

TRICO BANCSHARES /  
Form DEF 14A  
April 17, 2017  
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**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

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

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

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

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

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



(4) Date Filed:

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TriCo Bancshares

63 Constitution Drive

Chico, California 95973

Phone: (530) 898-0300

*NOTICE OF ANNUAL MEETING AND PROXY STATEMENT*

To our Shareholders:

On Tuesday, May 23, 2017, TriCo Bancshares will hold its annual meeting of shareholders at its headquarters located at 63 Constitution Drive, Chico, California. The meeting will begin at 5:00 p.m. Pacific Time.

Shareholders who owned shares of our common stock at the close of business on April 3, 2017, may attend and vote at the meeting. At the meeting, shareholders will be asked to:

1. Elect 11 directors for terms expiring at the 2018 annual meeting of shareholders. The 11 nominees are listed on page 4 of the attached proxy statement.
2. Approve, on an advisory basis, the compensation of our executives.
3. Vote, on an advisory basis, on the frequency of future advisory votes concerning the compensation of our executives.
4. Ratify the selection of Crowe Horwath LLP as our independent registered public accounting firm for 2017.
5. Attend to any other business properly presented at the meeting.

We do not know of any other business that will come before the meeting. In order to vote without attending the meeting, you may sign and date the enclosed proxy and voting instruction card and return it in the postage prepaid envelope.

A copy of our 2016 annual report is enclosed. We are mailing these proxy materials to shareholders beginning on or about April 17, 2017.

As a shareholder, your vote is important. Whether or not you plan to attend the annual meeting in person, it is important that you vote as soon as possible to ensure that your shares are represented. We request that all shareholders be present at the meeting in person or by proxy to ensure that we have a quorum.

By Order of the Board of Directors,

*Secretary*

Chico, California

April 17, 2017

**YOUR VOTE IS IMPORTANT TO TRICO BANCSHARES.**

Regardless of whether you plan to attend the meeting in person, we urge you to  
vote in favor of each of the proposals as soon as possible.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF**

**PROXY MATERIALS FOR THE ANNUAL MEETING TO BE HELD ON MAY 23, 2017**

TriCo's Annual Report on Form 10-K for the period ending December 31, 2016 and the 2017 Proxy Statement are  
available at [www.tcbk.com/about/investor-relations/sec-filings/](http://www.tcbk.com/about/investor-relations/sec-filings/).

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**QUESTIONS AND ANSWERS**

**1. Q: Why am I receiving these materials?**

A: The Board of Directors of TriCo Bancshares is providing these proxy materials to you in connection with the solicitation of proxies for its annual meeting of shareholders, which will take place on May 23, 2017 and any adjournments and postponements of the annual meeting, which we refer to as the meeting. As a shareholder, you are invited to attend the meeting and may vote on the proposals described in this proxy statement.

**2. Q: What information is contained in these materials?**

A: The information included in this proxy statement relates to the proposals to be voted on at the meeting, the voting process, the compensation of our directors and executive officers and certain other required information. Our 2016 Annual Report is also enclosed.

**3. Q: Who may vote at the meeting?**

A: Only shareholders of record at the close of business on the record date of April 3, 2017 may vote at the meeting. As of the record date, 22,873,305 shares of our common stock were issued and outstanding. Each shareholder is entitled to one vote for each share of common stock held on the record date.

**4. Q: What is the difference between holding shares as a shareholder of record and as a beneficial owner?**

A: Most shareholders hold shares through a stockbroker, bank or other nominee rather than directly in their own name. The distinctions between shares held of record and shares owned beneficially are summarized below.

*Shareholder of Record*

If your shares are registered directly in your name with our transfer agent, Computershare, you are considered to be the *shareholder of record* of those shares and these proxy materials are being sent directly to you by TriCo. As the *shareholder of record*, you have the right to vote by proxy or to vote in person at the meeting. In that case, we have enclosed a proxy card for you to use.

*Beneficial Owner*

If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered to be the *beneficial owner* of shares held in *street name* and these proxy materials are being forwarded to you by your broker or nominee which is considered to be the *shareholder of record* of those shares. As the beneficial owner, you have the right to direct your broker how to vote and are also invited to attend the meeting. If you wish to vote these shares at the meeting, you must contact your bank or broker for instructions. Your broker or bank has enclosed a voting instruction card for you to use in directing the broker or bank how to vote your shares for you.

**5. Q: What may I vote on at the meeting?**

A: You may vote to elect 11 nominees to serve on our Board of Directors for terms expiring at the next annual meeting, on an advisory proposal concerning our executive compensation, on an advisory proposal concerning the frequency of future advisory votes concerning our executive compensation

and to ratify the selection of Crowe Horwath LLP as our independent registered public accounting firm for 2017.

**6. Q: How does the Board of Directors recommend I vote?**

A: The Board of Directors recommends that you vote your shares (1) FOR election of each of the 11 director nominees named in this proxy statement, (2) FOR approval, on an advisory basis, of the compensation of our executives as disclosed in this proxy statement, (3) that future advisory votes on the compensation of our executives be held at intervals of ONE YEAR and (4) FOR ratification of Crowe Horwath LLP as our independent registered public accounting firm for 2017.



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**7. Q: How can I vote my shares?**

A: You may vote either in person at the meeting or by appointing a proxy. Please refer to the instructions included on your proxy card to vote by proxy. If you hold your shares through a bank, broker or other nominee, then you may vote by the methods your bank or broker makes available, using the instructions the bank or broker has included with this proxy statement.

**8. Q: How are votes counted?**

A: In the election of directors, you may vote FOR all of the director nominees or your vote may be WITHHELD with respect to one or more nominees. In addition, under California law and our bylaws, shareholders are entitled to cumulate votes in the election of the directors by following the procedures described at Corporate Governance, Board Nomination and Board Committees--Nomination and Election of Directors. If the proxy is marked FOR all of the director nominees or not marked with respect to election of directors, authority will be granted to the persons named in the proxy to cumulate votes if they so choose and to allocate votes among the nominees in such a manner as they determine is necessary in order to elect all or as many of the nominees as possible.

You may vote FOR or AGAINST or ABSTAIN from voting on the advisory proposal concerning the approval of our executive compensation.

On the advisory proposal concerning the frequency of future advisory votes on our executive compensation, you may indicate a preference that such votes be held every ONE YEAR, TWO YEARS or THREE YEARS, or you may ABSTAIN from voting on the proposal.

You may vote FOR or AGAINST or ABSTAIN from voting on the ratification of Crowe Horwath LLP as our independent registered public accounting firm for 2017.

**9. Q: How are abstentions and broker non-votes treated?**

A: Abstentions and broker non-votes will be counted for purposes of determining whether a quorum is present at the meeting. Abstentions and broker non-votes will not impact the election of directors or the advisory proposal regarding the frequency of future advisory votes on our executive compensation. Abstentions and broker non-votes of shares will not have any effect on the other proposals if the number of affirmative votes cast for the proposal is a majority of the votes cast and such votes constitute a majority of the quorum required to transact business at the meeting. However, if the number of affirmative votes cast for the other proposals is a majority of the votes cast, but such votes do not constitute a majority of the quorum required to transact business at the special meeting, then abstentions and broker non-votes will have the same effect as a vote against these proposals.

**10. Q: Can I change my vote?**

A: You have the right to revoke your proxy at any time before the meeting by:

providing written notice to TriCo's corporate secretary and voting in person at the meeting, or appointing a new proxy before the meeting begins.

Attending the meeting will not by itself revoke a proxy unless you specifically revoke your proxy in writing. If you are a beneficial owner, you must follow the instructions provided by your broker, bank or other nominee to change your vote.

**11. Q: What if I own shares through TriCo's Employee Stock Ownership Plan and Trust?**

A: For present or past employees of TriCo, your proxy includes any shares held in your account under

our employee stock ownership plan and trust.

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- 12. Q: What does it mean if I get more than one proxy card?**  
**A:** If your shares are registered differently and are held in more than one account, then you will receive more than one card. Be sure to vote all of your accounts so that all of your shares are voted. We encourage you to have all accounts registered in the same name and address. If you are a shareholder of record, you can accomplish this by contacting Computershare, PO Box 30170, College Station, TX 77842 (or, for overnight courier deliveries, 211 Quality Circle, Suite 210, College Station, TX 77845) or by telephone at 1-800-676-0712.
- 13. Q: Who may attend the meeting?**  
**A:** All shareholders who owned shares of our common stock on April 3, 2017, may attend the meeting. You may indicate on the enclosed proxy card if you plan to attend the meeting.
- 14. Q: How will voting on any other business be conducted?**  
**A:** We do not know of any business to be considered at the meeting other than election of 11 directors, the advisory vote our executive compensation, the advisory vote regarding the frequency of future advisory votes on our executive compensation, the and the ratification of Crowe Horwath LLP as our independent registered public accounting firm for 2017. If any other business is properly presented at the meeting and TriCo did not have notice of such proposal a reasonable time before the date of this proxy statement, your proxy gives Richard P. Smith, our president and chief executive officer, and Richard O Sullivan, executive vice president of our subsidiary, Tri Counties Bank, authority to vote on these matters in their discretion.
- 15. Q: Where and when will I be able to find the results of the voting?**  
**A:** The results of the voting will be announced at the meeting. We will also publish the final results in a report on Form 8-K to be filed with the Securities and Exchange Commission, which we refer to as the SEC, following the meeting.
- 16. Q: Is my vote confidential?**  
**A:** Proxy instructions, ballots and voting tabulations that identify individual shareholders are handled in a manner that protects your voting privacy. Your vote will not be disclosed either within TriCo or to third parties except:  
     as necessary to meet applicable legal requirements,  
     to allow for the counting and certification of votes, or  
     to help our Board solicit proxies.
- 17. Q: When are shareholder proposals for the 2018 annual meeting due?**  
**A:** All shareholder proposals to be considered for inclusion in our proxy statement for the 2018 annual meeting must be received at our principal office by December 15, 2017. Shareholder nominations for directors must be received by our president as described at Corporate Governance, Board Nomination and Board Committees--Nomination and Election of Directors.
- 18. Q: Who will bear the cost of soliciting proxies for the meeting and how will these proxies be solicited?**  
**A:** We will pay the cost of preparing, assembling, printing, mailing and distributing these proxy materials, including the charges and expenses of brokers, banks, nominees and other fiduciaries who forward proxy materials to their principals. Proxies may be solicited by mail, in person, by telephone or by electronic communication by our officers and employees who will not receive any additional compensation for these solicitation activities.



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**PROPOSALS TO BE VOTED ON AT THE ANNUAL MEETING**

**1. Election of Directors**

Eleven directors will be elected this year for terms expiring at our annual meeting in 2018. Each nominee is currently serving as a director of TriCo. The nominees for election are:

Donald J. Amaral	William J. Casey	L. Gage Chrysler III
Craig S. Compton	Cory W. Giese	John S. A. Hasbrook
Patrick W. Kilkenny	Michael W. Koehnen	Martin A. Mariani
Richard P. Smith	W. Virginia Walker	

Brief biographies of the director nominees are found at Board of Directors. These biographies include each nominee's age, business experience, a description of some of the experience, qualifications, attributes or skills that led us to conclude that each nominee should serve as a director of the company and certain other information.

The 11 nominees receiving the most affirmative votes cast at the meeting will be elected as directors assuming a quorum is present. Consequently, any shares not voted at the meeting, whether by abstention or otherwise, will have no effect on the election of directors. If any of the nominees should unexpectedly decline or become unable to serve, the proxies we are soliciting may be voted for a substitute nominee or the Board may reduce the size of the Board.

Shareholders may cumulate their votes when electing directors. To do so, you must follow the procedures set forth in our bylaws which are described at Corporate Governance, Board Nomination and Board Committees--Nomination and Election of Directors.

*The Board recommends a vote FOR the election of all 11 nominees.*

**2. Advisory Vote Concerning Executive Compensation**

We are asking our shareholders to approve, on an advisory (nonbinding) basis, the compensation of our named executive officers as disclosed in this proxy statement. At the meeting, shareholders will have the opportunity to endorse or not endorse our executive compensation programs through an advisory (nonbinding) vote on the compensation of our named executive officers as disclosed in this proxy statement.

Detailed information about the compensation of our executive officers is included in the sections titled *Compensation of Named Executive Officers* beginning on page 19 and *Compensation Discussion and Analysis*, beginning on page 32. Our executive compensation programs are designed to attract and retain well-qualified executives and to link executive officer compensation to and to reward executive officers for the company's financial performance and the creation of shareholder value. We believe that our executive compensation programs achieve these objectives.

The Board will consider the proposal to be adopted if a majority of the shareholders present and voting on the proposal vote in favor of the proposal. As an advisory vote, this proposal is not binding on TriCo. However, our Board of Directors and our compensation and management succession committee value the opinions of our shareholders and will consider the outcome of the vote when making future compensation decisions regarding the our named executive officers.

***The Board recommends a vote FOR approval of the advisory proposal to approve our executive compensation program as described in this proxy statement.***

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**3. Advisory Vote Concerning the Frequency of Future Advisory Votes on Executive Compensation**

In accordance with the requirements of Section 14A of the Securities Exchange Act of 1934 (as amended by the Dodd-Frank Wall Street Reform and Consumer Protection Act) we are asking shareholders to vote, on an advisory (nonbinding) basis, on how frequently we should hold future advisory votes on our executive compensation. Shareholders may indicate whether they would prefer an advisory vote on our executive compensation once every one, two or three years.

After careful consideration, the Board recommends that future advisory votes on compensation of our named executive officers be held annually. We have sought shareholders' advisory approval of our executive compensation each year since 2011. Our Board believes that continuing to hold a vote every year is the most appropriate option because it would enable our shareholders to provide us with timely input regarding the compensation of our named executive officers, just as the Board reviews and approves our executive compensation program annually.

The Board will consider the option receiving the highest number of votes (e.g., every one, two or three years) to be our shareholders' preferred frequency for future advisory votes on our executive compensation. This vote is advisory and therefore not binding. Although the vote is nonbinding, the Board and the compensation and management succession committee value shareholders' opinions and will consider the outcome of the vote in determining the frequency of future advisory votes on executive compensation.

*The Board recommends a vote that future advisory votes on  
executive compensation be held every ONE YEAR.*

**4. Ratification of Selection of Independent Registered Public Accounting Firm**

Our audit and risk committee, which we sometimes refer to as our audit committee in this proxy statement, has selected the firm of Crowe Horwath LLP as our independent registered public accounting firm for 2017. Crowe Horwath has served as our principal independent registered public accounting firm since 2012.

The affirmative vote of a majority of those shareholders present and voting at the meeting will ratify the selection of Crowe Horwath as our independent registered public accounting firm. If shareholders fail to ratify the appointment of Crowe Horwath, the audit committee will reconsider whether or not to retain that firm. Even if appointment is ratified, the audit committee in its discretion may direct the appointment of a different independent registered public accounting firm at any time.

The following audit services were performed by Crowe Horwath for the year ended December 31, 2016:

examination of our financial statements and our employee benefit plans,

services related to our filings with the SEC, and

consultation on matters related to accounting, financial reporting, tax returns, internal controls, regulatory compliance and mergers and acquisitions.

Additional information concerning the services that Crowe Horwath performed for us in 2016 can be found at Independent Registered Public Accounting Firm and Report of the Audit and Risk Committee.

***The Board recommends a vote FOR the ratification of the selection of  
Crowe Horwath LLP as our independent registered public accounting firm for 2017.***



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**BOARD OF DIRECTORS**

There are currently 11 members of the Board of Directors of TriCo, each of whom is listed and described below. Each director serves as a director of both TriCo and Tri Counties Bank, TriCo's wholly owned subsidiary. The directors also serve on committees of the Board of Directors of Tri Counties Bank in addition to the TriCo Board committees discussed below. Unless otherwise indicated, each director has engaged his or her current profession for at least the past five years.

At the meeting, shareholders will elect 11 directors to serve for terms expiring at TriCo's 2018 annual meeting of shareholders. Each of the following persons is nominated for reelection as a director at the meeting.

**William J. Casey**

William J. Casey, age 72, has been a director since 1989. He is the chairman of our Board of Directors, chairman of our compensation and management succession committee, chairman of our nominating and corporate governance committee and a member of our audit committee. Mr. Casey has been a self-employed healthcare consultant since 1983. Mr. Casey earned an MPA degree from the University of Southern California. He has served on the audit committees of other public companies. Mr. Casey is Mr. Giese's father-in-law.

We have nominated Mr. Casey because we believe that his leadership qualities, knowledge and experience on the boards of other public companies are important to the Board's effectiveness and in his role as Chairman. In addition, his knowledge of corporate governance, finance and accounting matters make him well-suited to serve on our nominating and corporate governance committee and our audit committee.

**Donald J. Amaral**

Donald J. Amaral, age 64, has been a director since 2003. Mr. Amaral is chairman of our audit committee and a member of our compensation and management succession committee and our nominating and corporate governance committee. He was chairman and chief executive officer of Coram Healthcare Corporation, a home infusion therapy company, from 1995 to 1999. Mr. Amaral has a bachelor's degree in accounting and an MBA degree. Retired since 1999, he served as chief executive officer and chief financial officer of various companies for over 25 years.

We have nominated Mr. Amaral because his education, knowledge and experience allow him to provide the Board with insight regarding financial and accounting matters and to serve on our audit committee as an audit committee financial expert. In addition we believe that his professional experience and leadership qualities contribute to the effectiveness of the Board and the committees on which he serves.

**L. Gage Chrysler III**

L. Gage Chrysler III, age 63, has been a director since 2008. Until the end of 2015, Mr. Chrysler was the president and chief executive officer of Modern Building, Inc., a construction company based in Chico, California, where he continues to be employed in a nonexecutive position. He also serves as a director of the local Salvation Army Advisory Board and Mid Valley Title. Mr. Chrysler has a bachelor's degree in business specializing in finance.

We nominated Mr. Chrysler because of his leadership experience and community involvement. In addition, his experience in construction allows him to provide valuable insights to the Board concerning construction lending and the state of the construction industry and real estate markets generally.

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### **Craig S. Compton**

Craig S. Compton, age 61, has been a director since 1989. Mr. Compton is a member of our compensation and management succession committee and our nominating and corporate governance committee. He has served as the president, chief executive officer and chief financial officer of AVAG, Inc., an aerial application business, for over 30 years and has been a principal in his family rice farming partnership for over 25 years. Mr. Compton is also the owner of A&P Helicopters, a commercial helicopter business. He is a director of Environmental Alternatives Foster Care Agency and the Associated Rice Marketing Cooperative. He holds a B.S. in Business Administration from California State University, Chico.

We nominated Mr. Compton based on his leadership experience and community involvement. His business background as a chief executive officer, chief financial officer and business owner contribute to his effective service as a board member and as a member of our compensation and management succession committee and our nominating and corporate governance committee.

### **Cory W. Giese**

Cory W. Giese, age 38, has been a director since 2013. Mr. Giese is a member of our audit committee and was a member of our compensation and management succession committee from 2014 to 2015. He also serves as chair of our information technology steering committee. Mr. Giese is a certified public accountant and is a principal at Giese Swany, LLC, a certified public accounting firm in Incline Village, Nevada. He is also a managing partner of a privately held real estate investment entity. He holds a B.S. in Business Administration from California State University, Chico and a Master of Accounting from Washington State University. Mr. Giese is Mr. Casey's son-in-law.

We nominated Mr. Giese based on his business background and his ties to and familiarity with several of the communities in which we operate. In particular, Mr. Giese's education and experience in accounting as a certified public accountant qualify him to serve on our audit committee.

### **John S. A. Hasbrook**

John S. A. Hasbrook, age 57, has been a director since 2002. Mr. Hasbrook is a member of our compensation and management succession committee and our nominating and corporate governance committee and serves as chairman of the director loan committee of Tri Counties Bank. He is active in several agricultural and investment enterprises. He is president of SunWest Wild Rice Co., Inc.; president of Hasbrook-Fetter Farms, Inc.; vice president, marketing of SunWest Foods, Inc., a food marketing company; and serves as an officer for other agricultural-related entities. Mr. Hasbrook also serves as an advisor to Santa Clara University's Food & Agribusiness Institute. Mr. Hasbrook has a BSC degree in finance and an MBA degree in agribusiness from Santa Clara University.

We nominated Mr. Hasbrook because of his experience in the areas of finance, marketing, banking and agri-business. His broad business experience and community involvement provides the Board with valuable insights concerning the primary communities in which the bank operates and the agricultural industry in particular.

### **Patrick W. Kilkenny**

Patrick W. Kilkenny, age 70, has been a director since 2014. He is a member of our audit committee. Mr. Kilkenny was a director of North Valley Bancorp from 2011 until its merger with TriCo in 2014. He has been a business consultant in business finance, banking and capital markets since 2008. Formerly, he was the Chairman, President and Chief Executive Officer of the National Bank of the Redwoods and President and Chief Executive Officer of

Redwood Empire Bancorp, its holding company, which were based in Santa Rosa, California. Mr. Kilkenny serves as a director of Goodwill Industries of the Redwood Empire in Santa Rosa, California, where he is a member of the audit committee. He is also a member of the finance committee for Habitat for Humanity of Sonoma County.

We nominated Mr. Kilkenny based primarily on his leadership experience and his community banking experience.

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### **Michael W. Koehnen**

Michael W. Koehnen, age 56, has been a director since 2002. He has been our vice chairman since 2010. Mr. Koehnen is a member of our compensation and management succession committee and our nominating and corporate governance committee and served on our audit committee from 2003 to 2006. He is the owner and president of C.F. Koehnen & Sons, a third-generation family farming and beekeeping company. Mr. Koehnen is also president and owner of Riverwest Processing, an almond processing company, and several other agricultural-related entities.

We nominated Mr. Koehnen because of his leadership experience and knowledge of corporate governance and compensation-related matters. In addition, his involvement in businesses related to agricultural industry allows him to provide valuable insights to the Board.

### **Martin A. Mariani**

Martin A. Mariani, age 60, has been a director since 2014. He serves on our audit committee, our compensation and management succession committee and our nominating and corporate governance committee. He farms almonds and walnuts and is a partner in Mariani Nut Company of Winters, California. He is also a managing member of Monticello Farming Company and Scribe Winery. Mr. Mariani was a director of North Valley Bancorp from 2004 until its merger with TriCo in 2014. Previously, he was a director of Yolo Community Bank. He is a board member, treasurer and chairman of the audit committee of the California Walnut Marketing Board and a commissioner; a board member of Sutter Davis Hospital Foundation; a member of the advisory board of the Santa Clara University's Food & Agribusiness Institute, a board member of the Specialty Crop Council and a member of the Dean's Advisory Committee for the College of Agriculture and Environmental Sciences at UC Davis.

We nominated Mr. Mariani based primarily on his agricultural industry background and his familiarity with the community banking industry.

### **Richard P. Smith**

Richard P. Smith, age 59, has been a director since 1999. He has served as the president and chief executive officer of TriCo and the bank since 1999. Mr. Smith joined the bank in 1994 as vice president and chief information officer. He was senior vice president-customer/employee support and control from 1997 until 1998, when he was promoted to executive vice president in the same capacity. Mr. Smith was named president of the bank and executive vice president of TriCo in 1998. Mr. Smith served as chairman of the California Bankers Association during 2011 and is currently a member of its board of directors and several of its committees.

We have nominated Mr. Smith because we believe that including the president and chief executive officer on the Board is important and assists the Board in keeping abreast of TriCo's operations and management's progress on corporate initiatives. Further, Mr. Smith has over 20 years of banking experience, including 19 as the bank's chief executive officer. This experience allows him to provide valuable insights to the Board concerning the banking industry and the bank.

### **W. Virginia Walker**

W. Virginia Walker, age 72, has been a director since 2009. She serves on our audit committee, our nominating and corporate governance committee, the IT committee, and served on our compensation committee from 2009 to 2015. She also chairs the bank's investment/ALCO committee. Ms. Walker is an accomplished executive with over 30 years of senior financial and operational management experience as chief financial officer, senior vice president corporate

strategy and marketing, and general manager North America, working at start-ups to companies over a billion dollars in annual revenue.

Since 2008, Ms. Walker has been the general manager and co-founder of the Jamison Group LLC, a consulting group specializing in finance, marketing and growth strategy development, primarily for emerging companies. From 2001 to 2007 she held various executive management positions with Enea AB, a software and services company, where she was most recently Senior Vice President, Corporate Strategy and Marketing.

Our decision to nominate Ms. Walker is primarily based on her breadth of experience gained in complex organizations where she played a key role in developing and successfully executing growth strategies as well as her years of experience as a public company chief financial officer. Ms. Walker also has long-standing ties to the community in which the bank is headquartered.

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**CORPORATE GOVERNANCE, BOARD NOMINATION  
AND BOARD COMMITTEES**

**Corporate Governance**

We have long believed that good corporate governance is important to ensure that TriCo is managed for the long-term benefit of our shareholders. We continue to review our corporate governance policies and practices along with provisions of the Sarbanes-Oxley Act of 2002, the Dodd-Frank Act, the rules of the SEC and the listing standards of the Nasdaq Stock Market. We have adopted a code of ethics and business conduct that applies to our principal executive officer, principal financial officer and persons performing similar functions. You can view our code of ethics and business conduct, our code of ethics for our principal executive officers and senior financial officers, our audit committee charter, our nominating and corporate governance committee charter, our compensation and management succession committee charter and our corporate governance guidelines on our website at [www.tricountiesbank.com](http://www.tricountiesbank.com) under About Tri Counties Bank--Investor Relations--Corporate Governance, or receive copies by contacting our corporate secretary in writing at TriCo Bancshares, 63 Constitution Drive, Chico, California 95973, or by telephone at (530) 898-0300.

**Board Leadership Structure**

The positions of chairman of the Board of Directors and of president and chief executive officer are held by different persons. This has been the case since the company's inception. We believe that this structure is appropriate for TriCo because it segregates the duties of managing the operations of TriCo from the leadership and oversight responsibilities of our Board. Our chairman also serves as our lead director. We believe that this is appropriate because our chairman is an independent director and the position of chairman is separate from that of executive management.

Our non-employee directors meet regularly in executive sessions. Executive sessions are chaired by the independent director then serving as lead director. Mr. Casey was our lead director in 2016 and will continue to serve as lead director in 2017.

**The Board's Role in Enterprise Risk Oversight**

Our Board is responsible for overseeing risk management for the company. Our management is responsible for the day-to-day management of these risks across the company.

The full Board engages in periodic discussions related to risk management with executive officers and other employees as the Board deems appropriate. In addition, several Board committees have been assigned oversight responsibility for specific areas of risk and risk management is an agenda topic at regular committee meetings. The committees consider risks within their areas of responsibility. For example, the compensation and management succession committee considers risks that may result from our compensation programs, the loan committee of the bank, which is comprised of members of the Board of Directors, focuses on risks related to credit and interest rates, and the audit committee reviews and approves the annual plans for the company's and the bank's external audits, internal monitoring and compliance functions. The audit committee also reviews and approves the annual assessment of the company's enterprise risk management process and considers any need for periodic third-party evaluations of such process. The audit committee has authority to conduct any investigation appropriate to fulfilling its

responsibilities, and has direct access to all persons in the company. The Board also assigns other specific risk-related assessment matters to the audit committee from time to time.

### **Director Independence**

We believe that independent directors play an important role in TriCo's corporate governance and are committed to ensuring that at least a majority of our directors are independent. Our corporate governance guidelines provide that a director is independent if he or she does not have a material relationship with TriCo directly or indirectly as a partner, shareholder or officer of an organization that has a relationship with TriCo, and otherwise qualifies as independent under



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the applicable rules of the Securities Exchange Act of 1934, as amended, and Nasdaq. Our independence determinations are based upon a review of all relevant transactions and relationships between TriCo, our senior management and our accountants, on the one hand, and each director and his or her family members, on the other hand.

Our Board has affirmatively determined that all of our directors are independent as defined by Nasdaq Marketplace Rule 5605(a)(1) and our own corporate governance guidelines, with the exception of Mr. Smith who is employed as our president and chief executive officer. In making its determination that Mr. Chrysler is independent, the Board considered that until the end of 2015, Mr. Chrysler was a principal owner and CEO of Modern Building Inc., a construction company where he continues to be employed in a nonexecutive position; the terms of Mr. Chrysler's employment, including the fact that he receives no incentive compensation for business that Modern Building may do with TriCo; that Modern Building provided construction services to TriCo related to new and existing facilities for aggregate payments of \$2,289,000 during 2016, and the amount of those payments relative to Modern Building's total gross revenues for the year.

## **Transactions with Related Persons**

Our nominating and corporate governance committee is charged with monitoring and reviewing issues involving potential conflicts of interest and reviewing and approving all related party transactions. We have a policy adopted by our Board of Directors for reviewing transactions between TriCo and our directors and executive officers, their family members and entities with which they have a position or relationship. Our procedures for transactions with related persons are intended to determine whether any such related person transaction impairs the independence of a director or presents a conflict of interest on the part of a director or executive officer. All transactions between TriCo and related persons may be consummated only if our nominating and corporate governance committee approves such transaction in accordance with the procedures set forth in our policy.

We annually require each of our directors and executive officers to complete a questionnaire that seeks information about related person transactions. Our nominating and corporate governance committee and Board of Directors annually review all transactions and relationships disclosed in the questionnaires, and the Board makes a formal determination regarding each director's independence under our corporate governance guidelines.

There were no transactions or series of similar transactions during 2016, or any currently proposed transaction, to which TriCo was or is to be a party, in which the amount involved exceeded \$120,000 or in which any of our directors, director nominees, executive officers or any shareholder owning 5% or more of our common stock, or any member of the immediate family or associate of any of the foregoing persons, had or will have a direct or indirect material interest.

## **Indebtedness of Management**

Some of our directors, executive officers and their immediate family members and associates are customers of Tri Counties Bank and we expect to have banking transactions with them in the future. The loan committee of the bank reviews the terms and fairness of any loans made by the bank to our directors and officers. We have concluded that all such loans and commitments to lend were made in the ordinary course of our business and complied with applicable laws. Terms, including interest rates and collateral, were substantially the same as those prevailing for comparable transactions with other persons of similar creditworthiness not affiliated with TriCo. In the opinion of our Board of Directors, these transactions did not involve more than a normal risk of collectability or present other unfavorable features. The aggregate amount of all loans and credit extensions outstanding as of December 31, 2016, to all directors and executive officers (including their associates and members of their immediate family) was approximately

\$2,431,000, representing approximately 0.51% of shareholders' equity at that time. As of the date of this proxy statement, all of these loans were performing loans.

### **Board Committees**

Our full Board of Directors generally considers all major corporate decisions. However, we have established three standing committees so that some matters can be addressed in more depth than may be possible in a full Board meeting and to comply with legal and Nasdaq requirements that certain committees be comprised of independent directors: a compensation and management succession committee, a nominating and corporate governance committee and an audit and risk committee, which we sometimes refer to as the audit committee throughout this proxy statement. Each of

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these three committees operates under a written charter. Following is a description of each of these committees. Our directors also serve on various Board committees of our subsidiary, Tri Counties Bank.

	<b>Audit and Risk Committee <u>member</u></b>	<b>Compensation and Management Succession <u>Committee member</u></b>	<b>Nominating and Corporate Governance <u>Committee member</u></b>
Donald J. Amaral*	(Chairman)		
William J. Casey*		(Chairman)	(Chairman)
L. Gage Chrysler III*			
Craig S. Compton*			
Cory W. Giese*			
John S. A. Hasbrook*			
Patrick W. Kilkenny*			
Michael W. Koehnen*			
Martin A. Mariani *			
Richard P. Smith			
W. Virginia Walker*			

\* Determined to be independent as described at Director Independence above.

*Audit and Risk Committee.* We have a standing audit committee of TriCo and a standing audit committee of Tri Counties Bank. The Board has determined that Mr. Amaral, Mr. Giese and Ms. Walker are audit committee financial experts under the rules of the SEC and that each member of the committee is financially literate as defined by Nasdaq listing standards and is independent under special standards established by the SEC and Nasdaq for audit committee members. Their qualifications and business expertise are described at Board of Directors. TriCo's audit committee monitors:

the integrity of our financial statements, including the financial reporting process and systems of internal controls regarding finance, accounting and legal and regulatory compliance,  
our compliance with legal and regulatory requirements,  
the independence, qualifications and performance of our financial executives, independent registered public accounting firm and internal auditing department, and  
the communication among our independent registered public accounting firm, management, our internal auditing function and the Board.

The committee also annually retains our independent registered public accounting firm and approves the terms and scope of work to be performed. Our audit committee met 14 times during 2016. For more information on this committee, please see Report of the Audit Committee.

*Compensation and Management Succession Committee.* The compensation and management succession committee held five meetings in 2016. The committee considers the recommendations of our management regarding most compensation matters, including executive compensation. For more information on this committee, please see Compensation Discussion and Analysis. This committee:

establishes TriCo's compensation philosophy,  
evaluates and approves the compensation levels for our chief executive officer and the other executive officers,  
produces annually a compensation discussion and analysis of executive compensation,  
administers our stock option plans,  
approves the benefits provided to our executive officers and directors, and  
establishes and reviews our management succession policies.

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*Nominating and Corporate Governance Committee.* Our nominating and corporate governance committee met three times in 2016. This committee:

determines nominees to the Board in the manner described at *Nomination and Election of Directors*,  
reviews our Board committee structure and members,  
annually evaluates the Board,  
approves any related party transactions as described at *Transactions with Related Persons*,  
monitors director independence, and  
reviews our corporate governance guidelines and codes of business ethics and conduct.

### **Attendance at Meetings**

The Board of Directors of TriCo met eight times and the Board of Directors of Tri Counties Bank met 11 times during 2016. Each director attended at least 75% of the meetings of the Board of Directors of TriCo and the meetings of the committees of TriCo's Board of Directors on which they served.

Our corporate governance guidelines provide that each director is expected to attend our annual meeting of shareholders. All of our directors attended the 2016 annual shareholders meeting.

### **Nomination and Election of Directors**

*Qualifications.* Our nominating and corporate governance committee determines the director nominees for each annual meeting of shareholders using the criteria set forth in our corporate governance guidelines. Our guidelines provide that all directors must be committed to representing the long-term interests of our shareholders and possess:

the highest personal and professional ethics, integrity and values,  
informed judgment,  
sound business experience,  
the ability to make independent analytical inquiries, and  
an understanding of our business environment.

The committee has not established any specific minimum qualification standards for directors, except that no person may serve as a director who is 75 years of age or older at the time of election.

The committee may identify certain skills or attributes as being particularly desirable for specific director nominees in order to complement the existing Board composition. To date the committee has identified and evaluated nominees for directors based on several factors, including:

referrals from our management, existing directors and advisors,  
business or banking experience,  
knowledge of financial accounting and controls,  
involvement in and familiarity with our community,  
independence from the company,  
education,

leadership abilities,  
professional reputation and affiliation,  
prior board or public reporting company experience,  
personal interviews, and  
diversity.

We do not currently pay any fee to a third party to identify or evaluate potential director nominees, although we may retain search firms in the future to assist in finding qualified candidates.

*Shareholder Nominations.* The committee will consider nominees recommended by shareholders if the recommendation is made with the proposed nominee's consent and includes sufficient information for, and is made early enough to allow, the committee to complete the evaluation process. Section 15 of our bylaws provides that formal nomination for election of directors may be made by the Board of Directors or by any shareholder of any outstanding class of our capital stock

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entitled to vote for the election of directors. Notice of intention to make any nominations must be made in writing and be delivered or mailed to our president not less than 21 days or more than 60 days prior to any meeting of shareholders called for the election of directors. If less than 21 days notice of the meeting is given to shareholders, the notice of intention to nominate shall be mailed or delivered to TriCo's president not later than the tenth day following the day on which the notice of meeting was mailed. If notice of the meeting is sent by third-class mail as permitted by Section 6 of the bylaws, no notice of intention to make nominations shall be required. The notification is required to contain the following information to the extent known to the notifying shareholder:

- the name and address of each proposed nominee,
- the principal occupation of each proposed nominee,
- the number of shares of capital stock of TriCo owned by each proposed nominee,
- the name and residence address of the notifying shareholder, and
- the number of shares of TriCo stock owned by the notifying shareholder.

Nominations not made in accordance with Section 15 of the bylaws may, in the discretion of the chairman of the meeting, be disregarded. Nominees recommended by shareholders are evaluated in the same manner as other nominees. We have not received any proposals for director nominees from shareholders for this election as of the date of this proxy statement.

*Cumulative Voting.* Each shareholder is entitled to cumulate votes in the election of directors. This means that a shareholder may cast votes for the number of shares owned multiplied by the number of directors to be elected. For example, if you own 1,000 shares, you could cast 11,000 votes because we will be electing 11 directors at the meeting. You could cast those votes for a single candidate or distribute your votes among any or all of the candidates. However, you may not cumulate votes for a candidate unless that candidate has been properly nominated prior to the voting and you have given notice of your intention to cumulate your votes. You must express your intention to cumulate votes at the meeting prior to the election. If any shareholder gives notice to cumulate his shares, all other shareholders shall be allowed to cumulate their votes as well. We will provide an opportunity at the meeting for any shareholder who desires to cumulate votes to announce his intention to do so. We are soliciting, by your proxy, the discretionary authority to vote proxies cumulatively. The 11 nominees receiving the highest number of votes will be elected as directors.

## **Compensation and Management Succession Committee Interlocks and Insider Participation**

No member of our compensation and management succession committee is an officer, former officer or employee of TriCo or Tri Counties Bank. No executive officer of TriCo had any interlocking relationship with any other for-profit entity during 2016, including serving on the compensation committee for any other for-profit entity.

Table of Contents**COMPENSATION OF DIRECTORS**

This section provides information about the compensation paid to TriCo's non-employee directors during 2016.

**Director Compensation**

The following table summarizes the compensation paid by TriCo to our non-employee directors in 2016:

<u>Name (1)</u>	<u>Fees earned or paid in cash (\$)(2)</u>	<u>Stock awards (\$)(3)</u>	<u>Option awards (\$)(3)</u>	<u>Change in</u>	<u>All other Compensation (\$)(5)</u>	<u>Total (\$)</u>	<u>Number of stock options outstanding as of 12/31/16</u>	<u>Number of shares underlying stock awards outstanding as of 12/31/16</u>
				<u>deferred pension value and nonqualified earnings (\$)(4)</u>				
Donald J. Amaral	41,507	26,640	0	30,830	1,318	100,294	4,000	1,015
William J. Casey	55,833	26,640	0	0	1,823	84,296	24,500	1,015
L. Gage Chrysler III	34,333	26,640	0	0	0	60,973	28,000	1,015
Craig S. Compton	34,333	26,640	0	73,651	1,479	136,103	22,000	1,015
Cory W. Giese	34,333	26,640	0	0	0	60,973	11,500	1,015



John S. A. Hasbrook	34,333	26,640	0	54,925	1,249	117,147	22,000	1,015
Patrick W. Kilkenny	34,333	26,640	0	0	0	60,973	7,500	1,015
Michael W. Koehnen	34,333	26,640	0	50,951	1,235	113,159	0	1,015
Martin A. Mariani	34,333	26,640	0	1,434	0	62,408	7,500	1,015
W. Virginia Walker	34,333	26,640	0	0	0	60,973	36,000	1,015

- (1) Richard Smith, our president and chief executive officer, is not included in this table because he is an employee of TriCo and receives no additional cash compensation for his service as a director. Mr. Smith's compensation is shown at Compensation of Named Executive Officers.
  - (2) From January through May 2016, we paid our non-employee directors a retainer of \$2,667 per month, an additional \$1,000 per month to the chairman of the Board, and an additional \$500 per month to the chairman of the compensation and management succession committee and \$500 per month to the chairman of the audit committee. From June through December 2016, we paid our non-employee directors a retainer of \$3,000 per month, an additional \$2,000 per month for the chairman of the Board, and an additional \$667 per month for the chairman of the audit and risk committee. We do not pay our directors any additional compensation to attend Board or committee meetings.
  - (3) Represents the grant date fair value determined in accordance with FASB ASC Topic 718, using the valuation assumptions described in the Notes to the Consolidated Financial Statements section of our Annual Report on Form 10-K for the year ended December 31, 2016, as filed with the SEC. On May 19, 2016, we granted each of our then-current directors a restricted stock unit award for 1,000 shares of common stock that vests in full on May 18, 2017.
  - (4) Reflects the change in actuarial value during 2016 of each participating director's account under the director supplemental retirement plan described beginning on page 15 and, for Mr. Mariani only, the above-market interest earned during 2016 under our deferred compensation plan described below. For 2016, the actuarial value of Mr. Casey's director supplemental retirement plan decreased by \$82,402.
  - (5) Reflects the taxable value attributable to the split dollar life insurance benefits described on page 15.
- In addition, each director has an indemnity agreement under which TriCo will indemnify the director against claims arising or relating to his or her service as a director, was covered by directors' and officers' liability insurance and was reimbursed for expenses incurred in connection with attendance at Board meetings (including expenses related to spouses when spouses are invited to attend Board events).



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**Table of Contents****Deferred Compensation Plans**

In 2005 we adopted a deferred compensation plan permitting our directors to defer payment of their retainer fees until retirement, termination of directorship or death. A director can defer up to a lifetime maximum of \$1.5 million for all deferrals under this plan and our predecessor plan which permitted director deferrals from 1992 until 2004. A director who elects to defer retainer fees for any year must defer a minimum of \$200 per month. In 2016, Mr. Mariani elected to defer \$34,333 in fees under this plan. The plan also permits us to make discretionary contributions to a director's account. To date, we have not made any discretionary contributions on behalf of any directors. A director's plan benefit is payable upon the director's retirement, the termination of directorship or death. All distributions under the plan are subject to the rules of Section 409A of the Internal Revenue Code. The plan is nonqualified, unsecured and unfunded.

Interest accrues on directors' deferred compensation plan accounts at a rate equal to 1% above the monthly equivalent of the annual yield of the Moody's corporate bond yield index for the preceding month. From the time that a director leaves our Board and until benefits are paid, a director's account under the plan is credited with interest each month at the monthly equivalent of the annual yield of the Moody's average corporate bond yield index for the preceding month. A director is immediately 100% vested in any deferrals and any related interest on those deferrals. We determine the vesting rate for any discretionary contributions credited to a director's account and any related interest. Notwithstanding the foregoing, if a director is removed for cause, our compensation and management succession committee can decide whether the interest credited to the director's account with respect to any deferrals and our discretionary contributions, if any, are forfeited.

Any deferrals made by a director and any discretionary contributions credited by us prior to January 1, 2005, and any related interest, are governed by a predecessor deferred compensation plan for directors that we adopted in 1992. The 1992 plan credits accounts at the monthly equivalent of three percent above the annual yield of the Moody's average corporate bond yield index but is otherwise similar to the 2005 plan in most respects.

**Director Supplemental Retirement Plan**

In 2004 we adopted a supplemental retirement plan to provide additional retirement benefits to directors who retire on or after January 1, 2004. This plan replaced our supplemental retirement plan for directors originally adopted in 1987 and any benefit accrued by a director as of December 31, 2003 under this earlier plan will be paid under the terms of the 2004 plan. Directors joining our Board after 2007 are not eligible to participate in this plan. However, any of the eligible outside directors who attains director emeritus status becomes qualified to participate in the 2004 plan. A participating director retiring on or after age 55 with at least 15 years of service, or after a change of control with any number of years of service, can receive an annual lifetime benefit equal to the amount of his base Board fees paid by us during the final year of service. The amount of the retirement benefit is reduced for each month that the benefit commencement date precedes the director's 65th birthday. A director's annual benefit payments under the plan begin the month after retirement. If a director is involuntarily removed, all benefits under this plan are forfeited. The plan is nonqualified, unsecured and unfunded.

**Split Dollar Life Insurance**

We have entered into joint beneficiary agreements with Mr. Amaral, Mr. Casey, Mr. Hasbrook, Mr. Koehnen and Mr. Compton under a previous director compensation program. These agreements provide that TriCo owns and pays premiums on a split dollar life insurance policy to provide various death benefits in certain circumstances to the beneficiaries named by each of these directors.



Table of Contents**OWNERSHIP OF VOTING SECURITIES**

The following table shows the common stock ownership as of April 3, 2017 for beneficial owners of more than 5.0% of our outstanding common stock, each of our directors, our current executive officers named on page 19 and our directors and executive officers as a group.

<u>Beneficial owners</u>	<u>Number of shares beneficially owned(1)</u>	<u>Percentage of shares beneficially owned outstanding</u>
<i>5% Holders</i>		
TriCo Bancshares	1,270,256 (2)	5.55%
Employee Stock Ownership Plan and Trust (ESOP) 63 Constitution Drive Chico, CA 95973		
BlackRock Inc. 55 East 52nd Street New York, NY 10055	1,641,752 (3)	7.2%
<i>Directors and Named Executive Officers</i>		
Donald J. Amaral	13,265 (4)	*
Daniel K. Bailey	44,869 (5)	*
Craig B. Carney	106,000 (6)	*
William J. Casey	647,288 (7)	2.8%
L. Gage Chrysler III	50,977 (8)	*
Craig S. Compton	166,511 (9)	*
Cory W. Giese	12,106 (10)	*
John S. A. Hasbrook	54,898 (11)	*
Patrick W. Kilkenny	8,177 (12)	*
Michael W. Koehnen	172,731 (13)	*

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Martin A. Mariani	41,038	(14)	*
Richard B. O Sullivan	271,242	(15)	1.2%
Thomas J. Reddish	37,190	(16)	*
Richard P. Smith	403,161	(17)	1.8%
W. Virginia Walker	39,057	(18)	*
All TriCo directors and executive officers as a group (17 persons)	2,070,568	(19)	9.1%

\*Less than 1%.

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- (1) Beneficial ownership is determined in accordance with the rules of the SEC and includes voting or investment power with respect to shares. Unless otherwise indicated below, all persons listed in the table have sole voting and dispositive power with respect to their shares of common stock, except to the extent authority is shared by spouses under applicable law. Pursuant to the rules of the SEC, the number of shares of common stock deemed outstanding includes shares issuable upon settlement of restricted stock units held by the respective persons that will vest within 60 days of April 3, 2017 and pursuant to options held by the respective person or group that are currently exercisable or may be exercised within 60 days of April 3, 2017
- (2) Each ESOP participant may direct the ESOP trustees how to vote the shares allocated to his account. The ESOP's advisory committee directs the ESOP trustees how to vote shares that are not allocated to participants accounts. As of April 3, 2017, participants in the ESOP could direct the voting of all 1,270,256 shares held by the ESOP. Of that total, 117,688 shares had been allocated to the accounts of executive officers.
- (3) Based on a Schedule 13G/A filed by BlackRock, Inc. with the SEC on January 26, 2017 disclosing that it held sole voting power over 1,577,552 shares and sole dispositive power over 1,641,752 shares.
- (4) Includes stock options for 4,000 shares and 1,016 underlying restricted stock units.
- (5) Includes stock options for 12,600 shares, 7,569 shares underlying restricted stock units and 7,129 shares allocated to Mr. Bailey's account in the ESOP.
- (6) Includes stock options for 76,600 shares, 7,744 shares underlying restricted stock units and 14,994 shares allocated to Mr. Carney's account in the ESOP.
- (7) Includes stock options for 24,500 shares, 1,016 shares underlying restricted stock units, 864 shares held in an IRA account for the benefit of Mr. Casey and 133,324 shares held by a family trust of which Mr. Casey is manager.
- (8) Includes 872 shares held by Mr. Chrysler's spouse, stock options for 28,000 shares and 1,016 shares underlying restricted stock units.
- (9) Includes 34,814 shares held in an IRA account for the benefit of Mr. Compton, stock options for 22,000 shares and 1,016 shares underlying restricted stock units.
- (10) Includes stock options for 8,500 shares and 1,016 shares underlying restricted stock units.
- (11) Includes stock options for 22,000 shares and 1,016 shares underlying restricted stock units.
- (12) Includes stock options for 3,000 shares and 1,016 shares underlying restricted stock units.
- (13) Includes 65,214 shares owned by CF Koehnen & Sons, of which Mr. Koehnen is an owner, 8,600 shares owned by the CF Koehnen & Sons Profit Sharing Plan of which Mr. Koehnen is trustee, 4,400 shares owned by the Helen Koehnen Trust of which Mr. Koehnen is trustee, 1,700 shares owned by Mr. Koehnen's children, 2,300 shares owned by Mr. Koehnen's wife, and 1,016 shares underlying restricted stock units.
- (14) Includes stock options for 3,000 shares and 1,016 shares underlying restricted stock units.
- (15) Includes stock options for 71,000 shares, 8,936 shares underlying restricted stock units and 45,065 shares allocated to Mr. O'Sullivan's account in the ESOP.
- (16) Includes stock options for 17,483 shares, 8,944 shares underlying restricted stock units and 17,483 shares allocated to Mr. Reddish's account in the ESOP.
- (17) Includes 209 shares held by Mr. Smith's wife, stock options for 191,000 shares 25,434 shares underlying restricted stock units and 32,197 shares allocated to Mr. Smith's account in the ESOP.
- (18) Includes stock options for 36,000 shares and 1,016 shares underlying restricted stock units.
- (19) Includes stock options for 502,200 shares, 73,977 shares underlying restricted stock units and 117,688 shares allocated to executive officers' accounts in the ESOP.

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**EXECUTIVE OFFICERS**

*The following persons currently serve as executive officers and senior management of both TriCo and Tri Counties Bank.*

**Richard P. Smith**

Information about Mr. Smith can be found at Board of Directors.

**Daniel K. Bailey**

Daniel Bailey, age 48, has been executive vice president, chief retail banking officer since 2015. Prior to that, he held the title of executive vice president -- retail banking & bank operations of Tri Counties Bank since May 2007. Prior to joining Tri Counties Bank, Mr. Bailey spent more than fifteen years at Wells Fargo Bank where he served in numerous senior management positions. His most recent position with Wells Fargo was senior vice president, Northern California Region Initiatives Manager.

**Craig Carney**

Craig Carney, age 58, has served as executive vice president and chief credit officer of Tri Counties Bank since 2007. From 1997 until 2007 he was senior vice president and chief credit officer of Tri Counties Bank. From 1985 to 1996 Mr. Carney was employed by Wells Fargo Bank in various lending capacities. His most recent position with Wells Fargo was as vice president, senior lender in commercial banking from 1991 to 1996. Mr. Carney served as a consultant to Tri Counties Bank from 1996 until his employment in 1997.

**John S. Fleshood**

John S. Fleshood, age 54, has served as executive vice president and chief operating officer of TriCo and Tri Counties Bank since December 1, 2016. Previously, Mr. Fleshood served in a variety of management positions at Wintrust Financial Corporation, a financial holding company based in Rosemont, Illinois since 2005, including most recently as executive vice president and chief risk officer. Prior to that, Mr. Fleshood served as senior vice president and chief financial officer of the Chicago affiliate of Fifth Third Bank from 2001 to 2005, and as vice president and manager of the Treasury Division from 1992 to 2001. He began his banking career with Indiana National Bank.

**Glenn C. Hunter**

Glenn C. Hunter, age 66, has served as our senior vice president and chief human resources officer since 2013. Previously, he was senior vice president, global human resources for Obopay, Inc., a mobile payments technology company, from 2008 to 2013.

**Richard O Sullivan**

Richard O Sullivan, age 60, has served as executive vice president chief commercial lending officer of Tri Counties Bank since 1997. He was our senior vice president customer sales and service from 1995 to 1997. He served as vice president and manager of our Park Plaza branch from 1992 until 1995. Mr. O Sullivan is also a partner in a family



farm.

**Thomas J. Reddish**

Tom Reddish, age 57, has served as executive vice president and chief financial officer of TriCo and Tri Counties Bank since 2006 after serving as senior vice president and chief financial officer since 2003 and, prior to that, as vice president and chief financial officer since 1999. Previously, he was vice president and controller of TriCo and vice president of Tri Counties Bank from 1998 until 1998. He served as controller of Tri Counties Bank from 1994 until 1998.

Table of Contents**COMPENSATION OF NAMED EXECUTIVE OFFICERS****Summary Compensation Table**

The following tables present information concerning all compensation earned in 2016, 2015 and 2014 by our president and chief executive officer, executive vice president and chief financial officer, executive vice president chief commercial lending officer, executive vice president chief credit officer, executive vice president chief retail banking officer and former executive vice president and chief operating officer. Throughout this proxy statement, we refer to these individuals as to as the named executive officers.

Name and principal position	Year	Salary (\$)(1)	Bonus (\$)(2)	Stock awards (\$)	Option awards (\$)(3)	Non- equity incentive plan compensation (\$)	Change in pension value and nonqualified deferred earnings compensation (\$)(4)	All other compensation (\$)(5)	Total (\$)
Richard Smith,	2016	577,680	0	270,255	0	350,000	790,717	66,962	2,055,614
<i>President and Chief Executive Officer</i>	2015	549,846	225,000	272,142	0	277,398	1,032,718	60,294	2,417,399
	2014	526,234	225,000	216,732	0	175,000	1,856,944	61,725	3,061,634
Thomas Reddish,	2016	323,350	97,800	125,555	0	0	129,747	74,103	750,555
<i>Executive Vice President and Chief Financial Officer</i>	2015	314,875	79,059	94,844	0	0	18,147	40,773	547,697
	2014	309,601	77,699	79,512	0	0	718,691	14,798	1,200,301
Richard O Sullivan,	2016	272,017	110,000	104,646	0	0	114,175	35,349	636,186
<i>Executive Vice President Chief Commercial Lending Officer</i>	2015	260,890	83,899	78,476	0	0	142,163	40,556	605,984
	2014	256,094	77,113	64,803	0	0	581,785	50,352	1,030,147
Craig Carney,	2016	287,686	116,400	113,939	0	0	201,894	27,817	747,736

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<i>Executive Vice President Chief Credit Officer</i>	2015	274,932	82,886	82,670	0	0	209,626	30,804	680,918
								29,928	1,207,013
Dan Bailey,	2016	279,769	102,000	108,041	0	0	142,666	28,166	660,642
<i>Executive Vice President Chief Retail Banking Officer</i>	2015	268,335	80,897	80,656	0	0	72,116	31,888	533,892
								30,572	662,814
	2014	263,074	79,311	66,317	0	0	223,540		
Carol Ward, <i>Former</i>	2016	324,525	79,798	106,981	0	0	403,085	20,148	934,536
	2015	260,833	79,500	65,596	0	0	196,813	26,299	629,641
<i>Executive Vice President and Chief Operating Officer</i>	2014	212,500	73,100	52,474	0	0	160,416	21,501	519,991

- (1) Reflects actual salary earned in the year indicated. For Ms. Ward, reflects compensation earned through November 30, 2016, the final day of her employment.
- (2) Reflects cash bonuses earned for performance in the year indicated but paid in the following year other than Ms. Ward's 2016 bonus, which was paid in 2016.
- (3) Reflects the fair value of the option awards on the grant date determined in accordance with FASB ASC Topic 718, using the valuation assumptions described in the Notes to the Consolidated Financial Statements section of our Annual Report on Form 10-K for the year ended December 31, 2016, as filed with the SEC.
- (4) Reflects the sum of the change in value of the executive's supplemental retirement plan account described beginning on page 29 and the above-market interest earned during 2016 under the deferred compensation plan described below, if any, and not cash payments received during the year. The actuarial change in the present value of the executive's supplemental retirement plan account is determined using interest rate and mortality rate assumptions consistent with those described in TriCo's financial statements and includes amounts that the executive may not be currently entitled to receive because such

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amounts are not vested. For 2016, these actuarial changes were \$777,246 for Mr. Smith, \$110,010 for Mr. Reddish, \$67,032 for Mr. O Sullivan, \$188,591 for Mr. Carney, \$142,666 for Mr. Bailey and \$403,085 for Ms. Ward. Above-market interest earned on the deferred compensation accounts during 2016 was \$13,471 for Mr. Smith, \$19,737 for Mr. Reddish, \$47,143 for Mr. O Sullivan, \$13,303 for Mr. Carney, \$0 for Mr. Bailey and \$0 for Ms. Ward.

(5) Reflects the incremental cost to TriCo of other compensation indicated in the following table:

Name	Year	Personal				Total	
		Automobile use or allowance (\$) (A)	Life insurance benefits (\$) (B)	use of club memberships (\$) (C)	TriCo contributions (\$) (D)	ESOP contributions (\$) (E)	perquisites, other personal benefits and compensation (\$) (F)
Richard Smith	2016	20,231	32,003	4,128	0	10,600	66,962
	2015	20,360	19,559	4,800	0	14,940	60,294
	2014	14,853	29,291	3,932	0	12,913	61,725
Thomas Reddish	2016	0	8,439	5,229	0	1,434	74,102
	2015	0	8,831	5,042	11,960	14,940	40,773
Richard O Sullivan	2014	0	8,633	5,212	0	953	14,798
	2016	12,000	7,551	5,197	0	10,600	35,349
Craig Carney	2015	12,000	8,377	5,258	0	14,709	40,556
	2014	12,000	8,164	5,159	12,310	12,719	50,352
	2016	6,000	7,380	3,837	0	10,600	27,817
Dan Bailey	2015	6,000	7,356	2,508	0	14,940	30,804
	2014	6,000	7,200	3,815	227	12,913	29,928
	2016	12,000	570	4,996	0	10,600	28,166
Carol Ward	2015	12,000	562	4,386	0	14,940	31,888
	2014	12,000	563	5,096	0	12,913	30,572
	2016	5,500	523	3,525	0	10,600	20,148
	2015	6,000	562	5,032	0	14,705	26,299
	2014	6,000	563	4,384	0	10,554	21,501

- (A) Reflects the value attributable to personal use of automobiles provided by TriCo as calculated in accordance with IRS guidelines.
- (B) Reflects the incremental amount of life insurance benefits provided named executive officer. TriCo provides all full time employees, including the named executive officers, with life insurance benefits paying greater three times the employee's annual salary or \$500,000 to the employee's beneficiaries.
- (C) Reflects contributions allocated by TriCo to an executive's ESOP account pursuant to the terms of our nonqualified deferred compensation plan described on page 26.
- (D) Reflects discretionary contributions made by TriCo to an executive's account in our ESOP described below.
- (E) Includes security system expenses for Mr. O'Sullivan and expenses related to spouses when spouses are invited to accompany executives on management retreats and conventions. For Mr. Reddish, the total for 2016 includes aggregate payments of \$59,001 as reimbursements of tax penalties, tax-related expenses and related corrective payments with a tax gross up to compensate him for errors made in the administration of his deferred compensation plan account, which were corrected during 2016.

### **CEO Incentive Plan**

Each year the Board adopts a CEO Incentive Plan providing for potential bonus compensation to our chief executive officer, Richard Smith, for his performance during that year. In 2016, the CEO Incentive Plan generally provided that Mr. Smith could earn a bonus equal to up to 100% of his 2016 salary if TriCo met certain pre-established performance goals. See Compensation Discussion and Analysis--Annual Incentive Bonus for a more detailed discussion of this plan. The compensation and management succession committee retains discretion regarding the determinations as to whether TriCo reached these goals.

### **ESOP**

We have an employee stock ownership plan and trust for all employees completing at least 1,000 hours of service with TriCo or Tri Counties Bank. Annual contributions are made by TriCo in cash at the discretion of the Board.

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Contributions to the plan are held in trust and invested primarily in our common stock. Contributions are allocated to participants on the basis of salary in the year of allocation. In general, benefits become vested after six years.

**401(k)**

We have a 401(k) plan for all employees age 18 and over who complete at least 90 days of service with TriCo or Tri Counties Bank. Participants may contribute a portion of their compensation subject to certain limits based on federal tax laws. Participants may select between making regular pre-tax deferrals or Roth deferrals (effective January 1, 2008). While TriCo has historically not made matching contributions to the plan, the company introduced a 2% match on a 4% contribution for qualifying employees beginning in 2015. Plan assets are held in trust. Participants can direct their investment contributions into a variety of specified mutual funds. Generally, contributions are triggered by a participant's retirement, disability, death or other separation from employment.

**2009 Equity Incentive Plan**

*General.* In 2009 we adopted and our shareholders approved our 2009 equity incentive plan. In 2013, our shareholders approved an amendment increasing the number of authorized shares from 650,000 to 1,650,000. The plan may be administered by the Board or an authorized committee of the Board. It is the current policy of the Board of Directors that all equity incentive awards be approved by the compensation and management succession committee. The 2009 plan expires in 2019.

Employees, officers, directors and consultants of TriCo or its subsidiaries are eligible for awards under the 2009 plan. The Board or an authorized committee determines which individuals will receive awards, as well as the number of shares underlying and composition of each award.

*Grants to non-employee directors.* The 2009 plan provides that TriCo may grant to each outside (i.e., non-employee) director a stock option for 20,000 shares of common stock when first elected to the Board and an additional stock option for 4,000 shares each year when re-elected to the Board. In addition, each outside director who is appointed as Chairman of the Board or as Chairman of the Audit Committee may receive an additional stock option for 1,000 shares. The exercise price for these options will be the fair market value on the date of grant and the options will vest as determined by the Board. Outside directors are eligible to receive other awards, but no such awards have been granted to them.

*Awards.* The 2009 plan permits TriCo to grant stock options, restricted stock, stock awards, and stock appreciation rights. The Board or an authorized committee determines the types, sizes and terms of awards based on various factors, including a participant's duties and responsibilities, the value of the participant's past services, the participant's potential contributions to TriCo's success and other factors. No participant may receive awards for more than 300,000 shares of common stock during any year.

The 2009 plan provides for the following types of awards:

*Stock Options.* TriCo may grant stock options under the 2009 plan, including options which are qualified as incentive stock options as defined under Section 422 of the Internal Revenue Code and nonqualified stock options. Options will not be exercisable at a price that is less than 100% of the fair market value of TriCo's common stock on the date of grant or, if the optionee holds at least 10% of the voting power of all classes of TriCo's stock, 110% of fair market value with respect to incentive stock options. The term of options will

generally be ten years, except that incentive stock options granted to any 10% shareholders will have a term of no more than five years. Options will vest and become exercisable as determined by the Board at the time of grant.

*Restricted Stock.* A restricted stock award is the grant of shares of TriCo's common stock, exercisable currently at a price determined by the Board (including zero), that is subject to forfeiture until specific conditions or goals are met. Conditions may be based on continuing employment or achieving performance goals specified by the Board. During the period of restriction, participants holding restricted stock may, if permitted by the Board, have full voting and dividend rights. The restrictions lapse in accordance with a schedule or other conditions determined by the Board.

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*Stock Grants.* A stock grant is an award of shares of common stock without restriction. Stock grants may be made in certain circumstances to reward special performance or for other reasons.

*Stock Appreciation Rights.* Under the 2009 plan, TriCo may grant stock appreciation rights or SARs that are settled in common stock or cash and which must be granted with an exercise price not less than 100% of fair market value on the date of grant. Upon exercise of a SAR, a participant is entitled to receive cash or a number of shares of common stock equivalent in value to the difference between the fair market value on the exercise date and the exercise price of the SAR. For example, if a participant is granted 100 SARs with an exercise price of \$10 and the SARs are later exercised when the fair market value of the underlying shares is \$20 per share, the participant would be entitled to receive 50 Shares  $[(\$20 - \$10) \times 100] / \$20$ , or \$1,000 in cash  $(\$20 - \$10) \times 100$ . Because of adverse accounting consequences of an SAR settled in cash, TriCo expects that most SARs will provide for settlement in shares of common stock.

*Performance-based awards.* Grants of performance-based awards under the 2009 plan are intended to qualify as performance-based compensation under Section 162(m) of the Code and preserve the deductibility of these awards for federal income tax purposes. Section 162(m) of the Code denies a tax deduction to public companies for compensation paid to certain covered employees in a taxable year to the extent the compensation paid to a covered employee exceeds \$1,000,000 unless the plan contains certain features that qualify the compensation as performance-based compensation. Because Section 162(m) of the Code only applies to those employees who are covered employees as defined in Section 162(m), covered employees and those who may become covered employees are most likely to receive performance-based awards. Covered employees means TriCo's chief executive officer, its chief financial officer and any of its other three highest compensated officers.

*Shares reserved for issuance.* Subject to certain adjustments, the maximum aggregate number of shares of TriCo's common stock which may be issued pursuant to or subject to awards under the 2009 plan is 1,650,000. As of April 3, 2017 there were 635,220 shares available for grant of awards under the 2009 plan. The number of shares available for issuance under the 2009 plan is reduced by: (i) one share for each share of common stock issued pursuant to a stock option or a Stock Appreciation Right and (ii) two shares for each share of common stock issued pursuant to a Performance Award, a Restricted Stock Award or a Restricted Stock Unit Award. When awards made under the 2009 plan expire or are forfeited or cancelled, the underlying shares will become available for future awards under the 2009 plan. To the extent that a share of common stock pursuant to an award that counted as two shares again becomes available for issuance under the 2009 plan, the number of shares of common stock available for issuance under the 2009 plan will increase by two shares. Shares awarded and delivered under the 2009 plan may be authorized but unissued, or reacquired shares.

**2001 Stock Option Plan**

*General.* In 2001, TriCo adopted a 2001 stock option plan for key officers, employees, directors and consultants, as subsequently approved by shareholders, which provides that options to purchase an aggregate of 2,124,650 shares of our common stock may be granted under the plan. With the adoption of the 2009 plan, the company decided that it would make no additional grants of options under the 2001 plan, even though there were 128,140 shares still available for grant under the 2001 plan. Vesting schedules are determined individually for each grant. The stock options that we have issued to our executives were granted at exercise prices equal to the fair market value of TriCo stock on the date of grant. Aside from certain stock options granted to our directors, which vest in their entirety on the first anniversary of the grant date, all stock options granted vest ratably over a five-year period beginning either on the grant date or the first anniversary of the grant date.



The 2001 plan authorized the issuance of incentive stock options and non-qualified stock options. The plan imposes individual limitations on the amount of certain awards so that no single participant may generally receive options in any calendar year that relate to more than \$1 million. Finally, options may generally be adjusted to prevent dilution or enlargement of benefits when certain events occur, such as a stock dividend, reorganization, recapitalization, stock split, combination, merger or consolidation.

The 2001 plan is administered by our compensation and management succession committee, which is authorized to: (i) amend the terms and conditions of any option, including the vesting schedule, (ii) interpret the rules relating to the plan, and (iii) otherwise administer the plan. See Potential Payments Upon Termination or Change of Control.

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Tax consequences to TriCo and to participants receiving options vary with the type of option. The plan is not intended to be a qualified plan under Section 401(a) of the Internal Revenue Code.

**Grants of Plan-Based Awards for 2016**

TriCo issued restrict stock units and performance share units to the named executive officers in 2016. TriCo did not issue any stock options to the named executive officers in 2016. The following table presents information concerning plan-based awards granted to each named executive officer in 2016:

Name	Grant Date	Estimated possible 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 award (\$)
		Threshold	Target	Maximum	Threshold	Target	Maximum		
		(\$)	(\$)	(\$)	(#)	(#)	(#)		
Richard Smith			292,500	585,000					
	5/19/2016							5,296(3)	141,085(4)
	5/19/2016				0	5,296	7,944		129,169(5)
Thomas Reddish									
	5/19/2016							1,244(6)	33,140(4)
	5/19/2016							1,811(3)	48,245(4)
	5/19/2016				0	1,811	2,717		44,170(5)
Richard O Sullivan									
	5/19/2016							1,051(6)	27,999(4)
	5/19/2016							1,502(3)	40,013(4)
	5/19/2016				0	1,502	2,253		36,634(5)
Craig Carney									
	5/19/2016							1,113(6)	29,650(4)
	5/19/2016							1,582(3)	42,144(4)
	5/19/2016				0	1,582	2,373		38,585(5)
Dan Bailey									
	5/19/2016							1,081(6)	29,251(4)
	5/19/2016							1,544(3)	41,132(4)
	5/19/2016				0	1,544	2,316		37,658(5)
Carol Ward									
	5/19/2016							1,108(6)	29,517(4)
	5/19/2016							1,518(3)	40,440(4)
	5/19/2016				0	1,518	2,277		37,024(5)

- (1) Under TriCo's CEO Incentive Plan, Mr. Smith was eligible to receive an incentive bonus for 2016 ranging from 0% to 100% of his annual salary. If TriCo achieved substantially all of its budgeted corporate goals, Mr. Smith would be eligible for a bonus of up to 50% of his annual salary. If TriCo achieved 120% or more of its budgeted corporate goals, he would be eligible for a bonus of up to 100% of his annual salary. If TriCo achieved between 90% and 100% of its budgeted corporate goals, he would be eligible to receive a bonus in an amount determined by the compensation and management succession committee in its discretion. If TriCo did not achieve at least 90% of its budgeted corporate goals, Mr. Smith would not be eligible for a 2016 incentive bonus under this plan.
- (2) Reflects performance share units ( PSUs ) awarded under our 2009 equity incentive plan. PSUs will vest with respect to between 0% and 150% of the target number of shares on May 18, 2019, based on TriCo's total stockholder return relative to the KBW Regional Banking Index.
- (3) Reflects restricted stock units ( RSUs ) awarded under our 2009 equity incentive plan. The RSUs vest in equal annual installments on each of the first four anniversaries of the grant date.
- (4) The fair value for each RSU is equal to the closing price of the underlying TriCo common stock as reported on the Nasdaq Global Select Market on the grant date, which was \$26.64 per share.
- (5) The estimated fair values of the PSUs were determined using a per share price of \$24.39, which was determined using a Monte-Carlo simulation process performed by Radford (Aon Hewitt) consisting of 250,000 simulations of future stock prices of TriCo common stock and the KBW Regional Banking Index.
- (6) Reflects RSUs awarded under our 2009 equity incentive plan. The RSUs will vest on the first anniversary of the grant date.

#### **Outstanding Equity Awards at 2016 Fiscal Year-End**

The following table presents information for all equity awards held by the named executive officer as of December 31, 2016, other than Ms. Ward who held no equity awards as of that date.

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Name	Option Awards					Stock Awards			
	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 (\$)(1)	Option expiration date	Number of shares or units of stock that have not vested (#)	Market Value of Shares or units of stock that have not vested (\$)(2)	Equity incentive plan awards: number of unearned shares, units or other rights that have not vested (#)(3)	Equity incentive plan awards: market or payout value of unearned shares, units or other rights that have not yet vested (\$)(4)
Richard Smith	12,000	-	-	15.40	5/20/2018				
	4,000	-	-	17.54	5/25/2020				
	61,000	-	-	17.54	5/25/2020				
	4,000	-	-	14.54	12/20/2021				
	50,000	-	-	14.54	12/20/2021				
	32,000	8,000(5)	-	15.34	5/22/2022				
	24,000	16,000(6)	-	19.46	5/9/2023				
	4,000	-	-	19.46	5/9/2023				
						2,637(7)	90,133	5,530(8)	189,015
						4,334(9)	148,136	6,341(10)	216,735
						5,378(11)	183,820	4,311(12)	147,350
Thomas Reddish	6,000	-	-	14.54	12/20/2021				
	-	6,000(5)	-	15.34	5/22/2022				
	-	4,400(6)	-	19.46	5/9/2023				
						967(7)	33,052	2,028(8)	69,317
						1,511(9)	51,646	2,210(10)	75,538
						1,839(11)	62,857	1,474(12)	50,381
						1,263(13)	43,169		
Richard O Sullivan	19,400	-	-	22.54	5/22/2017				
	8,000	-	-	15.40	5/20/2018				
	15,000	-	-	17.54	5/25/2020				
	10,000	-	-	14.54	12/20/2021				
	12,000	3,000(5)	-	15.34	5/22/2022				

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	6,600	4,400(6)	-	19.46	5/9/2023				
						789(7)	26,968	1,653(8)	56,500
						1,249(9)	42,591	1,828(10)	62,481
						1,525(11)	52,125	1,222(12)	41,768
						1,067(13)	36,470		
Craig Carney	10,450	-	-	22.54	5/22/2017				
	4,000	-	-	15.40	5/20/2018				
	20,000	-	-	17.54	5/25/2020				
	30,000	-	-	14.54	12/20/2021				
	16,000	4,000(5)	-	15.34	5/22/2022				
	6,600	4,400(6)	-	19.46	5/9/2023				
						823(7)	28,130	1,725(8)	58,961
						1,316(9)	44,981	1,926(10)	65,831
						1,606(11)	54,893	1,287(12)	43,990
						1,130(13)	38,623		
Dan Bailey	6,000	-	-	14.54	12/20/2021				
	-	4,000(5)	-	15.34	5/22/2022				
	6,600	4,400(6)	-	19.46	5/9/2023				
						807(7)	27,583	1,692(8)	57,833
						1,285(9)	43,921	1,879(10)	64,224
						1,567(11)	53,560	1,256(12)	42,930
						1,097(13)	37,495		

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- (1) The exercise price equals the market value on the grant date.
- (2) Indicates the value of shares underlying unvested RSUs based on the closing price of TriCo common stock on December 31, 2016 as reported on the Nasdaq Global Select Market, which was \$34.18 per share.
- (3) Indicates the number of shares underlying unvested PSUs that would vest on the vesting date based on the closing price of TriCo common stock on December 31, 2016.
- (4) Indicates the value of shares underlying unvested PSUs based on the closing price of TriCo common stock on December 31, 2016 as reported on the Nasdaq Global Select Market, which was \$34.18 per share.
  
- (5) Vests on May 22, 2016.
  
- (6) Vests in two equal installments on May 9, 2017 and 2018.
  
- (7) The RSU vests in two equal annual installments on August 11, 2017 and 2018.
  
- (8) The PSU vests on August 10, 2017.
  
- (9) The RSU vests in three equal annual installments on May 7, 2017, 2018 and 2019.
  
- (10) The PSU vests on May 6, 2018.
  
- (11) The RSU vests in four equal annual installments on May 19, 2017, 2018, 2019 and 2020.
  
- (12) The PSU vests on May 18, 2019.
  
- (13) The RSU vests on May 18, 2017.

**Option Exercises and Stock Awards Vested During 2016**

The following table presents information about the stock options that were exercised by, and the restricted stock that vested for, each of the named executive officers during 2016.

Name	Option Awards		Stock Awards	
	Number of	Value	Number of	Value
	shares acquired	realized on	shares acquired	realized on

	on exercise (#)	exercise \$(1)	on exercise (#)	exercise \$(2)
Richard Smith	100,000	571,450	2,727	71,149
Thomas Reddish	99,200	1,254,146	974	25,403
Richard O Sullivan	-	-	800	20,867
Craig Carney	-	-	839	21,886
Dan Bailey	40,000	651,280	820	21,390
Carol Ward	22,600	273,258	658	17,167

- (1) The aggregate dollar value realized upon the exercise of an option represents the difference between the market price of the underlying shares on the date of exercise and the exercise price of the option.
- (2) The aggregate dollar value realized upon the exercise represents the value of share received upon settlement of a restricted stock unit.

#### **Pension Benefits**

Effective January 1, 2004, we adopted a supplemental executive retirement plan to provide supplemental retirement benefits to our key employees. This plan replaced a supplemental retirement plan for executives that we originally adopted in 1987, and any benefits accrued by an executive as of December 31, 2003 under the earlier plan will now be paid under terms of the 2004 plan. We select the key employees who will participate in this plan. The plan is nonqualified, unsecured and unfunded. The plan was amended and restated effective January 1, 2009 to incorporate changes required by Internal Revenue Code 409A, and to add a new provision for anyone who is designated as a participant on or after January 1, 2009.

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For participants under the 2004 plan as of December 31, 2008, commencing on the first day of the month coinciding or following the participant's normal retirement date, the bank is obligated to pay to the participant a monthly cash benefit equal to the target retirement percentage (ranges from 0 to 70 percent depending on years of credited service) multiplied by the participant's final average compensation (defined as the 36 full consecutive months of employment during which the participant's compensation is the highest divided by 36) less the sum of the participant's monthly estimated primary Social Security benefit and the participant's ESOP offset. For participants who enter the 2004 Plan on or after January 1, 2009, commencing on the first day of the month following a participant's normal retirement date the bank is obligated to pay to the participant a monthly retirement cash benefit equal to the target retirement percentage (ranges from 0 to 45 percent depending on years of credited service) multiplied by the participant's final average compensation for the remainder of the participant's life.

For purposes of this plan, normal retirement date means the date on which the participant terminates employment if such termination occurs on or after the participant's attainment of age 62. Early retirement date means the date on which a participant terminates employment if such termination occurs on or after such participant's attainment of age 55 and completion of 15 years of credited service, but prior to normal retirement date. If the participant receives a supplemental retirement benefit under this plan before the normal retirement date, the monthly cash benefit shall be reduced by 0.5 percent per month for each month by which the benefit commencement date precedes the participant's age 62, and in no case shall the commencement of benefits precede the participant's 55<sup>th</sup> birthday.

The following table presents certain information concerning the benefits of the named executive officers under our supplemental executive retirement plan:

<b>Name</b>	<b>Plan Name</b>	<b>Number of years credited service (#)</b>	<b>Present value of accumulated benefit \$(1)</b>	<b>Payments during 2016(\$)</b>
Richard Smith	Supplemental Executive Retirement Plan	23	7,052,367	-
Thomas Reddish	Supplemental Executive Retirement Plan	22	2,230,281	-
Richard O Sullivan	Supplemental Executive Retirement Plan	31	1,467,222	-
Craig Carney	Supplemental Executive Retirement Plan	19	2,266,957	-
Dan Bailey	Supplemental Executive Retirement Plan	9	679,778	-
Carol Ward	Supplemental Executive Retirement Plan	4	842,676	-



- (1) The value as of December 31, 2016, is determined using assumptions consistent with those used in note 25 of our audited financial statements included in our annual report on Form 10-K for the year ended December 31, 2016.

### **Nonqualified Deferred Compensation**

Our 2005 deferred compensation plan provides our executives with the opportunity to defer all or part of their salaries and bonuses until retirement, termination from employment or death. An executive can defer up to a lifetime maximum of \$1.5 million for all deferrals under this plan and our predecessor plan which permitted deferrals from 1987 until 2004. An executive who elects to defer his compensation for any year must defer a minimum of \$200 per month. The plan permits us to make discretionary contributions to an executive's account. Each year since the plan's inception we have credited to each executive's account a contribution based on our contributions made for him under our ESOP for that year. This plan is nonqualified, unsecured and unfunded.

Monthly interest is credited to an executive's account at the rate of 1% higher than the monthly equivalent of the annual yield of the Moody's corporate bond yield index for the preceding month. From the time that his employment with us ends until his benefit is paid, an executive's account under the plan is credited with interest each month at the monthly equivalent of the annual yield of the Moody's average corporate bond yield index for the preceding month.

Executives are immediately 100% vested in their own contributions and in our reoccurring contributions credited to their account. We determine the vesting rate for any discretionary contributions credited to an executive's account as well as for the interest related to these contributions. If an executive is terminated for cause, our compensation and management succession committee can decide whether the interest credited to the executive's account with respect to his deferrals, our discretionary contributions and our reoccurring contributions are forfeited. The distribution of an executive's plan benefit in the event of a change of control or other termination is described at Potential Payments Upon Termination or Change of Control.

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Any deferrals made by an executive, our discretionary contributions, our reoccurring contributions credited to his account prior to January 1, 2005, and the related interest, are governed by a predecessor deferred compensation plan for executives that we adopted in 1987. An executive's account under the 1987 plan is credited with interest each month at a rate that is 3% higher than the monthly equivalent of the annual yield of the Moody's average corporate bond yield index for the preceding month, but otherwise the 1987 plan is similar to the 2005 plan in most respects.

The following table presents information concerning nonqualified deferred compensation under both plans for each of the named executive officers:

<b>Name</b>	<b>Executive contributions in 2016 (\$)(1)</b>	<b>TriCo contributions in 2016 (\$)</b>	<b>Aggregate earnings in 2016 (\$)(2)</b>	<b>Aggregate withdrawals/distributions (\$)</b>	<b>Aggregate balance at 2016 year end (\$)</b>
Richard Smith	-	-	23,590	-	403,352
Thomas Reddish	365,207	-	31,192	-	724,420
Richard O Sullivan	-	-	77,718	-	1,222,869
Craig Carney	11,747	-	22,395	-	370,699
Dan Bailey	-	-	-	-	-
Carol Ward	-	-	-	-	-

(1) These amounts were included as salary paid to such officer in the summary compensation table on page 19.

(2) The following amounts were included in the summary compensation table on page 19 as above-market rates earned under our executive nonqualified deferred compensation plan: Richard Smith, \$13,471; Thomas Reddish, \$19,737; Richard O Sullivan, \$47,143; and Craig Carney, \$13,303.

**CEO Employment Agreement**

In March, 2013, TriCo entered into an employment agreement with Richard Smith, TriCo's president and chief executive officer, which provides Mr. Smith with a base annual salary that is subject to annual increases as determined by the compensation and management succession committee. During 2016, Mr. Smith's base annual salary was \$585,000, and for 2017 it is \$610,000. Mr. Smith is also eligible to receive an annual incentive bonus under the CEO Incentive Plan and stock options and other awards under the 2009 equity incentive plan. Mr. Smith's employment agreement also provides that Mr. Smith is entitled to 20 paid vacation days annually and a car allowance of \$1,000 per month or use of an automobile owned or leased by TriCo, membership in a country club and reimbursement of other reasonable out-of-pocket expenses incurred in the performance of his duties. Mr. Smith is also eligible to participate in TriCo's 401(k) savings plan, TriCo's employee stock ownership plan, TriCo's executive deferred compensation plan and TriCo's supplemental executive retirement plan. Finally, Mr. Smith and his dependents receive disability, health, dental or other insurance plans available to all of TriCo's employees.

The term of Mr. Smith's employment agreement automatically extends for an additional one year term in April of each year unless one party notifies the other party to the contrary 90 days prior to the renewal date. If Mr. Smith is

terminated without cause and not in connection with a change of control, then TriCo will pay to Mr. Smith all amounts earned or accrued as salary and a prorated amount of Mr. Smith's minimum guaranteed annual bonus through the date of termination. In addition, TriCo would pay Mr. Smith the amount of his salary that would be payable if his employment had not been terminated until the end of the then-current term. If Mr. Smith's employment is terminated in various circumstances as described under Compensation of Named Executive Officers - Potential Payments Upon Termination or Change of Control, then Mr. Smith would be entitled to receive the potential benefits described in that section.

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

*Change of Control Agreements.* Each named executive officer has entered into an agreement with TriCo that provides him with benefits if TriCo experiences a change of control. If a change of control occurs and the executive's employment is terminated other than for cause or the executive terminates his employment after a substantial and material negative change in his title, compensation or responsibilities within one year after such change of control, then the executive is entitled to receive a severance payment equal to twice the combined amount of his annual salary in effect at the time plus his most recent annual bonus, paid in 24 equal monthly installments; provided that the present value of those payments shall not be more than 299% of executive's compensation as defined by section 280G of the Internal Revenue Code (Section 280G). The effect of this provision is that deductions for payments made under these agreements will not be disallowed due to Section 280G. All of our executives' change of control agreements expire annually but automatically renew for an additional one-year period each year unless terminated by either TriCo or the executive 90 days prior to such anniversary date. In exchange for receiving the benefits under the agreement, each executive has agreed to keep confidential all of TriCo's trade secrets.

A change of control as defined in Mr. Smith's employment agreement generally occurs in connection with:

- a person becoming the owner of 20% or more of our outstanding common stock,
- a person or group acquiring assets of TriCo having a value equal to one third or more of all of TriCo's assets,
- a person or group acquiring 50% or more of the total ownership of TriCo, based on either fair market value or voting power,
- a replacement of at least a majority of our directors.

A change of control as defined in our executives' change of control agreements (other than Mr. Smith's employment agreement) generally occurs in connection with:

- a person becoming the beneficial owner of 40% or more of our outstanding common stock,
- the purchase of our common stock pursuant to a tender or exchange offer,
- our shareholders' approval of the merger of TriCo where TriCo is not the surviving corporation, the sale of all of our assets or TriCo's dissolution, or
- a replacement of at least a majority of our directors.

For cause as defined in these agreements means:

- an employee's dishonesty, disloyalty, willful misconduct, dereliction of duty or conviction of a felony or other crime the subject matter of which is related to his duties for TriCo,
- an employee's commission of an act of fraud or bad faith upon TriCo,
- an employee's willful misappropriation of any funds or property of TriCo, or
- an employee's willful continued and unreasonable failure to perform his duties or obligations.

Upon termination of an executive's employment or service, a participant will generally have 90 days following termination of employment or service to exercise any vested options. All options which are not exercised prior to 90 days after the date the executive ceases to serve as an employee of TriCo shall be forfeited. If an executive is terminated for cause, all right to exercise his vested options terminates on the date of the executive's termination.

*Nonqualified Deferred Compensation Plans.* An executive's plan benefit is generally payable upon his retirement, separation from employment or death. However, if an executive is terminated for cause, our compensation and management succession committee can determine in its discretion whether the interest credited to the executive's account with respect to his deferrals and any contributions made by TriCo are forfeited. For cause as defined in this plan is generally the same as an involuntary termination under our supplemental executive retirement plan described below. An executive can also elect in advance to receive a distribution of his plan benefit in the event of a change of control. A change of control as defined under our 2005 deferred compensation plan generally means:

the acquisition of more than 50% of our outstanding stock,  
the acquisition in 12 months or less of at least 35% of our stock,  
the replacement in 12 months or less of a majority of our directors, or  
the acquisition in 12 months or less of at least 40% of our assets.

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In addition to any advance election to receive his benefit in the event of a change of control, the executive can make an advance election as to the time and form for his benefit distribution after his separation from employment. In all cases, other than a distribution to satisfy his severe financial hardship, the executive may elect to receive his benefit payments in a lump sum or in annual installments over 5, 10 or 15 years. An executive's distribution election can be changed in advance of his retirement or other separation in accordance with Section 409A of the Internal Revenue Code. All distributions under the plan are subject to Section 409A of the Internal Revenue Code including, for example, the rule that an employee who is a specified employee may not receive a distribution of his benefit until at least 6 months following his separation.

*Supplemental Executive Retirement Plans.* Under our 2004 supplemental executive retirement plan, if, following a change of control, a participant retires after age 55, is terminated without cause or voluntarily terminates within 24 months, he is entitled to a supplemental retirement benefit. The monthly lifetime benefit is determined by a formula based on the executive's highest average compensation, including salary and bonus, for 36 of the last 60 months of his employment and his years of service when he ceases employment. The executive is entitled to a supplemental retirement benefit under the plan without regard to the minimum number of years of service that would be required if his retirement or termination had occurred before the change of control. An executive's benefit is reduced by the sum of his ESOP and social security benefits. In general, his monthly benefit payments begin on the first day of the month after his retirement or other termination from employment following a change of control without any reduction for payment of this benefit prior to age 62, as would be the case if he had retired or terminated before a change of control. See Pension Benefits for a description of benefits payable not in connection with a change of control. A change of control as defined under this plan is generally the same as under our executive change of control agreements. An involuntary termination with cause as defined in this plan generally means a termination due to:

gross negligence or gross neglect,  
commission of a felony, misdemeanor or any other act involving moral turpitude, fraud or dishonesty which has a material adverse impact on TriCo,  
willful and intentional disclosure, without authority, of any secret or confidential information that has a material adverse impact on TriCo, or  
willful and intentional violation of the rules of any regulatory agency that has a material adverse impact on TriCo.

*Joint Beneficiary Agreements.* In 2003 we entered into joint beneficiary agreements with each of our executives named in the Summary Compensation Table other than Mr. Bailey. Under these agreements, Tri Counties Bank purchased a life insurance policy on the executive's life and the executive may designate beneficiaries to receive his share of the death proceeds, if any. The value of the benefits that would be received by the executive's beneficiaries depends on the executive's age at the time of death, whether the executive was eligible for benefits under our supplemental executive retirement plan, and the cash value of the plan compared to the benefits payable on death.

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*Summary.* The amounts listed in the following table are estimated maximum amounts that would have been payable to our executives upon termination of employment in certain circumstances if payment had occurred on December 31, 2016. The actual amounts payable can only be determined when an executive is terminated from TriCo and can be more or less than the amounts shown below, depending on the facts and circumstances actually prevailing at the time of the executive's termination of employment. Our compensation and management succession committee may in its discretion revise, amend or add to the benefits if it deems advisable. Thus, the actual amounts payable in certain circumstances could be significantly greater or less than the estimated amounts shown in the table below.

Name	Benefit	Involuntary			Death	Disability	After change in control, involuntary or good reason termination
		Involuntary termination for cause (\$)	not for cause (\$)	Retirement or voluntary resignation (\$)			
Richard Smith	Severance pay(1)	-	356,666	-	-	-	1,170,618
	Equity award vesting acceleration(2)	-	-	-	-	-	686,897
	Supplemental executive retirement plans(3)	-	7,052,367	7,052,367	-	7,052,367	7,052,367
	Deferred compensation plan(4)	181,000	403,352	403,352	403,352	403,352	403,352
	Joint beneficiary agreement(5)	-	-	-	5,291,750	-	-
	<b>Total</b>		181,000	7,812,385	7,455,719	5,695,102	7,455,719
Thomas Reddish	Severance pay(1)	-	-	-	-	-	651,444
	Equity award vesting acceleration(2)	-	-	-	-	-	365,297
	Supplemental executive retirement plans(3)	-	2,230,281	2,230,281	-	2,230,281	2,230,281
	Deferred compensation plan(4)	668,776	724,420	724,420	724,420	724,420	724,420
	Joint beneficiary agreement(5)	-	-	-	1,708,733	-	-
	<b>Total</b>		668,776	2,954,702	2,954,702	2,433,154	2,954,702
Richard O Sullivan	Severance pay(1)	-	-	-	-	-	550,588
	Equity award vesting acceleration(2)	-	-	-	-	-	209,418
		-	1,467,222	1,467,222	-	1,467,222	1,467,222

	Supplemental executive retirement plans(3)						
	Deferred compensation plan(4)	521,982	1,222,869	1,222,869	1,222,869	1,222,869	1,222,869
	Joint beneficiary agreement(5)	-	-	-	1,547,908	-	-
	Total	521,982	2,690,091	2,690,091	2,770,777	2,690,091	3,450,097
Mr. Carney	Severance pay(1)	-	-	-	-	-	582,964
	Equity award vesting acceleration(2)	-	-	-	-	-	232,526
	Supplemental executive retirement plans(3)	-	2,266,957	2,266,957	-	2,266,957	2,266,957
	Deferred compensation plan(4)	158,728	370,699	370,699	370,699	370,699	370,699
	Joint beneficiary agreement(5)	-	-	-	1,517,440	-	-
	Total	158,728	2,637,657	2,637,657	1,888,139	2,637,657	3,453,147
Dan Bailey	Severance pay(1)	-	-	-	-	-	566,280
	Equity award vesting acceleration(2)	-	-	-	-	-	230,522
	Supplemental executive retirement plans(3)	-	362,548	-	-	679,778	679,778
	Deferred compensation plan(4)	-	-	-	-	-	-
	Joint beneficiary agreement(5)	-	-	-	-	-	-
	Total	-	362,548	-	-	679,778	1,476,580

(1) Payment based on annual salary as of December 31, 2016.

(2) The value of accelerated equity award vesting represents the value of the accelerated vesting of stock options and PSUs at December 31, 2016. For stock options, the value of the acceleration benefit is equal to the number of shares issuable upon the exercise of stock options for which vesting is accelerated multiplied by the difference between the market value on December 31, 2016 and the option exercise price. For PSUs, the value of the acceleration benefit is equal to the number of shares earned multiplied by the market value on December 31, 2016. The number of PSUs earned is based on actual performance measured through December 31, 2016, and further pro-rated for the performance period through December 31, 2016 over the full three-year period. The closing price of our common stock on December 31, 2016, was \$34.18 per share. Stock option vesting is accelerated following a change of control regardless of an executive's termination of employment. The vesting of the PSUs would accelerate if the executive is terminated without cause or resigns for good reason following a change of control.





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- (3) Represents an estimate of the present value of the accumulated benefit obligation under our supplemental executive retirement plans as of December 31, 2016, as adjusted to reflect the effect of vesting considerations in the termination situations indicated.
- (4) The value of the benefits under our deferred compensation plans assumed that the executive received a lump sum payment. Participants are fully vested in amounts deferred and interest earned on such deferrals. In calculating the value of deferred compensation plans in the event of involuntary termination for cause, assumes that our compensation and management succession committee determined that the executive forfeited interest on his deferrals and any contributions made by TriCo.
- (5) Represents the lesser of the difference between death benefit and the cash value of the executive's life insurance policies and the amount specified in the joint beneficiary agreement.

Regardless of the manner in which an executive's employment terminates, he is also generally entitled to receive amounts earned during his term of employment. Such amounts include, salary earned, annual incentive bonus compensation earned, gains from these exercise of vested stock options, amounts contributed under our 401(k) savings plan and our ESOP, and unused vacation pay.

**Securities Authorized For Issuance Under Equity Compensation Plans**

The information in the following table is provided as of the end of the fiscal year ended December 31, 2016 with respect to compensation plans (including individual compensation arrangements) under which equity securities are issuable:

Plan category	(a) No. of securities to be issued upon exercise of outstanding option, warrants and rights	(b) Weighted average exercise price of outstanding option, warrants and rights	(c) No. of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by securities holders(1)	708,126	\$17.12	635,220
Equity compensation plans not approved by security holders	--	--	--
<b>Total</b>	<b>708,126</b>	<b>\$17.12</b>	<b>635,220</b>

(1) Includes the 2001 stock option plan and the 2009 equity incentive plan. Column (a) includes 115,876 shares underlying RSUs and PSUs that are issuable subject to vesting and, in the case of the PSUs, performance requirements. These rights are not included in calculation of the weighted-average exercise price in column (b). No further shares awards will be granted under the 2001 stock option plan. Accordingly, column (c) includes only shares available under the 2009 equity incentive plan.

**Analysis of Employee Compensation Plan Risks**

The compensation and management succession committee reviewed each employee incentive compensation plan to determine whether the plan includes features that would encourage the manipulation of our reported earnings to enhance the compensation of any employee, and how compensation policies may be used to mitigate risks. In addition to the incentive plans in which the named executive officers participate, we have established incentive plans for certain bank employees that reward performance based on product referrals, business development and profitability as well as long-term incentive awards including stock options and restricted stock awards. The compensation committee limited its review to these plans, which are the only plans under which the amount payable is based, directly or indirectly, on the company's reported earnings.

The compensation and management succession committee believes that the features of these incentive compensation plans, either alone or combined with the systems of controls in place, do not encourage unnecessary or excessive risk and do not encourage the manipulation of reported earnings to enhance the compensation of any employee.

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**COMPENSATION DISCUSSION AND ANALYSIS**

**Introduction**

TriCo's executive compensation program is designed to support TriCo's mission to:

Improve the financial success and well-being of TriCo's shareholders, customers, communities and employees;

Provide opportunities for TriCo's employees to achieve unparalleled personal and professional success; and

Enable TriCo's shareholders to achieve the exceptional rewards of ownership.

You should read this section of the proxy statement in conjunction with the advisory vote that we are conducting on the compensation of our named executive officers (see "Proposals to be Voted on at the Annual Meeting" - Advisory Vote Concerning Executive Compensation" on page 4). This Compensation Discussion and Analysis contains information that is relevant to your voting decision.

The Compensation Discussion and Analysis is organized into three sections:

Section 1-Executive Summary

Section 2-Performance and Pay

Section 3-Compensation Process and Decisions

**Section 1 Executive Summary**

**Our Response to Say on Pay Vote:**

The compensation and management succession committee (the "Committee") continues to monitor and consider the interests of TriCo's shareholders regarding executive compensation. We are pleased that in 2016, over 90% of the votes cast (excluding broker non-votes) were in support of TriCo's "Say on Pay" proposal. Our Board, the Committee, and our executive team continue to review our executive compensation practices and look for opportunities to improve and strengthen its pay for performance objective and alignment with shareholders' interests. During the past year TriCo took the following actions:

- a. The Committee reengaged Aon, a leading human resources consulting firm, to perform a review of TriCo's executive compensation program and make recommendations for enhancements. The decision to engage Aon was made by the Committee and was not made or recommended by management.

- b. TriCo reviewed Institutional Shareholder Services and Glass Lewis analyses to further understand any ongoing or new concerns about TriCo's compensation program.
- c. TriCo continued to use performance-based equity awards. TriCo introduced performance-based restricted stock units, or PSUs, for annual equity grants to the chief executive officer and direct reports in 2014. The PSU design is discussed further under the Equity Compensation section below. TriCo has maintained the same PSU program design and extended it further in the organization. The Committee reviewed the mix of time-based RSUs and PSUs again in 2016 and continues to believe that the 50/50% split is a reasonable mix for the retention and incentive elements. However, TriCo may utilize a higher percentage of RSUs for newly hired executives. The Committee intends to revisit the weighting each year before issuing new grants to continuing executives but does not expect the weighting of performance shares for awards for continuing executives be less than 50%.
- d. TriCo implemented stock ownership guidelines in 2012. Under the guidelines, TriCo's chief executive officer, executive vice presidents and directors are expected to acquire and maintain minimum positions in company shares. During 2016, the nominating and corporate governance committee conducted its annual review and confirmed that

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all covered executive officers and directors satisfied the stock ownership guidelines. The nominating and corporate governance committee also conducted an annual review of the stock ownership guidelines to determine whether they continue to be appropriate. No changes to the guidelines were made during the past year. See Stock Ownership Guidelines, below.

- e. TriCo continued to evaluate additional policies that may further bolster or enhance TriCo's commitment to true pay-for-performance.

**Financial Highlights:**

In 2016, TriCo accomplished the following:

Reported earnings of \$44.8 million for 2016 compared to \$43.8 million in 2015. The fully diluted earnings per share increased from \$1.91 for 2015 to \$1.94 for 2016. Net interest income (fully taxable equivalent) increased from \$156.9 million for year ended December 31, 2015 to \$170.3 million for the year ended December 31, 2016, an increase of \$13.4 million or 8.5%.

The provision for loan losses increased (benefit declined) from \$(2,210,000) in 2015 to \$(5,970,000) in 2016.

The efficiency ratio at December 31, 2016 was 67.9% and capital ratios remained well above regulatory minimums to be considered well-capitalized.

Paid \$0.60 per share in cash dividends in 2016, up 15.4% from \$0.52 per share in 2015.

**Other Highlights:**

Other, non-financial highlights for 2016 include:

Purchased and successfully integrated three branches from Bank of America in March 2016.

TriCo continued to make significant investments in technology during 2016, including mobile and online banking to provide enhanced solutions that improve our customers' banking experience, cash management software, and data security, while implementing a new online loan application and approval system.

Tri Counties Bank currently operates 58 traditional and 10 in-store branches, engaging in general commercial banking in 26 counties in Northern and Central California.

TriCo continued to invest in a unique brand of customer *Service and Solutions* available in traditional, in-store branches, and through our online and mobile suite.

Retention of North Valley Bancorp customers since the acquisition has continued to exceed internal projections, indicating the successful merger of the two companies into a single brand. Retention of customers from the acquired Bank of America branches on the North Coast of California supported our continued market growth in this region.

TriCo continues to work to meet the needs of our communities in the Central Valley and North Coast, with an emphasis on small business lending and affordable housing. In addition, Tri Counties Bank was approved for a WISH grant from the Federal Home Loan Bank of San Francisco in 2016, to support down payment assistance for low and moderate income families purchasing homes in the Central Valley.

TriCo continued to support over 150 community-based organizations that help strengthen the markets in which we operate. Our employees give back to the communities they serve through thousands of hours of volunteer service to non-profits, community organizations, schools, and youth programs.

**Table of Contents****Summary of Compensation Decisions:**

The Committee increased Mr. Smith's base salary to \$610,000 for 2017, a 4.3% increase.

The Committee increased annual base salaries 3% - 5% for the other named executive officers.

Mr. Smith received a bonus of 60% (target is 50%) of base salary and bonuses to named executive officers ranged from 30% to 40% of base salary.

TriCo reviewed and maintained the same PSU design that is discussed further under the Equity Compensation section below. The Committee also reviewed and maintained the 50/50% split between PSUs and RSUs for executives in 2016. Further, the equity mix was extended to senior vice presidents in 2015 and 2016 (in 2014, all RSUs granted to senior vice presidents vested over time, regardless of stock performance).

The Committee reviewed the stock ownership guidelines for the chief executive officer, executive vice presidents and the Board of Directors. All covered individuals are in compliance with this policy. No changes were made during 2016.

**Section 2 Performance and Pay**

TriCo has long maintained a strong pay-for-performance philosophy that links executive compensation to achievement of the operating and financial goals set by the Board of Directors. TriCo anticipates that growth in net earnings per share and a continued focus on maintaining a strong balance sheet will be positively reflected in TriCo's stock price.

In 2016, TriCo achieved the following results, compared with prior periods:

<b>Financial Metric</b>	<b>12/31/16</b>	<b>12/31/15</b>	<b>12/31/14</b>
Net income per diluted share	\$1.94	\$1.91	\$1.46
Non-performing assets to total assets ratio	0.53%	1.01%	1.88%
Loans, net of allowance at FYE (000 \$)	\$2,727,090	\$2,486,926	\$2,245,939
Deposits at FYE (000 \$)	\$3,895,560	\$3,631,266	\$3,380,423
Dividends declared per share	\$0.60	\$0.52	\$0.44
Total risk based capital ratio	14.6%	15.1%	15.6%



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The following graph shows TriCo's total shareholder return compared with the KBW Regional Banking Index over the past five years. The KBW Regional Banking Index is a regional bank stock index that is comprised of approximately 50 regional banks and thrift stocks selected by Keefe, Bruyette & Woods, Inc., an investment bank focused on the financial services sector.

As the chart indicates, the total shareholder return to TriCo investors is approximately 166% over the five years ended December 31, 2016. TriCo exceeded the KBW Regional Banking Index which returned approximately 123% during this five-year period. Further, TriCo made compensation decisions that reflect a pay-for-performance commitment during this period.

Starting in 2014, the Committee shifted the equity grant strategy for the chief executive officer and named executive officers from 100% stock options to a 50%/50% mix of time-based RSUs and PSUs. The RSUs vest annually over four years. The number of PSUs earned will depend on the total shareholder return for TriCo common stock over a three-year performance period relative to the KBW Regional Banking Index. The actual number of shares earned will range from 0% to 150% of the target number granted, depending on the performance of TriCo common stock compared to the index. The Committee decided to keep the 50%/50% mix of RSUs and PSUs for the named executive officers' 2016 equity grants and extended this policy to senior vice presidents receiving equity awards in order to align incentives for increasing shareholder value.

## **Section 3 Compensation Process and Decisions**

### **Compensation Philosophy**

TriCo's executive compensation program is designed to maximize shareholder value by aligning compensation with TriCo's performance and to attract, retain, motivate and reward a highly qualified executive management team. The Committee believes that these objectives can best be met by linking compensation to the achievement of both individual and corporate performance.

The underlying philosophy behind TriCo's compensation program is very straightforward: TriCo pays competitive salaries and rewards executives for enhancement of shareholder value and sustained individual superior performance. Consistent with this philosophy is TriCo's commitment to offer fair pay based on the respective roles of TriCo's executives, the market value of their jobs and the opportunity to earn additional cash and non-cash compensation when they provide superior performance.

**Table of Contents****Role of the Compensation and Management Succession Committee**

The Committee has the primary authority to determine TriCo's compensation philosophy and to establish compensation for Richard P. Smith, TriCo's president and chief executive officer, and TriCo's other executive officers. Each component of compensation for TriCo's executives is generally administered under the direction of the Committee and is reviewed on an annual basis to ensure that remuneration levels and benefits are competitive and reasonable using the guidelines described below. In determining each level of compensation and the total compensation package, the Committee reviews a variety of sources to determine and set compensation. Mr. Smith aids the Committee by providing annual recommendations regarding the compensation of all executive officers, other than himself. The Committee can exercise its discretion by modifying any recommended adjustments or awards to the executives. Each executive also participates in an annual performance review with Mr. Smith that includes a self-evaluation for the period being assessed. The Committee performs Mr. Smith's annual performance review.

While the Committee does not set compensation at specific percentage levels compared to the market, the Committee does seek to provide salary, incentive compensation opportunities and employee benefits that fall within the average practice of TriCo's competitors. The Committee periodically and as warranted considers compensation levels of executives with similar qualifications and experience at banks of similar size. During 2016, the Committee retained Aon to assist in identifying a peer group of competitive banks as a baseline comparator to which TriCo would refer when establishing executive compensation. The Committee has developed a compensation peer group consisting of 21 publicly traded bank holding companies that the Committee believes are similar to TriCo in terms of market place, total assets, net income, market capitalization and shareholder return. The companies are Columbia Banking System Inc., CVB Financial Corp., BBCN Bancorp Inc., Banc of California Inc., Opus Bank, Banner Corp., Westamerica Bancorp, HomeStreet Inc., National Bank Holdings Corp., Wilshire Bancorp Inc., Hanmi Financial Corp., Heritage Financial Corp., CoBiz Financial Inc., Pacific Premier Bancorp, CU Bancorp, Farmers & Merchants Bancorp, Cascade Bancorp, Guaranty Bancorp, Preferred Bank, Heritage Commerce Corp, and First Foundation Inc.

Surveys prepared by management are also used periodically to assess whether TriCo is maintaining its labor market competitiveness. These surveys compare TriCo's compensation programs to the compensation programs of similarly-sized bank holding companies primarily located in California.

**Compensation Program Components**

The compensation program for TriCo's executives consists of three fundamental components:

base salary,

annual performance-based incentive compensation consisting of a cash bonus, and

long-term incentive compensation comprised of equity-based awards intended to reward executives for the enhancement of shareholder value and promote retention.

This program enables TriCo to tie executive compensation to TriCo's performance, reward individual performance and attract and retain a highly-qualified executive management team. As a result, the Committee believes that this program best serves the interests of TriCo and TriCo's shareholders. The particular elements of TriCo's compensation programs are set forth below. Each executive's current and prior compensation is considered in setting future

compensation.

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A percentage of total compensation is allocated to incentives as a result of TriCo's philosophy. TriCo has no pre-established policy or target for the allocation between either cash and non-cash, or short- and long-term, incentive compensation. Based on the summary compensation table on page 19, compensation for the named executive officers in 2016 and 2015 was allocated as follows (excluding the change in pension value and nonqualified deferred compensation earnings):

	<b>Mix of Total Compensation</b>	
	<b>2016</b>	<b>2015</b>
Base salaries	50.1%	51.6%
Short-term incentives (annual incentive bonuses)	22.4%	24.3%
Long-term incentives (equity awards)	20.8%	18.0%
Benefits	<u>6.7%</u>	<u>6.1%</u>
Total	100.0%	100.0%

**Base Salaries**

The Committee reviews base salaries annually to align them with market and industry levels as appropriate and after taking into account TriCo's general financial performance and the executive's responsibilities, experience and future potential. The Committee seeks to establish base salaries that are within the range of salaries for persons holding similarly responsible positions at peer company banks and bank holding companies with an emphasis placed on those located in California. Specific criteria considered in Mr. Smith's 2016 performance were the company's performance to budget, asset growth, loan quality, loan growth, deposit pricing, net interest margin, capital management, bank compliance with rules, regulations, and bank safety and soundness. In addition, the Committee considered other meaningful bank objectives including the completed acquisition and integration of three branch offices in 2016. As a result of the Committee's performance evaluation Mr. Smith's salary was increased 4.3% from \$585,000 in 2016 to \$610,000 for 2017. Previously, the Committee increased Mr. Smith's salary by 5.5% in 2016, 4% in 2015 and 5% in 2014.

Based upon guidance provided by Aon and additional information captured through a variety of sources including Towers Watson, California Bankers Association, and Mercer Human Resources Consulting regarding market ranges for salaries of equivalent positions at peer group companies, TriCo believes that it compensates its executives equitably when compared to competitive companies in that peer group.

**Annual Incentive Bonuses**

It is the Committee's objective to have a substantial portion of each executive's compensation contingent upon TriCo's performance as well as upon the executive's own level of performance and contribution toward TriCo's performance. TriCo utilizes annual cash bonuses to align executive compensation with TriCo's business objectives and TriCo's performance. Placing an emphasis on incentive compensation is consistent with TriCo's philosophy of rewarding executives for TriCo's performance.

*Chief Executive Officer Incentive Compensation*

Under TriCo's CEO Incentive Plan approved in May 2010, Mr. Smith is eligible to receive an annual incentive bonus if certain budgeted corporate goals were achieved. The goals included measurements for performance to budget, asset growth, loan quality, loan growth, deposit pricing, net interest margin, capital management, bank compliance with rules, regulations, and bank safety and soundness. The potential incentive bonus for Mr. Smith's performance in 2016

ranged from 0% to 100% of his base salary. If TriCo achieved less than 90% of its budgeted corporate goals, Mr. Smith would not be eligible for a bonus. If TriCo achieved substantially all of these budgeted corporate goals, Mr. Smith would be eligible for a bonus of up to 50% of his annual salary. If TriCo achieved 120% or more of these budgeted corporate goals, Mr. Smith would be eligible for a bonus of up to 100% of his annual salary. The Committee retained discretion regarding the determinations as to whether TriCo reached these goals. In March 2017, the Committee determined that TriCo had exceeded substantially all of the corporate goals, allowing for an above target payout of 60% of annual salary.

For 2017 performance, the Committee has determined that Mr. Smith's potential incentive bonus will range from 0% to 100% with a target of 50% of his base salary depending on TriCo's achievement of budgeted corporate performance goals, acquisition strategy, personal leadership traits and other items such as results of examinations and audits.

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The following table shows the historical target and actual payout percentages:

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Target	50%	50%	50%	50%	50%	50%
Company	>90%	>90%	>100%	>100%	>100%	>100%
Performance						
Actual	30%	30%	32%	33%	50%	60%

*Other Executives*

The Committee may provide incentive compensation to TriCo's other executives in the form of an annual cash bonus. For 2016, the Committee determined that the incentive bonus compensation for TriCo's other named executive officers would be based on the achievement of a combination of goals and targets that take into account both TriCo's performance and that of the executives individually. Although the achievement of certain financial objectives as measured by TriCo's earnings was considered in determining incentive bonus compensation, other discretionary and less quantifiable criteria were also considered. In March of 2017, the Committee considered TriCo's 2016 financial performance and the specific achievements of TriCo's executives that are expected to affect TriCo's future earnings and performance or that had an identifiable impact on the prior year's results and based primarily on TriCo's 2016 financial performance and with consideration of the continued uncertainty in the market, the Committee determined that bonuses would be awarded to other named executive officers for their performances in 2016. The Committee paid bonuses ranging from 30% to 40% of annual salary to the named executive officers based upon their individual and company performance metrics.

**Equity Compensation**

The Committee provides long-term incentive compensation to TriCo's executive officers through the grant of awards under TriCo's equity incentive plans. In accordance with TriCo's philosophy, the use of equity compensation is intended to provide incentives to TriCo's executive officers to work toward the long-term growth of TriCo by providing them with an award that will increase in value only to the extent that the value of TriCo's common stock increases. Because the value of awards under TriCo's equity incentive plan bear a direct relationship to TriCo's stock price, the Committee believes that equity awards are an effective long-term incentive to create value for shareholders and appropriately align the interests of TriCo's executives with the interest of TriCo's shareholders. The grant of equity awards also serves as a long-term retention incentive for TriCo's executives because equity awards are generally subject to vesting schedules of three to five years.

Equity awards are made at regular Committee meetings. The effective date for all grants is the date that the Committee approves the grant and all key terms have been determined. The Committee generally grants equity award to TriCo's executives, including the chief executive officer, on the date of TriCo's annual shareholders' meeting each year. TriCo's trading policies prohibit TriCo's executive from short-selling or otherwise hedging against decreases in the trading price of TriCo's common stock.

In 2016, TriCo granted equity awards to the chief executive officer and the other named executive officers as reported under "Grants of Plan-Based Awards for 2016" on page 23. The number of equity awards granted each year by the Committee to an executive is not fixed, but is determined by the Committee based on a subjective evaluation of factors, including the following:

the perceived incentive that the grant will provide,

the executive's prior performance and level of responsibility,

the benefit that the grant may have on long-term shareholder value, and

the value of the equity award at the time of grant.

The Committee views the grant of equity awards as both an incentive vehicle and a retention device and therefore also reviews the status of vesting and the number of vested versus unvested awards held by an executive at the time of grant and the annual grants made to executives at TriCo's peer group companies.

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Starting in 2014, the Committee shifted the equity grant strategy for the chief executive officer and the other named executive officers from 100% stock options to a 50%/50% mix of time-based RSUs and performance-based PSUs. The RSUs vest annually over four years. The number of PSUs earned will depend on the total shareholder return, or TSR, for TriCo common stock over a three-year performance period relative to the KBW Regional Banking Index. The actual number of shares earned will range from 0% to 150% of the target number granted, depending on the performance of TriCo common stock compared to the index. The payout schedule is defined as follows:

	<b>TCBK TSR</b>	<b>vs.</b>	<b>KBW TSR</b>	<b>Payout</b>
			<b>Percentage</b>	
<b>Maximum</b>			+25% or more	150%
			Every +1%	+2% Payout
<b>Target</b>			Equal	100%
			Every -1%	-2% Payout
<b>Threshold</b>			-25%	50%
<b>Minimum</b>			Less than -25%	0%

TSR is defined as the change in stock price plus reinvested dividends. An average period of 30-trading days is utilized at the beginning and end of the performance period.

**Stock Ownership Guidelines**

TriCo's Board of Directors believes that key executives should have significant stake in the performance of TriCo's stock, to align their decisions with creating shareholder value and to minimize negative market perceptions caused by excessive insider sales of company shares. TriCo's *Stock Ownership Guidelines Policy* encourages directors and executive officers to accumulate a meaningful position in TriCo common stock. The stock ownership guidelines are based on a multiple of base salary for the executive officers and a multiple of the director's retainer, as noted below:

<b>Position</b>	<b>Minimum Ownership (multiple of base salary)</b>
Chief Executive Officer	3.0
Executive Vice President	1.5
	<b>Minimum Ownership (multiple of director compensation)</b>
<b>Directors</b>	
Outside Director	3.0

Under this policy, share ownership is determined from the totals reported on Table 1 of the executive's or the director's SEC Form 4, and includes unvested restricted stock awards and restricted stock units and shares in which beneficial ownership is disclaimed. In addition, outstanding vested stock options that are in the money are included based on the intrinsic value converted to an equivalent number of full shares (i.e., net of exercise price). This minimum ownership should be achieved within five years after any new officer or director takes office (or within five years of the adoption of the policy for existing officers and directors). Compliance with share ownership guidelines is reviewed annually by



the nominating and corporate governance committee, which determined that all covered executive officers and directors satisfy the stock ownership guidelines.

**Other Elements of Compensation and Perquisites**

In order to attract and retain talented executives who will focus on achieving TriCo's long-term goals, TriCo provides to its named executive officers, including Mr. Smith, the following benefits and perquisites:

*Supplemental Executive Retirement Plan.* TriCo maintains a supplemental executive retirement plan described at Compensation of Named Executive Officers Pension Benefits, which provides our named executive officers with benefits upon their retirement or upon the termination of employment with 24 months of a change of control.

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*Deferred Compensation Plan.* TriCo maintains a nonqualified, unsecured and unfunded executive deferred compensation plan, which is described at Compensation of Named Executive Officers Nonqualified Deferred Compensation. This plan provides our named executive officers the opportunity to defer all or part of their salaries and bonuses until retirement, earlier termination from employment or death, in addition to any discretionary contribution or reoccurring contribution that TriCo credits to their accounts. All amounts are credited with interest and are paid in the form and at the time elected by the executive, generally after the executive's cessation of employment.

*Change of Control Agreements.* TriCo has entered into the change of control agreements described beginning on page 28 with its named executive officers who would likely be involved in decisions regarding, and the successful implementation of, a merger or acquisition and could be at risk for a job loss if a change of control occurs. The Committee believes that such agreements are important in order to provide an incentive for executives to remain employed with TriCo throughout the turmoil and uncertainty that a tender offer or merger can cause. Such continuity in leadership benefits both TriCo's shareholders and employees and, ultimately, a company that would acquire TriCo. These agreements are intended to allow the executives to focus on making and implementing decisions that are in the best interests of TriCo's shareholders without being distracted or influenced in the exercise of their business judgment by personal concerns. Change of control agreements are typically offered to executives in the marketplace and therefore are necessary to attract and retain executives as well as to protect shareholders' interests. A change of control would also accelerate the vesting of all of the executives' outstanding options and equity awards and accelerate benefits under some of TriCo's benefit plans as described at Compensation of Named Executive Officers Potential Payments Upon Termination and Change of Control.

*ESOP Contributions.* TriCo makes annual contributions to each executive's account under TriCo's employee stock ownership plan described at Compensation of Named Executive Officers ESOP.

*Defined Contribution Plan.* TriCo offers a 401(k) savings plan to all eligible employees as described at Compensation of Named Executive Officers 401(k).

*Medical Insurance.* TriCo provides to each executive and their family such health, dental and vision insurance coverage as TriCo may from time to time make available to its other executives of the same level of employment. TriCo pays a portion of the premiums for this insurance for all employees.

*Life and Disability Insurance.* TriCo provides each officer such disability and/or life insurance as TriCo in its sole discretion determines from time to time to make available.

*Other.* TriCo makes available certain other perquisites to executives such as country club memberships and automobile allowances which are listed in the perquisites and personal benefits table on page 20. Although TriCo may allow its executives officers and directors to utilize TriCo's corporate airplane for personal use in limited circumstances, TriCo requires its executive officers and directors to reimburse the company for such personal use on an operating cost per flight hour which is predetermined each year. The hourly reimbursement rate represents the aggregate incremental cost to TriCo for such personal use and takes into account items such as maintenance and repair, operating expenses, the pilot's salary, landing and ramp fees, fuel costs, airport taxes and crew travel expenses.

**Revenue Code Section 162(m)**

The Committee considers the potential impact of section 162(m) of the Internal Revenue Code. Section 162(m) disallows a tax deduction for any publicly held corporation for individual compensation exceeding \$1 million in any taxable year for the chief executive officer and the other senior executive officers, other than performance based compensation that is approved by the shareholders of the corporation and that meets certain other technical

requirements. For stock option grants, Section 162(m) requires that the grant be made by a compensation Committee comprised of at least two outside directors (as defined in the Treasury regulations), that the option exercise price be not less than the fair market value of the stock at the time of grant, that the option plan states the maximum number of shares with respect to which options may be granted to any employee in a specified period, and that the plan be approved by shareholders. TriCo believes that its 2009 equity incentive plan satisfies these requirements so that any compensation paid in connection with the exercise of options granted under the plan will qualify as performance-based compensation. Therefore, awards granted under the 2009 plan should not be subject to the \$1 million deduction limitation in most cases. Certain options granted under TriCo's 2001 stock option plan may not meet these requirements and it is therefore possible that an executive officer's exercise of such options, either alone or combined with other compensation, could cause his annual compensation to

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exceed 162(m) s limit for deductibility. No further awards will be granted under the 2001 stock option plan. TriCo s policy is to generally qualify compensation paid to executive officers for deductibility under the Internal Revenue Code including Section 162(m), but reserves the right to pay compensation that is not deductible. Based on current levels of compensation, and except as described above, no executive officer is expected to receive compensation for 2016 services that would be non-deductible under section 162(m) of the Internal Revenue Code.

**Summary**

The Committee believes that TriCo s philosophy of aligning compensation with TriCo s performance and individual superior performance was met and that the compensation for TriCo s executive officers has been competitive and comparable to the compensation received by executive officers of similarly-sized banks located in the western United States. In addition, TriCo s executive compensation philosophy and programs support TriCo s overall objective to enhance shareholder value through profitable management of TriCo s operations. The Committee is firmly committed to the ongoing review and evaluation of TriCo s executive compensation program.

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**REPORT OF THE COMPENSATION  
AND MANAGEMENT SUCCESSION COMMITTEE**

**To Our Shareholders:**

The compensation and management succession committee has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with TriCo's management. Based on such review and discussion, the committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement.

This report shall not be deemed to be soliciting material or to be filed with the SEC or subject to Regulation 14A promulgated by the SEC or Section 18 of the Securities Exchange Act of 1934, as amended.

**Respectfully submitted:**

William J. Casey (Chairman)

Donald J. Amaral

Craig S. Compton

John S. A. Hasbrook

Michael W. Koehnen

Martin A. Mariani

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**REPORT OF THE AUDIT AND RISK COMMITTEE**

**To Our Shareholders:**

The Board has affirmatively determined that all members of TriCo's audit committee are independent directors as required by the Nasdaq listing standards and the special standards established by the SEC. The committee assists the Board in fulfilling its responsibility for oversight of the quality and integrity of TriCo's accounting, the system of internal controls established by management, auditing and reporting practices. The responsibilities of the committee are described at Corporate Governance, Board Nomination and Board Committees--Board Committees and are set forth in its charter, a copy of which can be found on our website.

Management is responsible for establishing and maintaining effective internal control over financial reporting. Management is also responsible for the preparation and fair presentation of the TriCo's consolidated financial statements. Crowe Horwath, LLP, our independent registered public accounting firm in 2016, was responsible for expressing an opinion on the conformity of TriCo's audited consolidated financial statements with generally accepted accounting principles and for expressing an opinion on TriCo's internal control over financial reporting based on criteria established in the 2013 Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The audit committee monitors these processes and reports its findings to the full Board. The committee has reviewed and discussed TriCo's audited consolidated financial statements with management and Crowe Horwath. The committee has also discussed with Crowe Horwath the matters required to be discussed by the Public Company Accounting Oversight Board's Auditing Standard No. 16, *Communications with Audit Committees* (communication with audit committees).

The audit committee has reviewed and implemented the provisions of the Sarbanes-Oxley Act, the rules of the SEC and the Nasdaq listing standards. The committee may also engage independent legal counsel to review assets and make recommendations on procedures required by the Sarbanes-Oxley Act. At regular meetings in 2015 and 2016, the committee met with Crowe Horwath, TriCo's chief executive officer and the director of the internal audit department to review:

- overall audit scope and plans,
- results of internal and external audit examinations,
- TriCo's audited consolidated financial statements,
- management's discussion and analysis of financial condition and results of operations contained in TriCo's quarterly and annual reports,
- evaluations of TriCo's internal controls by Crowe Horwath, and
- the quality of TriCo's financial reporting.

The audit committee considered the need to ensure the independence of TriCo's auditors while recognizing that in certain situations Crowe Horwath may possess the expertise and be in the best position to advise TriCo on issues other than auditing and accounting. All audit services and fees payable to our independent registered public accounting firm for audit services must be pre-approved by the committee. The committee's charter requires that any other services, including any permitted non-audit services, must also be pre-approved by the committee. The committee then communicates its approval to management. All services performed by Crowe Horwath during 2015 and 2016 were pre-approved by the committee.

The committee received from Crowe Horwath the written disclosures and the letter required by federal securities laws administered by the SEC and Public Company Accounting Oversight Board Rule 3526 (independence discussions with audit committees), and the committee discussed with Crowe Horwath their independence. The audit committee considers the effect that provision of services unrelated to audit services may have on the independence of Crowe Horwath. Crowe Horwath did not provide any services unrelated to audit services during 2016.

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Based on the audit committee's review and discussions with management and Crowe Horwath referenced in this report, the audit committee recommended to the Board of Directors, and the Board approved, that the audited financial statements be included in TriCo's annual report on Form 10-K for the year ending December 31, 2016, for filing with the SEC.

**Respectfully submitted:**

Donald J. Amaral (Chairman)

William J. Casey

Cory W. Giese

Patrick W. Kilkenny

Martin A. Mariani

W. Virginia Walker



Table of Contents**INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM****Ratification of the Audit Committee's Selection of Crowe Horwath LLP**

Our audit committee has selected the firm of Crowe Horwath LLP as our independent registered public accounting firm for 2017. Crowe Horwath has served as our principal independent registered public accounting firm since 2012. Representatives of Crowe Horwath will be present at the meeting and will have the opportunity to make a statement and to answer appropriate questions.

If shareholders fail to ratify the appointment of Crowe Horwath, the audit committee will reconsider whether or not to retain that firm. Even if appointment is ratified, the audit committee in its discretion may direct the appointment of a different independent registered public accounting firm at any time.

The affirmative vote of a majority of those shareholders present and voting will ratify the selection of Crowe Horwath as our independent registered public accounting firm.

**Audit Fees, Audit-related Fees, Tax Fees and All Other Fees**

The following table shows all of the fees charged by Crowe Horwath during 2016 and 2015.

	<u>2016</u>	<u>2015</u>
Audit fees(1)	\$437,057	\$415,000
Audit-related fees(2)	49,000	61,100
Tax fees	--	--
All other fees(3)	--	--
Total	\$486,057	\$476,100

- (1) For auditing our annual consolidated financial statements and our interim financial statements in our reports filed with the SEC and auditing our internal controls over financial reporting and management's assessments of those controls.

- (2) For accounting and auditing consultation services, audits of our employee benefit plans, assistance with registration statements filed with the SEC and audits of separate subsidiary financial statements.
- (3) For accounting and auditing consultation services related to mergers and acquisition activities.

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**OTHER INFORMATION**

**Financial Materials**

Shareholders may request free copies of our financial materials (annual report, Form 10-K and proxy statement) from TriCo Bancshares, 63 Constitution Drive, Chico, California 95973, Attention: Corporate Secretary. These materials may also be accessed on our website at [www.tricountiesbank.com](http://www.tricountiesbank.com) under investor information.

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

Our directors, executive officers and some other shareholders are required to report their ownership of our common stock and any changes in that ownership to the SEC and Nasdaq. To the best of our knowledge, all required filings in 2016 were timely made. In making these statements, we have relied on the representations of the persons involved and on copies of their reports filed with the SEC.

**How to Contact the Board**

Shareholders may direct questions to the independent lead director by sending an e-mail to [leaddirector@tricountiesbank.com](mailto:leaddirector@tricountiesbank.com). All communications required by law or regulation to be relayed to the Board will be promptly delivered to the lead director. The lead director monitors these messages and replies appropriately. The lead director for 2017 is Mr. Casey. We also encourage shareholders to attend the annual meeting to ask questions of directors concerning TriCo.

Employees and others may confidentially or anonymously report potential violations of laws, rules, regulation or our code of business conduct, including questionable accounting or auditing practices, by calling our hotline at (866) 519-1882. Employee comments will be promptly delivered to the chairman of the audit committee, Mr. Amaral.

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q **PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.** q

**A Proposals THIS PROXY WILL BE VOTED AS DIRECTED, OR IF NO DIRECTION IS INDICATED, WILL BE VOTED FOR PROPOSALS 1, 2 AND 4 AND FOR ONE YEAR WITH RESPECT TO PROPOSAL 3.**

1. Election of Directors: 01 - William J. Casey 02 - Donald J. Amaral 03 - L. Gage Chrysler III 04 - Craig S. Compton +  
 05 - Cory W. Giese 06 - John S. A. Hasbrook 07 - Patrick W. Kilkenny 08 - Michael W. Koehnen  
 09 - Martin A. Mariani 10 - Richard P. Smith 11 - W. Virginia Walker

**Mark here to vote FOR all nominees**

**Mark here to WITHHOLD vote from all nominees**

01 02 03 04 05 06 07 08 09 10 11

**For All EXCEPT** - To withhold a vote for one or more nominees, mark the box to the left and the corresponding numbered box(es) to the right.

**One Two Three**

**For Against Abstain**

**Year Years Years Abstain**

2. Advisory approval of the Company's executive compensation.

3. Advisory vote on the frequency of future advisory votes on the Company's executive compensation.

4. To ratify the selection of Crowe Horwath LLP as

5. Attend to any other business properly

the company's  
independent auditor for  
2017.

presented at the meeting.

**B Authorized Signatures** This section must be completed for your vote to be counted. **Date and Sign Below**  
**NOTE: Please sign as name appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such.**

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

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**Important notice regarding the Internet availability of proxy materials for the Annual Meeting of shareholders.**

The Proxy Statement and the 2016 Annual Report to Shareholders are available at: [www.edocumentview.com/tcbk](http://www.edocumentview.com/tcbk)

q **PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN  
THE ENCLOSED ENVELOPE.** q

**Proxy TRICO BANCSHARES**

**Annual Meeting of Shareholders May 23, 2017**

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

The undersigned hereby appoints Richard P. Smith and Richard O Sullivan, and each of them, with power to act without the other and with power of substitution, as proxies and attorneys-in-fact and hereby authorizes them to represent and vote, as provided on the other side, all the shares of TriCo Bancshares common stock which the undersigned is entitled to vote, and, in their discretion, to vote upon such other business as may properly come before the 2017 Annual Meeting of Shareholders of the company to be held on Tuesday, May 23, 2017 or at any adjournment or postponement thereof, with all powers which the undersigned would possess if present at the meeting.

**(Continued and to be marked, dated and signed, on the other side)**