

UNITY BANCORP INC /NJ/  
Form DEF 14A  
March 03, 2014

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

UNITY BANCORP, INC.  
(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.
  - Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
- (1) Title of each class of securities to which transaction applies:
  - (2) Aggregate number of securities to which transaction applies:
  - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
  - (4) Proposed maximum aggregate value of transaction:
  - (5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the

Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

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Unity Bancorp, Inc.

2014 PROXY

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UNITY BANCORP, INC.

64 Old Highway 22

Clinton, New Jersey 08809

March 25, 2014

Dear Shareholder:

You are cordially invited to attend the Annual Meeting of Shareholders (the "Annual Meeting") of Unity Bancorp, Inc. (the "Company") to be held on April 24, 2014 at the Grand Colonial Restaurant, 86 Route 173 West, Perryville (Hampton), New Jersey, (908-735-7889). At the Annual Meeting, shareholders will be asked to consider and vote upon:

1. The election of the four (4) nominees listed in the attached proxy statement to serve on the Board of Directors for the terms set forth therein for each nominee.
2. The ratification of the selection of McGladrey LLP as the Company's independent external auditors for the year ending December 31, 2014.
3. Such other business as may properly come before the Annual Meeting and at any adjournments thereof, including whether or not to adjourn the Annual Meeting.

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

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

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

Sincerely yours,

/s/ David D. Dallas

David D. Dallas

Chairman of the Board

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UNITY BANCORP, INC.

64 Old Highway 22

Clinton, New Jersey 08809

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD APRIL 24, 2014

Notice is hereby given that the 2014 Annual Meeting of Shareholders (the “Annual Meeting”) of Unity Bancorp, Inc., (the “Company”), will be held on April 24, 2014 at 9:30 a.m. at the Grand Colonial Restaurant, 86 Route 173 West, Perryville (Hampton), New Jersey, (908-735-7889), for the purpose of considering and voting upon the following matters:

1. The election of the four (4) nominees listed in the attached proxy statement to serve on the Board of Directors for the terms set forth therein for each nominee.
2. The ratification of the selection of McGladrey LLP as the Company’s independent external auditors for the year ending December 31, 2014.
3. Such other business as may properly come before the Annual Meeting and at any adjournments thereof, including whether or not to adjourn the Annual Meeting.

Shareholders of record at the close of business on March 3, 2014, are entitled to notice of, and to vote at, the Annual Meeting. If you plan on attending the Annual Meeting, please mark the appropriate box on the proxy card so we can reserve enough space to accommodate all attendees.

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

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE SHAREHOLDERS’ MEETING TO BE HELD ON APRIL 24, 2014:

You may access the Annual Report, Proxy Statement and Proxy Card at the following website:  
<http://www.sn1.com/IRWebLinkX/GenPage.aspx?IID=101233&GKP=205317>

By Order of the Board of Directors,

/s/ David D. Dallas

David D. Dallas

Chairman of the Board

March 25, 2014

Clinton, New Jersey

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UNITY BANCORP, INC.

64 Old Highway 22

Clinton, New Jersey 08809

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PROXY STATEMENT

ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD APRIL 24, 2014

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We are providing these proxy materials in connection with the solicitation by the Board of Directors of Unity Bancorp, Inc. (the “Company”) of proxies to be voted at the Company’s 2014 Annual Meeting of Shareholders (the “Annual Meeting”) to be held on April 24, 2014, and at any postponement or adjournment of the Annual Meeting.

You are cordially invited to attend the Annual Meeting, which will begin at 9:30 a.m. local time. The Annual Meeting will be held at the Grand Colonial Restaurant, 86 Route 173 West, Perryville (Hampton), New Jersey, (908-735-7889). Shareholders will be admitted beginning at 9:15 a.m. local time. (Directions: Route 78 West to Exit 12 to end of ramp, turn left onto Route 173 West and proceed to restaurant on right; or Route 78 East to Exit 11 to end of ramp, turn left on Route 614, turn right onto Route 173 East and proceed to restaurant.)

The Company is first mailing this proxy statement and proxy card (including voting instructions) on or before March 25, 2014, to persons who were Unity Bancorp, Inc. shareholders at the close of business on March 3, 2014, the record date for the Annual Meeting.

PROXIES AND VOTING PROCEDURES

Who Can Vote?

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



On March 3, 2014, there were 7,579,377 shares of Common Stock outstanding.

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

Who Is a Record Holder?

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

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

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## How Do I Vote?

### Record Holders:

**By Mail.** If you choose to vote by mail, mark your proxy, date and sign it, and return it in the postage-paid envelope provided. Your vote by mail must be received by the close of voting at the Annual Meeting on April 24, 2014.

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

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

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

If you plan to attend the Annual Meeting and vote in person, you will need to contact the broker, bank or other nominee to obtain evidence of your ownership of Common Stock on March 3, 2014.

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

## How Many Votes Are Required?

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

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

## How Are Votes Counted?

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

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

How Does the Board Recommend that I Vote My Shares?

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

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

FOR ratification of McGladrey LLP as the Company’s independent external auditors.

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

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

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

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

### PROPOSAL 1 - ELECTION OF DIRECTORS

In accordance with the Certificate of Incorporation and the Bylaws of the Company, the Board of Directors must consist of not less than one (1) and not more than fifteen (15) Directors. The Board of Directors of the Company currently has nine (9) members. The Board of Directors is divided into three classes.

Four (4) Directors will be elected at this Annual Meeting to serve for three-year terms expiring at the Company’s Annual Meeting in 2017 and until their successors are duly elected and qualified. All nominees are current members of the Company’s Board of Directors.

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

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

voted in favor of another person nominated by the Board.

The Board of Directors has nominated and recommends a vote “FOR” the election of Wayne Courtright, David D. Dallas, Robert H. Dallas, II, and Peter E. Maricondo.

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Table I — Nominees for 2014 Annual Meeting

Name, Age and Position with Company(1)	Principal Occupation During Past Five Years	Director Since (2)	Term Expires
Wayne Courtright, 66 Director	Consultant; Retired, Former Banker	2004	2017
David D. Dallas(3), 59 Chairman	Chairman of the Company and the Bank; Chief Executive Officer of Dallas Group of America, Inc. (Chemicals) President of Dallas Group of America, Inc. (Chemicals)	1991	2017
Robert H. Dallas, II(3), 67 Director		1991	2017
Peter E. Maricondo, 67 Director	Retired, Former Financial Consultant	2004	2017

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

Name, Age and Position with Company(1)	Principal Occupation During Past Five Years	Director Since (2)	Term Expires
Dr. Mark S. Brody, 61 Director	V.P. Planned Financial Programs, Inc.; Managing Member, Financial Planning Analysts, LLC; New York State Licensed Physician	2002	2015
Raj Patel, 59 Director	President/CEO of Raja Group, a distributor for convenience stores; CEO of Millennium Hospitality (Hotel) and Founder Rainbow Distribution Group (Wholesale Distribution).	2007	2015
Mary E. Gross, 53 Director	Director of Career Management Services for The Wharton School MBA Program for Executives; Founder, Human Edge Resources, LLC (Human Resource Consulting)	2009	2016
James A. Hughes, 55 President, CEO and Director	President and CEO of the Company and the Bank	2002	2016
Allen Tucker, 87 Vice Chairman	President, Tucker Enterprises Real Estate Builder and Investor	1995	2016

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

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

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## GOVERNANCE OF THE COMPANY

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

During the fiscal year ended December 31, 2013, the Board of Directors of the Company held twelve (12) meetings, and no Director attended fewer than 75% of the aggregate of (i) the meetings of the Board of Directors, and (ii) meetings of the Committees of the Board of Directors on which such Director served. The Board of Directors has determined that each of the following Directors of the Company is “independent” within the meaning of the NASDAQ’s listing standards: Dr. Mark S. Brody, Wayne Courtright, Mary E. Gross, Peter E. Maricondo, Raj Patel and Allen Tucker, constituting a majority of the Board. In reviewing the independence of these Directors, the Board considered that Messrs. Brody, Courtright, Maricondo, Patel and Tucker and Ms. Gross engaged in ordinary course banking transactions with the Bank, including loans, if any, that were made in accordance with Federal Reserve Regulation O. The Company’s policy is to require all Directors to attend Annual Meetings of Shareholders absent extenuating circumstances. All of the Company’s Directors attended the Company’s 2013 Annual Meeting of Shareholders.

### Director Qualifications

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

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

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

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



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

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

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

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

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

## Diversity

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

## Board Leadership

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

the Company and provides the Board with greater independent leadership.

### Risk Oversight

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

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## Audit Committee

The Company maintains an Audit Committee of the Board of Directors, which consisted of Chairman Peter E. Maricondo, and Directors Mark S. Brody, Wayne Courtright and Mary E. Gross during the fiscal year ended December 31, 2013. The Audit Committee met six (6) times in 2013, and also held three (3) telephone conference calls with its external auditors. All Directors who serve on the Audit Committee are “independent” under the heightened NASDAQ listing standards and the SEC’s rules applicable to audit committees. The Board has determined that each of Messrs. Maricondo and Brody and Ms. Gross, are considered “Audit Committee financial experts” as defined in Item 401(h) of the SEC’s Regulation S-K.

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

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

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

The HR/Compensation Committee consisted of Chairman Mark S. Brody and Directors Mary E. Gross and Peter E. Maricondo during the fiscal year ended December 31, 2013. The HR/Compensation Committee met three (3) times in 2013. As of the date hereof, Mark S. Brody, Mary E. Gross and Peter E. Maricondo are considered to be “independent” for purposes of NASDAQ Compensation Committee standards.

The HR/Compensation Committee is appointed by the Board of Directors to assist the Board in fulfilling its responsibilities with respect to human resources issues, policies relating to human resources and compensation of employees, including executive compensation. The HR/Compensation Committee performs functions that include monitoring human resources and compensation issues and practices, both internally and in the marketplace,

conducting surveys and studies as to these issues, keeping abreast of current developments in the relevant fields, developing compensation ranges/grades, human resources policies and employment manual updates. Based on the results of its activities, the HR/Compensation Committee sets the compensation for our executive officers and for the members of our Board. The HR/Compensation Committee does not delegate its authority regarding compensation. Currently, no consultants are engaged or used by the HR/Compensation Committee for purposes of determining or recommending compensation levels. A consultant, Bank Financial Services (“BFS”), was utilized for the review of the structure of executive benefit plans. BFS was retained directly by the HR/Compensation Committee. BFS was not paid a fee for services rendered and has only a business relationship with the HR/Compensation Committee and Senior Management. No conflicts of interest exist with BFS and the HR/Compensation Committee or Senior Management. No retirement plan was put into place during 2013 however it is expected in 2014.

The Board of Directors has adopted a written charter for the HR/Compensation Committee which is available on our website at [www.unitybank.com](http://www.unitybank.com) and is attached to this Proxy Statement as Exhibit B.

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## HR/Compensation Committee Interlocks and Insider Participation

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

## Nomination Process

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

## Communications with the Board of Directors

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

## Code of Ethics

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

#### INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Company's independent registered public accounting firm for the fiscal year ended December 31, 2013, was McGladrey LLP. Representatives of McGladrey LLP are expected to be present at the Annual Meeting and will have an opportunity to make a statement, if they desire to do so, and will be available to respond to appropriate questions.

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Fees Paid to the Company's Independent Registered Public Accounting Firm during Fiscal Years 2013 and 2012

Audit Fees

The Company was billed the aggregate amount of \$188,230 for the fiscal year ended December 31, 2013, for professional services rendered by McGladrey LLP for its audit of the Company's Consolidated Financial Statements for 2013 and review of the Consolidated Financial Statements included in the Company's Forms 10-Q during 2013.

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

All Other Fees

In addition to the fees set forth above under Audit Fees, the Company was billed \$31,000 for professional services related to the audit of the Company's 401(k) Plan and the review of a Form S-8 in fiscal year 2013. The Audit Committee has considered whether the provision of these services is compatible with maintaining the independence of McGladrey LLP and approved such retentions.

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

Pre-Approval of Audit and Permissible Non-Audit Services

The Audit Committee generally pre-approves all audit and permissible non-audit services provided by the independent external auditors. These services may include audit services, audit-related services, tax services and other services. The Audit Committee has adopted a policy for the pre-approval of services provided by the independent external auditors. Under the policy, pre-approval is generally provided for up to one year, and any pre-approval is detailed as to the particular service or category of services and is subject to a specific budget. For each proposed service, the independent auditor is required to provide detailed back-up documentation at the time of approval. The Audit Committee has approved an exception to this pre-approval policy, allowing Management to engage the Company's independent auditor to provide permissible non-audit services, provided that the total cost of such services, in the aggregate, does not exceed \$10,000 in any year.



Management will then report the engagement to the Audit Committee at its next meeting. All audit and permissible non-audit services provided by McGladrey LLP to the Company for the fiscal years ended 2013 and 2012 were approved by the Audit Committee.

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Report of the Audit Committee

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

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

In connection with this year's financial statements, the Audit Committee has reviewed and discussed the Company's audited financial statements with the Company's officers and McGladrey LLP, the Company's independent registered public accounting firm. The Audit Committee has discussed with McGladrey LLP the matters required to be discussed by PCAOB Auditing Standards No. 16, Communications with Audit Committees. The Audit Committee also received the written disclosures and letters from McGladrey LLP that are required by PCAOB Ethics and Independence Rule 3526, Communication with Audit Committee Concerning Independence and have discussed such independence with representatives of McGladrey LLP.

Based on these reviews and discussions, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2013, for filing with the U.S. Securities and Exchange Commission.

Peter E. Maricondo, Chairman

Dr. Mark S. Brody

Wayne Courtright

Mary E. Gross

## SECURITY OWNERSHIP OF CERTAIN BENEFICIAL

## OWNERS AND MANAGEMENT

The following table sets forth, as of February 7, 2014, certain information concerning the ownership of shares of Common Stock by (i) each person who is known by the Company to own beneficially more than five percent (5%) of the issued and outstanding Common Stock, (ii) each director and nominee for director of the Company, (iii) each named executive officer described in this Proxy Statement under the caption "Executive Compensation," and (iv) all Directors and Executive Officers of the Company as a group.

Name and Position With Company(1)	Number of Shares Beneficially Owned (2)	Percent of Class
Dr. Mark S. Brody, Director	723,956 (3)	9.53%
Wayne Courtright, Director	103,563 (4)	1.36%
David D. Dallas, Chairman	1,375,377 (5)	18.10%
Robert H. Dallas, II, Director	1,375,377 (6)	18.10%
Mary E. Gross, Director	9,500 (7)	0.13%
Peter E. Maricondo, Director	28,161 (8)	0.37%
Raj Patel, Director	21,941 (9)	0.29%
Allen Tucker, Vice Chairman	300,511 (10)	3.95%
James A. Hughes, President and Director	91,998 (11)	1.21%
Alan J. Bedner, Exec. V.P. and Chief Financial Officer	58,355 (12)	0.76%
John J. Kauchak, Exec. V.P. and Chief Operating Officer	75,202 (13)	0.99%
Directors and Executive Officers of the Company as a Group (12 persons)	2,858,431 (14)	36.47%

1. The address for all listed persons is c/o Unity Bank, 64 Old Highway 22, Clinton, New Jersey, 08809.
2. Beneficially owned shares include shares over which the named person exercises either sole or shared voting power or sole or shared investment power. It also includes shares owned (i) by a spouse, minor children or relatives sharing the same home, (ii) by entities owned or controlled by the named person, and (iii) by other persons if the named person has the right to acquire such shares within sixty (60) days by the exercise of any right or option. Unless otherwise noted, all shares are owned of record and beneficially by the named person.
3. Includes 42,813 shares held jointly with his spouse, and 19,819 shares issuable upon the exercise of immediately exercisable options. Also includes 36,456 shares registered to Financial Planning Analysts and owned by Dr. Brody; 1,169 shares in Dr. Brody's own name; 10,500 shares in an SEP-IRA account in his own name; and 602,140 shares held in a master account at Financial Planning Analysts over which Dr. Brody has no voting authority, but has dispositive power. Also includes a total of 11,059 shares of Restricted Stock granted as follows: 1,157 shares granted on December 30, 2005, which are fully vested; 1,102 shares granted on January 25, 2007, which are fully vested; 1,200 shares granted on December 10, 2009, which are fully vested; 1,200 shares granted on September 23, 2010, which vest in 300 share increments over four (4) years commencing September 23, 2011; 2,000 shares granted on November 17, 2011, which vest in 500 share increments over four (4) years commencing November 17, 2012; 2,000 shares granted on December 4, 2012, which vest in 500 share increments over four (4) years commencing December 4, 2013; and 2,400 shares granted on November 21, 2013, which vest in 600 share increments over four (4) years commencing November 21, 2014.



4. Includes 75,117 shares in Mr. Courtright's own name and 17,387 shares issuable upon the exercise of immediately exercisable options. Also includes a total of 11,059 shares of Restricted stock granted as follows: 1,157 shares granted on December 30, 2005, which are fully vested; 1,102 shares granted on January 25, 2007, which are fully vested; 1,200 shares granted on December 10, 2009, which are fully vested; 1,200 shares granted on September 23, 2010, which vest in 300 share increments over four (4) years commencing September 23, 2011; 2,000 shares granted on November 17, 2011, which vest in 500 share increments over four (4) years commencing November 17, 2012; 2,000 shares granted on December 4, 2012, which vest in 500 share increments over four (4) years commencing December 4, 2013; and 2,400 share granted on November 21, 2013, which vest in 600 shares increments over four (4) years commencing November 21, 2014.
5. Includes 19,819 shares in Mr. Dallas' own name issuable upon the exercise of immediately exercisable options. Shares also disclosed as beneficially owned by Mr. Dallas include 1,344,499 shares held by Dallas Financial Holdings, LLC., which are also disclosed as beneficially owned by Mr. Robert H. Dallas, II. Also includes a total of 11,059 shares of Restricted Stock granted as follows: 1,157 shares granted on December 30, 2005, which are fully vested; 1,102 shares granted on January 25, 2007, which are fully vested; 1,200 shares granted on December 10, 2009, which are fully vested; 1,200 shares granted on September 23, 2010, which vest in 300 share increments over four (4) years commencing September 23, 2011; 2,000 shares granted on November 17, 2011, which vest in 500 share increments over four (4) years commencing November 17, 2012; 2,000 shares granted on December 4, 2012, which vest in 500 share increments over four (4) years commencing December 4, 2013; and 2,400 shares granted on November 21, 2013, which vest in 600 share increments over four (4) years commencing November 21, 2014.
6. Includes 19,819 shares in Mr. Dallas' own name issuable upon the exercise of immediately exercisable options. Shares also disclosed as beneficially owned by Mr. Dallas include 1,344,499 shares held by Dallas Financial Holdings, LLC., which are also disclosed as beneficially owned by Mr. David D. Dallas. Also includes a total of 11,059 shares of Restricted Stock granted as follows: 1,157 shares granted on December 30, 2005, which are fully vested; 1,102 shares granted on January 25, 2007, which are fully vested; 1,200 shares granted on December 10, 2009, which are fully vested; 1,200 shares granted on September 23, 2010, which vest in 300 share increments over four (4) years commencing September 23, 2011; 2,000 shares granted on November 17, 2011, which vest in 500 share increments over four (4) years commencing November 17, 2012; 2,000 shares granted on December 4, 2012, which vest in 500 share increments over four (4) years commencing December 4, 2013; and 2,400 shares granted on November 21, 2013, which vest in 600 share increments over four (4) years commencing November 21, 2014.
7. Includes 900 shares in Ms. Gross' own name. Also includes a total of 8,600 shares of Restricted Stock granted as follows: 1,000 shares granted on December 10, 2009, which are fully vested; 1,200 shares granted on September 23, 2010, which vest in 300 share increments over four (4) years commencing September 23, 2011; 2,000 shares granted on November 17, 2011, which vest in 500 share increments over four (4) years commencing November 17, 2012; 2,000 shares granted on December 4, 2012, which vest in 500 share increments over four (4) years commencing December 4, 2013; and 2,400 shares granted on November 21, 2013, which vest in 600 share increments over four (4) years commencing November 21, 2014.
8. Includes 122 shares in Mr. Maricondo's own name and 16,980 shares issuable upon the exercise of immediately exercisable options. Also includes a total of 11,059 shares of Restricted Stock granted as follows: 1,157 shares granted on December 30, 2005, which are fully vested; 1,102 shares granted on January 25, 2007, which are fully vested; 1,200 shares granted on December 10, 2009, which are fully vested; 1,200 shares granted on September 23, 2010, which vest in 300 share increments over four (4) years commencing September 23, 2011; 2,000 shares granted on November 17, 2011, which vest in 500 share increments over four (4) years commencing November 17, 2012; 2,000 shares granted on December 4, 2012, which vest in 500 share increments over four (4) years commencing December 4, 2013; and 2,400 shares granted on November 21, 2013, which vest in 600 share increments over four (4) years commencing November 21, 2014.



9. Includes 941 shares in Mr. Patel's own name and 12,200 shares issuable upon the exercise of immediately exercisable options. Also includes a total of 8,800 shares of Restricted Stock granted as follows: 1,200 shares granted on December 10, 2009, which are fully vested; 1,200 shares granted on September 23, 2010, which vest in 300 share increments over four (4) years commencing September 23, 2011; 2,000 shares granted on November 17, 2011, which vest in 500 share increments over four (4) years commencing November 17, 2012; 2,000 shares granted on December 4, 2012, which vest in 500 share increments over four (4) years commencing December 4, 2013; and 2,400 shares granted on November 21, 2013, which vest in 600 share increments over four (4) years commencing November 21, 2014.
10. Includes 227,693 shares in Mr. Tucker's own name; 19,819 shares issuable upon the exercise of immediately exercisable options; and 41,940 shares held by Mr. Tucker's spouse in her name. Mr. Tucker disclaims beneficial ownership of the shares held by his spouse in her own name. Also includes a total of 11,059 shares of Restricted Stock granted as follows: 1,157 shares granted on December 30, 2005, which are fully vested; 1,102 shares granted on January 25, 2007, which are fully vested; 1,200 shares granted on December 10, 2009, which are fully vested; 1,200 shares granted on September 23, 2010, which vest in 300 share increments over four (4) years commencing September 23, 2011; 2,000 shares granted on November 17, 2011, which vest in 500 share increments over four (4) years commencing November 17, 2012; 2,000 shares granted on December 4, 2012, which vest in 500 share increments over four (4) years commencing December 4, 2013; and 2,400 shares granted on November 21, 2013, which vest in 600 share increments over four (4) years commencing November 21, 2014.
11. Includes 31,658 shares in Mr. Hughes' own name, 2,856 of which are held in his 401(k), and 18,218 shares issuable upon the exercise of immediately exercisable options. Also includes a total of 39,266 shares of Restricted Stock granted as follows: 1,215 shares granted on December 31, 2004, which are fully vested; 2,893 shares issued on December 30, 2005, which are fully vested; 3,308 shares granted on January 25, 2007, which are fully vested; 2,100 shares granted on February 29, 2008, which are fully vested; 1,050 shares granted on April 2, 2008, which are fully vested; 1,200 shares granted on December 17, 2009, which are fully vested; 7,500 shares granted on May 26, 2011, which vest in 1,875 share increments over four (4) years commencing May 26, 2012; 10,000 shares granted on November 17, 2011, which vest in 2,500 share increments over four (4) years commencing November 17, 2012; and 10,000 shares granted on March 5, 2013, which vest in 2,500 share increments over four (4) years commencing March 5, 2014.
12. Includes 1,790 shares held in Mr. Bedner's 401(k), and 50,068 shares issuable upon the exercise of immediately exercisable options. Also includes a total of 6,497 shares of Restricted Stock granted as follows: 1,500 shares remaining of an original 3,000 shares granted on May 26, 2011, which remaining shares vest in 750 share increments commencing May 26, 2014; 2,997 shares remaining of an original 3,000 shares granted on November 17, 2011, which vest in 750 share increments over four (4) years commencing November 17, 2012; and 2,000 shares granted on March 5, 2013, which vest in 500 share increments over four (4) years commencing March 5, 2014.
13. Includes 26,357 shares in Mr. Kauchak's own name and includes 36,402 shares issuable upon the exercise of immediately exercisable options. Also includes a total of 12,443 shares of Restricted Stock granted as follows: 1,215 shares granted on December 31, 2004, which are fully vested; 2,026 shares granted on December 30, 2005, which are fully vested; 1,102 shares granted on January 25, 2007, which are fully vested; 2,100 shares granted on February 29, 2008, which are fully vested; 2,000 shares granted on May 26, 2011, which vest in 500 share increments over four (4) years commencing May 26, 2012; 2,000 shares granted on November 17, 2011, which vest in 500 shares increments over four (4) years commencing November 17, 2012; and 2,000 shares granted on March 5, 2013, which vest in 500 share increments over four (4) years commencing March 5, 2014.
14. Includes 258,275 shares issuable upon the exercise of immediately exercisable options.

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





## EXECUTIVE COMPENSATION

The following table sets forth compensation paid to the Chief Executive Officer and the next two (2) other most highly compensated executive officers of the Company earning in excess of \$100,000 (the “named executive officers”) as of the fiscal year ended December 31, 2013.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)*	Option Awards (\$)**	Non-equity Incentive Plan Compensation	All Other Compensation (\$)**	Total (\$)
James A. Hughes	2013	280,020	20,000	76,600	(1)-	-	21,131	397,751
Pres./CEO	2012	262,978	-	-	-	-	19,983	282,961
Alan J. Bedner	2013	181,744	31,053	15,320	(1)43,665	-	5,666	277,448
EVP/CFO	2012	171,325	12,500	-	-	-	7,454	191,279
John J. Kauchak	2013	166,719	28,611	15,320	(1)29,110	-	7,657	247,417
EVP/COO	2012	157,856	8,500	-	-	-	7,383	173,739

\*Restricted Stock

\*\*Non-Qualified Stock Options

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

(1) Represents the full grant date fair value of the award. The awards are subject to vesting requirements.

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

## OPTION EQUITY AWARDS AT FISCAL YEAR-END (12/31/13)

Name	Option Awards					Stock Awards			Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (#)
	Number of Securities Underlying Options Exercisable (#)	Number of Securities Underlying Options Unexercisable (#)	Equity Incentive Plan Awards; Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	
James A. Hughes	7,718	-	-	12.62	1/25/2017	3,750	28,725	-	-
	7,350	-	-	7.70	2/28/2018	5,000	38,300	-	-
	3,150	-	-	7.48	4/2/2018	10,000	76,600	-	-
Alan J. Bedner	7,718	-	-	12.62	1/25/2017	1,500	11,490	-	-
	7,350	-	-	7.70	2/28/2018	1,500	11,490	-	-
	15,000	-	-	3.98	12/10/2019	2,000	15,320	-	-
	10,000	5,000	-	6.66	5/26/2021	-	-	-	-
	10,000	5,000	-	6.40	11/17/2021	-	-	-	-
-	15,000	-	6.02	3/5/2023	-	-	-	-	
John J. Kauchak	7,718	-	-	12.62	1/25/2017	1,000	7,660	-	-
	7,350	-	-	7.70	2/28/2018	1,000	7,660	-	-
	8,000	-	-	3.98	12/10/2019	2,000	15,320	-	-
	6,667	3,333	-	6.66	5/26/2021	-	-	-	-
	6,667	3,333	-	6.40	11/17/2021	-	-	-	-
-	10,000	-	6.02	3/5/2023	-	-	-	-	

Potential Payments upon Termination or Change in Control

Mr. Hughes' employment may be terminated at any time for "cause" as defined in the Employment Agreement, or without "cause." In the event that Mr. Hughes is terminated without "cause" or resigns for "good cause" (as defined under the Employment Agreement and discussed below), he is entitled to receive a severance amount equal to 18 months of his then current base salary. Such amount shall be paid in one lump sum payment (within 30 days of the termination of Mr. Hughes' employment). Mr. Hughes will also continue to receive medical, life insurance and other benefits to which he had been entitled at the date of termination for such 18-month period, unless and until Mr. Hughes obtains new employment during such period and such new employment provides for such benefits to be provided to Mr. Hughes. "Good Cause" under the Employment Agreement includes a material reduction in Mr. Hughes' duties and responsibilities or any reduction in his base salary. If Mr. Hughes' employment were terminated without cause at December 31, 2013, or if he resigned for good cause at December 31, 2013, he would receive a severance payment equal to \$420,031.

In addition, if Mr. Hughes' employment with the Company or any successor terminates within 18 months after a "change in control" of the Company, as defined under the Employment Agreement (regardless of the reason for such termination), Mr. Hughes will be entitled to receive an amount equal to the greater of (i) 36 times Mr. Hughes' monthly base salary (pro-rated based upon his annual base salary at the date of termination), or (ii) three times the amount of Mr. Hughes' annual base salary at the date of termination, plus three times the aggregate amount of any cash bonuses paid to Mr. Hughes during the preceding fiscal year. Such amount shall be paid in one lump sum payment (within 30 days of the termination of Mr. Hughes subsequent to a "Change in Control"). The Company, or its successor, will be required to maintain Mr. Hughes' hospital, health, medical and life insurance coverage during the 36-month period following his termination, unless and until Mr. Hughes obtains new employment during such period and such new employment provides for such benefits to be provided to Mr. Hughes. All unvested stock options and stock awards previously granted to Mr. Hughes shall accelerate and immediately vest upon the occurrence of a change in control. If a change in control occurred at December 31, 2013, and Mr. Hughes' employment terminated, he would have been entitled to a payment of \$900,061.

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

Furthermore, if Mr. Hughes' employment with the Company terminates within 18 months after the Company consummates a "Significant Acquisition," as defined under the Employment Agreement (regardless of the reason for such termination), Mr. Hughes will be entitled to receive an amount equal to the greater of (a) 36 times Mr. Hughes' monthly base salary (pro-rated based upon his annual base salary at the date of termination), or (b) three times the amount of Mr. Hughes' annual base salary at the date of termination, plus three times the aggregate amount of any cash bonuses paid to Mr. Hughes during the preceding fiscal year. Such amount shall be paid, at the option of Mr. Hughes, in one lump sum payment (within 30 days of the termination of Mr. Hughes subsequent to a "Significant Acquisition")

or over a 36-month period. In the event Mr. Hughes elects to receive such amount over a 36-month period, the Company will be required to maintain Mr. Hughes' hospital, health, medical and life insurance benefits coverage during such 36-month period, unless and until Mr. Hughes obtains new employment during such period and such new employment provides for such benefits to be provided to Mr. Hughes. In the event Mr. Hughes becomes entitled to the foregoing amounts due to this termination within 18 months of a Significant Acquisition, all unvested stock options or stock awards previously granted to Mr. Hughes shall accelerate and immediately vest upon such termination. Had a Significant Acquisition occurred at December 31, 2013, and Mr. Hughes received a lump sum payment under these provisions, his severance payment would have equaled \$900,061.

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

#### Director Compensation

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$) *	Option Awards (\$)	All Other Compensation (\$)	Total (\$)
Dr. Mark S. Brody (1)	12,500	18,360	-	8,000	38,860
Wayne Courtright (2)	20,100	18,360	-	8,000	46,460
Dave D. Dallas (3)	15,500	18,360	-	8,000	41,860
Robert H. Dallas, II (4)	14,100	18,360	-	8,000	40,460
Mary E. Gross (5)	11,700	18,360	-	8,000	38,060
Peter E. Maricondo (6)	12,300	18,360	-	8,000	38,660
Raj Patel (7)	15,500	18,360	-	8,000	41,860
Allen Tucker (8)	17,400	18,360	-	8,000	43,760

\*Represents the full grant date fair value of the award.

1. At December 31, 2013, Dr. Brody held exercisable options to purchase 19,819 shares of stock.
2. At December 31, 2013, Mr. Courtright held exercisable options to purchase 17,387 shares of stock.
3. At December 31, 2013, Mr. D. Dallas held exercisable options to purchase 19,819 shares of stock.
4. At December 31, 2013, Mr. R. Dallas II held exercisable options to purchase 19,819 shares of stock.
5. At December 31, 2013, Ms. Gross held exercisable options to purchase 0 shares of stock.
6. At December 31, 2013, Mr. Maricondo held exercisable options to purchase 16,980 shares of stock.
7. At December 31, 2013, Mr. Patel held exercisable options to purchase 12,200 shares of stock.
8. At December 31, 2013, Mr. Tucker held exercisable options to purchase 19,819 shares of stock.

Directors of the Company do not receive per meeting fees for their service on the Company’s Board of Directors. The Bank’s Board of Directors received an \$8,000 retainer for service on the Board of Directors in 2013. Directors also

receive cash compensation for their service on the Board of Directors of the Bank. Directors receive \$600 for attendance at each Bank Board of Directors' meeting, and between \$200 and \$600 for attendance at each Bank Committee meeting. The Chairman of the Board and the Chairman of each individual Committee receive an additional \$100 per meeting.

The Directors are eligible to participate in the Company's stock bonus and stock option plans. During 2013, the Company's non-employee Directors each received 2,400 shares of restricted stock granted at a fair value of \$7.65 per share, which vest in 600 share increments over four (4) years commencing November 21, 2014.

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## Management and Director Deferred Fee Plan

Each of the Directors of the Company has the option to elect to defer up to 100% of his or her respective retainer and Board fees. The crediting rate of the deferred account balance is equal to the prime rate plus 100 basis points with a minimum of 4% and a maximum of 10%, adjusted annually and compounded monthly. Each Director is 100% vested in his deferred account balance. The retirement age under the plan is 65, and the benefit payment is paid in annual installments for 10 years or as a lump sum. The death benefit under the plan is 100% of the account balance paid to the participant's beneficiary in annual installments for 10 years or a lump sum if death occurs prior to retirement. During the Company's fiscal year ended December 31, 2013, Director Mark S. Brody received interest of \$8,685.17 on his account balance.

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

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

Other than the ordinary course lending transactions described above, which must be approved by the Bank's Board under bank regulatory requirements, all related party transactions are reviewed and approved by our Audit Committee. This authority is provided to our Audit Committee under its written charter. In reviewing these transactions, our Audit Committee seeks to ensure that the transaction is no less favorable to the Company than a transaction with an unaffiliated third party. During 2013 and 2012, there were no transactions with related parties which would not have been required to be approved by our Audit Committee, and there were no related party transactions not approved by our Audit Committee.

The Company leases its Clinton, New Jersey, headquarters from a partnership in which Messrs. David D. Dallas and Robert H. Dallas, II are partners. Under the lease for such facility, such partnership received aggregate rental payments of \$437 thousand in 2013 and \$427 thousand in 2012. These rent payments reflect market rent, and the lease reflects terms that are comparable to those that could have been obtained in a lease with an unaffiliated third party.

## Required Vote

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

Recommendation

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

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**PROPOSAL 2 – THE RATIFICATION OF THE SELECTION OF McGladrey LLP AS THE COMPANY’S INDEPENDENT EXTERNAL AUDITORS FOR THE YEAR ENDING DECEMBER 31, 2014.**

The Audit Committee has appointed the firm of McGladrey LLP to act as our independent registered public accounting firm and to audit our Consolidated Financial Statements for the fiscal year ending December 31, 2014. This appointment will continue at the pleasure of the Audit Committee and is presented to the shareholders for ratification as a matter of good governance. In the event that this appointment is not ratified by our shareholders, the Audit Committee will consider that fact when it selects the independent auditors for the following fiscal year.

**Required Vote**

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

**Recommendation**

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

**OTHER MATTERS**

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

**INCORPORATION BY REFERENCE**

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

COMPLIANCE WITH SECTION 16(a)

OF THE SECURITIES EXCHANGE ACT OF 1934

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

Based solely on the Company's review of the copies of such forms received or written representations from Reporting Persons, the Company believes that, with respect to the fiscal year ended December 31, 2013, the Reporting Persons timely complied with all applicable filing requirements, with the following exceptions: Messrs. Hughes, Bedner and Kauchak were granted restricted stock on March 5, 2013, and Messrs Bedner and Kauchak were granted stock options effective March 5, 2013; however, the Form 4 for each of these transactions was filed late on March 19, 2013.

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SUBMISSION OF SHAREHOLDER PROPOSALS

FOR THE 2015 ANNUAL MEETING

Any shareholder who intends to present a proposal at the 2015 Annual Meeting of Shareholders must ensure that the proposal is received by the Corporate Secretary at Unity Bancorp, Inc., 64 Old Highway 22, Clinton, New Jersey, 08809, no later than December 13, 2014, if the proposal is submitted for inclusion in the Company's proxy materials for that meeting pursuant to Rule 14a-8 under the Securities Exchange Act of 1934 or is otherwise submitted.

ANNUAL REPORT ON FORM 10-K

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

EXHIBIT A

CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

OF UNITY BANCORP, INC. (the “Company”)

I. AUDIT COMMITTEE PURPOSE

The Audit Committee is appointed by the Board of Directors (the “Board”) to assist the Board in fulfilling its oversight responsibilities. The Audit Committee's primary duties and responsibilities are to:

- Monitor the integrity of the Company's financial reporting process and systems of internal controls regarding finance, accounting and compliance with legal and regulatory requirements;
- Monitor the independence and performance of the Company's external auditors and internal auditing function;
  - Provide an avenue of communication among the external and internal auditors and the Board; and
  - Review and monitor compliance with the Company's policies, procedures and practices.

The Audit Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities, and it has direct access to the external and internal auditors, as well as anyone in the organization.

II. AUDIT COMMITTEE COMPOSITION AND MEETINGS

Audit Committee members shall meet the independence and financial literacy requirements of The NASDAQ Stock Market, Inc. (“NASDAQ”) and the United States Securities and Exchange Commission (“SEC”). The Audit Committee shall be comprised of three or more directors as determined by the Board, each of whom shall be “independent,” non-executive directors, free from any relationship that would interfere with the exercise of his or her independent judgment. All members of the Committee shall have a basic understanding of finance and accounting and be able to read and understand fundamental financial statements, and at least one member of the Committee must be an “audit committee financial expert” as determined by the Board in accordance with applicable NASDAQ and SEC rules and regulations.

The Committee shall meet at least four times annually, or more frequently as circumstances dictate. The Audit Committee Chair shall prepare and/or approve an agenda in advance of each meeting. The Committee shall meet separately in executive session, periodically, as a committee and appropriate members of management, the internal

auditor and the external auditor, to discuss any matters that the Committee or each of these parties believes should be discussed. The Committee may ask members of management or others to attend meetings and provide pertinent information as necessary. In addition, the Audit Committee or at least its Chair shall communicate with management and the independent auditors quarterly to review the Company's financial statements and significant findings based upon the auditors limited review procedures.

### III. AUDIT COMMITTEE RESPONSIBILITIES AND DUTIES

#### Review Procedures

1. Directly responsible, in its capacity as a committee of the Board, for the appointment, replacement, compensation and oversight of the work of the external auditor. In this regard, the Audit Committee shall have sole authority to (a) appoint and retain, (b) determine the funding for, and (c), where appropriate, terminate, the external auditing firm, which shall report directly to the Audit Committee. The external auditors are ultimately accountable to the Audit Committee and the Board.

2. Review and reassess the adequacy of this Charter at least annually. Submit the charter to the Board for approval and file this Charter as an appendix to the Company's proxy statement at least every three years in accordance with SEC regulations.

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3. Review and discuss the Company's annual audited financial statements with management and the external auditors (including MD&A disclosures) prior to filing. Discuss with management and the external auditors significant issues regarding accounting principles, practices and judgments.

4. In consultation with the management, the external auditors and the internal auditors, periodically review and discuss the adequacy and effectiveness of the Company's financial reporting processes and internal controls (including any significant deficiencies and significant changes in internal controls reported to the Committee by the external auditor or management). Discuss significant financial risk exposures and the steps management has taken to monitor, control and report such exposures. Review significant findings, including the status of previous examinations, prepared by the external auditors and the internal auditing function, together with management's responses. Review the Company's internal audit plan and procedures at least annually.

5. Periodically review and discuss the adequacy of the Company's disclosure controls, procedures and management's reports thereon.

6. Review with financial management and the external auditors the Company's quarterly financial results prior to the release of earnings, in addition to the Company's quarterly financial statements prior to filing. Discuss any significant changes to the Company's accounting principles and any items that are required to be communicated by the independent auditors in accordance with the PCAOB Auditing Standards No. 16, Communications with Audit Committees.

7. Review and discuss the written statement from the external auditor concerning any relationship between the auditor and the Company or any other relationships that may adversely affect the independence of the auditor; and, based on such review, assess the independence of the auditor. Present their conclusions regarding independence to the Board.

8. Approve in advance all audit services to be provided by the outside auditing firm, including any written engagement letters related thereto. Establish policies and procedures for the engagement of the external auditing firm to provide permissible, non-audit services, which shall require pre-approval by the Audit Committee.

9. Review the audit plan of external auditors - discuss scope, staffing, locations, reliance upon management and internal audit, and general audit approach.

10. Prior to releasing the year-end earnings, discuss the results of the audit with the independent auditors. Discuss certain matters required to be communicated to Audit Committee in accordance with PCAOB Auditing Standard No. 16, Communications with Audit Committees.

11. Consider the independent auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.

#### Internal Audit Department and Legal Compliance

12. Review the budget, plan, changes in plan, activities, organizational structure and qualifications of the internal audit function, as needed.

13. Review the appointment, performance and replacement of the principal internal auditor.

14. Review significant reports prepared by the internal audit function, together with management's response and follow-up to these reports.

15. Review all reports concerning the Company's compliance monitoring program and any significant fraud or regulatory noncompliance that occurs at the Company. This review should include consideration of the internal controls that should be strengthened to reduce the risk of a similar event in the future.

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16. On at least an annual basis, review with the Company's counsel any legal matters that could have a significant impact on the organization's financial statements, the Company's compliance with applicable laws and regulations and inquiries received from regulators or governmental agencies.

17. Establish and oversee procedures for (a) the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and (b) the confidential anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

#### Other Audit Committee Responsibilities

18. Annually prepare a report to shareholders as required by the SEC. The report shall be included in the Company's annual proxy statement.

19. Perform any other activities consistent with this Charter and the Company's By-laws and governing law as the Committee or the Board deems necessary or appropriate.

20. Maintain minutes of meetings and periodically report to the Board on significant results of the Committee's meetings.

21. Establish, review and update periodically a Code of Ethical Conduct and ensure that management has established a process to enforce this Code.

22. Periodically perform self-assessment of Audit Committee performance.

23. Review financial and accounting personnel succession planning within the Company.

24. Annually review policies and procedures, as well as audit results, associated with expense accounts and perquisites of directors and officers. Review and pre-approve all "related party transactions" as defined under applicable NASDAQ rules.

#### IV. OUTSIDE ADVISORS

The Audit Committee shall have the authority to obtain such outside counsel, auditors, experts and other advisors as it determines is appropriate to assist the Audit Committee in performing its functions. The Audit Committee shall have sole authority to approve related fees and retention terms and shall receive appropriate funding from the Company, as determined by the Audit Committee, for payment of fees to any such advisors.



EXHIBIT B

CHARTER OF THE HUMAN RESOURCES AND COMPENSATION COMMITTEE

OF THE BOARD OF DIRECTORS OF UNITY BANCORP, INC. (UNTY)

I. AUTHORITY AND MEMBERSHIP

Appointment

Members of the Human Resources and Compensation Committee (the "Committee") will be appointed annually by the Board of Directors of Unity Bancorp, Inc. (the "Board") and may be removed by the Board. The members will serve until their successors are duly elected and qualified by the Board.

Qualifications of Members

The Committee will be composed of at least two members, all of whom must qualify to serve as member of a compensation committee under the corporate governance rules of the NASDAQ Stock Market or such other exchange or system upon which the securities of Unity Bancorp, Inc. (the "Corporation") are then currently listed, quoted, and/or traded ("Listing Requirements") and any further standards of independence as may be prescribed for purposes of any federal securities, tax, or other laws relating to the Committee's duties and responsibilities. Each member of the Committee shall meet the definition of "outside director" for purposes of Section 162(m) of the Internal Revenue Code of 1986.

Committee Chair and Secretary

The Board will appoint one of the members of the Committee to serve as Committee Chair. The committee may also appoint a secretary, who need not be a director.

Legal, Accounting and Other Advisors

The Committee has the authority, as it deems necessary or appropriate, to retain independent legal, accounting, or other advisors; provided, however that before engaging any such advisor, the Committee must determine whether such advisor is “independent”, taking into account the factors set forth in Rule 5605 (d)(3)D; further provided, however that the forgoing does not prohibit the Committee from retaining any advisor, even if such advisor is not independent. The Committee also has the authority, as it deems necessary or appropriate, to request the Corporation to provide the Committee with the support of one or more Corporation employees to assist it in carrying out its duties. The Corporation will provide appropriate funding, as determined solely by the Committee, for payment of compensation to any advisors retained by the Committee. The Committee may request any officer or employee of the Corporation or the Corporation's outside counsel or other advisors to attend a meeting of the Committee or to meet with any member of, or consultant to, the Committee.

## II. PURPOSE OF THE COMMITTEE

### Primary Purpose

The Committee's primary purpose is to:

- Provide assistance to the Board of Directors in fulfilling its responsibilities to the shareholders, potential shareholders and the investment community relating to the compensation of the Corporation's management, including members of the Board of Directors and senior executive officers. The Committee has responsibility for evaluating and approving the benefit, bonus, incentive compensation, severance, equity-based, or other compensation plans, policies, and programs of the Corporation and its subsidiaries;
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- To the extent required by the Securities Exchange Act of 1934 and regulations of the Securities Exchange Commission ("SEC") thereunder, prepare the annual report concerning executive compensation for inclusion in the Corporation's proxy statement; and
- Undertake such reviews of executive compensation, and make such certifications, as may be required under the Emergency Economic Stabilization Act of 2008 and Treasury regulations thereunder.

### III. RESPONSIBILITIES OF THE COMMITTEE

#### Charter Review

- Review and reassess the adequacy of the Committee's charter annually and recommend to the Board any necessary or desirable changes to the charter; and
- Publicly disclose the charter and any amendments to the charter on the Corporation's website and/or as otherwise required by the SEC, Listing Requirements, and rules or regulations of any other regulatory body having authority over the Corporation.

#### Management Compensation Approval

- Annually review and approve corporate and/or individual goals and objectives relevant to the compensation of the President and Chief Executive Officer ("CEO"), evaluate performance in light of those goals and objectives, solicit and obtain input regarding CEO performance from other Board members and such sources as the Committee believes is appropriate, and based on the foregoing determine the appropriate amount and type of compensation for the CEO. In determining any long-term incentive component of compensation, the Committee will consider all such factors as it deems relevant, such as the Corporation's performance and relative shareholder return, the value of similar incentive awards at comparable companies and the awards granted in previous years.
- Annually review and determine for all senior executives of the Corporation other than the CEO:

- a. The annual base level salary;
- b. The level and requirements of any annual incentive opportunity;
- c. The level and requirements of any long-term incentive opportunity; and
- d. Any special or supplemental benefits.

In determining such compensation, the Committee shall consider, among such other factors as the Committee deems appropriate, input from other members of the Board and the CEO, and the attainment of personal and corporate goals and objectives.

- Negotiate and approve employment agreements, severance agreements, and change in-control agreements or provisions with the Corporation's senior executive officers, in each case when and if appropriate.
- Administer and implement any and all incentive compensation and equity based plans and awards thereunder, including amendments to the plans or awards made under any such plans.
- Oversee and administer all employee benefit plans of the Corporation.

Establish all components of compensation for Directors, and determine the amount and timing of payment of such compensation for Directors.  
Compliance Oversight

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- Periodically review the Corporation's insider trading policies and procedures; any and all benefit, incentive compensation, and equity-based plans; compensation agreements, plans, policies, and arrangements, and the Corporation's human resources policies, and adopt necessary or desirable amendments or changes to the same, and establish procedures and mechanisms designed to cause the same to comply with all provisions of applicable corporate, securities, tax, banking, ERISA, or other laws and regulations or Listing Requirements including those regarding:
  - a. Reimbursement of the Corporation for, or forfeiture of any profits, bonus or equity based compensation by the Corporation's President, CEO, principal financial officer, and/or executive officers in connection with an accounting restatement;
  - b. Investment elections and changes thereto, blackout periods, and restrictions on trading by plan participants under any such benefit plans;
  - c. Related party or affiliate transactions with the Corporation; and
  - d. Section 16 of the Exchange Act and the rules and regulations promulgated thereunder.

#### General

- Form and delegate authority to subcommittees when appropriate. In creating any subcommittee, the Committee shall select the members of the subcommittee, define its powers and authorities and provide for the subcommittee to report to the full Committee on its activities.
- Report regularly to the Board with regard to the Committee's activities.
- Annually review the performance of the Committee.
- The Committee shall meet as often as may be deemed necessary or appropriate in its judgment, but not less frequently than semi-annually. The Chairman will chair all regular sessions of the Committee and set the agendas for Committee meetings.

In performing their responsibilities, Committee members are entitled to rely in good faith on information, opinions, reports, or statements prepared or presented by:

- One or more officers or employees of the Corporation whom the Committee members reasonably believe to be reliable and competent in the matters presented;
- Counsel, independent auditors or other persons as to matters which the Committee members reasonably believe to be within the professional or expert competence of such person; and
- Another committee of the Board as to matters within its designated authority.





