, short-term disability, and other employee benefits. The purpose of these plans is to provide competitive benefits to our employees and to help to attract and retain employees by offering a comprehensive package of benefits.

##### Termination, Severance and Change in Control Benefits

The employment agreements with each of our named executive officers provide severance payments and benefits upon certain qualifying terminations of employment. In addition, upon certain qualifying terminations following, or in some circumstances upon the occurrence of, a change in control, our named executive officers may be entitled to receive certain vesting of their outstanding restricted common share awards pursuant to the terms of their respective employment agreement or the terms of our equity incentive plans.

Based on the input of its independent compensation consultant, the compensation committee determined that these arrangements are appropriate and that the payments and benefits provided for under these arrangements upon certain qualifying terminations of employment or in connection with a change in control are consistent with market practice and essential in attracting and retaining key talent. In addition, the change in control provisions are significant to ensure that we have the continued attention and dedication of our executives during circumstances that could result in a change in control. These provisions are further described beginning on page 36 ("—Potential Payments and Benefits upon Termination or Change in Control").

Impact of FASB ASC Topic 718

The accounting standards applicable to the various forms of long-term incentive plans under FASB ASC Topic 718 is one factor that the compensation committee and the Company consider in the design of long-term equity incentive programs. Other

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factors include the link to the performance that each vehicle provides, the degree of upside leverage and downside risk inherent in each vehicle, the impact on dilution and overhang that the vehicles have, and the role that each vehicle has in the attraction, retention, and motivation of our executive and key employee talent. The Company and its external financial advisors consider FASB ASC Topic 718 expense to ensure that it is reasonable, but expense will not be the most important factor in making decisions about awards under long-term incentive plans.

#### Tax Considerations and Deductibility of Compensation

Section 162(m) of the Internal Revenue Code, or Section 162(m), generally disallows public companies a tax deduction for compensation in excess of \$1 million paid to their chief executive officers and three other highly compensated executive officers (other than the chief financial officer) unless an exemption applies.

We have relied in part on transitional relief under Section 162(m) that exempts newly public companies from the limitations on deductibility, for so long as such transition rules apply to us. In our case, the transition period for Section 162(m) purposes expired as of the date of our 2017 annual general meeting of shareholders. Prior to the enactment of the Tax Cuts and Jobs Act, which was signed into law on December 22, 2017, Section 162(m) also contained an exemption for compensation that qualified as “performance-based” compensation. In addition to the transition relief for newly public companies, where reasonably practicable, the compensation committee historically sought to qualify the performance-based incentive compensation paid or awarded to the covered officers for the “performance-based” compensation exemption from the deductibility limit of Section 162(m). To maintain flexibility in compensating the named executive officers in a manner designed to promote varying corporate goals, however, the compensation committee did not have a policy that all compensation payable to the covered executive officers that is subject to Section 162(m) must be deductible for U.S. federal income tax purposes. From time to time, the compensation committee could have approved compensation for the covered executive officers that did not comply with an exemption from the deductibility limit when it believed that such compensation was in the best interests of the Company and its shareholders.

The Tax Cuts and Jobs Act, enacted on December 22, 2017, substantially modified Section 162(m) and, among other things, eliminated the performance-based compensation exemption to the \$1 million deduction limit effective as of January 1, 2018. As a result, beginning in 2018, compensation paid to certain executive officers in excess of \$1 million will generally be nondeductible, whether or not it is performance-based. In addition, beginning in 2018, the executive officers subject to Section 162(m) (the “Covered Employees”) will include any individual who served as the chief executive officer and chief financial officer at any time during the taxable year and the three other most highly compensated officers (other than the chief executive officer and chief financial officer) for the taxable year, and once an individual becomes a Covered Employee for any taxable year beginning after December 31, 2016, that individual will remain a Covered Employee for all future years, including following any termination of employment.

The Tax Cuts and Jobs Act includes a transition rule under which the changes to Section 162(m) described above will not apply to compensation payable pursuant to a written binding contract that was in effect on November 2, 2017 and is not materially modified after that date. To the extent applicable to our existing contracts and awards, the compensation committee may avail itself of this transition rule. However, because of uncertainties as to the application and interpretation of the transition rule, no assurances can be given at this time that our existing contracts and awards, even if in place on November 2, 2017, will meet the requirements of the transition rule. Moreover, to maintain flexibility in compensating executive officers in a manner designed to promote varying corporate goals in the best interest of the Company, the compensation committee does not limit its actions with respect to executive compensation to preserve deductibility under Section 162(m) if the compensation committee determines that doing so is in the best interests of the Company and its shareholders.

#### Share Ownership Guidelines

Both our non-executive directors as well as our senior executives (which we define as our chief executive officer and each of his direct reports and includes all of our named executive officers) are required to maintain certain ownership levels of common shares during their service.

As of the later of (i) November 2019, which is five years after the adoption of our director and senior executive share ownership guidelines, and (ii) five years after the date on which a director is appointed to our board or a senior executive is appointed to a position subject to the ownership guidelines, each director and senior executive is required

to own a minimum number of our common shares with an aggregate value equal to the following (or such lesser amount as the director or senior executive may have been granted to date):

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Position Minimum Value of Common Shares Held

Director Five times annual cash compensation

Chief Executive Officer Six times annual base salary

Other Senior Executives Two times annual base salary

Furthermore, each director and senior executive must hold at least 50% of the common shares that we issue to that individual until he or she satisfies the applicable share ownership threshold, less any shares used to satisfy tax obligations arising from receiving common shares from us.

For the purposes of our share ownership guidelines, restricted common shares and restricted common share units subject to time-based vesting are treated as shares held by a director or senior executive. However, unvested performance-based restricted common shares and restricted common shares units are not treated as being owned until they are earned and vested.

Our non-employee directors and executive officers are also subject to our insider trading policy, which prohibits transactions in our securities outside of "window" periods (except pursuant to previously adopted, approved Rule 10b5-1 plans), including short sales on our shares, or the purchase or sale of options, puts, calls, straddles, equity swaps, or other derivative securities that are directly linked to our equity.

Our compensation committee retains discretion to waive non-compliance with our share ownership guidelines in light of an individual director's particular facts and circumstances from time to time.

As of December 31, 2017, our chief executive officer and each of our senior executives have met the applicable share ownership guidelines. Our board members are expected to satisfy their share ownership guidelines through their annual equity compensation grants in respect of their board service.

#### No Hedging Policy

Members of our board of directors and our executives are prohibited from hedging their ownership or offsetting any decline in the market value of our common shares, including by trading in publicly-traded options, puts, calls or other derivative instruments related to our common shares.

#### Compensation Committee Report

We have reviewed and discussed the Compensation Discussion and Analysis with management. Based on our review and discussion with management, the compensation committee recommended to our board of directors that the Compensation Discussion and Analysis be included in this proxy statement.

#### Compensation Committee of the Board of Directors

Roy J. Kasmar, Chairman

Allan Levine

William Spiegel

The foregoing report of the compensation committee does not constitute soliciting material and shall not be deemed filed, incorporated by reference into or a part of any other filing by the Company (including any future filings) under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent the Company specifically incorporates such report by reference therein.

## Summary Compensation Table

The following table sets forth information regarding the compensation awarded to, earned by, or paid to our named executive officers in fiscal years 2017, 2016 and 2015.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards(1) (\$)	Option Awards (\$)	Non-Equity Incentive Plan Compensation(2) (\$)	Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation(3) (\$)	Total (\$)
Mark A. Casale Chairman of the Board of Directors, Chief Executive Officer and President	2017	900,000	—	3,600,041	—	2,025,000	—	38,733	6,563,774
	2016	900,000	—	3,950,045	—	2,362,500	—	30,122	7,242,667
	2015	700,000	—	350,023	—	1,050,000	—	13,495	2,113,518
Lawrence E. McAlee Senior Vice President and Chief Financial Officer	2017	400,000	—	600,019	—	600,000	—	44,333	1,644,352
	2016	350,000	—	306,298	—	612,500	—	29,679	1,298,477
	2015	350,000	—	306,263	—	393,750	—	42,224	1,092,237
Vijay Bhasin Senior Vice President and Chief Risk Officer	2017	450,000	—	900,065	—	675,000	—	10,800	2,035,865
	2016	400,000	—	431,288	—	700,000	—	41,093	1,572,381
	2015	350,000	—	306,263	—	393,750	—	47,192	1,097,205
Jeff R. Cashmer (4) Senior Vice President and Chief Business Officer	2017	450,000	—	900,065	—	675,000	—	35,852	2,060,917
	2016	400,000	—	431,288	—	700,000	—	11,670	1,542,958
Mary Lourdes Gibbons	2017	400,000	—	600,019	—	600,000	—	24,368	1,624,387
	2016	350,000	—	306,298	—	612,500	—	12,188	1,280,986

Senior Vice President, Chief Legal Officer and Assistant Secretary	2015	350,000	—	306,263	—	393,750	—	11,674	1,061,687
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The amounts reported in this column represents the aggregate grant date fair value of the share awards computed in accordance with FASB ASC Topic 718, disregarding for this purpose the estimate of forfeitures related to service-based vesting conditions, if applicable. The value of restricted common shares that are subject to both time- and performance-based vesting conditions has been computed assuming the probable outcome of the performance conditions on the date of grant. For additional information, including a discussion of the assumptions used to calculate these values, see "—Outstanding Equity Awards at Fiscal Year-End" below and Note 10 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2017.

The amounts reported in this column represent the cash portion of the annual bonuses earned by our named executive officers pursuant to our annual leadership bonus program pursuant to our Annual Plan. For additional information regarding our annual leadership bonus program and Annual Plan, see "—Narrative to Summary Compensation Table—Annual Leadership Bonus Plan."

The amounts reported in this column for 2017 include: (a) financial planning services fees of \$27,933, \$33,533, \$12,534 and \$13,568 paid on behalf of each of Messrs. Casale, McAlee and Cashmer and Ms. Gibbons, respectively; (b) matching 401(k) contributions of \$10,800 on behalf of each of Messrs. Casale, McAlee and Bhasin and Ms. Gibbons and \$7,147 on behalf of Mr. Cashmer; and (c) \$16,171 paid on behalf of Mr. Cashmer under the Company's diagnostic wellness program.

Mr. Cashmer was not a named executive officer prior to 2016. In accordance with SEC regulations, only compensation information starting in the fiscal year in which an individual became a named executive officer is reported in the Summary Compensation Table.

## Grants of Plan Based Awards Table

The following table sets forth information regarding grants of plan-based awards to our named executive officers for the year ended December 31, 2017.

	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: Number of Shares of Stock or Units (#)	Grant Date Fair Value of Stock and Option Awards (\$)(3)
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Maximum (#)		
Mark A. Casale	—	1,012,500	1,350,000	2,362,500	—	—	—	—
	2/8/2017(4)	—	—	—	—	—	24,801	900,028
	2/8/2017	—	—	—	18,600	74,401	—	2,700,012
Lawrence E. McAlee	—	300,000	400,000	700,000	—	—	—	—
	2/8/2017(4)	—	—	—	—	—	8,267	300,009
	2/8/2017	—	—	—	2,067	8,267	—	300,009
Vijay Bhasin	—	337,500	450,000	787,500	—	—	—	—
	2/8/2017(4)	—	—	—	—	—	12,401	450,032
	2/8/2017	—	—	—	3,100	12,401	—	450,032
Jeff R. Cashmer	—	337,500	450,000	787,500	—	—	—	—
	2/8/2017(4)	—	—	—	—	—	12,401	450,032
	2/8/2017	—	—	—	3,100	12,401	—	450,032
Mary Lourdes Gibbons	—	300,000	400,000	700,000	—	—	—	—
	2/8/2017(4)	—	—	—	—	—	8,267	300,009
	2/8/2017	—	—	—	2,067	8,267	—	300,009

Represents the threshold, target and maximum value of annual incentive awards that could have been earned by our named executive officers under our annual leadership bonus program pursuant to our Annual Plan for the year (1) ended December 31, 2017. For a discussion of the terms of our annual leadership bonus program and Annual Plan and the amounts earned thereunder by the named executive officers for 2017, see "—Compensation Discussion and Analysis—Elements of Compensation—Annual Incentive Compensation" above.

The restricted common shares are eligible to become earned as set forth in the table below based upon achievement (2) of our compounded annual book value per share growth percentage during the three-year performance period commencing January 1, 2017. All restricted common shares that are earned will vest on March 1, 2020, subject to the executive's continuous employment through the applicable date.

Performance Level	Compounded Annual Book Value Per Share Growth	Restricted Common Shares Earned(*)
Threshold	<16%	—%
	16%	25%
	17%	50%

	18%	75%
Maximum	>19%	100%

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In the event that the compounded annual book value per share growth falls between the performance levels shown (\*) above, the restricted common shares earned will be determined on a straight line basis between the respective levels.

The amounts reported in this column represent the aggregate grant date fair value of the share awards granted in 2017, computed in accordance with FASB ASC Topic 718. The value of restricted common shares that are subject to both time- and performance-based vesting conditions has been computed assuming the probable outcome of the (3) performance conditions on the date of grant. For additional information, including a discussion of the assumptions used to calculate these values, see "—Outstanding Equity Awards at Fiscal Year-End" below and Note 10 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2017.

Represents time-based vesting restricted common shares granted to each of our named executive officers under our (4) long-term equity incentive program, which vest in three equal annual installments on each of March 1, 2018, 2019 and 2020, subject to the executive's continuous employment through each such date.

## Narrative to Summary Compensation Table and Grants of Plan-Based Awards Table

### Executive Employment Agreements

Certain of the compensation awarded to, earned by, or paid to our named executive officers reflected in the Summary Compensation Table and the Grants of Plan-Based Awards Table above is provided pursuant to employment arrangements entered into with us and/or our affiliates. In connection with our initial public offering in November 2013, we and/or our affiliates entered into a new employment agreement with each of Messrs. Casale, McAlee, Bhasin and Cashmer and Ms. Gibbons, which replaced and superseded each of the executive's prior employment agreements with us and/or our affiliates.

The current employment agreement with each of Messrs. Casale, McAlee, Bhasin and Cashmer and Ms. Gibbons has an initial term which expired on November 5, 2016 and automatically extends for successive one-year periods, unless at least 120 days prior to the expiration of the then current term either party to the agreement provides the other party with written notice of its intention not to renew the agreement.

Under the terms of his or her respective employment agreement, Mr. Casale is entitled to an annual base salary, currently \$900,000, and Messrs. McAlee, Bhasin and Cashmer and Ms. Gibbons are each entitled to annual base salaries, currently \$400,000, \$450,000, \$450,000 and \$400,000, respectively.

Each of our named executive officers are also eligible to receive an annual bonus based upon the achievement of corporate and individual performance objectives. Mr. Casale is entitled to a target annual bonus, currently equal to 150% of his annual base salary, while each of Messrs. McAlee, Bhasin and Cashmer and Ms. Gibbons are entitled to a target annual bonus, currently equal to 100% of his or her respective annual base salary. For a discussion of our annual bonus plan, see "—Compensation Discussion and Analysis—Elements of Compensation—Annual Incentive Compensation" above and "—Annual Leadership Bonus Program" below.

Each of our named executive officers is also eligible to participate in our long-term incentive program. Pursuant to their employment agreements, each of our named executive officers is entitled to a target opportunity under our long-term incentive program. See "—Compensation Discussion and Analysis—Elements of Compensation—Long-Term Equity Incentive Compensation" above for additional information.

Our named executive officers are also entitled to participate in health, insurance, retirement and other benefits on no less favorable terms to similarly situated employees.

For a discussion of the severance pay and other benefits to be provided in connection with a termination of employment and/or a change in control under these employment arrangements, see "—Potential Payments upon Termination or Change in Control" below.

### Annual Leadership Bonus Program

All employees with the title of senior vice president and above who report directly to our chief executive officer, and certain other designated employees, are eligible to participate in our annual leadership bonus program. Our annual leadership bonus program pays for performance, which means that both we and the executive must meet minimum stated goals for the executive to qualify for a bonus. The weighting of corporate and individual goals varies by level of employee. Mr. Casale's annual bonus is based entirely on the achievement of corporate goals. The weighting of the annual bonus is 50% individual goals and 50% corporate goals for each of Messrs. Bhasin and McAlee and Ms. Gibbons and 75% individual goals and 25% corporate goals for Mr. Cashmer.

Bonus payments under the program occur as soon as practicable following the end of the fiscal year, and in no event later than March 15th of the following year, subject to the executive's continuous employment through such payment date.

Pursuant to the employment agreements with our named executive officers, no less than 50% of any bonus will be paid in cash. For 2017, all of such annual bonuses payable to our senior executive officers, including each of our named executive officers, were paid solely in cash.

In connection with our initial public offering, our board of directors adopted, and our shareholders approved, the Essent Group Ltd. Annual Incentive Plan, or the Annual Incentive Plan. Annual cash incentive awards have been made pursuant to the Annual Incentive Plan. For a summary of the Annual Incentive Plan, see "—Compensation Discussion and Analysis-Elements of Compensation-Annual Incentive Plan" above.





## Outstanding Equity Awards at Fiscal Year-End

The following table sets forth the outstanding equity awards of our common shares held by each of our named executive officers as of December 31, 2017.

## Stock Awards

Name	Grant Date	Number of Shares or Units that have not Vested (#)	Market Value of Shares or Units that have not Vested(1) (\$)	Equity Incentive Plan Awards: Number of Shares, Units or Other Rights that have not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights that have not Vested(1) (\$)
Mark A. Casale	2/8/2017	(2) 24,801	1,076,859	—	—
	2/8/2017	(2) —	—	74,401	3,230,491
	2/10/2016	(3) 13,719	595,679	—	—
	2/10/2016	(4) 35,275	1,531,641	—	—
	2/10/2016	(4) —	—	158,731	6,892,100
	2/10/2015	(3) 4,770	207,113	—	—
	11/5/2013	(5) 78,125	3,392,188	—	—
Lawrence E. McAlee	11/5/2013	(5) 937,500 (7)	40,706,250	—	—
	2/8/2017	(2) 8,267	358,953	—	—
	2/8/2017	(2) —	—	8,267	358,953
	2/10/2016	(3) 5,145	223,396	—	—
	2/10/2016	(4) 3,431	148,974	—	—
	2/10/2016	(4) —	—	5,145	223,396
	2/10/2015	(3) 1,788	77,635	—	—
	2/10/2015	(6) 1,192	51,757	—	—
	2/10/2015	(6) 3,577 (7)	155,313	—	—
	11/5/2013	(5) 9,375	407,063	—	—
Vijay Bhasin	11/5/2013	(5) 37,500 (7)	1,628,250	—	—
	2/8/2017	(2) 12,401	538,451	—	—
	2/8/2017	(2) —	—	12,401	538,451
	2/10/2016	(3) 5,145	223,396	—	—
	2/10/2016	(4) 5,880	255,310	—	—
	2/10/2016	(4) —	—	8,819	382,921
	2/10/2015	(3) 1,788	77,635	—	—
	2/10/2015	(6) 1,192	51,757	—	—
	2/10/2015	(6) 3,577 (7)	155,313	—	—
	11/5/2013	(5) 9,375	407,063	—	—
Jeff R. Cashmer	11/5/2013	(5) 37,500 (7)	1,628,250	—	—
	2/8/2017	(2) 12,401	538,451	—	—
	2/8/2017	(2) —	—	12,401	538,451
	2/10/2016	(3) 5,145	223,396	—	—
	2/10/2016	(4) 5,880	255,310	—	—
	2/10/2016	(4) —	—	8,819	382,921

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2/10/2015	(3)	1,788	77,635	—	—
2/10/2015	(6)	1,192	51,757	—	—

## Stock Awards

Name	Grant Date	Number of Shares or Units that have not Vested (#)	Market Value of Shares or Units that have not Vested(1) (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights that have not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights that have not Vested(1) (\$)
	2/10/2015	(6) 3,577 (7)	155,313	—	—
	11/5/2013	(5) 9,375	407,063	—	—
	11/5/2013	(5) 37,500 (7)	1,628,250	—	—
Mary Lourdes Gibbons	2/8/2017	(2) 8,267	358,953		
	2/8/2017	(2)		8,267	358,953
	2/10/2016	(3) 5,145	223,396	—	—
	2/10/2016	(4) 3,431	148,974	—	—
	2/10/2016	(4) —	—	5,145	223,396
	2/10/2015	(3) 1,788	77,635	—	—
	2/10/2015	(6) 1,192	51,757	—	—
	2/10/2015	(6) 3,577 (7)	155,313	—	—
	11/5/2013	(5) 9,375	407,063	—	—
	11/5/2013	(5) 37,500 (7)	1,628,250	—	—

(1) The dollar amounts shown were calculated based on the closing price of our common shares on the NYSE on December 29, 2017 of \$43.42.

On February 8, 2017, each of our named executive officers were granted restricted common share awards. A portion of the restricted common shares granted are subject to solely time-based vesting. These shares vest in three equal annual installments on each of March 1, 2018, March 1, 2019 and March 1, 2020, subject to the executive's continuous employment through each such vesting date. A portion of the restricted common shares granted are subject to time-and performance-based vesting. These restricted common shares are eligible to become earned, as set forth in the table below, based upon achievement of our compounded annual book value per share growth percentage during the three-year performance period commencing January 1, 2017. Any shares which become earned will vest on March 1, 2020, subject to the executive's continuous employment through such date:

Performance Level	Compounded Annual Book Value Per Share Growth	Restricted Common Shares Earned(*)
	<16%	—%
Threshold	16%	25%
	17%	50%
	18%	75%
Maximum	>19%	100%

(\*)

In the event that the compounded annual book value per share growth falls between the performance levels shown above, the restricted common shares earned will be determined on a straight line basis between the respective levels.

The number and market value of the unearned restricted common shares subject to time- and performance-based vesting included in the table above assumes maximum performance has been achieved.

Represents restricted common shares granted as part of the named executive officer's annual incentive bonus.

(3) These restricted common shares are subject to solely time-based vesting and vest over a three year period in equal annual installments.

(4) On February 10, 2016, each of our named executive officers were granted restricted common share awards. A portion of the restricted common shares granted are subject to solely time-based vesting. The remaining unvested portion of these vest in two equal annual installments on each of March 1, 2018 and March 1, 2019, subject to the executive's continuous employment through each such vesting

date. A portion of the restricted common shares granted are subject to time-and performance-based vesting. The restricted common shares are eligible to become earned, as set forth in the table below, based upon achievement of our compounded annual book value per share growth percentage during the three-year performance period commencing January 1, 2016. Any shares which become earned will vest on March 1, 2019, subject to the executive's continuous employment through such date:

Performance Level	Compounded Annual Book Value Per Share Growth	Restricted Common Shares Earned(*)
	<13%	—%
Threshold	13%	25%
	14%	50%
	15%	75%
Maximum	>16%	100%

In the event that the compounded annual book value per share growth falls between the performance levels shown (\*)above, the restricted common shares earned will be determined on a straight line basis between the respective levels.

The number and market value of the unearned restricted common shares subject to time- and performance-based vesting included in the table above assumes maximum performance has been achieved.

In connection with our initial public offering in November 2013, restricted common shares were granted to members of senior management, including each of our named executive officers. A portion of the restricted common shares granted are subject to solely time-based vesting. The remaining unvested portion of the time-based vesting restricted common shares outstanding on December 31, 2017 vested on January 1, 2018. A portion of the (5) restricted common shares granted are subject to time- and performance-based vesting. These restricted common shares became earned, as set forth in the table below, based upon achievement of our compounded annual book value per share growth percentage during the three-year performance period commencing January 1, 2014. Any shares which became earned vested on the one-year anniversary of the achievement of compounded annual book value per share growth (January 1, 2018) as follows, subject to the executive's continuous employment through such date:

Performance Level	Compounded Annual Book Value Per Share Growth	Restricted Common Shares Earned(*)
	<11%	—%
Threshold	11%	10%
	12%	36%
	13%	61%
	14%	87%
Maximum	>15%	100%

In the event that the compounded annual book value per share growth falls between the performance levels shown (\*)above, the restricted common shares earned will be determined on a straight line basis between the respective levels.

On February 8, 2017, our board of directors certified that the maximum compounded annual book value per share growth for the three-year performance period commencing January 1, 2014 had been achieved, and all of such shares vested on January 1, 2018.

(6)On February 10, 2015, each of Messrs. McAlee, Bhasin and Cashmer and Ms. Gibbons were granted restricted common share awards. A portion of the restricted common shares granted are subject to solely time-based vesting.

The remaining unvested portion of the time-based shares vested on March 1, 2018. A portion of the restricted common shares granted are subject to time-and performance-based vesting. The restricted common shares became earned, as set forth in the table below, based upon achievement of our compounded annual book value per share growth percentage during the three-year performance period commencing January 1, 2015. Any shares which became earned vested on March 1, 2018, subject to the executive's continuous employment through such date:

	Compounded	Restricted
Performance Level	Annual Book	Common
	Value Per	Shares
	Share Growth	Earned(*)
	<11%	—%
Threshold	11%	10%
	12%	36%
	13%	61%
	14%	87%
Maximum	>15%	100%

In the event that the compounded annual book value per share growth falls between the performance levels shown (\*) above, the restricted common shares earned will be determined on a straight line basis between the respective levels.

On February 8, 2018, our board of directors certified that the maximum compounded annual book value per share growth for the three-year performance period commencing January 1, 2015 had been achieved.

Because the three-year performance periods commencing January 1, 2014 and January 1, 2015 are complete, the (7) number of shares earned is reported in the "Number of Shares or Units of Stock That Have Not Vested" column based on the actual achievement of compounded book value per share growth.

#### Option Exercises and Stock Vested

The following table sets forth certain information regarding the exercise of stock options and shares acquired upon vesting by our named executive officers during the year ended December 31, 2017.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting(1) (\$)
Mark A. Casale	—	—	107,389	3,568,949
Lawrence E. McAlee	—	—	22,931	780,199
Vijay Bhasin	—	—	24,156	823,736
Jeff R. Cashmer	—	—	24,156	823,736
Mary Lourdes Gibbons	—	—	22,931	780,199

(1) Represents the aggregate market value of the shares on the vesting date.

#### Pension Benefits

The Company does not currently have in place any defined benefit pension plans or other benefit plans providing specified retirement payments and benefits for employees.

#### Non-Qualified Deferred Compensation

The Company does not currently have in place any non-qualified defined contribution or other non-qualified deferred compensation plans for the benefit of employees.

#### Potential Payments upon Termination or Change in Control

We do not maintain any severance or change in control plans. However, pursuant to the terms of their employment agreements and certain of their restricted common share award agreements, our named executive officers are eligible to receive severance and other benefits in the case of certain qualifying terminations of employment or in connection with a change in control.

Employment Agreements. Under the employment agreements with each of our named executive officers, certain payments will be made and certain benefits will be provided in connection with certain terminations of employment. Upon a named executive officer's termination of employment by the Company without "cause" (as defined in the applicable employment agreement) or by the named executive officer for "good reason" (as defined in the applicable



employment agreement), in addition to any accrued or earned but unpaid amounts, subject to the execution of a general release of claims in favor of the Company and its affiliates, the named executive officer will be entitled to receive:

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a lump sum payment equal to 2 times, with respect to Mr. Casale, and 1.5 times, with respect to Messrs. McAlee, Bhasin and Cashmer and Ms. Gibbons, the sum of his or her then current annual base salary and target annual bonus for the fiscal year in which the date of termination occurs, payable as soon as reasonably practicable following the date of termination;

his or her annual bonus for the year in which the termination date occurs, based on achievement of applicable performance goals, prorated based on the number of days which elapsed in the applicable fiscal year through the date of termination, payable at such time annual bonuses are paid to other senior executive officers of the Company;

subject to the executive's election of COBRA continuation coverage, provided the executive does not become eligible to receive comparable health benefits through a new employer, a monthly cash payment equal to the monthly COBRA premium cost for current coverage for the 24-month period, with respect to Mr. Casale, and the 18-month period, with respect to Messrs. McAlee, Bhasin and Cashmer and Ms. Gibbons, following the date of termination;

outplacement services at a level commensurate with the executive's position in accordance with our practices as in effect from time to time;

vesting of any equity grant and other long-term incentive award previously granted to the executive that is subject to service-based vesting or service requirements, that would have vested during the 24-month period, for Mr. Casale, and the 18-month period, with respect to our other named executive officers, following the date of termination; provided, that if such termination follows a "change of control" (as defined in the applicable employment agreement) such awards will become fully vested on the date of termination of the executive's employment; and

vesting of any performance-based equity grant and other long-term incentive award that has not been earned as of the date of termination, which will remain outstanding through the completion of the applicable performance period and will be earned on a prorated basis (based on the period from the commencement of the applicable performance period through the date of termination) based on the actual performance for the applicable performance period.

Upon a named executive officer's termination of employment due to death or as a result of "disability" (as defined in the applicable employment agreement), in addition to any accrued or earned but unpaid amounts, subject to the execution of a general release of claims in favor of the Company and its affiliates, the named executive officer (or his or her estate) will be entitled to receive:

vesting of any equity grant and other long-term incentive award previously granted to the executive that is subject to service-based or service requirements; and

vesting of any performance-based equity grant and other long-term incentive award that has not been earned as of the date of termination, which will remain outstanding through the completion of the applicable performance period and will be earned on a prorated basis (based on the period from the commencement of the applicable performance period through the date of termination) based on the actual performance for the applicable performance period.

Each named executive officer's employment agreement subjects him or her to customary confidentiality restrictions that apply during his or her employment and indefinitely thereafter, and provides that during his or her employment, and for a period of 18 months, with respect to Messrs. McAlee, Bhasin and Cashmer and Ms. Gibbons, and 24 months, with respect to Mr. Casale, thereafter, each executive will be subject to non-competition and non-interference covenants. Generally, the non-competition covenant prevents the executive from engaging in mortgage insurance or reinsurance or any business activities in which we or any of our affiliates are engaged (or has committed plans to engage) during executive's employment, and the non-interference covenant prevents the executive from soliciting or hiring our employees or those of our affiliates and from soliciting or inducing any of our customers, suppliers, licensees, or other business relations or those of our affiliates, to cease doing business with us, or reduce the amount of business conducted with, us or our affiliates, or in any manner interfering with our relationship with such parties.

Plan Awards. The award agreements governing the time- and performance-based restricted common share grants issued to our named executive officers provide that if a change in control event occurs: on or following the completion of the applicable performance period, all of the named executive officer's then-unvested shares earned under the award will immediately vest; and prior to the completion of the applicable performance period:

the number of shares which become earned under the award will be based on the "target" level performance metric to which the award is subject;

- if the acquiring entity in the change in control event does not assume the award, then such earned shares will become immediately vested; or

if the acquiring entity in the change in control event does assume the award, then such earned shares shall be converted into a number of time-based restricted shares of the acquiring entity that have a fair market value equal to such earned shares as of the date of the change in control (provided that the acquiring entity's shares are publicly traded), with such shares vesting on the earlier of (i) the last day of the performance period to which the original performance-based award was subject, and (ii) the termination of the executive's employment with the acquiring company without cause by the acquiring company or for good reason by the awardee.

The following table sets forth for each named executive officer an estimate of the payments and benefits that would be paid under each element of our compensation program assuming that such named executive officer's employment terminated or the change in control occurred on December 31, 2017 using a closing share price of \$43.42 on December 29, 2017. The amounts in the following tables are calculated pursuant to SEC rules and are not intended to reflect actual payments that may be made. Actual payments that may be made will be based on the dates and circumstances of the applicable event.

Name	Cash Severance Payment(1) (\$)	Bonus Payment(1) (\$)	Health Insurance Coverage (\$)	Outplacement Services (\$)	Accelerated Time-Based Restricted Common Shares (\$)	Accelerated Performance-Based Restricted Common Shares (\$)	Total (\$)
Mark A. Casale							
Voluntary termination for good reason or involuntary termination without cause	4,500,000	1,350,000	44,068	30,000	6,444,420	46,390,049	58,758,527
Change in control but no termination	—	—	—	—	—	50,828,851(6)	50,828,841
Voluntary termination for good reason or involuntary termination without cause following a change in control	4,500,000	1,350,000	44,068	30,000	6,803,480	50,828,851	63,556,389
Termination for disability or upon death	—	—	—	—	6,803,480	46,390,049	53,193,499
Lawrence E. McAlee							
Voluntary termination for good reason or involuntary termination without cause	1,200,000	400,000	25,325	20,000	1,148,068	2,051,604	4,845,086
Change in control but no termination	—	—	—	—	—	2,365,912(6)	2,365,912
Voluntary termination for good reason or involuntary termination without cause following a change in control	1,200,000	400,000	25,325	20,000	1,267,737	2,365,912	5,279,014
Termination for disability or upon death	—	—	—	—	1,267,737	2,051,604	3,319,470
Vijay Bhasin							
	1,350,000	450,000	—	20,000	1,374,069	2,217,809	5,411,878

Voluntary termination for good reason or involuntary termination without cause							
Change in control but no termination	—	—	—	—	—	2,704,936	(6) 2,704,936
Voluntary termination for good reason or involuntary termination without cause following a change in control	1,350,000	450,000	—	20,000	1,553,611	2,704,936	6,078,547
Termination for disability or upon death	—	—	—	—	1,553,611	2,217,809	3,771,420

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Name	Cash Severance Payment(1) (\$)	Bonus Payment(1) (\$)	Health Insurance Coverage (\$)	Outplacement Services (\$)	Accelerated Time-Based Restricted Common Shares (\$)	Accelerated Performance-Based Restricted Common Shares (\$)	Total (\$)
Jeff R. Cashmer							
Voluntary termination for good reason or involuntary termination without cause	1,350,000	450,000	33,051	20,000	1,374,069 (2)	2,217,809 (4)	5,444,929
Change in control but no termination	—	—	—	—	—	2,704,936 (5)(6)	2,704,936
Voluntary termination for good reason or involuntary termination without cause following a change in control	1,350,000	450,000	33,051	20,000	1,553,611 (3)	2,704,936 (5)	6,111,598
Termination for disability or upon death	—	—	—	—	1,553,611 (3)	2,217,809 (4)	3,771,420
Mary Lourdes Gibbons							
Voluntary termination for good reason or involuntary termination without cause	1,200,000	400,000	33,051	20,000	1,148,068 (2)	2,051,693 (4)	4,852,812
Change in control but no termination	—	—	—	—	—	2,365,912 (5)(6)	2,365,912
Voluntary termination for good reason or involuntary termination without cause following a change in control	1,200,000	400,000	33,051	20,000	1,267,777 (3)	2,365,912 (5)	5,286,740
Termination for disability or upon death	—	—	—	—	1,267,777 (3)	2,051,693 (4)	3,319,470

(1) Based on each named executive officer's bonus under our annual leadership bonus program at the target level, which is 150% of Mr. Casale's base salary for 2017 of \$900,000, and 100% of the base salary of each of

Messrs. McAlee, Bhasin and Cashmer and Ms. Gibbons for 2017 of \$400,000, \$450,000, \$450,000 and \$400,000, respectively.

(2) Represents the value of accelerating the vesting of unvested time-based restricted common share awards. This value is determined for each of our named executive officers by multiplying (i) the number of unvested time-based restricted common shares held by each of our named executive officers that would have vested during the 18-month (or, for Mr. Casale, 24-month) period following the date of termination, by (ii) \$43.42, the closing price of our common shares on the NYSE on December 29, 2017.

(3) Represents the value of accelerating the vesting of unvested time-based restricted common share awards. This value is determined for each of our named executive officers by multiplying (i) the number of unvested time-based restricted common shares held by each of our named executive officers on December 31, 2017, by (ii) \$43.42, the closing price of our common shares on the NYSE on December 29, 2017.

(4) Represents the value of accelerating the vesting of time- and performance-based restricted common share awards. This value is determined for each of our named executive officers by multiplying: (i) (x) the number of unvested time- and performance-based restricted common shares held by each of our named executive officers outstanding on December 31, 2017 (which, for shares that have not yet been earned, assumes the maximum number of shares that may be earned), multiplied by (y) \$43.42, the closing price of our common shares on the NYSE on December 29, 2017, by (ii) a fraction equal to (a) the number of days which elapsed during the applicable performance period prior to the date of termination or the change in control, as applicable, by (b) 1,095.

(5) Represents the value of accelerating the vesting of time- and performance-based restricted common share awards. This value is determined for each of our named executive officers by multiplying (i) the number of unvested time- and performance-based restricted common shares held by each of our named executive officers outstanding on December 31, 2017 (which, for shares that have not yet been earned, assumes the maximum number of shares that may be earned), by (ii) \$43.42, the closing price of our common shares on the NYSE on December 29, 2017.

(6) For time- and performance-based restricted common share awards, assumes that the acquiring entity in the change in control transaction does not assume any time- and performance-based restricted common share awards outstanding prior to the transaction, resulting in the maximum number of shares that may be earned under such awards becoming vested upon such change in control.

### CEO Pay Ratio

As required by Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act, and Item 402(u) of Regulation S-K, we are providing the following information about the relationship of the annual total compensation of our employees and the annual total compensation of Mark A. Casale, our President and Chief Executive Officer (our “CEO”).

For 2017, our last completed fiscal year:

the median of the annual total compensation of all employees of our Company (other than our CEO) was \$103,030; and

the annual total compensation of our CEO, as reported in the Summary Compensation Table included elsewhere in this Proxy Statement, was \$6,563,774.

Based on this information, for 2017 the ratio of the annual total compensation of Mr. Casale, our President and Chief Executive Officer, to the median of the annual total compensation of all employees was 57 to 1.

To identify the median of the annual total compensation of all our employees, as well as to determine the annual total compensation of our median employee and our CEO, we took the following steps:

We determined that, as of December 31, 2017, our employee population consisted of 397 individuals, with all but 4 of these individuals employed in the United States (as reported in Item 1, Business, in our Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 20, 2018 (our “Annual Report”). This population consisted of our full-time, part-time, and temporary employees. As noted below, it did not include independent contractors or similar workers which we retained during 2017.

To identify the “median employee” from our employee population:

For our 393 U.S.-based employees, we compared the amount of salary, wages and tips of our employees as reflected in our payroll records as reported to the Internal Revenue Service on Form W-2 for 2017; and

For our 4 Bermuda-based employees, we estimated the total compensation that would have been reported for such employees on a Form W-2 for 2017 had each of those employees been employed in the United States.

Because equity awards are widely distributed to our employees (including awards granted to each of our employees as of January 10, 2017), we have included the value of equity shares the vested in 2017 in our compensation measure in the amounts reported in our employees’ Form W-2s for the year.

Once we identified our median employee, we combined all of the elements of such employee’s compensation for 2017 in accordance with the requirements of Item 402(c)(2)(x) of Regulation S-K, resulting in annual total compensation of \$115,258, which was used to determine the ratio above.



## CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

We have adopted a related person transactions policy pursuant to which our executive officers, directors and principal shareholders, including their immediate family members, are not permitted to enter into a related person transaction with us without the consent of our audit committee. Subject to certain exceptions, any request for us to enter into a transaction with an executive officer, director, principal shareholder or any of such persons' immediate family members, in which the amount involved exceeds \$120,000, will be required to be presented to our audit committee for review, consideration and approval. All of our directors, executive officers and employees are required to report to our audit committee any such related person transaction. In approving or rejecting the proposed transaction, our audit committee takes into account, among other factors it deems appropriate, whether the proposed related person transaction is on terms no less favorable than terms generally available to an unaffiliated third party under the same or similar circumstances, the extent of the related person's interest in the transaction and, if applicable, the impact on a director's independence. Under the policy, if we should discover related person transactions that have not been approved, our audit committee will be notified and will determine the appropriate action, including ratification, rescission or amendment of the transaction.

Other than compensation agreements and other arrangements which are described in the "Corporate Governance—Director Compensation" and "Executive Officers and Executive Compensation" sections of this proxy statement and the transactions described below, during the year ended December 31, 2017 there was not, and there is not currently proposed, any transaction or series of transactions to which we were or will be a party in which the amount involved exceeded or will exceed \$120,000 and in which any of our directors, nominees for director, executive officers, holders of more than five percent of any class of our voting securities or any member of the immediate family of the foregoing persons had or will have a direct or indirect material interest.

We believe that all of the transactions described below are on terms no less favorable to us than we could have obtained from unaffiliated third parties.

### Registration Rights Agreement

On November 11, 2014, we entered into an amended and restated registration rights agreement with Essent Intermediate, L.P., Valorina LLC, The Goldman Sachs Group, Inc., Aldermanbury Investments Limited, PPF Holdings II Ltd., Renaissance Re Ventures Ltd., Commonwealth Annuity and Life Reinsurance Co. Ltd., Mark A. Casale, and certain other shareholders identified therein, which amended the previous agreement pursuant to which certain shareholders have registration rights with respect to their registrable shares (as defined in the registration rights agreement) as set forth below.

**Demand Rights.** Certain shareholders have the right to demand registration of all or a portion of such shareholder's registrable shares. Any shareholder proposing to distribute their registrable shares through an underwritten offering shall enter into an underwriting agreement in customary form with an underwriter or underwriters that is mutually agreeable to us and the shareholders holding a majority-in-interest of the registrable shares that the shareholders requested for inclusion in such registration.

**Shelf Registration.** Certain shareholders have the right to demand an underwritten offering be effected under a registration statement on Form S-3.

**Piggyback Rights.** Certain shareholders have the right to elect to have included in any demand registration all or a portion of such shareholder's shares. In the event that we propose to register any of our shares pursuant to a registration statement, certain shareholders have the right to elect to have included in such registration all or a portion of such shareholder's shares.

**Blackout Periods.** We have the ability, subject to certain conditions, to delay the filing of a registration statement or suspend the use of a prospectus in connection with an underwritten demand request for a reasonable period of time which shall not exceed two occasions or 60 days in any 12-month period.

**Registration Limitations.** Any registration conducted pursuant to the registration rights agreement is subject to customary cutback provisions, as well as size, number and timing limitations as set forth therein, including that any demand for the registration of a shareholder's registrable shares must relate to an offering where the aggregate gross proceeds are reasonably expected to be at least \$50 million.

Indemnification; Expenses; Lock-ups. We have agreed to indemnify the applicable selling shareholder (including each member, manager, partner, officer and director thereof and legal counsel and independent accountant thereto), each underwriter of such seller of such registrable shares, and each other person, if any, who controls such seller or underwriter within the meaning of the Securities Act of 1933 or the Securities Exchange Act of 1934 against any expenses, losses, claims, damages or liabilities resulting from any untrue statement or omission of material fact contained in any registration statement, prospectus or

any amendment or supplement to such registration statement, unless such liability arose from the applicable selling shareholder's misstatement or omission, and the applicable selling shareholder has agreed to indemnify us against all losses caused by its misstatements or omissions. We will pay all registration expenses of all registrations under the registration rights agreement, provided, however, that if a demand registration is withdrawn at the request of the shareholders requesting such registration (other than as a result of information concerning the business or financial condition of the Company that is made known in writing to the shareholders requesting registration after the date on which such registration was requested) and if the requesting shareholders elect not to have such registration counted as a demand registration or shelf takedown, the requesting shareholders will pay the registration expenses of such registration pro rata in accordance with the number of their registrable shares requested to be included in such registration. In connection with any public offering, each shareholder, and officer or director of the Company, if requested by us and the underwriters managing such public offering, agree not to sell or otherwise transfer or dispose of any registrable shares or, with respect to certain shareholders only, other securities of the Company, held by such shareholder (other than those registrable shares included in the public offering) for a specified period of time not to exceed 90 days from the effective date of such registration.

#### Pine Brook Shareholders Agreement

Upon consummation of our initial public offering in November 2013, we entered into a shareholders agreement with Pine Brook, pursuant to which, for so long as Pine Brook holds at least 35% of the shares held by it at the consummation of this offering, Pine Brook had the right to nominate one Class III director to our board of directors at each annual general meeting of shareholders at which the term of a Pine Brook designee expires. Pine Brook designated William Spiegel as its nominee for election as a Class III director at the 2017 Annual General Meeting of Shareholders. As the result of subsequent sales of our common shares in 2017, Pine Brook's right to nominate a Pine Brook designee to our board under the shareholders agreement has terminated.

## SECURITIES OWNERSHIP

The following table sets forth information as of March 16, 2018 regarding the beneficial ownership of our common shares by (1) each person, or group of affiliated persons, known by us to be the beneficial owner of 5% or more of our outstanding common shares, (2) each of our directors and nominees, (3) each of our named executive officers, and (4) all of our directors and executive officers as a group.

Except as indicated below, to our knowledge, each person named in the table has sole voting and investment power with respect to all of the securities shown as beneficially owned by such person, except as otherwise set forth in the notes to the table. The number of securities shown represents the number of securities the person "beneficially owns," as determined by the rules of the SEC. The SEC has defined "beneficial" ownership of a security to mean the possession, directly or indirectly, of voting power and/or investment power. A security holder is also deemed to be, as of any date, the beneficial owner of all securities that such security holder has the right to acquire within 60 days after that date through (1) the exercise of any option, warrant or right, (2) the conversion of a security, (3) the power to revoke a trust, discretionary account or similar arrangement, or (4) the automatic termination of a trust, discretionary account or similar arrangement.

As of March 16, 2018, there were a total of 98,101,838 common shares issued and outstanding. Except as noted below, the address for all beneficial owners in the table below is c/o Essent Group Ltd., Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

Name of Beneficial Owner	Shares Owned	Percentage
<b>5% or more Shareholders:</b>		
The Vanguard Group, Inc. (1)	8,830,073	9.0%
BlackRock, Inc. (2)	7,903,032	8.1%
FMR LLC (3)	7,381,696	7.5%
Capital Research Global Investors (4)	7,117,376	7.3%
SMALLCAP World Fund, Inc. (5)	5,905,535	6.0%
<b>Directors, Director Nominees and Executive Officers:</b>		
Mark A. Casale (6)	1,699,784	1.7%
Lawrence E. McAlee (7)	250,103	*
Vijay Bhasin (8)	306,384	*
Jeff R. Cashmer (9)	168,395	*
Mary Lourdes Gibbons (10)	242,193	*
Aditya Dutt (11)	22,059	*
Robert Glanville (11)	28,959	*
Roy J. Kasmar (11)	23,905	*
Allan Levine (11)	22,059	*
Douglas J. Pauls (11)	21,520	*
William Spiegel (11)	22,059	*
Andrew Turnbull (11)	22,599	*
Jane P. Chwick	—	*
Angela L. Heise	—	*
All directors and executive officers as a group (16 persons)	2,928,041	3.0%

\* Represents beneficial ownership of less than 1%.

(1) Information regarding beneficial ownership of our common shares by The Vanguard Group, Inc. and certain related entities is included herein based on a Schedule 13G filed with the SEC on February 8, 2018, relating to such shares beneficially owned as of December 31, 2017. The address for The Vanguard Group, Inc. is 100 Vanguard Blvd., Malvern, PA 19355.

Information regarding beneficial ownership of our common shares by BlackRock, Inc. and certain related entities is included herein based on a Schedule 13G/A filed with the SEC on January 30, 2018, relating to such shares (2) beneficially owned as of December 31, 2017. The address for BlackRock Inc. is 55 East 52nd Street, New York, NY 10055.

Information regarding beneficial ownership of our common shares by FMR LLC is included herein based on a (3) Schedule 13G/A filed with the SEC on February 13, 2018, relating to such shares beneficially owned as of December 31, 2017. The address for FMR LLC is 243 Summer Street, Boston, MA 02210.

Information regarding beneficial ownership of our common shares by Capital Research Global Investors is (4) included herein based on a Schedule 13G/A filed with the SEC on February 14, 2018, relating to such shares beneficially owned as of December 31, 2017. The address for Capital Research Global Investors is 333 South Hope Street, Los Angeles, CA 90071.

Information regarding beneficial ownership of our common shares by SMALLCAP World Fund, Inc. ("SMALLCAP") is included herein based on a Schedule 13G filed with the SEC on February 14, 2018, relating to (5) such shares beneficially owned as of December 31, 2017. According to such Schedule 13G filing, such shares reported as being beneficially owned by SMALLCAP may also be reflected in a filing made by Capital Research Global Investors, Capital International Investors, and/or Capital World Investors. The address for SMALLCAP is 6455 Irvine Center Drive, Irvine, CA 92618.

The total shares held by Mr. Casale include (i) 293,106 outstanding restricted common shares subject to time- and (6) performance-based vesting that are eligible to be earned and vest if maximum performance is achieved (see "—Compensation Discussion and Analysis—Elements of Compensation—Long-Term Equity Incentive Compensation" above for additional information), and (ii) 61,027 restricted common shares subject to time-based vesting.

The total shares held by Mr. McAlee includes (i) 20,076 outstanding restricted common shares subject to time- and (7) performance-based vesting, that are eligible to be earned and vest if maximum performance is achieved (see "—Compensation Discussion and Analysis—Elements of Compensation—Long-Term Equity Incentive Compensation" above for additional information), and (ii) 16,466 outstanding restricted common shares subject to time-based vesting.

The total shares held by Mr. Bhasin includes (i) 31,216 outstanding restricted common shares subject to time- and (8) performance-based vesting, that are eligible to be earned and vest if maximum performance is achieved (see "—Compensation Discussion and Analysis—Elements of Compensation—Long-Term Equity Incentive Compensation" above for additional information), and (ii) 23,778 outstanding restricted common shares subject to time-based vesting.

The total shares held by Mr. Cashmer includes (i) 31,216 outstanding restricted common shares subject to time- and (9) performance-based vesting, that are eligible to be earned and vest if maximum performance is achieved (see "—Compensation Discussion and Analysis—Elements of Compensation—Long-Term Equity Incentive Compensation" above for additional information), and (ii) 23,778 outstanding restricted common shares subject to time-based vesting.

The total shares held by Ms. Gibbons includes (i) 20,076 outstanding restricted common shares subject to time- and (10) performance-based vesting, that are eligible to be earned and vest if maximum performance is achieved (see "—Compensation Discussion and Analysis—Elements of Compensation—Long-Term Equity Incentive Compensation" above for additional information), and (ii) 16,466 outstanding restricted common shares subject to time-based vesting.

(11) Includes 3,003 shares subject to a restricted common share unit award which will vest within 60 days of March 16, 2018.



**PROPOSAL NO. 1: ELECTION OF DIRECTORS**

At the Annual Meeting, shareholders will elect (i) three individuals to serve as Class I directors and hold office until our 2021 Annual General Meeting of Shareholders, and (ii) one individual to serve as a Class II director and hold office until our 2019 Annual General Meeting of Shareholders.

Nominees were recommended and approved for nomination by the corporate governance and nominating committee of our board of directors. The directors shall serve until their successors have been duly elected and qualified or until any such director's earlier resignation or removal. Proxies cannot be voted for a greater number of persons than the number of nominees named. If you sign and return the accompanying proxy, your shares will be voted for the election of the four nominees recommended by our board of directors unless you mark the proxy in such a manner as to withhold authority to vote or as to vote for one or more alternate candidates.

If, for any reason, any nominee is unable or unwilling to serve, the persons named in the proxy will use their best judgment in selecting and voting for a substitute candidate or our board of directors may reduce the number of directors. Our board of directors, however, has no reason to believe that any of the nominees will be unable or unwilling to be a candidate for election at the time of the Annual Meeting.

Each of Jane P. Chwick, Aditya Dutt and Roy J. Kasmar have been nominated to stand for election at the Annual Meeting to serve as a Class I director through the 2021 Annual General Meeting of Shareholder or until his or her successor is duly elected and qualified. Angela L. Heise has been nominated to stand for election at the Annual Meeting to serve as a Class II director through the 2019 Annual General Meeting of Shareholder or until her successor is duly elected and qualified.

Please see the discussion under "Board of Directors" in this proxy statement for information concerning each of our nominees for director.

**Required Vote and Recommendation**

Directors are elected by a majority of votes cast at the Annual Meeting.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ELECTION OF EACH OF THE NOMINATED INDIVIDUALS.**



**PROPOSAL NO. 2: RE-APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM AND REFERRAL OF THE DETERMINATION OF THE AUDITORS' COMPENSATION TO THE BOARD OF DIRECTORS**

Upon the recommendation of our audit committee, our board of directors proposes that our shareholders re-appoint PricewaterhouseCoopers LLP as our independent registered public accounting firm to serve for the year ended December 31, 2018 and until the 2019 Annual General Meeting of Shareholders. A representative of PricewaterhouseCoopers LLP will be present at the Annual Meeting to make any statement he or she may desire and to respond to appropriate questions from shareholders. Shareholders at the Annual Meeting will also be asked to vote to refer the determination of the auditors' compensation to our board of directors.

In deciding to recommend the re-appointment of PricewaterhouseCoopers LLP, our audit committee noted that there were no auditor independence issues raised with PricewaterhouseCoopers LLP.

Our audit committee reviews audit and non-audit services performed by PricewaterhouseCoopers LLP, as well as the fees charged by PricewaterhouseCoopers LLP for such services. In its review of non-audit service fees, the audit committee considers, among other things, the possible effect of the performance of such services on the auditor's independence. Additional information concerning the audit committee and its activities with PricewaterhouseCoopers LLP can be found under "Corporate Governance—Meetings and Committees of our Board of Directors—Audit Committee" in this proxy statement.

**Required Vote and Recommendation**

Re-appointment of PricewaterhouseCoopers LLP requires the affirmative vote of a majority of the votes cast on the matter. If our shareholders do not vote to re-appoint PricewaterhouseCoopers LLP, our audit committee will reconsider the re-appointment of PricewaterhouseCoopers LLP. Even if our shareholders do vote to re-appoint PricewaterhouseCoopers LLP, our audit committee retains the discretion to reconsider its re-appointment if the audit committee believes it necessary to do so in the best interest of us and our shareholders.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE RE-APPOINTMENT OF THE SELECTION OF PRICEWATERHOUSECOOPERS LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM TO SERVE FOR THE YEAR ENDED DECEMBER 31, 2018 AND UNTIL THE 2019 ANNUAL GENERAL MEETING OF SHAREHOLDERS AND THE REFERRAL OF THE DETERMINATION OF THE AUDITORS' COMPENSATION TO OUR BOARD OF DIRECTORS.**

**Fees Paid to Independent Registered Public Accounting Firm**

Aggregate fees for professional services rendered to us or on our behalf by PricewaterhouseCoopers LLP for the years ended December 31, 2016 and 2017 are as follows:

	2016	2017
Audit Fees	\$790,000	\$948,740
Audit-Related Fees	\$112,000	\$121,760
Tax Fees	\$239,206	\$139,519
All Other Fees	\$—	\$—

Audit Fees. Audit fees for 2016 and 2017 were for professional services rendered for the audits of our consolidated financial statements, review of the interim consolidated financial statements, and services that generally only the independent registered public accounting firm can reasonably provide, including statutory audits, consents and assistance with and review of documents filed with the state insurance commissions.

Audit-Related Fees. Audit related fees for 2016 and 2017 are fees billed assurance and related services that are reasonably related to the performance of the audit or review of our financial statements and which are not reported

under "Audit Fees", including services related to consultation on reporting matters. Audit-related fees for 2016 include professional services rendered in connection with an independent auditors report on service related controls. Audit-related fees for 2017 include professional services rendered in connection with an independent auditors report on service related controls.

Tax Fees. Tax fees for 2016 and 2017 were for compliance, tax advice, and tax planning.

All Other Fees. There were no other fees paid for 2016 or 2017.

#### Pre-Approval of Services

All services provided by PricewaterhouseCoopers LLP in the years ended December 31, 2016 and 2017 were pre-approved by the audit committee, which concluded that the provision of such services by PricewaterhouseCoopers LLP was compatible with the maintenance of that firm's independence in the conduct of its auditing functions. The audit committee has adopted pre-approval policies and procedures for audit and non-audit services. The audit services provided by PricewaterhouseCoopers LLP are approved in advance by the audit committee. Under its pre-approval policy, the audit committee has delegated authority to its chairman to pre-approve audit-related and non-audit services the cost of which will not exceed \$25,000; provided, that the chairman is required to report any pre-approval decisions to the audit committee at its next meeting. Any services that exceed the pre-approved dollar limit require specific pre-approval by the audit committee. The engagement of PricewaterhouseCoopers LLP for non-audit accounting and tax services is limited to circumstances where these services are considered to be integral to the audit services that PricewaterhouseCoopers LLP provides or where there is another compelling rationale for using PricewaterhouseCoopers LLP. All audit, audit-related and permitted non-audit services for which PricewaterhouseCoopers LLP was engaged were pre-approved by the audit committee in compliance with applicable SEC requirements.

We have been advised by PricewaterhouseCoopers LLP that neither the firm, nor any member of the firm, has any financial interest, direct or indirect, in any capacity in us or any of our subsidiaries.

#### Report of the Audit Committee

The audit committee of our board of directors assists our board of directors in performing its oversight responsibilities for our financial reporting process and audit process as more fully described in the audit committee's charter.

Management has the primary responsibility for the financial statements and the reporting process. Our independent registered public accounting firm is responsible for performing an independent audit of our financial statements in accordance with the auditing standards of the Public Company Accounting Oversight Board (United States) and to issue a report thereon.

In the performance of its oversight function, the audit committee reviewed and discussed our audited financial statements for the fiscal year ended December 31, 2017 with management and with our independent registered public accounting firm. In addition, the audit committee discussed with our independent registered public accounting firm the matters required to be discussed by Statement on Auditing Standards No. 1301, as amended, (AICPA, Professional Standards, Vol. 1. AU section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T, which includes, among other items, matters related to the conduct of the audit of our financial statements. The audit committee has also received and reviewed the written disclosures and the letter from our independent registered public accounting firm required by the applicable requirements of the Public Company Accounting Oversight Board regarding the accounting firm's communications with the audit committee concerning independence and has discussed with our independent registered public accounting firm that firm's independence and considered whether the non-audit services provided by the independent registered public accounting firm are compatible with maintaining its independence.

Based on the review and discussions with management and our independent registered public accounting firm described above, the audit committee recommended to the board of directors that the audited financial statements be included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017 filed with the SEC.

Audit Committee of the Board of Directors

Douglas J. Pauls, Chairman

Aditya Dutt

Robert Glanville

Andrew Turnbull

The foregoing report of the audit committee does not constitute soliciting material and shall not be deemed filed, incorporated by reference into or a part of any other filing by the Company (including any future filings) under the Securities Act or the Exchange Act, except to the extent the Company specifically incorporates such report by

reference therein.

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**PROPOSAL NO. 3: ADVISORY VOTE ON EXECUTIVE COMPENSATION**

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, or the Dodd-Frank Act, enables our shareholders to vote to approve, on a non-binding, advisory basis, the compensation of our named executive officers as disclosed in this proxy statement in accordance with the SEC's rules. This proposal, commonly known as a "say-on-pay" proposal, gives our shareholders the opportunity to express their views on the compensation of our named executive officers.

As described in detail above under the heading "Executives and Executive Compensation—Compensation Discussion and Analysis," our executive compensation programs are designed to attract, retain and motivate our named executive officers who are critical to our success. Under these programs, our named executive officers are rewarded for the achievement of annual and long-term strategic and corporate goals, and the realization of increased shareholder value. Please read the "Compensation Discussion and Analysis" and the "Summary Compensation Table" and related information in this proxy statement for additional details about our executive compensation programs, including information about the compensation of our named executive officers in 2017.

We are asking our shareholders to indicate their support for the compensation of our named executive officer as described in this proxy statement. This vote is not intended to address any specific item of compensation, but rather the overall compensation of our named executive officers and the philosophy, policies and practices described in this proxy statement. Accordingly, we will ask our shareholders to vote "FOR" the following resolution at the Annual Meeting:

"RESOLVED, that the Company's shareholders approve, on a non-binding, advisory basis, the compensation paid to our named executive officers, as disclosed in the Company's Proxy Statement for the 2018 Annual General Meeting of Shareholders pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, the Summary Compensation Table and the other related tables and disclosure."

Although the "say-on-pay" vote is advisory, and therefore not binding on us, we value the opinions of our shareholders and we will consider the outcome of the vote when making future compensation decisions.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE "FOR" THE APPROVAL, ON AN ADVISORY BASIS, OF THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS, AS DISCLOSED IN THIS PROXY STATEMENT.**

## ADDITIONAL INFORMATION

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

Section 16(a) of the Securities Exchange Act of 1934 requires our officers, members of our board of directors and persons who own more than 10% of our common shares to file reports of ownership and changes in ownership with the Securities and Exchange Commission. Officers, directors and greater than 10% shareholders are required by regulation to furnish us with copies of all Section 16(a) forms that they file. Based solely on a review of the copies of such forms furnished to us, or written representations that no annual statements of beneficial ownership of securities on Form 5 were required to be filed, we believe that during the year ended December 31, 2017 our officers, directors and greater than 10% shareholders complied with all applicable Section 16(a) filing requirements.

### Annual Report to Shareholders

Our Annual Report on Form 10-K for the year ended December 31, 2017 has been posted, and is available without charge, on our corporate website at [www.essentgroup.com](http://www.essentgroup.com). In addition, we will provide, without charge, a copy of our Annual Report on Form 10-K for the year ended December 31, 2017 (including the financial statements and the financial statement schedules but excluding the exhibits thereto) to any shareholder of record or beneficial owner of our common shares. Requests can be made by writing to Secretary, Essent Group Ltd., Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

### Other Business at the Annual Meeting

Our board of directors does not presently intend to bring any other business before the meeting, and, so far as is known to our board of directors, no matters are to be brought before the meeting except as specified in the Notice of Annual General Meeting of Shareholders. As to any business that may properly come before the meeting, however, it is intended that proxies, in the form enclosed, will be voted in respect thereof in accordance with the judgment of the persons voting such proxies.

Our financial statements for the year ended December 31, 2017 and the auditors' report thereon will be formally presented at the Annual Meeting, but no shareholder action is required thereon.

### Shareholder Proposals and Director Nominations for the 2018 Annual General Meeting of Shareholders

Shareholder proposals submitted to us pursuant to Rule 14a-8 promulgated under the Securities Exchange Act of 1934 for inclusion in our proxy statement and form of proxy for our 2017 Annual General Meeting of Shareholders must be received by us no later than December 2, 2018 and must comply with the requirements of the proxy rules promulgated by the SEC.

In accordance with our current bylaws, for a proposal of a shareholder to be raised from the floor and presented at our 2018 Annual General Meeting of Shareholders, other than a shareholder proposal intended to be included in our proxy statement and submitted pursuant to Rule 14a-8 promulgated under the Securities Exchange Act of 1934, a shareholder's notice must be delivered to, or mailed and received at, our principal executive offices, together with all supporting documentation required by our bylaws, (A) not prior to January 4, 2019 nor later than February 3, 2019 or (B) in the event that the 2018 Annual Meeting of Shareholders is held prior to April 3, 2018 or after June 2, 2018, notice by the shareholder must be so received no earlier than the 120th day prior to the annual meeting and not later than the later of the 70th day prior to the annual meeting or the 10th day following the day on which public announcement of the date of the meeting is first made. Shareholder proposals should be addressed to our Secretary at Essent Group Ltd., Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

## APPENDIX I

## RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

For the purposes of determining the achievement of the corporate performance goals for 2017, we did not include the impact of U.S. Federal corporate tax reform enacted in December 2017 since management does not view this one-time impact as indicative of our fundamental operating performance. Tax reform resulted in an \$85.1 million income tax benefit in 2017, reflecting the one-time impact of the reduced U.S. corporate income tax rate on our net deferred tax liability position.

The following table sets forth the reconciliation of financial measures excluding tax reform impact to the most comparable GAAP amounts for the year ended December 31, 2017:

(in thousands, except per share amounts)	Actual (GAAP)	2017 Adjustments to Exclude Tax Reform Impact	Actual Excluding Tax Reform Impact	
Diluted earnings per share (Diluted EPS)				
Net income	\$379,747	\$ (85,091 )	\$294,656	
Diluted weighted average shares outstanding	95,211	—	95,211	
Diluted EPS (1)	\$3.99		\$3.09	
Performance Goal Target Diluted EPS	\$2.80		\$2.80	
Variance to Performance Goal Target Diluted EPS (\$) (2)	\$1.19		\$0.29	
Diluted EPS for the year ended December 31, 2016	\$2.41		\$2.41	
Year-over-year growth (%) (3)	65.6	%	28.2	%
Return on Average Equity				
Net income	\$379,747	\$ (85,091 )	\$294,656	
Stockholders' equity at December 31, 2016	\$1,343,773	\$ —	\$1,343,773	
Stockholders' equity at December 31, 2017	\$1,940,436	\$ (85,091 )	\$1,855,345	
Average stockholders' equity (4)	\$1,642,105		\$1,599,559	
Return on average equity (5)	23.1	%	18.4	%

(1) Calculated as net income divided by diluted weighted average shares outstanding.

(2) Calculated as Diluted EPS less Performance Goal Target Diluted EPS.

(3) Calculated by dividing the difference between Diluted EPS for the years ended December 31, 2017 and 2016 by Diluted EPS for the year ended December 31, 2016.

(4) Calculated as a 2 point average of stockholders' equity at December 31, 2017 and 2016.

(5) Calculated as net income divided by average stockholders' equity.







