

UNITY BANCORP INC /NJ/  
Form DEF 14A  
March 25, 2013

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

SCHEDULE 14A

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

Filed by the Registrant  x

Filed by a Party other than the Registrant

Check the appropriate box:

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

UNITY BANCORP, 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):

x No fee required.

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(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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Unity Bancorp, Inc.

2013 PROXY

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UNITY BANCORP, INC.

64 Old Highway 22

Clinton, New Jersey 08809

March 22, 2013

Dear Shareholder:

You are cordially invited to attend the Annual Meeting of Shareholders (the “Annual Meeting”) of Unity Bancorp, Inc. (the “Company”) to be held at 3:00 p.m. on April 25, 2013, at the Grand Colonial Restaurant, 86 Route 173 West, Perryville (Hampton), New Jersey, (908-735-7889). At the Annual Meeting, shareholders will be asked to consider and vote upon:

1. The election of the three (3) nominees listed in the attached proxy statement to serve on the Board of Directors for the terms set forth therein for each nominee.
2. The approval of the following advisory (non-binding) proposal: “Resolved, that the shareholders approve the compensation of the Company’s named executive officers as described in the tabular disclosure regarding named executive officers (together with the accompanying narrative disclosure) in this Proxy Statement.”
3. The ratification of the selection of McGladrey LLP as the Company’s independent external auditors for the year ending December 31, 2013.
4. The adoption of the Company’s 2013 Stock Bonus Plan.
5. Such other business as may properly come before the Annual Meeting and at any adjournments thereof, including whether or not to adjourn the Annual Meeting.

Space is limited for the Annual Meeting. If you plan on attending the Annual Meeting, please mark the appropriate box on the proxy card so we can reserve enough space to accommodate all attendees.

Your cooperation is appreciated since a majority of the outstanding shares of Common Stock of the Company must be represented, either in person or by proxy, to constitute a quorum for the conduct of business. Whether or not you expect to attend, please sign, date and return the enclosed proxy card promptly in the postage-paid envelope provided so that your shares of Company Common Stock will be represented. In addition, please be kind enough to note on the proxy card whether or not you intend to be present at the Annual Meeting.

On behalf of the Board of Directors and all of the employees of the Company, I thank you for your continued interest and support.

Sincerely yours,

/s/ David D. Dallas

David D. Dallas

Chairman of the Board

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UNITY BANCORP, INC.

64 Old Highway 22

Clinton, New Jersey 08809

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD APRIL 25, 2013

Notice is hereby given that the 2013 Annual Meeting of Shareholders (the "Annual Meeting") of Unity Bancorp, Inc., (the "Company"), will be held on April 25, 2013 at 3:00 p.m. at the Grand Colonial Restaurant, 86 Route 173 West, Perryville (Hampton), New Jersey, (908-735-7889), for the purpose of considering and voting upon the following matters:

1. The election of the three (3) nominees listed in the attached proxy statement to serve on the Board of Directors for the terms set forth therein for each nominee.
2. The approval of the following advisory (non-binding) proposal: "Resolved, that the shareholders approve the compensation of the Company's named executive officers as described in the tabular disclosure regarding named executive officers (together with the accompanying narrative disclosure) in this Proxy Statement."
3. The ratification of the selection of McGladrey LLP as the Company's independent external auditors for the year ending December 31, 2013.
4. The adoption of the Company's 2013 Stock Bonus Plan.
5. Such other business as may properly come before the Annual Meeting and at any adjournments thereof, including whether or not to adjourn the Annual Meeting.

Shareholders of record at the close of business on March 1, 2013, are entitled to notice of, and to vote at, the Annual Meeting. If you plan on attending the Annual Meeting, please mark the appropriate box on the proxy card so we can reserve enough space to accommodate all attendees.

All shareholders are cordially invited to attend the Annual Meeting. Whether or not you contemplate attending the Annual Meeting, please execute the enclosed proxy and return it to the Company. You may revoke your proxy at any time prior to the exercise of the proxy by delivering to the Company a later-dated proxy or by delivering a written notice of revocation to the Company. A return envelope, which does not require postage if mailed in the United States, is enclosed for your convenience.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE  
SHAREHOLDERS' MEETING TO BE HELD ON APRIL 25, 2013:**

You may access the Annual Report, Proxy Statement and Proxy Card at the following website:

<http://www.sn1.com/IRWebLinkX/GenPage.aspx?IID=101233&GKP=205317>

By Order of the Board of Directors,

/s/ David D. Dallas

David D. Dallas

Chairman of the Board

March 22, 2013

Clinton, New Jersey

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UNITY BANCORP, INC.

64 Old Highway 22

Clinton, New Jersey 08809

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PROXY STATEMENT

ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD APRIL 25, 2013

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We are providing these proxy materials in connection with the solicitation by the Board of Directors of Unity Bancorp, Inc. (the “Company”) of proxies to be voted at the Company’s 2013 Annual Meeting of Shareholders (the “Annual Meeting”) to be held on April 25, 2013, and at any postponement or adjournment of the Annual Meeting.

You are cordially invited to attend the Annual Meeting, which will begin at 3:00 p.m. local time. The Annual Meeting will be held at the Grand Colonial Restaurant, 86 Route 173 West, Perryville (Hampton), New Jersey, (908-735-7889). Shareholders will be admitted beginning at 2:45 p.m. local time. (Directions: Route 78 West to Exit 12 to end of ramp, turn left onto Route 173 West and proceed to restaurant on right; or Route 78 East to Exit 11 to end of ramp, turn left on Route 614, turn right onto Route 173 East and proceed to restaurant.)

The Company is first mailing this proxy statement and proxy card (including voting instructions) on or about March 22, 2013, to persons who were Unity Bancorp, Inc. shareholders at the close of business on March 1, 2013, the record date for the Annual Meeting.

PROXIES AND VOTING PROCEDURES

Who Can Vote?



You are entitled to vote at the Annual Meeting all shares of the Company's Common Stock, no par value per share (the "Common Stock"), that you held as of the close of business on the record date. Each share of Common Stock is entitled to one vote with respect to each matter properly brought before the Annual Meeting.

On March 1, 2013, there were 7,534,174 shares of Common Stock outstanding.

In accordance with New Jersey law, a list of shareholders entitled to vote at the meeting will be available at the Annual Meeting.

#### Who Is a Record Holder?

You may own Common Stock either (1) directly in your name, in which case you are the record holder of such shares, or (2) indirectly through a broker, bank or other nominee, in which case such nominee is the record holder.

If your shares of Common Stock are registered directly in your name, the Company is sending these proxy materials directly to you. If the record holder of your shares of Common Stock is a nominee, you will receive proxy materials from such record holder.

## How Do I Vote?

### Record Holders:

**By Mail.** If you choose to vote by mail, mark your proxy, date and sign it, and return it in the postage-paid envelope provided. Your vote by mail must be received by the close of voting at the Annual Meeting on April 25, 2013.

**By Attending the Annual Meeting.** If you attend the Annual Meeting, you can vote your shares of Common Stock in person.

### Stock Held by Brokers, Banks and Nominees:

If your Common Stock is held by a broker, bank or other nominee, you will receive instructions from them that you must follow in order to have your shares voted.

If you plan to attend the Annual Meeting and vote in person, you will need to contact the broker, bank or other nominee to obtain evidence of your ownership of Common Stock on March 1, 2013.

The method by which you vote will in no way limit your right to vote at the Annual Meeting if you later decide to attend in person.

## How Many Votes Are Required?

A quorum is required to transact business at the Annual Meeting. The Company will have a quorum and be able to conduct the business of the Annual Meeting if the holders of a majority of the shares of Common Stock entitled to vote are present at the Annual Meeting, either in person or by proxy.

If a quorum is present, Directors will be elected by a plurality of votes cast at the Annual Meeting. Thus, a Director may be elected even if the Director receives less than a majority of the shares of Common Stock represented at the Annual Meeting. Approval of each of the other proposals requires the vote of a majority of those shares voting at the Annual Meeting.

## How Are Votes Counted?

All shares that have been properly voted, and not revoked, will be voted at the Annual Meeting in accordance with the instructions given. If you sign and return your proxy card, but do not specify how you wish your shares to be voted, your shares represented by that proxy will be voted “FOR” each of the proposals listed in the notice of meeting and as recommended by the Board of Directors on any other business to be conducted at the Annual Meeting. The Board is not aware of any other business to be conducted at the Annual Meeting.

Proxies marked as abstaining, and any proxies returned by brokers as “non-votes” on behalf of shares held in street name because beneficial owners’ discretion has been withheld as to one or more matters to be acted upon at the Annual Meeting, will be treated as present for purposes of determining whether a quorum is present at the Annual Meeting. However, any shares not voted as a result of a marked abstention or a broker non-vote will not be counted as votes for or against a particular matter. Accordingly, marked abstentions and broker non-votes will have no effect on the outcome of a vote.

## How does the Board recommend that I vote my shares?

Unless you give other instructions on your proxy card, the persons named as proxies on the card will vote in accordance with the recommendations of the Board of Directors. The Board’s recommendation is set forth together with the description of each item in this Proxy Statement. In summary, the Board recommends a vote:

FOR the election of nominees for Director to serve on the Board of Directors;

FOR approval of the advisory proposal on executive compensation;

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FOR ratification of McGladrey LLP as the Company's independent external auditors; and

FOR adoption of the 2013 Stock Bonus Plan.

#### How Can I Revoke My Proxy or Change My Vote?

You can revoke your proxy at any time before it is exercised by timely delivery of a properly executed, later-dated proxy or by voting in person at the Annual Meeting.

#### Who Will Pay the Expenses of Proxy Distribution?

The Company will pay the expenses of the preparation of proxy materials and the solicitation of proxies. Proxies may be solicited on behalf of the Company by Directors, officers or employees of the Company, who will receive no additional compensation for soliciting, in person or by telephone, e-mail, facsimile or other electronic means. In accordance with the regulations of the Securities and Exchange Commission ("SEC") and the Financial Industry Regulatory Authority ("FINRA"), the Company will reimburse brokerage firms and other custodians, nominees and fiduciaries for their expenses incurred in sending proxies and proxy materials to beneficial owners of Common Stock.

#### PROPOSAL 1 - ELECTION OF DIRECTORS

In accordance with the Certificate of Incorporation and the Bylaws of the Company, the Board of Directors must consist of not less than one (1) and not more than fifteen (15) Directors. The Board of Directors of the Company currently has ten (10) members. The Board of Directors is divided into three classes.

Three (3) Directors will be elected at this Annual Meeting to serve for three-year terms expiring at the Company's Annual Meeting in 2016 and until their successors are duly elected and qualified. All nominees are current members of the Company's Board of Directors.

The following tables set forth, as of the record date, the names of the nominees and the names of those Directors whose terms continue beyond the Annual Meeting, their ages, a brief description of their recent business experience, including present occupations and employment, certain Directorships held by each, the year in which each became a Director of the Company and the year in which their terms (or in the case of the nominees, their proposed terms) as Director of the Company expire.

The persons named in the enclosed proxy card will vote such proxy “FOR” the election of each of the nominees named below unless you indicate that your vote should be withheld. If elected, each nominee will continue in office until his successor has been duly elected and qualified, or until the earliest of his death, resignation, retirement or removal. Each of the nominees has indicated to the Company that he or she will serve if elected. The Company does not anticipate that any of the nominees will be unable to stand for election, but if that happens, your proxy will be voted in favor of another person nominated by the Board.

The Board of Directors has nominated and recommends a vote “FOR” the election of Mary E. Gross, James A. Hughes and Allen Tucker.

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Table I — Nominees for 2013 Annual Meeting

Name, Age and Position with Company(1)	Principal Occupation During Past Five Years	Director Since (2)	Term Expires
Mary E. Gross, 52 Director	Director of Career Management Services for The Wharton School MBA Program for Executives; Founder, Human Edge Resources, LLC	2009	2016
James A. Hughes, 54 President, CEO and Director	President and CEO of the Company and the Bank	2002	2016
Allen Tucker, 86 Vice Chairman	President, Tucker Enterprises Real Estate Builder and Investor	1995	2016

Table II – Directors of the Company Whose Terms Continue Beyond this Annual Meeting

Name, Age and Position with Company(1)	Principal Occupation During Past Five Years	Director Since (2)	Term Expires
Wayne Courtright, 65 Director	Consultant; Retired, Former Banker	2004	2014
David D. Dallas <sup>(3)</sup> , 58 Chairman	Chairman of the Company and the Bank; Chief Executive Officer of Dallas Group of America, Inc. (Chemicals)	1991	2014
Robert H. Dallas II <sup>(3)</sup> , 66 Director	President of Dallas Group of America, Inc. (Chemicals)	1991	2014
Peter E. Maricondo, 66 Director	Retired, Former Financial Consultant	2004	2014
Dr. Mark S. Brody, 60 Director	V.P. Planned Financial Programs, Inc.; Managing Member, Financial Planning Analysts, LLC; New York State Licensed Physician	2002	2015
Charles S. Loring, 71 Director	Owner, Charles S. Loring, Certified Public Accountant	1991	2015
Raj Patel, 58 Director	President/CEO of Raja Group, a distributor for convenience stores; CEO of Millennium Hospitality; Founder and Board Member of	2007	2015

Rainbow Investment Group, and Founder Rainbow  
Distribution Group.

1. Each Director of the Company is also a Director of the Bank.
2. Includes prior service on the Board of Directors of the Bank.
3. David D. Dallas and Robert H. Dallas, II, are brothers.

No Director of the Company is also a Director of any other company registered pursuant to Section 12 or 15(d) of the Securities Exchange Act of 1934 or any company registered as an investment company under the Investment Company Act of 1940.

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## GOVERNANCE OF THE COMPANY

### Meetings of the Board of Directors and Committee Meetings

During the fiscal year ended December 31, 2012, the Board of Directors of the Company held thirteen (13) meetings, and no Director attended fewer than 75% of the aggregate of (i) the meetings of the Board of Directors, and (ii) meetings of the Committees of the Board of Directors on which such Director served, other than Mr. Charles S. Loring, who was on a medical leave of absence beginning in October of 2012. The Board of Directors has determined that each of the following Directors of the Company is “independent” within the meaning of the NASDAQ’s listing standards: Dr. Mark S. Brody, Wayne Courtright, Mary E. Gross, Charles S. Loring, Peter E. Maricondo, Raj Patel and Allen Tucker, constituting a majority of the Board. In reviewing the independence of these Directors, the Board considered that Messrs. Brody, Courtright, Loring, Maricondo, Patel and Tucker and Ms. Gross engaged in ordinary course banking transactions with the Bank, including loans, if any, that were made in accordance with Federal Reserve Regulation O. The Company’s policy is to require all Directors to attend Annual Meetings of Shareholders absent extenuating circumstances. All of the Company’s Directors attended the Company’s 2012 Annual Meeting of Shareholders.

### Director Qualifications

**Dr. Mark S. Brody:** Dr. Mark S. Brody has been a Director of the Company and the Bank since 2002. Dr. Brody is also the Vice President of Planned Financial Programs, Inc.; Managing Member, Financial Planning Analysts, LLC, and is a New York State Licensed Physician. Dr. Brody has extensive experience in the financial markets and is considered to be an Audit Committee financial expert as such term is defined by SEC regulations. Dr. Brody is a prominent businessman in NJ and NY and has many contacts to generate new business.

**Wayne Courtright:** Wayne Courtright has been a Director of the Company and the Bank since 2004. Mr. Courtright is a retired banker, who has served in the capacity of Chief Lending Officer at several institutions. Mr. Courtright has extensive experience in the banking industry. Mr. Courtright is a prominent businessman in NJ and has many contacts to generate new business.

**David D. Dallas:** David D. Dallas has been a Director of the Company and the Bank since 1991 and is the current Chairman. Mr. Dallas is also the CEO of Dallas Group of America, Inc. Mr. Dallas has extensive experience as a developer/builder of real estate and has extensive knowledge of NJ markets. Mr. Dallas is a prominent businessman in NJ and has many contacts to generate new business.



Robert H. Dallas, II: Robert H. Dallas, II, has been a Director of the Company and the Bank since 1991. Mr. Dallas is the President of Dallas Group of America, Inc. Mr. Dallas has extensive experience as a developer/builder of real estate and has extensive knowledge of NJ markets. Mr. Dallas is a prominent businessman in NJ and has many contacts to generate new business.

Mary E. Gross: Mary E. Gross has been a Director of the Bank since 2009 and a Director of the Company since February, 2011. Ms. Gross is the founder of Human Edge Resources, LLC. She is the Director of Career Management Services for the MBA Program for Executives at The Wharton School, University of Pennsylvania. Ms. Gross holds an MBA from the Wharton School of the University of Pennsylvania and a Bachelor's degree in Accounting from the University of Maryland and is considered to be an Audit Committee financial expert as such term is defined by SEC regulations.

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**James A. Hughes:** James A. Hughes has been a Director of the Company and the Bank since 2002. Mr. Hughes has a Bachelor's degree in Accounting from Mount St. Mary's, a Master's degree in Business Administration from Seton Hall University and is a Certified Public Accountant. Prior to Unity Bank, Mr. Hughes was a Senior Vice President at Summit Bancorp and also worked in public accounting for KPMG. The Board believes that it is important that Mr. Hughes, as the senior managing officer of the Company and the Bank, participate in all Board deliberations and decisions.

**Charles S. Loring:** Charles S. Loring has been a Director of the Company and the Bank since 1991. Mr. Loring is self employed as a Certified Public Accountant. Mr. Loring has extensive financial experience and is considered to be an Audit Committee financial expert as such term is defined by SEC regulations. Mr. Loring is a prominent businessman in NJ and has many contacts to generate new business.

**Peter E. Maricondo:** Peter E. Maricondo has been a Director of the Company and a Director of the Bank since 2004. Mr. Maricondo is a retired financial consultant. Prior to financial consulting, Mr. Maricondo served as the Vice President/Corporate Controller at GPU, Inc. and the Vice President/Corporate Controller at NUI Corporation. He also worked in public accounting as a Certified Public Accountant with a major international accounting firm. Mr. Maricondo holds an MBA degree in Accounting from Seton Hall University and is considered to be an Audit Committee financial expert as such term is defined by SEC regulations.

**Raj Patel:** Raj Patel has been a Director of the Company since 2008 and a Director of the Bank since 2007. Mr. Patel is currently serving as the President and CEO of the Raja Group, a real estate acquisition company and CEO of Millennium Hospitality, a real estate holding company. Mr. Patel is also the founder of Rainbow Investments, a diverse business investment company. Mr. Patel holds a Bachelor's degree in Engineering from SP University in India. Mr. Patel is a prominent businessman in NJ and has many contacts to generate new business.

**Allen Tucker:** Allen Tucker has been a Director of the Company and the Bank since 1995 and is the current Vice Chairman. Mr. Tucker is also the President of Tucker Enterprises. Mr. Tucker has extensive experience as a developer/builder of real estate and has extensive knowledge of NJ markets. Mr. Tucker is a prominent businessman in NJ and has many contacts to generate new business.

## Diversity

Diversity in knowledge, skills and experience is considered by the Board of Directors when evaluating nominees. From time to time, the Board of Directors may develop specific additional selection criteria for Board membership, taking into consideration current Board composition and ensuring that the appropriate knowledge, skills and experience are represented.

## Board Leadership

Historically, the Company has separated the positions of CEO and Board Chairman, with the Board Chairman's position being filled by a non-employee member of the Board. The Board believes that this structure has been the most appropriate for the Company because it provides the Board with an additional diversity of views on managing the Company and provides the Board with greater independent leadership.

## Risk Oversight

Risk is an inherent part of the business of banking. Risks faced by the Bank include credit risk relating to its loans and interest rate risk related to its entire balance sheet. The Board of Directors oversees these risks through the adoption of policies and by delegating oversight to certain Board committees, including the Executive Loan and Risk Management Committees.

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## Audit Committee

The Company maintains an Audit Committee of the Board of Directors, which consisted of Chairman Peter E. Maricondo, and Directors Mark S. Brody, Wayne Courtright, Mary E. Gross and Charles S. Loring during the fiscal year ended December 31, 2012. The Audit Committee met five (5) times in 2012, and also held three (3) telephone conference calls with its external auditors in 2012. All Directors who serve on the Audit Committee are “independent” under the heightened NASDAQ listing standards and the SEC’s rules applicable to audit committees. The Board has determined that each of Messrs. Maricondo, Brody and Loring, and Ms. Gross, are considered “Audit Committee financial experts” as defined in Item 401(h) of the SEC’s Regulation S-K.

The Audit Committee is appointed by the Board of Directors to assist the Board in fulfilling its oversight responsibilities. The Board has adopted a written charter setting forth the functions of the Audit Committee. The functions of the Audit Committee are to: (i) monitor the integrity of the Company’s financial reporting process and systems of internal controls; (ii) monitor the independence and performance of the Company’s external audit and internal auditing functions and determine the engagement of the external and internal auditors; (iii) provide avenues of communication among the external and internal auditors and the Board of Directors; (iv) review and monitor compliance with the Company’s Bank Secrecy Act (“BSA”) policy, procedures and practices; and (v) review and monitor compliance with the Company’s policies, procedures and practices. The Audit Committee reviews this charter annually in order to assure compliance with current SEC and NASDAQ rule-making and to assure that the Audit Committee’s functions and procedures are appropriately defined and implemented. A copy of our Audit Committee charter is available on our website at [www.unitybank.com](http://www.unitybank.com).

The Audit Committee also reviews and evaluates the recommendations of the Company’s independent certified public accountant, receives all reports of examination of the Company and the Bank by regulatory agencies, analyzes such regulatory reports and informs the Board of the results of their analysis of the regulatory reports. In addition, the Audit Committee receives reports directly from the Company’s internal auditors and recommends any action to be taken in connection therewith.

## Human Resources (“HR”)/Compensation Committee

The HR/Compensation Committee consisted of Chairman Mark S. Brody, Directors Mary E. Gross and Peter E. Maricondo during the fiscal year ended December 31, 2012. The HR/Compensation Committee met three (3) times in 2012. As of the date hereof, Mark S. Brody, Mary E. Gross and Peter E. Maricondo are considered to be “independent” for purposes of NASDAQ Compensation Committee standards.

The HR/Compensation Committee is appointed by the Board of Directors to assist the Board in fulfilling its responsibilities with respect to human resources issues, policies relating to human resources and compensation of

employees, including executive compensation. The HR/Compensation Committee performs functions that include monitoring human resources and compensation issues and practices, both internally and in the marketplace, conducting surveys and studies as to these issues, keeping abreast of current developments in the relevant fields, developing compensation ranges/grades, human resources policies and employment manual updates. Based on the results of its activities, the HR/Compensation Committee sets the compensation for our executive officers and for the members of our Board. The HR/Compensation Committee does not delegate its authority regarding compensation. Currently, no consultants are engaged or used by the HR/Compensation Committee for purposes of determining or recommending compensation. The Board of Directors has adopted a written charter for the HR/Compensation Committee which is available on our website at [www.unitybank.com](http://www.unitybank.com).

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## HR/Compensation Committee Interlocks and Insider Participation

There are no Compensation Committee “interlocks,” which generally means that no executive officer of the Company or the Bank served as a director or member of the Compensation Committee of another entity one of whose executive officers serves as a member of the HR/Compensation Committee.

## Nomination Process

The Company does not maintain a separate Nominating Committee. The full Board of Directors, which is comprised of a majority of independent Directors within the meaning of the NASDAQ listing standards, performs the functions and fulfills the role of a nominating committee. In accordance with NASDAQ listing standards, each nominee selected by the Board must be approved by a majority of the independent Directors. The Company does not believe that a nominating committee is needed in light of the foregoing approval requirement and the fact that the Board consists largely of independent Directors. Although the Board has not adopted a formal written charter relating to its nominating procedures, it has adopted a resolution regarding the nomination process. The Board of Directors carefully considers all candidates for Director that are recommended by the Company’s shareholders, and the Board does not and will not evaluate such candidate recommendations any differently from the way it evaluates candidates recommended by the Board. In its evaluation of each proposed candidate, the Board considers many factors including, without limitation, the individual’s experience, character, demonstrations of judgment and ability, and financial and other special expertise. The Board is also authorized to obtain the assistance of an independent third party to complete the process of finding, evaluating and selecting suitable candidates for Director. Candidates must be at least 30 years old. Any shareholder who wishes to recommend an individual as a nominee for election to the Board of Directors should submit such recommendation in writing to the Corporate Secretary of the Company, together with information regarding the experience, education and general background of the individual and a statement as to why the shareholder believes such individual to be an appropriate candidate for Director of the Company. Such recommendation should be provided to the Company no later than the deadline for submission of shareholder proposals with respect to the annual meeting at which such candidate, if nominated by the Board, would be proposed for election.

## Communications with the Board of Directors

The Company encourages shareholder communications with the Board of Directors, but does not have a formal process. All such communications should be directed to the Chief Executive Officer of the Company, who will circulate them to the other members of the Board. The Board does not screen shareholder communications through management.

## Code of Ethics

The Company has adopted a Code of Ethics in accordance with SEC regulations, applicable to the Company's Chief Executive Officer, senior officers and the Board of Directors. Our Code of ethics is available on our website at [www.unitybank.com](http://www.unitybank.com).

#### INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Company's independent registered public accounting firm for the fiscal year ended December 31, 2012, was McGladrey LLP. Representatives of McGladrey LLP are expected to be present at the Annual Meeting and will have an opportunity to make a statement, if they desire to do so, and will be available to respond to appropriate questions.

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Fees Paid to the Company's Independent Registered Public Accounting Firm during Fiscal Years 2012 and 2011:

#### Audit Fees

The Company was billed the aggregate amount of \$161,856 for the fiscal year ended December 31, 2012, for professional services rendered by McGladrey LLP for its audit of the Company's Consolidated Financial Statements for 2012 and review of the Consolidated Financial Statements included in the Company's Forms 10-Q during 2012.

The Company was billed the aggregate amount of \$160,000 for the fiscal year ended December 31, 2011, for professional services rendered by McGladrey LLP for its audit of the Company's Consolidated Financial Statements for 2011 and review of the Consolidated Financial Statements included in the Company's Forms 10-Q during 2011.

#### All Other Fees

In addition to the fees set forth above under Audit Fees, the Company was billed \$21,000 for professional services related to the audit of the Company's 401(k) Plan in fiscal year 2012. The Audit Committee has considered whether the provision of these services is compatible with maintaining the independence of McGladrey LLP and approved such retentions.

In addition to the fees set forth above under Audit Fees, the Company was billed \$35,252 for professional services related to the Audit of the Company's 401(k) Plan and the filing of a Form S-8 in the fiscal year 2011. The Audit Committee has considered whether the provision of these services is compatible with maintaining the independence of McGladrey LLP and approved such retentions.

#### Pre-Approval of Audit and Permissible Non-Audit Services

The Audit Committee generally pre-approves all audit and permissible non-audit services provided by the independent external auditors. These services may include audit services, audit-related services, tax services and other services. The Audit Committee has adopted a policy for the pre-approval of services provided by the independent external auditors. Under the policy, pre-approval is generally provided for up to one year, and any pre-approval is detailed as to the particular service or category of services and is subject to a specific budget. For each proposed service, the independent auditor is required to provide detailed back-up documentation at the time of approval. The Audit Committee has approved an exception to this pre-approval policy, allowing Management to engage the



Company's independent auditor to provide permissible non-audit services, provided that the total cost of such services, in the aggregate, does not exceed \$10,000 in any year.

Management will then report the engagement to the Audit Committee at its next meeting. All audit and permissible non-audit services provided by McGladrey LLP to the Company for the fiscal years ended 2012 and 2011 were approved by the Audit Committee.

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## Report of the Audit Committee

The Audit Committee meets at least four (4) times per year to consider the adequacy of the Company's financial controls and the objectivity of its financial reporting. The Audit Committee meets with McGladrey LLP, the Company's independent registered public accounting firm and the Company's internal auditors, who have unrestricted access to the Audit Committee.

Management of the Company has primary responsibility for the Company's financial statements and the overall reporting process, including the Company's system of internal controls. The independent registered public accounting firm audits the financial statements prepared by Management, expresses an opinion as to whether those financial statements fairly represent the financial position, results of operations and cash flows of the Company in conformity with generally accepted accounting principles and discusses with the Audit Committee any issues they believe should be raised with the Committee.

In connection with this year's financial statements, the Audit Committee has reviewed and discussed the Company's audited financial statements with the Company's officers and McGladrey LLP, the Company's independent registered public accounting firm. The Audit Committee has discussed with McGladrey LLP the matters required to be discussed by Statement on Auditing Standards No. 61 (Communication with Audit Committees). The Audit Committee also received the written disclosures and letters from McGladrey LLP that are required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees) and have discussed such independence with representatives of McGladrey LLP.

Based on these reviews and discussions, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2012, for filing with the U.S. Securities and Exchange Commission.

Peter E. Maricondo, Chairman

Dr. Mark S. Brody

Wayne Courtright

Mary E. Gross

Charles S. Loring



## SECURITY OWNERSHIP OF CERTAIN BENEFICIAL

## OWNERS AND MANAGEMENT

The following table sets forth, as of February 8, 2013, certain information concerning the ownership of shares of Common Stock by (i) each person who is known by the Company to own beneficially more than five percent (5%) of the issued and outstanding Common Stock, (ii) each director and nominee for director of the Company, (iii) each named executive officer described in this Proxy Statement under the caption "Executive Compensation," and (iv) all Directors and Executive Officers of the Company as a group.

Name and Position With Company(1)	Number of Shares Beneficially Owned (2)	Percent of Class
Dr. Mark S. Brody, Director	707,794 (3)	9.36%
Wayne Courtright, Director	101,163 (4)	1.34%
David D. Dallas, Chairman	1,142,702 (5)	15.11%
Robert H. Dallas, II, Director	1,093,529 (6)	14.46%
Mary E. Gross, Director	7,100 (7)	0.07%
Charles S. Loring, Director	263,011 (8)	3.48%
Peter E. Maricondo, Director	25,761 (9)	0.34%
Raj Patel, Director	19,541 (10)	0.26%
Allen Tucker, Vice Chairman	306,202 (11)	4.05%
James A. Hughes, President and Director	89,806 (12)	1.19%
Alan J. Bedner, Exec. V.P. and Chief Financial Officer	56,928 (13)	0.75%
John J. Kauchak, Exec. V.P. and Chief Operating Officer	74,085 (14)	0.98%
Directors and Executive Officers of the Company as a Group (14 persons)	3,056,739 (15)	38.96%

1. The address for all listed persons is c/o Unity Bank, 64 Old Highway 22, Clinton, New Jersey, 08809.
2. Beneficially owned shares include shares over which the named person exercises either sole or shared voting power or sole or shared investment power. It also includes shares owned (i) by a spouse, minor children or relatives sharing the same home, (ii) by entities owned or controlled by the named person, and (iii) by other persons if the named person has the right to acquire such shares within sixty (60) days by the exercise of any right or option. Unless otherwise noted, all shares are owned of record and beneficially by the named person.
3. Includes 19,841 shares held jointly with his spouse. Also includes 59,429 shares registered to Financial Planning Analysts and owned by Dr. Brody; 1,169 shares in Dr. Brody's own name; 10,500 shares in an SEP-IRA account in his own name; and 579,443 shares held in a master account at Financial Planning Analysts over which Dr. Brody has no voting authority, but has dispositive power. Includes 28,753 shares issuable upon the exercise of immediately exercisable options. Also includes the following shares of Restricted Stock: 1,157 shares granted on December 30, 2005; 1,102 shares granted on January 25, 2007; 1,200 shares granted on December 10, 2009, which vest in 300 share increments over four (4) years commencing December 10, 2010; 1,200 shares granted on September 23, 2010, which vest in 300 share increments over four (4) years commencing September 23, 2011; 2,000 shares granted on November 17, 2011, which vest in 500 share increments over four (4) years commencing

November 17, 2012; and 2,000 shares granted on December 4, 2012, which vest in 500 share increments over four (4) years commencing December 4, 2013.

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4. Includes 75,117 shares in Mr. Courtright's own name and 17,387 shares issuable upon the exercise of immediately exercisable options. Also includes the following shares of Restricted stock: 1,157 shares granted on December 30, 2005; 1,102 shares granted on January 25, 2007; 1,200 shares granted on December 10, 2009, which vest in 300 share increments over four (4) years commencing December 10, 2010; 1,200 shares granted on September 23, 2010, which vest in 300 shares increments over four (4) years commencing September 23, 2011; 2,000 shares granted on November 17, 2011, which vest in 500 share increments over four (4) years commencing November 17, 2012; and 2,000 shares granted on December 4, 2012, which vest in 500 share increments over four (4) years commencing December 4, 2013.
5. Includes 250,137 shares in Mr. Dallas' own name and 28,753 shares issuable upon the exercise of immediately exercisable options. Shares also disclosed as beneficially owned by Mr. Dallas include 38,413 shares held by Trenton Liberty Ins. Co. and 794,585 shares held by Dallas Financial Holdings, LLC., which are also disclosed as beneficially owned by Mr. Robert H. Dallas II; and 22,155 shares held in the David D. Dallas, II 1999 Exempt Testamentary Trust. Also includes the following shares of Restricted Stock: 1,157 shares granted on December 30, 2005; 1,102 shares granted on January 25, 2007; 1,200 shares granted on December 10, 2009, which vest in 300 share increments over four (4) years commencing December 10, 2010; 1,200 shares granted on September 23, 2010, which vest in 300 shares increments over four (4) years commencing September 23, 2011; 2,000 shares granted on November 17, 2011, which vest in 500 share increments over four (4) years commencing November 17, 2012; and 2,000 shares granted on December 4, 2012, which vest in 500 share increments over four (4) years commencing December 4, 2013.
6. Includes 200,964 shares in Mr. Dallas' own name and 28,753 shares issuable upon the exercise of immediately exercisable options. Shares also disclosed as beneficially owned by Mr. Dallas include 38,413 shares held by Trenton Liberty Ins. Co.; and 794,585 shares held by Dallas Financial Holdings, LLC., which are also disclosed as beneficially owned by David D. Dallas; and 22,155 shares held in the Robert H. Dallas, II 1999 Exempt Testamentary Trust. Also includes the following shares of Restricted Stock: 1,157 shares granted on December 30, 2005; 1,102 shares granted on January 25, 2007; 1,200 shares granted on December 10, 2009, which vest in 300 share increments over four (4) years commencing December 10, 2010; 1,200 shares granted on September 23, 2010, which vest in 300 share increments over four (4) years commencing September 23, 2011; 2,000 shares granted on November 17, 2011, which vest in 500 share increments over four (4) years commencing November 17, 2012; and 2,000 shares granted on December 4, 2012, which vest in 500 share increments over four (4) years commencing December 4, 2013.
7. Includes 900 shares in Ms. Gross' own name. Also includes the following shares of Restricted Stock: 1,000 shares granted on December 10, 2009, which vest in 250 share increments over four (4) years commencing December 10, 2010; 1,200 shares granted on September 23, 2010, which vest in 300 share increments over four (4) years commencing September 23, 2011; 2,000 shares granted on November 17, 2011, which vest in 500 share increments over four (4) years commencing November 17, 2012; and 2,000 shares granted on December 4, 2012, which vest in 500 share increments over four (4) years commencing December 4, 2013.
8. Includes 163,232 shares in Mr. Loring's own name; 17,280 shares held by Mr. Loring's spouse in her name; 28,944 shares owned jointly with his spouse; and 16,143 shares held by The Loring Partnership. Also includes 28,753 shares issuable upon the exercise of immediately exercisable options. Mr. Loring disclaims beneficial ownership of the shares held by his spouse in her own name. Also includes the following shares of Restricted Stock: 1,157 shares granted on December 30, 2005; 1,102 shares granted on January 25, 2007; 1,200 shares granted on December 10, 2009, which vest in 300 share increments over four (4) years commencing December 10, 2010; 1,200 shares granted on September 23, 2010, which vest in 300 shares increments over four (4) years commencing September 23, 2011; 2,000 shares granted on November 17, 2011, which vest in 500 share increments over four (4) years commencing November 17, 2012; and 2,000 shares granted on December 4, 2012, which vest in 500 share increments over four (4) years commencing December 4, 2013.



9. Includes 122 shares in Mr. Maricondo's own name and 16,980 shares issuable upon the exercise of immediately exercisable options. Also includes the following shares of Restricted Stock: 1,157 shares granted on December 30, 2005; 1,102 shares granted on January 25, 2007; 1,200 shares granted on December 10, 2009, which vest in 300 share increments over four (4) years commencing December 10, 2010; 1,200 shares granted on September 23, 2010, which vest in 300 shares increments over four (4) years commencing September 23, 2011; 2,000 shares granted on November 17, 2011, which vest in 500 share increments over four (4) years commencing November 17, 2012; and 2,000 shares granted on December 4, 2012, which vest in 500 share increments over four (4) years commencing December 4, 2013.
  10. Includes 941 shares in Mr. Patel's own name and 12,200 shares issuable upon the exercise of immediately exercisable options. Also includes the following shares of Restricted Stock: 1,200 shares granted on December 10, 2009, which vest in 300 share increments over four (4) years commencing December 10, 2010; 1,200 shares granted on September 23, 2010, which vest in 300 shares increments over four (4) years commencing September 23, 2011; 2,000 shares granted on November 17, 2011, which vest in 500 share increments over four (4) years commencing November 17, 2012; and 2,000 shares granted on December 4, 2012, which vest in 500 share increments over four (4) years commencing December 4, 2013.
  11. Includes 226,850 shares in Mr. Tucker's own name; 28,753 shares issuable upon the exercise of immediately exercisable options; and 41,940 shares held by Mr. Tucker's spouse in her name. Mr. Tucker disclaims beneficial ownership of the shares held by his spouse in her own name. Also includes the following shares of Restricted Stock: 1,157 shares granted on December 30, 2005; 1,102 shares granted on January 25, 2007; 1,200 shares granted on December 10, 2009, which vest in 300 share increments over four (4) years commencing December 10, 2010; 1,200 shares granted on September 23, 2010, which vest in 300 shares increments over four (4) years commencing September 23, 2011; 2,000 shares granted on November 17, 2011, which vest in 500 share increments over four (4) years commencing November 17, 2012; and 2,000 shares granted on December 4, 2012, which vest in 500 share increments over four (4) years commencing December 4, 2013.
  12. Includes 34,663 shares in Mr. Hughes' own name, 3,069 of which are held in his 401(k), and 25,876 shares issuable upon the exercise of immediately exercisable options. Also includes the following shares of Restricted Stock: 1,216 shares granted on December 31, 2004; 2,894 shares issued on December 30, 2005; 3,307 shares granted on January 25, 2007; 2,100 shares granted on February 29, 2008, which vest in 525 share increments over four (4) years commencing February 29, 2009; 1,050 shares granted on April 2, 2008, which vest in 263 share increments over four (4) years commencing April 2, 2009; 1,200 shares granted on December 17, 2009, which vest in 500 share increments over four (4) years commencing December 17, 2010; 7,500 shares granted on May 26, 2011, which vest in 1,875 increments over four (4) years commencing May 26, 2012; and 10,000 shares granted on November 17, 2011, which vest in 2,500 share increments over four (4) years commencing November 17, 2012. However, pursuant to the regulations of the United States Treasury implementing the Capital Purchase Program ("CPP"), the above-mentioned shares of Restricted Stock granted after 2008 will not begin vesting until the Company has repaid all financial assistance provided to the Company under the CPP; thereafter, these shares will vest ratably over a four-year period. Shares granted prior to 2008 vest over a four-year period.
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13. Includes 2,378 shares held in Mr. Bedner's 401(k), and 46,450 shares issuable upon the exercise of immediately exercisable options. Also includes the following shares of Restricted Stock: 2,100 shares granted on February 29, 2008; 3,000 shares granted on May 26, 2011, which vest in 750 share increments over four (4) years commencing May 26, 2012; and 3,000 shares granted on November 17, 2011, which vest in 750 share increments over four (4) years commencing November 17, 2012.
14. Includes 26,250 shares in Mr. Kauchak's own name and includes 37,392 shares issuable upon the exercise of immediately exercisable options. Also includes the following shares of Restricted Stock: 1,216 shares granted on December 31, 2004; 2,025 shares granted on December 30, 2005; 1,102 shares granted on January 25, 2007; 2,100 shares granted on February 29, 2008; 2,000 shares granted on May 26, 2011, which vest in 500 share increments over four (4) years commencing May 26, 2012; and 2,000 shares granted on November 17, 2011, which vest in 500 shares increments over four (4) years commencing November 17, 2012.
15. Includes 312,250 shares issuable upon the exercise of immediately exercisable options.

None of the shares disclosed on the table above are pledged as security for any extension of credit.

## EXECUTIVE COMPENSATION

The following table sets forth compensation paid to the Chief Executive Officer and the next two (2) other most highly compensated executive officers of the Company earning in excess of \$100,000 (the “named executive officers”) as of the fiscal year ended December 31, 2012.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)*	Option Awards (\$)**	Non-equity Incentive Plan Compensation	All Other Compensation (\$)***	Total (\$)
James A. Hughes Pres./CEO	2012	262,978	-	-	-	-	19,983	282,961
Alan J. Bedner EVP/CFO	2011	252,863	-	113,950	-	-	16,914	383,727
John J. Kauchak EVP/COO	2012	171,325	12,500	-	-	-	7,454	191,279
	2011	164,736	19,800	39,180	90,246	-	6,502	320,464
	2012	157,856	8,500	-	-	-	7,383	173,739
	2011	153,258	14,474	26,120	60,164	-	5,333	259,349

\*Restricted Stock

\*\*Non-Qualified Stock Options

\*\*\*Other compensation includes deferred compensation interest, 401(k) match, auto allowance, country club membership/fees.

The Company and the Bank entered into a First Amendment to Employment Agreement with Mr. Hughes on May 26, 2005, revising the March 23, 2004, Employment Agreement with Mr. Hughes with respect to his services as President of the Company and the Bank. Under this First Amendment to Employment Agreement, Mr. Hughes will receive an annual base salary, subject to annual review and, in the discretion of the HR/Compensation Committee of the Board of Directors of the Company (“Committee”), adjustment based on factors deemed appropriate by the Committee. Mr. Hughes may also receive such additional cash bonuses as the Committee may authorize in its discretion. Mr. Hughes is entitled to participate in such benefit programs as are made available to employees of the Company, and to participate in such stock option or stock bonus plans as the Committee may, in its discretion, determine. Mr. Hughes’ agreement contains provisions for the payment of severance and payments upon a change in control. See “Potential Payments upon Termination or Change in Control.”

On December 5, 2008, the Company completed a financing transaction with the United States Treasury under the Troubled Asset Relief Program (“TARP”). As a result of the passage of the American Recovery and Reinvestment Act (“ARRA”) of 2009, all participants in TARP transactions are required to comply with substantial restrictions on executive compensation. These restrictions impact the terms of Mr. Hughes’ employment agreement and those other agreements described under “Potential Payments Upon Termination or Change in Control.” See “Recent Legislation and

its Impact on Executive Compensation.”

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## OPTION EQUITY AWARDS AT FISCAL YEAR-END (12/31/12)

Name	Option Awards					Stock Awards			Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Other Rights That Have Not Vested (#)
	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Unexercisable (#)	Equity Incentive Plan Awards; Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock of That Have Not Vested (#)	Market Value of Shares or Units of Stock of That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	
James A. Hughes	7,658	-	-	8.83	12/18/2013	1,200	7,488	-	-
	7,718	-	-	12.62	1/25/2017	7,500	46,800	-	-
	7,350	-	-	7.70	2/28/2018	10,000	62,400	-	-
	3,150	-	-	7.48	4/2/2018	-	-	-	-
Alan J. Bedner	6,382	-	-	8.86	11/20/2013	2,250	14,040	-	-
	7,718	-	-	12.62	1/25/2017	2,250	14,040	-	-
	7,350	-	-	7.70	2/28/2018	-	-	-	-
	15,000	-	-	3.98	12/10/2019	-	-	-	-
	5,000	10,000	-	6.66	5/26/2021	-	-	-	-
	5,000	10,000	-	6.40	11/17/2021	-	-	-	-
John J. Kauchak	7,658	-	-	8.83	12/18/2013	1,500	9,360	-	-
	7,718	-	-	12.62	1/25/2017	1,500	9,360	-	-
	7,350	-	-	7.70	2/28/2018	-	-	-	-
	8,000	-	-	3.98	12/10/2019	-	-	-	-
	3,334	6,666	-	6.66	5/26/2021	-	-	-	-
	3,334	6,666	-	6.40	11/17/2021	-	-	-	-

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

Mr. Hughes' employment may be terminated at any time for "cause" as defined in the Employment Agreement, or without "cause." In the event that Mr. Hughes is terminated without "cause" or resigns for "good cause" (as defined under the Employment Agreement and discussed below), he is entitled to receive a severance amount equal to 18 months of his then current base salary. Such amount shall be paid in one lump sum payment (within 30 days of the termination of Mr. Hughes' employment). Mr. Hughes will also continue to receive medical, life insurance and other benefits to which he had been entitled at the date of termination for such 18-month period, unless and until Mr. Hughes obtains new employment during such period and such new employment provides for such benefits to be provided to Mr. Hughes. "Good Cause" under the Employment Agreement includes a material reduction in Mr. Hughes' duties and responsibilities or any reduction in his base salary. If Mr. Hughes' employment were terminated without cause at December 31, 2012, or if he resigned for good cause at December 31, 2012, he would receive a severance payment equal to \$394,467.

In addition, if Mr. Hughes' employment with the Company or any successor terminates within 18 months after a "change in control" of the Company, as defined under the Employment Agreement (regardless of the reason for such termination), Mr. Hughes will be entitled to receive an amount equal to the greater of (i) 36 times Mr. Hughes' monthly base salary (pro-rated based upon his annual base salary at the date of termination), or (ii) three times the amount of Mr. Hughes' annual base salary at the date of termination, plus three times the aggregate amount of any cash bonuses paid to Mr. Hughes during the preceding fiscal year. Such amount shall be paid in one lump sum payment (within 30 days of the termination of Mr. Hughes subsequent to a "Change in Control"). The Company, or its successor, will be required to maintain Mr. Hughes' hospital, health, medical and life insurance coverage during the 36-month period following his termination, unless and until Mr. Hughes obtains new employment during such period and such new employment provides for such benefits to be provided to Mr. Hughes. All unvested stock options and stock awards previously granted to Mr. Hughes shall accelerate and immediately vest upon the occurrence of a change in control. If a change in control occurred at December 31, 2012, and Mr. Hughes' employment terminated, he would have been entitled to a payment of \$788,934.

Mr. Hughes' employment agreement defines a change in control as including: any event requiring the filing of a Current report on Form 8-K to announce a change in control; any person acquiring 25% or more of the Company's voting power; if persons who serve on the Board at the beginning of the period fail to make up a majority of the Board at the end of the period; if the Company fails to satisfy the listing criteria for any exchange on which its shares are traded due to the number of shareholders or the number of round lot holders; or if the Board of the Company approves any transaction after which the shareholders of the Company fail to control 51% of the voting power of the resulting entity.

Furthermore, if Mr. Hughes' employment with the Company terminates within 18 months after the Company consummates a "Significant Acquisition," as defined under the Employment Agreement (regardless of the reason for such termination), Mr. Hughes will be entitled to receive an amount equal to the greater of (a) 36 times Mr. Hughes' monthly base salary (pro-rated based upon his annual base salary at the date of termination), or (b) three times the amount of Mr. Hughes' annual base salary at the date of termination, plus three times the aggregate amount of any cash

bonuses paid to Mr. Hughes during the preceding fiscal year. Such amount shall be paid, at the option of Mr. Hughes, in one lump sum payment (within 30 days of the termination of Mr. Hughes subsequent to a “Significant Acquisition”) or over a 36-month period. In the event Mr. Hughes elects to receive such amount over a 36-month period, the Company will be required to maintain Mr. Hughes’ hospital, health, medical and life insurance benefits coverage during such 36-month period, unless and until Mr. Hughes obtains new employment during such period and such new employment provides for such benefits to be provided to Mr. Hughes. In the event Mr. Hughes becomes entitled to the foregoing amounts due to this termination within 18 months of a Significant Acquisition, all unvested stock options or stock awards previously granted to Mr. Hughes shall accelerate and immediately vest upon such termination. Had a Significant Acquisition occurred at December 31, 2012, and Mr. Hughes received a lump sum payment under these provisions, his severance payment would have equaled \$788,934.

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“Significant Acquisition” under the Employment Agreement means an acquisition by the Company pursuant to which, as all or part of the consideration for such acquisition, the Company issues to the shareholders of the acquired entity such number of voting securities as shall equal 25% or more of the then outstanding voting securities of the Company. Mr. Hughes’ Employment Agreement has a term of three (3) years; however, for each day elapsed during the term, a day will be added at the end of the term so that the term will be extended on a rolling basis to be three (3) years at any point in time, unless either party shall have provided written notice to the other of its desire to cease such extensions. In addition, the term of Mr. Hughes’ Employment Agreement shall terminate immediately upon the occurrence of any of the following: (i) the Company’s entering into a Memorandum of Understanding with the FDIC or the New Jersey Department of Banking and Insurance; (ii) a cease-and-desist order being issued with respect to the Company by the FDIC or the New Jersey Department of Banking and Insurance; or (iii) the receipt by the Company of any notice under a federal or state law which (in any way) restricts the payment of any amounts or benefits which may become due under Mr. Hughes’ Employment Agreement.

recent legislation and its impact on executive compensation

On February 17, 2009, the American Recovery and Reinvestment Act became law. Under the Act, all institutions that have received government investment under the TARP are required to comply with new executive compensation restrictions. Among other things, these restrictions prohibit the payment of severance to an institution’s senior executive officers upon their departure from the institution for any reason. In addition, for institutions like the Company that have received less than \$25 million under the TARP, the institution’s highest paid executive officer may not receive a “bonus,” which term is broadly defined and includes grants of stock options, but may receive a bonus in the form of restricted stock provided that the restricted stock does not vest until the Treasury’s investment is redeemed. These restrictions remain in place for so long as the government’s investment in the institution is outstanding.

On December 5, 2008, the Company completed a financing transaction with the United States Treasury under the TARP. The Company is, therefore, subject to these restrictions and would be unable to make any of the payments described above under the caption “Potential Payments Upon Termination or Change in Control.”

## Director Compensation

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)	Option Awards (\$)	All Other Compensation (\$)	Total (\$)
Dr. Mark S. Brody (1)	10,500	12,180	-	8,000	30,680
Wayne Courtright (2)	19,300	12,180	-	8,000	39,480
Dave D. Dallas (3)	15,900	12,180	-	8,000	36,080
Robert H. Dallas, II (4)	14,500	12,180	-	8,000	34,680
Mary E. Gross (5)	10,200	12,180	-	8,000	30,380
Charles S. Loring (6)	8,100	12,180	-	8,000	28,280
Peter E. Maricondo (7)	11,200	12,180	-	8,000	31,380
Raj Patel (8)	14,500	12,180	-	8,000	34,680
Allen Tucker (9)	18,300	12,180	-	8,000	38,480

1. At December 31, 2012, Dr. Brody held exercisable options to purchase 28,753 shares of stock.
2. At December 31, 2012, Mr. Courtright held exercisable options to purchase 17,387 shares of stock.
3. At December 31, 2012, Mr. D. Dallas held exercisable options to purchase 28,753 shares of stock.
4. At December 31, 2012, Mr. R. Dallas held exercisable options to purchase 28,753 shares of stock.
5. At December 31, 2012, Ms. Gross held exercisable options to purchase 0 shares of stock.
6. At December 31, 2012, Mr. Loring held exercisable options to purchase 28,753 shares of stock.
7. At December 31, 2012, Mr. Maricondo held exercisable options to purchase 16,980 shares of stock.
8. At December 31, 2012, Mr. Patel held exercisable options to purchase 12,200 shares of stock.
9. At December 31, 2012, Mr. Tucker held exercisable options to purchase 28,753 shares of stock.

Directors of the Company do not receive per meeting fees for their service on the Company's Board of Directors. The Bank's Board of Directors received an \$8,000 retainer for service on the Board of Directors in 2012. Directors also receive cash compensation for their service on the Board of Directors of the Bank. Directors receive \$600 for attendance at each Bank Board of Directors' meeting, and between \$200 and \$600 for attendance at each Bank Committee meeting. The Chairman of the Board and the Chairman of each individual Committee receive an additional \$100 per meeting.

The Directors are eligible to participate in the Company's stock bonus and stock option plans. During 2012, the Company's non-employee Directors each received 2,000 shares of restricted stock granted at a fair value of \$6.09 per share, which vest in 500 share increments over four (4) years commencing December 4, 2013.

## Management and Director Deferred Fee Plan



Each of the Directors of the Company has the option to elect to defer up to 100% of his or her respective retainer and Board fees. The crediting rate of the deferred account balance is equal to the prime rate plus 100 basis points with a minimum of 4% and a maximum of 10%, adjusted annually and compounded monthly. Each Director is 100% vested in his deferred account balance. The retirement age under the plan is 65, and the benefit payment is paid in annual installments for 10 years or as a lump sum. The death benefit under the plan is 100% of the account balance paid to the participant's beneficiary in annual installments for 10 years or a lump sum if death occurs prior to retirement. During the Company's fiscal year ended December 31, 2012, Director Mark S. Brody received interest on his account balance of \$7,515.71 and Director Charles S. Loring received interest on his account balance of \$403.41.

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Interest of Management and Others in Certain Transactions; Review, Approval or Ratification of Transactions with Related Persons

The Bank has made in the past and, assuming continued satisfaction of generally applicable credit standards, expects to continue to make loans to Directors, executive officers and their associates (i.e., corporations or organizations for which they serve as officers or Directors, or in which they have beneficial ownership interest of ten percent or more). These loans have all been made in the ordinary course of the Bank's business on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons not related to the lender and do not involve more than the normal risk of collectability or represent other unfavorable features.

Other than the ordinary course lending transactions described above, which must be approved by the Bank's Board under bank regulatory requirements, all related party transactions are reviewed and approved by our Audit Committee. This authority is provided to our Audit Committee under its written charter. In reviewing these transactions, our Audit Committee seeks to ensure that the transaction is no less favorable to the Company than a transaction with an unaffiliated third party. During 2012 and 2011, there were no transactions with related parties which would not have been required to be approved by our Audit Committee, and there were no related party transactions not approved by our Audit Committee.

In addition, the Company leases its Clinton, New Jersey, headquarters from a partnership in which Messrs. David D. Dallas and Robert H. Dallas, II are partners. Under the lease for such facility, such partnership received aggregate rental payments of \$416,000 in 2011 and \$427,000 in 2012. These rent payments reflect market rent, and the lease reflects terms that are comparable to those that could have been obtained in a lease with an unaffiliated third party.

Required Vote

DIRECTORS WILL BE ELECTED BY A PLURALITY OF THE VOTES CAST AT THE ANNUAL MEETING WHETHER IN PERSON OR BY PROXY.

Recommendation

THE BOARD OF DIRECTORS RECOMMENDS THAT THE STOCKHOLDERS VOTE "FOR" THE NOMINEES SET FORTH ABOVE.

PROPOSAL 2 - ADVISORY VOTE ON EXECUTIVE PAY-FOR-PERFORMANCE

COMPENSATION

Under the ARRA, companies that participate in any assistance programs administered by the United States Department of the Treasury, including the CPP, are required to provide shareholders the opportunity to vote on a non-binding advisory proposal to approve the compensation of executives. The Company closed an investment with the U.S. Treasury under the CPP on December 5, 2008. Accordingly, the Company's shareholders are entitled to cast a non-binding advisory vote on the compensation of the Company's executive officers.

The Company has decided to implement this requirement by providing shareholders a simple vote that indicates their position (by a yes or no vote) with respect to the level of the Company's overall executive compensation.

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Our HR/Compensation Committee of the Board of Directors of the Company (“Committee”), annually reviews and approves corporate and/or individual goals and objectives relevant to the compensation of our executive officers, evaluates performance in light of those goals and objectives, and sets levels of compensation based on this evaluation. In determining any long-term incentive component of compensation, the Committee will consider all such factors as it deems relevant, such as the Company’s performance and relative shareholder return, the value of similar incentive awards at comparable companies and the awards granted in previous years. We also believe that both the Company and shareholders benefit from these compensation policies.

The Board recommends that shareholders approve, in an advisory vote, the following resolution:

“Resolved, that the shareholders approve the overall executive compensation of the Company as described in this proxy statement, including the tabular disclosure regarding the Company’s named executive officers contained herein.”

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

#### Required Vote

approval of the advisory proposal requires the affirmative vote of a majority of the votes cast at the annual meeting whether in person or by proxy.

#### Recommendation

The board of directors recommends that the sHAREholders vote “for” the advisory proposal set forth above.

**PROPOSAL 3 – THE RATIFICATION OF THE SELECTION OF McGladrey LLP AS THE COMPANY’S INDEPENDENT EXTERNAL AUDITORS FOR THE YEAR ENDING DECEMBER 31, 2013.**

The Audit Committee has appointed the firm of McGladrey LLP to act as our independent registered public accounting firm and to audit our Consolidated Financial Statements for the fiscal year ending December 31, 2013. This appointment will continue at the pleasure of the Audit Committee and is presented to the shareholders for ratification as a matter of good governance. In the event that this appointment is not ratified by our shareholders, the Audit Committee will consider that fact when it selects the independent auditors for the following fiscal year.

#### Required Vote

the selection of McGladrey LLP will be ratified by the affirmative vote of a majority of the votes cast at the annual meeting whether in person or by proxy.

#### Recommendation

THE BOARD OF DIRECTORS RECOMMENDS THAT THE SHAREHOLDERS RATIFY THE COMPANY'S SELECTION OF McGladrey LLP.

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PROPOSAL 4 - THE APPROVAL OF UNITY BANCORP, INC.

2013 STOCK bonus PLAN

Description of the 2013 Plan and Vote Required:

On February 21, 2013, the Board of Directors adopted the Unity Bancorp, Inc. 2013 Stock Bonus Plan (the “2013 Plan”) and directed that the 2013 Plan be submitted to the shareholders for approval at the 2013 Annual Meeting. The 2013 Plan will become effective if approved by a majority of the votes cast by holders of the shares of the Company’s Common Stock voting in person or by proxy at the Annual Meeting. The Company believes that the 2013 Plan will enable it to attract and continue to appoint and employ qualified directors, officers and employees by providing them with equity based compensation. Although the shareholders have previously approved other equity compensation plans, those plans have been substantially exhausted; and, accordingly, the Company believes that it is in the best interests of the Company to adopt the 2013 Plan.

The purpose of the 2013 Plan is to provide directors, officers and employees of the Company, the Bank, and any subsidiaries the Company may acquire or form, with a proprietary interest in the Company as an incentive to encourage such persons to promote the growth and profitability of the Company and the Bank and remain in service with the Company and the Bank, and to reward such persons for the past performance of the Company and the Bank. The following summary of the material features of the 2013 Plan is qualified in its entirety by the full text of the 2013 Plan, a copy of which is attached to this Proxy Statement as Exhibit A.

Summary of the 2013 Plan:

Up to 250,000 shares of the Company’s Common Stock may be awarded under the 2013 Plan, subject to adjustment in the event of certain capital changes in the Company. Directors, officers and employees of the Company, the Bank, and of any subsidiaries that the Company may acquire or form, are eligible to be awarded bonuses under the 2013 Plan in the form of shares of the Company’s Common Stock.

The 2013 Plan will be administered by the HR/Compensation Committee of the Board of Directors of the Company, (the “Committee”), which will have the authority to determine the persons to whom share bonuses will be granted, the amount of each share bonus, and any other terms and conditions applicable to a share bonus (which terms and conditions may not be identical for all participants or with respect to all awards). The Committee also has the authority to establish such rules and regulations as it may deem necessary or appropriate for the proper administration of the 2013 Plan. The Company anticipates filing a registration statement under the Securities Act of 1933, as amended, with respect to the shares of Common Stock issuable under the 2013 Plan.

Federal Income Tax Consequences of the 2013 Plan:

In general, bonus share grants will be taxed as compensation income to the grant recipient at the full fair market value of the Common Stock underlying the grant on the date of grant. The Company is entitled to an income tax deduction for the amount of compensation paid to a participant under the 2013 Plan. If the bonus shares are subject to forfeiture, absent an election under section 83(b) of the Internal Revenue Code of 1986, as amended (the "Code"), the bonus share grant will be taxed to the grant recipient as compensation income at the fair market value of the Common Stock underlying the grant, and the Company will be entitled to an income tax deduction for such amount, as of the date the risk of forfeiture is eliminated. If the grant recipient makes a timely election under section 83(b) of the Code, the bonus share grant will be taxed as compensation income to the grant recipient at the fair market value of the Common Stock underlying the grant, without regard to any risk of forfeiture, on the date of grant, and the Company will be entitled to an income tax deduction in such amount as of the same date.

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Termination of and Amendments to the 2013 Plan:

No awards may be made under the 2013 Plan after the expiration of ten (10) years from the date of adoption of the 2013 Plan. The Committee may amend the 2013 Plan from time to time, or terminate the 2013 Plan at any time, in each case in its discretion, but no such action shall reduce any award granted prior to the date of such action, or change any of the terms or conditions applicable to such existing award without the consent of the award recipient.

No awards have been made under the 2013 Plan as of the date of this Proxy statement.

The following table provides information with respect to the equity securities that are authorized for issuance under our equity compensation plans as of December 31, 2012:

Equity Compensation Plan Information

	Number of securities to be issued upon exercise of outstanding options, warrants and rights (A)	Weighted-average exercise price of outstanding options, warrants and rights (B)	Number of securities remaining available for issuance under equity compensation plans (excluding securities reflected in column (A)) (C)
Equity compensation plans approved by security holders	90,975	-	18,663
Equity compensation plans not approved by security holders	-	-	-
Total	90,975	\$ -	18,663

Recommendation



The Board of Directors recommends that the shareholders vote FOR the approval of the 2013 Stock BONUS Plan.

#### OTHER MATTERS

The Board of Directors is not aware of any matters other than those set forth in this proxy statement that will be presented for action at the Annual Meeting. However, if any other matter should properly come before the Annual Meeting, the persons authorized by the accompanying proxy will vote and act with respect thereto in what, according to their judgment, is in the interests of the Company and its shareholders.

#### INCORPORATION BY REFERENCE

To the extent that this proxy statement has been or will be specifically incorporated by reference into any other filing of the Company under the Securities Act of 1933 or the Securities Exchange Act of 1934, the section of this proxy statement entitled "Report of the Audit Committee" (to the extent permitted by the rules of the SEC), shall not be deemed to be so incorporated, unless specifically otherwise provided in such filing.

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COMPLIANCE WITH SECTION 16(a)  
OF THE SECURITIES EXCHANGE ACT OF 1934

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires the Company's executive officers and Directors and persons who own more than 10% of the Company's Common Stock (who are referred to as "Reporting Persons") to file reports of ownership and changes in ownership with the SEC. Reporting Persons are required by SEC regulations to furnish us with copies of all Section 16(a) forms they file.

Based solely on the Company's review of the copies of such forms received or written representations from Reporting Persons, the Company believes that, with respect to the fiscal year ended December 31, 2012, all of the Reporting Persons timely complied with all applicable filing requirements; with the exception of the following: Director Charles S. Loring's sale of 1,000 shares of common stock on March 13, 2012 was reported late on Form 4 on June 21, 2012.

SUBMISSION OF SHAREHOLDER PROPOSALS

FOR THE 2014 ANNUAL MEETING

Any shareholder who intends to present a proposal at the 2014 Annual Meeting of Shareholders must ensure that the proposal is received by the Corporate Secretary at Unity Bancorp, Inc., 64 Old Highway 22, Clinton, New Jersey, 08809, no later than December 13, 2013, if the proposal is submitted for inclusion in the Company's proxy materials for that meeting pursuant to Rule 14a-8 under the Securities Exchange Act of 1934 or is otherwise submitted.

ANNUAL REPORT ON FORM 10-K

At your request, the Company will provide by mail, without charge, a copy of its Annual Report on Form 10-K. Please direct all inquiries to the Company's Corporate Secretary at (908) 713-4308.

## EXHIBIT A

### UNITY BANCORP, INC. 2013 STOCK BONUS PLAN

#### Section 1. Purpose

The 2013 Stock Option Plan (the “Plan”) is intended to provide incentives that will attract and retain highly competent key members of management and directors of Unity Bancorp, Inc. (the “Company”), Unity Bank (the “Bank”) and any other subsidiaries, direct or indirect, which the Company may form in the future (collectively, the “Group”) by providing them with a bonus in the form of shares of the common stock, no par value, (“Stock”) of the Company pursuant to awards (“Awards”) described herein.

#### Section 2. Administration

The HR/Compensation Committee of the Board of Directors of the Company (the “Committee”) shall supervise and administer the Plan. Any questions of interpretation of the Plan or of any Awards issued under it shall be determined by the Committee and such determination shall be final and binding upon all persons. The Committee is authorized to, subject to the provisions of this Plan, select Participants from among the eligible Participants (as set forth under Paragraph 3 hereof) to receive Awards, to determine the number of shares of Stock subject to each Award, to establish the terms and conditions of each such Award, to establish such rules and regulations as the Committee deems necessary for the proper administration of the Plan and to make whatever determinations and interpretations in connection with the Plan as it deems necessary or advisable. All the determinations and interpretations made by the Committee shall be binding and conclusive on all Plan Participants and on their legal representatives and beneficiaries.

#### Section 3. Participants

Participants shall consist of select key members of management or Board of Directors of the Group, including employees and non-employee directors of the Bank as the Committee may select from time to time.

#### Section 4. Shares Reserved Under the Plan

There is hereby reserved for issuance as Awards under the Plan an aggregate of 250,000 shares of Stock.

Section 5. Awards

Awards will consist of shares of Stock transferred to Participants as a bonus for service rendered to the Group. Upon any such grant, the Company shall notify the recipient of the grant, the terms and conditions of the Award (if any) and the certificate representing the Stock will be delivered to the Participant as soon as practicable. In the event any employee or director of the Group is terminated (for any reason) or resigns (for any reason), all rights to receive any additional shares of Stock contained in any Awards received prior to such termination or resignation, and not vested prior to such termination, shall become null and void. Notwithstanding the preceding sentence, in the event any employee or director of the Group has reached the age of 63 and, in connection with retirement from employment, resigns from the Group, all rights to receive additional shares of Stock contained in any Awards received prior to such resignation, and not vested prior to such resignation, shall continue in full force and effect.

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Section 6. Change in Control

(a) For purposes of the Plan, a “Change in Control” shall mean:

(i) a reorganization, merger, consolidation or sale of all or substantially all of the assets of the Company or a similar transaction in which Unity is not the resulting entity; or

(ii) individuals, who constitute the Incumbent Board (as herein defined) of Unity, cease for any reason to constitute a majority thereof; or

(iii) the occurrence of an event of a nature that would be required to be reported in response to Item 1 of the Current Report on Form 8-K, as in effect on the date hereof, pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 (the “Exchange Act”); or

(iv) without limitation, a “change in control” shall be deemed to have occurred at such time as (i) any “person” (as the term is used in Section 13(d) and 14(d) of the Exchange Act) other than the Company or the trustees or any administrator of any employee stock ownership plan and trust, or any other employee benefit plans, established by Employer from time-to-time is or becomes a “beneficial owner” (as defined in Rule 13-d under the Exchange Act) directly or indirectly, of securities of the Company representing 35% or more of the Company’s outstanding securities ordinarily having the right to vote at the election of directors; or

(v) a tender offer is made for 35% or more of the voting securities of the Company and shareholders owning beneficially or of record 35% or more of the outstanding securities of the Company have tendered or offered to sell their shares pursuant to such tender and such tendered shares have been accepted by the tender offeror.

For these purposes, “Incumbent Board” means the Board of Directors of the Company on February 21, 2013, provided that any person becoming a director subsequent to the date hereof whose election was approved by a vote of at least three-quarters of the directors comprising the Incumbent Board, or whose nomination for election by members or stockholders was approved by the same nominating committee serving under an Incumbent Board, shall be considered as if he were a member of the Incumbent Board.

(b) Upon the occurrence of a Change in Control, all shares of Stock contained in any Awards to any employee or director of the Group, which is received prior to any such Change in Control and are not vested prior to such Change

in Control, shall become vested.

Section 7. Distribution of Awards

(a) Awards shall not be distributed and the restrictions pertaining to such award shall not expire earlier than:

(i) upon the completion or satisfaction of the conditions specified by the Committee in the Award;

(ii) a Participant's separation from service;

(iii) the date a Participant becomes disabled (as defined in Section 8(b));

(iv) upon the death of a Participant;

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(v) a change in the ownership of effective control of the Company, or in the ownership of a substantial portion of the assets of the Company, as described in Section 6 or, if in conflict therewith, to the extent necessary, by the Secretary of Treasury under regulations issued under Code section 409A; or

(vi) upon the occurrence of an unforeseeable emergency.

(b) A payment of a Participant's vested interest in an Award may, in the discretion of the Committee, be made in the event of a Participant's Disability, upon the occurrence of a Change-in-Control or Unforeseeable Emergency, (as defined below). Payments in settlement of a Participant's vested interest in an Award shall be made as soon as practicable after such occurrence or after the Participant otherwise vests in such award. For the purposes of section 409A of the Code, the entitlement to a series of installment payments will be treated as the entitlement to a single payment.

(c) Other provisions of the Plan notwithstanding, if, upon the written application of a Participant, the Committee determines that the Participant has an unforeseeable emergency, (as defined in Section 8(b)), the Committee may, in its sole discretion, direct the payment to the Participant of all or a portion of the balance of his or her vested interest in an Award in a lump sum payment, provided that any such withdrawal shall be limited by the Committee to the amount reasonably necessary to meet the emergency, including amounts needed to pay any income taxes or penalties reasonably anticipated to result from the payment. No payment may be made to the extent that such emergency is or may be relieved through reimbursement or compensation from insurance or otherwise, by liquidation of the Participant's assets or to the extent the liquidation of such assets would not cause severe financial hardship.

(d) The Committee may not otherwise permit the acceleration of the time or schedule of any vesting of an Award scheduled to be paid pursuant to the Plan, unless such acceleration of the time or schedule is (i) necessary to fulfill a domestic relations order, (as defined in section 414(p)(1)(B) of the Code), or to comply with a certificate of divestiture, (as defined in section 1043(b)(2) of the Code), (ii) de minimis in nature, (as defined in regulations promulgated under sections 409A of the Code), (iii) to be used for the payment of FICA taxes on amounts deferred under the Plan, or (iv) equal to amounts included in the federal personal taxable income of the Participant under section 409A of the Code.

## Section 8. Definitions of Awards

(a) For purposes of this Section 8, the following definitions shall apply:

(i) "Disability" shall mean (i) the inability of a Participant to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, or (ii) if the Participant is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, receiving income replacement benefits for a period of not less than three (3) months under an accident and health plan covering employees of the Company.

(ii) "Unforeseeable Emergency" shall mean a severe financial hardship to the Participant resulting from an illness or accident of the Participant, the Participant's spouse, or a dependent, (as defined in Code section 152(a)), of the Participant, loss of the Participant's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant.

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#### Section 9. Duration, Amendment and Termination

No Award shall be granted more than ten (10) years after the date of adoption of this Plan. The Committee may amend the Plan from time to time or terminate the Plan at any time. However, no action authorized by this Paragraph 6 shall reduce the amount of any existing Award or change the terms and conditions thereof without the consent of the recipient of such services.

#### Section 10. Notice

Any and all notices, consents, offers, acceptances or any other communications provided for herein shall be given in writing and shall be addressed, in the case of the Company, to its principal office; and, in the case of a Participant, to his residence or to any other address as may be designated by him after giving appropriate notice of such other address to the Company.

#### Section 11. Benefit

Except as herein otherwise provided, this Plan shall inure to the benefit of and shall be binding upon the Company, its successors and assigns and a Participant, his executor or legal representative, heirs, legatees, and successors.

#### Section 12. Construction

This Plan has been adopted in the State of New Jersey and shall be construed pursuant to the laws of the State of New Jersey in effect at the time of such construction. In construing this Plan, the singular shall be deemed to include the Plural, and the masculine the feminine, and vice versa, except where the context clearly requires otherwise.

#### Section 13. Titles

Captions and titles of articles and sections are provided for convenience only and are not intended to affect the substance of this Plan.

Section 14. No Employment or Continued Service

Participation in this Plan shall not be deemed to be a contract between any member of the Group and any Participant. Nothing contained herein may be deemed to give any Participant the right to be retained in the employ of any member of the Group or to continue service of the Board of Directors of any member of the Group.

Section 15. No Fiduciary Relationship

Neither the establishment and maintenance of this Plan, nor any action taken by the Company or the Committee hereunder, shall create or be deemed to create a trust or fiduciary relationship of any kind between any member of the Group and any Participant or other person.

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