WESTAMERICA BANCORPORATION
Form DEF 14A
March 14, 2011

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

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

Filed by the Registrant [X]
Filed by a Party other than the Registrant [ ]

Check the appropriate box:

[ ]	Preliminary Proxy Statement	[ ]	Soliciting Material Under Rule 14a-12
[ ]	Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))		
[X]	Definitive Proxy Statement		
[ ]	Definitive Additional Materials		

WESTAMERICA BANCORPORATION
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

[X] No fee required.

[ ] Fee computed on table below per Exchange Act Rules 14a-6(i)(4) 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):

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1) Amount previously paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

1108 Fifth Avenue
San Rafael, California 94901

March 14, 2011

To Our Shareholders:

You are cordially invited to attend the Annual Meeting of Shareholders of Westamerica Bancorporation. It will be held at 11:00 a.m. Pacific Time on Thursday, April 28, 2011, at the Fairfield Center for Creative Arts, 1035 West Texas Street, Fairfield, California as stated in the formal notice accompanying this letter. We hope you will plan to attend.

At the Annual Meeting, the Shareholders will be asked to (i) elect nine directors; (ii) ratify the selection of independent auditors; (iii) approve a non-binding advisory vote on compensation of our named executive officers; (iv) approve a non-binding advisory vote on the frequency of the advisory vote on compensation of our named executive officers; and (v) conduct other business that properly comes before the Annual Meeting.

In order to ensure your shares are voted at the Annual Meeting, you can vote through the internet, by telephone or by mail. Instructions regarding internet and telephone voting are included on the Proxy Card. If you elect to vote by mail, please sign, date and return the Proxy Card in the accompanying postage-paid envelope. The Proxy Statement explains more about voting. If you attend the Annual Meeting, you may vote in person even though you previously voted your proxy.

We look forward to seeing you at the Annual Meeting on Thursday, April 28, 2011, at the Fairfield Center for Creative Arts.

Sincerely,

David L. Payne
Chairman of the Board, President
and Chief Executive Officer

WESTAMERICA BANCORPORATION
1108 Fifth Avenue
San Rafael, California 94901

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

Date and Time

Thursday, April 28, 2011, at 11:00 a.m. Pacific Time

Place

Fairfield Center for Creative Arts, 1035 West Texas Street, Fairfield, California

Items of Business

1. To elect nine directors to serve until the 2012 Annual Meeting of Shareholders;

2. To ratify selection of independent auditors;

3. To approve a non-binding advisory vote on the compensation of our named executive officers;

4. To approve a non-binding advisory vote on the frequency of the advisory vote on compensation of our named executive officers; and

5. To transact such other business as may properly come before the Annual Meeting and any adjournments or postponements.

Who Can Vote?

Shareholders of Record at the close of business on February 28, 2011 are entitled to notice of, and to vote at the Annual Meeting or any postponement or adjournment thereof.

Admission to the Meeting

No ticket will be necessary for admission to the Annual Meeting. However, to facilitate the admission process, Shareholders of Record (registered holder) planning to attend the meeting should check the appropriate box on the Proxy Card. Your name will be added to a list of attendees. If you hold shares through an intermediary, such as a bank or broker (beneficial owner), you will need to register at the desk in the lobby. Please bring the following as evidence of ownership: 1) a Legal Proxy, which you can obtain from your bank or broker or other intermediary; OR 2) your shareholder statement dated on or after February 28, 2011, the Annual Meeting Record Date; AND 3) a photo identification.

Annual Report

Westamerica Bancorporation's Annual Report on Form 10-K ("Annual Report") to Shareholders for the fiscal year ended December 31, 2010 is enclosed. The Annual Report contains financial and other information about the activities of Westamerica Bancorporation, but does not constitute a part of the proxy soliciting materials.

BY ORDER OF THE BOARD OF DIRECTORS

Kris Irvine
VP/Corporate Secretary

Dated: March 14, 2011

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE SHAREHOLDER MEETING BEING HELD ON THURSDAY, APRIL 28, 2011. THE PROXY STATEMENT AND ANNUAL REPORT ON FORM 10-K TO SHAREHOLDERS ARE AVAILABLE AT: WWW.WESTAMERICA.COM

YOUR VOTE IS IMPORTANT

YOU ARE URGED TO COMPLETE, SIGN, DATE AND PROMPTLY RETURN YOUR PROXY, OR VOTE BY TELEPHONE OR THE INTERNET USING THE PROCEDURES DESCRIBED IN THE PROXY STATEMENT, SO THAT YOUR SHARES MAY BE VOTED IN ACCORDANCE WITH YOUR WISHES.

TABLE OF CONTENTS

WESTAMERICA BANCORPORATION
1108 Fifth Avenue
San Rafael, California 94901

PROXY STATEMENT
March 14, 2011

GENERAL

This Proxy Statement and the accompanying Proxy Card are being mailed to Shareholders of Westamerica Bancorporation ("Westamerica" or the "Corporation") beginning on or about March 14, 2011. The Westamerica Board of Directors is soliciting proxies to be used at the 2011 Annual Meeting of Shareholders of Westamerica Bancorporation, which will be held at 11:00 a.m. Pacific Time, Thursday, April 28, 2011, or at any adjournment or postponement of the Annual Meeting. Proxies are solicited to give all Shareholders of Record ("Record Holder") an opportunity to vote on matters to be presented at the Annual Meeting. In the following pages of this Proxy Statement, you will find information on matters to be voted on at the Annual Meeting.

Voting Information

Who Can Vote. You are entitled to vote if you were a "Record Holder" of Westamerica common stock as of the close of business on February 28, 2011. Your shares can be voted at the Meeting only if you are present or represented by a valid proxy. If your shares of common stock are held by a bank, broker or other nominee in "street name," you are a "beneficial owner" and will receive voting instructions from the bank, broker or other nominee (including instructions, if any, on how to vote by telephone or through the internet). You must follow these instructions in order to have your shares voted.

Voting in Person at the Meeting. To be able to vote in person at the Annual Meeting, beneficial owners must obtain and bring to the Annual Meeting a legal proxy from the institution that holds your shares, indicating that you were the beneficial owner of the shares on February 28, 2011, the Record Date for voting.

Proxy Card. The Board has designated Arthur C. Latno, Jr., Ronald A. Nelson and Edward B. Sylvester to serve as Proxies for the Annual Meeting. As Proxies, they will vote the shares represented by proxies at the Annual Meeting. If you sign, date and return your Proxy Card but do not specify how to vote your shares, the Proxies will vote FOR the election of all of the Director nominees, FOR ratifying the selection of independent auditors, FOR approval of the advisory vote on the compensation of our named executive officers, and FOR an advisory vote on executive compensation every THREE years. The Proxies will also have discretionary authority to vote in accordance with their judgment on any other matter that may properly come before the Meeting that we did not have notice of by January 26, 2011.

Quorum and Shares Outstanding. A quorum, which is a majority of the total shares outstanding as of the Record Date, must be present to hold the Meeting. A quorum is calculated based on the number of shares represented by Shareholders attending in person or by proxy. On February 28, 2011, 29,009,907 shares of Westamerica common stock were outstanding. We also count broker non-votes, which we describe below, as shares present or represented at the Meeting for the purpose of determining whether a quorum exists.

Required Votes for Proposal 1 – Election of Director Nominees. Each share is entitled to one vote, except in the election of directors where a Shareholder may cumulate votes as to candidates nominated prior to voting, but only when a Shareholder gives notice of intent to cumulate votes prior to the voting at the Meeting. If any Shareholder gives such notice, all Shareholders may cumulate their votes for nominees. Under cumulative voting, each share carries as many votes as the number of directors to be elected, and the Shareholder may cast all of such votes for a single nominee or distribute them in any manner among as many nominees as desired. This Proxy Statement solicits the discretionary authority to cumulate votes and allocate them in the Proxy Holders' discretion if any Shareholder requests cumulative voting. In the election of directors, the nine nominees receiving the highest number of votes will be elected. If your proxy is marked "Withhold" with regard to the election of any nominee, your shares will be counted toward a quorum and for other nominees but they will not be voted for or against the election of that nominee.

Required Votes for Proposal 2 – Ratify Selection of Independent Auditor. The selection of the independent auditor will be ratified if the number of shares voted in favor of the proposal is equal to at least a majority of the shares represented at the Meeting, in person or by proxy. Abstentions are deemed "present" for the purpose of obtaining a quorum, but for purposes of determining the outcome of the proposal, abstentions will not be treated as affirmative votes. In other words, abstentions will have the same effect as negative votes.

Required Votes for Proposal 3 – Approve a Non-Binding Advisory Vote on the Compensation of Our Named Executive Officers. The executive compensation of the named executive officers will be approved if the number of shares voted in favor of the proposal is equal to at least a majority of the shares represented at the Meeting, in person or by proxy. Because your vote is advisory, it will not be binding on the Board or the Corporation. However, the Board will review the voting results and take them into consideration when making future decisions regarding executive compensation. Abstentions and non-votes will have the same effect as if your vote was cast against this proposal.

Required Votes for Proposal 4 – Approve a Non-Binding Advisory Vote on the Frequency of the Advisory Vote on Compensation of Our Named Executive Officers. The choice of frequency – every three years, every two years or every one year – that receives the highest number of "FOR" votes will be considered the advisory vote of the Corporation's Shareholders. Because your vote is advisory, it will not be binding on the Board or the Corporation. However, the Board will review the voting results and take them into consideration when making future decisions regarding the frequency of the advisory vote on executive compensation. Abstentions and broker non-votes will not count as votes cast "for" or "against" any frequency choice, and will have no direct effect on the outcome of this proposal. A signed, uninstructed proxy will be voted for every three years.

Other Matters. Approval of any other matter considered at the Meeting will require the affirmative vote of a majority of the shares present or represented by proxy and voting at the Meeting.

Broker Non-Votes. Broker non-votes will be included as "present" for the purpose of determining the presence of a quorum. A broker non-vote occurs under the stock exchange rules when a broker is not permitted to vote on a matter without instructions from the beneficial owner of the shares and no instruction is given on a timely basis. Brokers may vote at their discretion on routine matters, such as ratification of selection of independent auditors, but not on non-routine matters, including election of directors. Your vote is IMPORTANT; therefore, please mark your ballot to ensure that your votes for directors are counted.

How You Can Vote. Record Holders may vote by proxy or in person at the Meeting. To vote by proxy, you may select one of the following options:

Vote by Telephone. You can vote your shares by telephone by calling the toll-free telephone number shown on your Proxy Card. Telephone voting is available 24 hours a day, seven days a week. Voice prompts allow you to vote your shares and confirm that your instructions have been properly recorded. Our telephone voting procedures are designed to authenticate the Shareholder by using individual control numbers, which you will find on your Proxy Card. If you vote by telephone, you should NOT return your Proxy Card.

Vote by Internet. You can choose to vote on the internet. The website for internet voting is shown on your Proxy Card. Internet voting is available 24 hours a day, seven days a week. You will be given the opportunity to confirm that your instructions have been properly recorded. Our internet voting procedures are designed to authenticate the Shareholder by using individual control numbers, which you will find on your Proxy Card. If you vote on the internet, you should NOT return your Proxy Card.

If you vote by telephone or internet, your vote must be received by 1:00 a.m. Central Time, on April 28, 2011 to ensure that your vote is counted. For Westamerica Bancorporation Tax Deferred Savings/Retirement Plan (ESOP) participants, your vote must be received by 12:01 a.m. Central Time, on April 26, 2011.

Vote by Mail. If you choose to vote by mail, simply mark your Proxy Card, date and sign it, and return it in the postage-paid envelope provided.

Beneficial owners must follow voting instructions received from your bank, broker or other nominee in order to have your shares voted.

We have been advised by counsel that these telephone and internet voting procedures comply with California law.

Revocation of Proxy. Record Holders who vote by proxy, whether by telephone, internet or mail, may revoke that proxy at any time before it is voted at the Meeting. You may do this by: (a) signing another Proxy Card with a later date and delivering it to us prior to the Meeting or sending a notice of revocation to the Corporate Secretary of Westamerica at 1108 Fifth Avenue, San Rafael, CA 94901; (b) voting at a later time by telephone or on the internet prior to 1:00 a.m. Central Time, on April 28, 2011 (prior to 12:01 a.m. Central Time, on April 26, 2011 for ESOP participants); or (c) attending the Meeting in person and casting a ballot. If you hold shares in street name, you may change your vote by submitting new voting instructions to your broker or other nominee.

Additional Information

Householding. As permitted by the Securities Exchange Act of 1934 (the “Exchange Act”) only one copy of the Annual Report and the Proxy Statement is being delivered to Shareholders residing at the same address, unless such Shareholders have notified their bank, broker, Computershare Investor Services, or other holder of record that they wish to receive separate mailings. If you are a Beneficial Holder and own your shares in street name, contact your broker, bank or other holder of record to discontinue householding and receive your own separate copy of Proxy Statements and Annual Reports in future years. If you are a Registered Holder and own your shares through Computershare Investor Services, contact Computershare toll-free at 877-588-4258 or in writing directed to Computershare Investor Services, 250 Royall Street, Mail Stop 1A, Canton, MA 02021 to discontinue householding and receive multiple Annual Reports and Proxy Statements in future years. To receive an additional Annual Report or Proxy Statement this year, contact Shareholder Relations at 707-863-6992.

At least one account at your address must continue to receive an Annual Report, unless you elect to receive future Annual Reports and Proxy Statements over the internet. Mailing of dividends, dividend reinvestment statements, and special notices will not be affected by your election to discontinue duplicate mailings of the Annual Report and Proxy Statement. Regardless of householding, each Shareholder will continue to receive a separate Proxy Card and return envelope.

Electronic Access to Proxy Materials and Annual Reports. This Proxy Statement and the 2010 Annual Report are available on the Corporation's internet site at: www.westamerica.com. If you hold your Westamerica common stock in street name through a broker, a bank or other nominee, you may have the option of securing your Proxy Statement and Annual Report over the internet. If you vote this year's proxy electronically, you may also elect to receive future Proxy Statements, Annual Reports and other materials electronically by following the instructions given by your bank, broker, or other holder of record when you vote. Our website is available for information purposes only and should not be relied upon for investment purposes, nor is it incorporated by reference into this Proxy Statement.

Stock Ownership

Security Ownership of Certain Beneficial Owners. Based on Schedule 13G filings, Shareholders beneficially holding more than 5% of Westamerica common stock outstanding as of December 31, 2010, in addition to those disclosed in the Security Ownership of Directors and Management below, were:

Name and Address of Beneficial Owner	Title of Class	Number of Shares Beneficially Owned	Percent of Class
Neuberger Berman, Inc. 605 Third Avenue, New York, NY 10158	Common	2,707,189 (1)	9.30%
T. Rowe Price Associates, Inc. 1100 East Pratt Street, Baltimore, MD 21202-1009	Common	2,284,821 (2)	7.80%
BlackRock, Inc. 40 East 52nd Street, New York, NY 10022	Common	2,107,044 (3)	7.24%
State Street Corporation One Lincoln Street, Boston, MA 02111	Common	1,996,193 (4)	6.90%
The Vanguard Group, Inc. 100 Vanguard Boulevard, Malvern, PA 19355	Common	1,479,032 (5)	5.08%

(1) The Schedule 13G filed with the SEC on February 14, 2011 disclosed that the reporting entity, Neuberger Berman, Inc., held shared voting power over 2,354,337 shares and shared dispositive power over 2,707,189 shares.

(2) The Schedule 13G filed with the SEC on February 14, 2011 disclosed that the reporting entity held sole voting power over 318,173 shares and sole dispositive power over 2,284,821 shares. These securities are owned by various individual and institutional investors which T. Rowe Price Associates, Inc. (Price Associates) serves as investment advisor with power to direct investments and/or sole power to vote the securities. For purposes of the reporting requirements of the Securities Exchange Act of 1934, Price Associates is deemed to be a beneficial owner of such securities; however, Price Associates expressly disclaims that it is, in fact, the beneficial owner of such securities.

(3) The Schedule 13G filed with the SEC on February 9, 2011 disclosed that the reporting entity, through its subsidiaries, BlackRock, Inc., held sole voting power over 2,107,044 shares and sole dispositive power over 2,107,044 shares.

(4) The Schedule 13G filed with the SEC on February 11, 2011, disclosed that the reporting entity, State Street Corporation, held shared voting power over 1,996,193 shares and shared dispositive power over 1,996,193 shares.

(5) The Schedule 13G filed with the SEC on February 9, 2011 disclosed that the reporting entity, The Vanguard Group, Inc., held sole voting power over 42,758 shares and sole dispositive power over 1,436,274 shares, and shared dispositive power over 42,785 shares.

Security Ownership of Directors and Management. The following table shows the number of common shares and the percentage of the common shares beneficially owned (as defined below) by each of the current Directors, by the Chief Executive Officer (“CEO”), by the Chief Financial Officer (“CFO”), and by the three other most highly compensated executive officers, and by all Directors and Officers of the Corporation as a group as of February 28, 2011. As of February 28, 29,009,907 shares of Westamerica Bancorporation’s common stock were outstanding. For the purpose of the disclosure of ownership of shares by Directors and Officers below, shares are considered to be “beneficially” owned if a person, directly or indirectly, has or shares the power to vote or direct the voting of the shares, the power to dispose of or direct the disposition of the shares, or the right to acquire beneficial ownership of shares within 60 days of February 28, 2011.

Amount and Nature of Beneficial Ownership

Name and Address**	Sole Voting and Investment Power	Shared Voting and Investment Power	Right to Acquire Within 60 days of Feb. 28, 2011	Total(1)	Percent of Class(2)
Etta Allen	10,789 (3)	–	–	10,789	*
Louis E. Bartolini	1,800	–	–	1,800	*
E. Joseph Bowler	19	25,867 (4)	–	25,886	0.1%
Arthur C. Latno, Jr.	3,345 (5)	–	–	3,345	*
Patrick D. Lynch	1,000	–	–	1,000	*
Catherine Cope MacMillan	8,200 (6)	–	–	8,200	*
Ronald A. Nelson	44,000	–	–	44,000	0.2%
David L. Payne	462 (7)	879,087 (8)	1,009,440	1,888,989	6.3%
Edward B. Sylvester	84,450	–	–	84,450	0.3%
Robert A. Thorson	861 (9)	7,422 (10)	113,203	121,486	0.4%
David Robinson	290	761	112,310 (11)	113,361	0.4%
Jennifer J. Finger	4,212	1,162	190,416 (11)	195,790	0.7%
Dennis R. Hansen	30	22,876	112,402 (11)	135,308	0.5%
All 15 Directors and Executive Officers as a Group	159,468	939,021	1,591,321	2,689,810	8.79%

* Indicates beneficial ownership of less than one-tenth of one percent (0.1%) of the Corporation's common shares.
** The address of all persons listed is 1108 Fifth Avenue, San Rafael, CA 94901.

(1) None of the shares held by the Directors and Officers listed above have been pledged.

(2) In calculating the percentage of ownership, all shares which the identified person or persons have the right to acquire by exercise of options are deemed to be outstanding for the purpose of computing the percentage of the class owned by such person, but are not deemed to be outstanding for the purpose of computing the percentage of the class owned by any other person.

(3) Includes 10,350 shares held in a trust as to which Mrs. Allen is trustee.

(4) Includes 25,867 shares held in trust as to which Mr. Bowler is co-trustee with shared voting and investment power.

(5) Includes 1,115 shares owned by Mr. Latno’s wife as to which Mr. Latno disclaims beneficial ownership.

(6) Includes 6,000 shares held in a trust as to which Ms. MacMillan is trustee.

(7) Includes 462 shares held in a trust under the California Uniform Gift to Minors Act as to which Mr. Payne is custodian.

(8) Includes 528,837 shares owned by Gibson Radio and Publishing Company, of which Mr. Payne is President and Chief Executive Officer, as to which Mr. Payne disclaims beneficial ownership, and 329,885 shares held in a trust as to which Mr. Payne is co-trustee with shared voting and investment power.

(9) Includes 830 shares held in trusts under the California Uniform Gift to Minors Act as to which Mr. Thorson is custodian.

(10) Includes 6,941 shares held in a trust as to which Mr. Thorson is co-trustee with shared voting and investment power.

(11) During 1996, the Corporation adopted the Westamerica Bancorporation Deferral Plan (the “Deferral Plan”) that allows recipients of Restricted Performance Shares (“RPS”) to defer receipt of vested RPS shares into succeeding years. Amounts shown include RPS shares that have been deferred into the Deferral Plan for the following accounts in amounts of: Ms. Finger—25,030 shares; Messrs. Hansen—9,670 shares; and Robinson—13,430 shares.

5

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires the Corporation's Directors and Executive Officers and persons who own more than 10% of a registered class of the Corporation's equity securities to file with the Securities and Exchange Commission (the "SEC") and NASDAQ initial reports of ownership and reports of changes in ownership of common stock and other equity securities of the Corporation, and to send a copy to the Corporation.

To the Corporation's knowledge and based solely on a review of the copies of reports furnished to the Corporation and written representations that no other reports were required, during the fiscal year ended December 31, 2010, all Section 16(a) filing requirements were complied with timely by Westamerica's Directors and Officers, except for a single filing for Russell Rizzardi that was filed one day late.

BOARD OF DIRECTORS

Proposal 1 — Election of Directors

Nine directors have been nominated for election at the Meeting to hold office until the next Annual Meeting or until their successors are elected and qualified. The Proxies will vote for the nine nominees named below unless you give different voting instructions on your Proxy Card. Each nominee is presently a Director of the Corporation and has consented to serve a new term. The Board does not anticipate that any of the nominees will be unavailable to serve as a Director, but if that should occur before the Meeting, the Board reserves the right to substitute another person as nominee. The Proxies will vote for any substitute nominated by the Board of Directors. The Proxies may use their discretion to cumulate votes for election of directors and cast all of such votes for any one or more of the nominees, to the exclusion of the others, and in such order of preference as they may determine at their discretion.

Nominees

The nominees for election as directors are named and certain information with respect to them is given below. Our nominees are seasoned leaders who bring to the Board an array of financial services, public and private company, non-profit, and other business experience. As a group they possess experience in leadership; consumer banking; commercial and small business banking; investment banking, capital markets; financial advisory services; finance and accounting; risk management and real estate. Many of the board members have seen the company through a variety of economic conditions which was especially beneficial during the current economic environment. The information below has been furnished to the Corporation by the respective nominees. All of the nominees have engaged in their indicated principal occupation for more than five years, unless otherwise indicated and no nominee has served on the Board of Directors of another public company during the past five years.

Name of Nominees, Principal Occupations, and Qualifications

Etta Allen – Director since 1988

Etta Allen (81) is President and CEO of Allen Heating and Sheet Metal and President and CEO of Sunny Slope Vineyard in Sonoma County, California. She is a member of the Employee Benefits and Compensation Committee and the Loan and Investment Committee. Mrs. Allen is also a Director of Westamerica Bank. In 1972, she became the second woman in the state of California to become a licensed contractor in heating, ventilation, air conditioning and sheet metal, and in 1974 she became President and CEO of Allen Heating and Sheet Metal. Under her leadership the company became recognized throughout California. She was the first woman president of Marin Builders Exchange and during her time on the executive committee she also served as a trustee and later as chairman of their successful insurance trust. She was the first woman contractor on the Executive Committee of the California Association of Builders Exchanges.

Etta Allen is one of the pioneers for women in non-traditional careers. As an entrepreneur, businesswoman and an involved community leader, she brings independence, operations management and executive experience to the Board.

Louis E. Bartolini – Director since 1991

Mr. Bartolini (78) retired from Merrill Lynch, Pierce, Fenner & Smith, Inc. (now Merrill Lynch and Co.) as a financial consultant. He currently serves on the Audit Committee and is also a Director of Westamerica Bank. Mr. Bartolini has 33 years of experience in the financial industry serving as a financial consultant and branch manager for Merrill Lynch and Co. and has been active for over 35 years in the non-profit community in Marin County. He has served on the boards of many non-profit organizations, including a five-year term as president of the Marin Symphony, a board member of the Association of California Symphony Orchestras, and a past District Governor of Rotary International.

Mr. Bartolini's continuing interest in the financial industry, and his leadership skills, and financial and investment expertise are of great value to the Board. His extensive ties to local community and business leaders through his long-term volunteer involvement provide the Board with a broad prospective and insights into key segments of our markets and customer base.

E. Joseph Bowler – Director since 2003

Mr. Bowler (74), retired as Senior Vice President and Treasurer of the Corporation in 2002. He currently serves as a member of the Audit Committee. Mr. Bowler is also a Director of Westamerica Bank.

With many years of direct banking experience, Mr. Bowler brings strong financial and investment expertise important to the oversight of our financial reporting and interest rate risk management. In addition, Mr. Bowler's experience as a director and trustee of various non-profit community and educational organizations brings strategic planning and corporate governance skills to the Board.

Arthur C. Latno, Jr. – Director since 1985

Mr. Latno (81) retired from Pacific Telesis Group (now Pacific Bell Telephone Company) as an Executive Vice President. He currently serves on the Corporation's Executive Committee, the Employee Benefits and Compensation Committee, and the Loan and Investment Committee and is Chairman of the Nominating Committee. Mr. Latno is also a Director of Westamerica Bank. His expertise stems from his wide-ranging responsibilities at Pacific Bell, which included operations, regulatory responsibilities, and public and governmental relations. His proficiency in strategic planning was recognized by the City of San Francisco when he was selected to serve on the City's Port of San Francisco Strategic Planning Advisory Panel. He has also been involved with Marin General Hospital Foundation, the Fine Arts Museum of San Francisco and numerous other community organizations in the locations where the Corporation has a significant presence. Mr. Latno is also a former U.S. Ambassador and Chairman of the U.S. Delegation Treaty Conference (rank accorded by President Reagan) in Melbourne, Australia, and a former Chairman of the Board of Trustees and Past President of Board of Regents of St. Mary's College in California. He was a recipient of the Anti-Defamation League's Americanism Award and the Friends of the Human Rights Commission's Human Rights Award.

Mr. Latno's most important contributions to the Board are his executive leadership, strategic planning skills, and regulatory and public relations experience.

Patrick D. Lynch – Director since 1986

Patrick Lynch (77) retired as Vice President and General Manager of the U.S. Semiconductor Division of Motorola. He currently serves as Chairman of the Employee Benefits and Compensation Committee and a member of the Executive Committee and the Nominating Committee. Mr. Lynch is also a Director of Westamerica Bank and has held executive positions at Nicolet Instrument Corporation and several venture capital high-tech start-up companies.

Mr. Lynch brings to the Board operations, financial and marketing expertise as well as a valued historical perspective.

Catherine Cope MacMillan – Director since 1985

Catherine MacMillan (63) is Secretary/Treasurer and General Counsel of Nob Hill Properties, Inc., and the owner of the Huntington Hotel in San Francisco and La Playa Hotel in Carmel-by-the-Sea. She is a member of the Loan and Investment Committee and the Audit Committee. She is also a Director of Westamerica Bank. Ms. MacMillan previously operated a prominent restaurant for nearly 20 years. She is a graduate of the University of California at Davis and Pacific McGeorge School of Law. She has also served in numerous leadership capacities for community organizations.

Ms. MacMillan's experience in administration and operational aspects of various businesses and organizations provides the Board with sound leadership.

Ronald A. Nelson – Director since 1988

Ronald Nelson (68) was Executive Vice President of Charles M. Schulz Creative Associates through 1995. He serves as the Chairman of the Audit Committee and is a member of the Employee Benefits and Compensation Committee. He is also a Director of Westamerica Bank. Mr. Nelson has a background as a Certified Public Accountant and has been designated as the Audit Committee's "financial expert." He has been a resident of Sonoma County since 1970, which is one of the bank's primary markets and where he has been involved in business management, investment management, and the development of commercial real estate. He also served as a board member and chairman of Santa Rosa Memorial Hospital, which is the area's primary acute care hospital.

Mr. Nelson's extensive business and financial expertise provides important oversight of our financial reporting and risk management.

David L. Payne – Director since 1984

David Payne (55) is Chairman, President & CEO of Westamerica Bancorporation. He was appointed Chairman in 1988 and Chief Executive Officer in 1989 and is Chairman of the Executive Committee. Mr. Payne is also Chairman, President & CEO of Westamerica Bank. He brings to the Board strong leadership and a vision for the future. He has a thorough knowledge of the banking industry, manages regulatory and business development issues, and has extensive financial and accounting expertise. Mr. Payne possesses excellent management, strategic development and business skills.

Since Mr. Payne's appointment to the Board, Westamerica's dividends per share have risen nine-fold and capital levels have increased seven-fold. Total assets have quadrupled during his tenure and net income has risen by a multiple of 21. Return on equity is currently near 18%.

Under his leadership, Mr. Payne has successfully negotiated and led the Corporation through many mergers including: John Muir National Bank, Napa Valley Bancorporation, PV Financial, CapitolBank –Sacramento, North Bay Bancorp, ValliCorp Holdings, First Counties Bank, Kerman State Bank, Redwood Empire Bancorp, County Bank, and Sonoma Valley Bank.

Mr. Payne serves on the advisory board for Global Energy Investors. He also manages his family printing, publishing and cable television business.

Edward B. Sylvester – Director since 1979

Edward Sylvester (74) is a licensed civil engineer and the founder of SCO Planning and Engineering. He retired from the day to day engineering profession four years ago but continues as a private consultant. Mr. Sylvester is currently a member of the Executive Committee, the Nominating Committee and is Chairman of the Loan and Investment Committee, and is a Director of Westamerica Bank. He was a founding Director of Gold Country Bank headquartered in Grass Valley until the bank merged with Westamerica's predecessor, Independent Bankshares, at which time he was nominated to serve on the corporate Board by his peers. Mr. Sylvester is the Chairman of the Board of Nevada County Broadcasters and also serves as Vice Chairman of the Nevada County Business Association. Mr. Sylvester has previously served as a member and Chairman of the California Transportation Commission that prioritizes state transportation projects and allocates funding. He is a past President of the Rotary Club of Grass Valley and past Chairman of the Grass Valley Chamber of Commerce. Mr. Sylvester has run 23 marathons to date and was the 14th person in the world to complete a full marathon on all seven continents including Antarctica.

The depth of Mr. Sylvester's experience gives him first hand understanding of all the nuances of development and development funding, a current knowledge of the retail economy, and a state-wide perspective and experience in funding allocation. His long tenure on the Board brings an historical and long-term perspective while he remains current on financial issues with his continuing leadership role in the community and active management positions.

THE BOARD RECOMMENDS ELECTION OF ALL NOMINEES.

Board of Directors and Committees

Director Independence and Leadership Structure

The Board of Directors has considered whether any relationships or transactions related to a Director were inconsistent with a Director's independence. Based on this review, the Board has determined that E. Allen, L.E. Bartolini, E.J. Bowler, A.C. Latno, Jr., P.D. Lynch, C.C. MacMillan, R.A. Nelson, and E.B. Sylvester are "independent" directors as defined in NASDAQ rules.

Our Board believes that the most effective leadership structure for the Corporation at this time is to combine the responsibilities of the Chairman and CEO, a structure that has been successful since 1989. The combined positions avoid a duplication of efforts, enable decisive leadership, ensure a clear accountability for the performance of the Corporation, a more rapid implementation of decisions, and a consistent vision. Given the size of our employee base and our level of assets relative to larger, more complex banking structures, our Corporation is particularly well suited to combine the Chairman and CEO functions. Furthermore, our management team has an average tenure of 18 years and does not require the substantial oversight needed by a less experienced team, which has allowed our Chairman and CEO to lead the Corporation through eleven acquisitions since 1992.

To ensure strong Board oversight eight of our nine directors are, as noted above, independent as defined by NASDAQ. Only non-management directors sit on Board committees, with the exception of the Executive Committee, and every non-management director sits on one or more of these Committees. All non-management directors meet at least four times a year outside the presence of the Chairman and CEO and although a lead director has not been appointed, pertinent information from these meetings is regularly communicated to the Chairman and CEO. The Board completes an annual board evaluation that is reviewed by the Nominating Committee and presented to the full Board.

The Board of the Corporation also serves as the Board of Directors of Westamerica Bank, and as such is well informed of Bank operations through regular reports and discussions on the operations of the Bank. The directors' longevity with the Corporation has exposed them to a wide range of business cycles which played a critical role in maintaining the profitability of the Corporation through the recent financial crisis.

Role of the Board of Directors in Risk Oversight

The Board is also responsible for overseeing all aspects of management of the Corporation, including risk oversight, which is effected through all Board committees, but primarily through the Board's Audit Committee. The Internal Audit Department reports directly to the Board's Audit Committee. It presents its independently prepared company-wide annual risk assessment, its evaluation of Management's prepared risk-assessment and its audit plan incorporating the risk-assessment, including the policies and procedures utilized to monitor and control such exposures.

The internal loan review function reports directly to the Board's Loan and Investment Committee. It reports ongoing evaluations of loan portfolios and risk-rating of individual loans with guidelines established by bank regulatory authorities.

Meetings

The Corporation expects all board members to attend all meetings, including the Annual Meeting of Shareholders, except for reasons of health or special circumstances. Last year all nine directors attended the Annual Meeting. The Board held a total of 11 meetings during 2010. Every Director attended at least 75% of the aggregate of: (i) the Board Meetings held during that period in which they served; and (ii) the total number of meetings of any Committee of the Board on which the Director served.

Committees of the Board

Director	Executive Committee	Audit Committee	Employee Benefits and Compensation Committee	Loan and Investment Committee	Nominating Committee
Etta Allen			X	X	
Louis E. Bartolini		X			
E. Joseph Bowler		X			
Arthur C. Latno, Jr.	X		X	X	Chair
Patrick D. Lynch	X		Chair		X
Catherine Cope MacMillan		X		X	
Ronald A. Nelson		Chair	X		
David L. Payne	Chair				
Edward B. Sylvester	X			Chair	X
TOTAL MEETINGS	10	5	5	10	1

Executive Committee:

Functions: The Board delegates to the Executive Committee all powers and authority of the Board in the management of the business affairs of the Corporation, which the Board is allowed to delegate under California law.

Audit Committee:

The Board of Directors has determined that all members are independent, as that term is defined by applicable rules of NASDAQ for Audit Committee purposes. The Audit Committee has also designated Ronald Nelson as the “Audit Committee financial expert” as defined by the rules of the SEC and has determined that he is “financially sophisticated” under NASDAQ rules. In concluding that Mr. Nelson is the Audit Committee financial expert, the Committee determined that he has:

- an understanding of generally accepted accounting principles and financial statements;
- the ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves;
- experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Corporation’s financial statements, or experience actively supervising one or more persons engaged in such activities;
- an understanding of internal control over financial reporting; and
- an understanding of Audit Committee functions.

Designation of a person as an Audit Committee financial expert does not result in the person being deemed an expert for any purpose, including under Section 11 of the Securities Act of 1933. The designation does not impose on the person any duties, obligations or liability greater than those imposed on any other Audit Committee member or any other Director and does not affect the duties, obligations or liability of any other member of the Audit Committee or Board of Directors.

Functions: The Audit Committee provides independent, objective oversight of the integrity of the Corporation’s financial statements, the Corporation’s compliance with legal and regulatory requirements, the independence and performance of the Corporation’s independent auditor as it performs audit, review or attest services, and the Corporation’s internal audit and control function. It selects and retains the independent auditors, reviews the plan and the results of the auditing engagement. It acts pursuant to a written charter that was amended by the Board in January 2011 and is attached as an exhibit to this Proxy Statement for the 2011 Annual Meeting of Shareholders. The Audit Committee Report that follows below more fully describes the responsibilities and the activities of the Audit Committee.

Employee Benefits and Compensation Committee:

The Employee Benefits and Compensation Committee of the Board of Directors (the “Compensation Committee”) is comprised solely of directors who are not current or former employees of Westamerica or any of its affiliates. They are independent as defined by NASDAQ rules.

Functions: The Compensation Committee administers Westamerica Bancorporation’s Amended and Restated Stock Option Plan of 1995, Tax Deferred Savings and Retirement Plan, Deferred Profit Sharing Plan, Deferred Compensation Plan, and the Westamerica Bancorporation Deferral Plan. It administers the Corporation’s compensation programs and reviews and reports to the Board the compensation level for executive officers, including the CEO, of the Corporation and its subsidiaries and determines that compensation plans are balanced between financial results, but does not motivate excessive risk-taking. The Compensation Committee determines annual corporate performance objectives for equity compensation and cash bonuses and their related corporate, divisional and individual goals. Based on the CEO’s assessment of the extent to which each executive officer met those objectives and goals, the Committee determines each executive officer’s annual equity compensation and cash bonus. The Compensation Committee also establishes the individual goals and targets for the CEO. All compensation approved by the Compensation Committee is reported to the full Board of Directors. The role of the Compensation Committee is described in greater detail under the section entitled “Compensation Discussion and Analysis.”

The Compensation Committee does not have a charter as it is not required by NASDAQ rules. The Compensation Committee has the authority to seek assistance from officers and employees of the Corporation as well as external legal, accounting and other advisors. It has not retained outside consultants for compensation advice, but can request assistance on an as-needed basis. It does not delegate authority to anyone outside of the Compensation Committee. The Human Resources Department supports the Compensation Committee by fulfilling certain administrative duties regarding the compensation programs.

Nominating Committee:

The Board of Directors has determined that all members are independent, as defined in NASDAQ rules.

Functions: The Nominating Committee is governed by a written charter, which was amended in January 2010 and was attached as an exhibit to the Proxy Statement for the 2010 Annual Meeting of Shareholders. The Nominating Committee screens and recommends qualified candidates for board membership. This Committee recommends a slate of nominees for each Annual Meeting. As part of that process, it evaluates and considers all candidates submitted by Shareholders in accordance with the Corporation’s bylaws, and considers each existing board member’s contributions. The Committee applies the same evaluation standards whether the candidate was recommended by a Shareholder or the Board.

While the Board does not have a formal diversity policy, it believes that the Board should broadly define diversity to encompass a diverse range of skills and expertise sufficient to provide prudent guidance to the Corporation. In addition to the qualifications and characteristics described under the Nominating Committee on page 13, it considers whether the potential director assists in achieving a mix of board members that represents a diversity of background, perspective, and experience. Our Board includes directors with experience in public corporations and non-profits, as well as entrepreneurial individuals who have successfully run their own private enterprise. Our Board also has a broad set of skills necessary for providing oversight to a financial institution, which includes proven leadership, and expertise in capital management, finance, accounting, regulatory affairs, and investment management.

Nominating Directors: The Nominating Committee will consider Shareholder nominations submitted in accordance with Section 2.14 of the Bylaws of the Corporation. That section requires, among other things, that nominations be submitted in writing and must be received by the Corporate Secretary at least 45 days before the anniversary of the date on which the Corporation first mailed its proxy materials for the prior year’s Annual Meeting of Shareholders. If the date for the current year’s Annual Meeting changes more than 30 days from the date on which the prior year’s meeting was held, the Corporation must receive notice a reasonable time before the Corporation mails its proxy materials for the current year.

Nominations must include the following information:

- The principal occupation of the nominee;
- The total number of shares of capital stock of the Corporation that the Shareholder expects will be voted for the nominee;
- The name and address of the nominating Shareholder; and
- The number of shares of capital stock of the Corporation owned by the nominating Shareholder.

The Committee has specified the following minimum qualifications it believes must be met by a nominee for a position on the Board:

- Appropriate personal and professional attributes to meet the Corporation’s needs;
- Highest ethical standards and absolute personal integrity;
- Physical and mental ability to contribute effectively as a Director;
- Willingness and ability to participate actively in Board activities and deliberations;
- Ability to approach problems objectively, rationally and realistically;
- Ability to respond well and to function under pressure;
- Willingness to respect the confidences of the Board and the Corporation;
- Willingness to devote the time necessary to function effectively as a board member;
- Possess independence necessary to make unbiased evaluation of Management performance;
- Be free of any conflict of interest that would violate applicable law or regulation or interfere with ability to perform duties;
- Broad experience, wisdom, vision and integrity;
- Understanding of the Corporation’s business environment; and
- Significant business experience relevant to the operations of the Corporation.

Loan and Investment Committee:

Functions: This Committee reviews major loans and investment policies and monitors Community Reinvestment Act compliance.

Director Compensation

The following table and footnotes provide information regarding the compensation paid to the Corporation’s non-employee members of the Board of Directors in the fiscal year 2010. Directors who are employees of the Corporation receive no compensation for their services as directors.

Director Compensation Table at Fiscal Year 2010

Name (1)	Fees Earned Paid in Cash ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($) (2)	Total ($)
Etta Allen	$ 31,400	$ 22,469	$ 53,869
Louis E. Bartolini	30,200	246	30,446
E. Joseph Bowler	30,200	–	30,200
Arthur C. Latno, Jr.	43,550	–	43,550
Patrick D. Lynch	38,050	–	38,050
Catherine Cope MacMillan	33,800	–	33,800
Ronald A. Nelson	34,450	–	34,450
Edward B. Sylvester	37,000	4,315	41,315

(1) Non-employee directors did not receive options or stock awards. During 2010, non-employee directors of the Corporation each received an annual retainer of $14,000. Each non-employee Director received $1,200 for each meeting of the Board attended and $600 for each Committee meeting attended. The Chairman of each Committee received an additional $250 for each Committee meeting attended. All non-employee directors are reimbursed for expenses incurred in attending Board and Committee meetings. The Chairman of the Board, David L. Payne, is compensated as an employee and did not receive any compensation as a Director. The Deferred Compensation Plan allows non-employee directors to defer some or all of their Director compensation with interest earnings credited on deferred compensation accounts.

(2) The amount shown is the interest on Nonqualified Deferred Compensation that exceeds 120% of the long-term Applicable Federal Rate, with compounding, on all cash compensation deferred in 2010 and in previous years.

Westamerica Bancorporation does not have a charitable donations program for directors nor does it make donations on behalf of any director(s). The Corporation may make a nominal donation through its Community Relations program to non-profit organizations where a director(s) may have an affiliation.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The executive compensation practices described below have been followed consistently for nineteen years. At the April 23, 2009 Annual Meeting of Shareholders, a majority of our Shareholders approved an advisory proposal on the Corporation's compensation of executives.

The Compensation Committee governs the executive compensation program that combines three compensation elements: base salary, annual non-equity cash incentives, and long-term stock grants. Several compensation philosophies and practices underlie this program:

- Base salaries for participants in this program should be limited to foster an environment where incentive compensation motivates and rewards corporate, divisional, and individual performance.
- Incentive compensation (annual non-equity cash incentives and long-term stock grants) is based on measurement of performance against pre-established objective measurable goals. Specific criteria for each objective are established for "threshold," "target," and "outstanding" performance. On any one measure, performance below "threshold" results in no credit for that objective. "Threshold" performance results in a 75% achievement, "target" performance results in 100% achievement, and "outstanding" performance results in 150% achievement. The performance achievement level determines the size of incentive compensation awards.
- Long-term incentive stock grants will be awarded to senior management if the corporate performance level is rated "threshold" or better. The purpose of long-term incentive grants is to:

– motivate senior management to focus on long-term performance;

– avoid excessive risk-taking and instill conservative management practices;

– build equity ownership among Westamerica's senior management;

– link Shareholder interests to management incentives; and

– create ownership mentality among senior management.

Establishing Incentive Levels, Determining Objectives and Measuring Performance

In administering the executive compensation program, the Compensation Committee determines "target" incentives for each position annually. The Compensation Committee exercises discretion in establishing "target" incentives in an effort to provide competitive pay practices while motivating and rewarding performance that benefits the Corporation's long-term financial performance and Shareholder interests and avoiding excessive risk-taking.

At the beginning of each calendar year, the Compensation Committee establishes annual corporate performance objectives. In establishing corporate performance objectives, the Compensation Committee takes into consideration the current operating environment for the commercial banking industry as well as internal management policies and practices which would, in the Compensation Committee's opinion, benefit the long-term interests of the Corporation and its Shareholders. Corporate performance measures include risk management elements considered to be responsive to the impact current operating conditions could have on the long-term performance of the Company. The Compensation Committee monitors the economy and the banking industry's operating environment throughout the ensuing year, and may exercise discretion in adjusting corporate performance objectives during the year.

The operating environment for the commercial banking industry is impacted by a myriad of factors including, but not limited to, local, national and global economic conditions, interest rate levels and trends, monetary policies of the Federal Reserve Board and its counterparts in other countries, fiscal policies of the United States government and other global political conditions, liquidity in capital markets, the demand for capital by commercial enterprises and consumers, new financial products, competitive response to changing conditions within the industry, trade balances, the changing values of real estate, currencies, commodities and other assets, and other factors.

Management policies and practices the Board considers in establishing corporate performance objectives include, but are not limited to, management of the Corporation's balance sheet and product pricing in a manner which will provide consistent sustainable growth in long-term financial results for Shareholders, the type and variety of financial products offered by the Corporation, adherence to internal controls, management of the credit risk of Corporation's loan portfolio, the results of internal, regulatory and external audits, service quality delivered to the Corporation's customers, service quality of "back office" support departments provided to those offices and departments directly delivering products and services to the Corporation's customers, maintenance of operating policies and procedures which remain appropriate for risk management in a dynamic environment, timely and efficient integration of acquired companies, operational efficiencies, and capital management practices.

Restricted Performance Shares ("RPS") represent awards of Westamerica's common stock subject to achievement of performance objectives established by the Compensation Committee. The Amended and Restated Stock Option Plan of 1995 ("Amended Stock Option Plan"), which was approved by Shareholders in 1995 and amended with Shareholder approval in 2003, defines the performance factors the Board must use in administering RPS grants as one or more of the following: earnings, diluted earnings per share, revenue and revenue per diluted share, expenses, share price, return on equity, return on equity relative to the average return on equity for similarly sized institutions, return on assets, return on assets relative to the average return on assets for similarly sized institutions, efficiency ratio (operating expenses divided by operating revenues), net loan losses as a percentage of average loans outstanding, nonperforming assets, and nonperforming assets as a percentage of total assets.

In addition to establishing corporate performance objectives, the Compensation Committee also establishes individual goals for the CEO. In regard to the other executives named in the accompanying tables, the CEO recommends divisional and individual performance objectives to the Compensation Committee, which considers, discusses, adjusts as necessary, and adopts such performance objectives.

At the beginning of each calendar year, the Compensation Committee reviews corporate, divisional, and individual performance against the performance objectives for the year just completed. After thorough review and deliberation, the Compensation Committee determines the recommended amount of individual cash incentives and stock-based incentive awards. The Compensation Committee reports such incentives to the Board of Directors. Meetings of the Compensation Committee and Board of Directors routinely occur in January, immediately following the closure of the calendar year for which performance is measured for incentive compensation purposes.

Stock Grants

Long-term stock grants may only be awarded under Shareholder approved stock-based incentive compensation plans. The Corporation's Proxy Statement dated March 17, 2003, as filed with the SEC on that date, summarizes the Amended Stock Option Plan's changes from the predecessor plan. Such changes included:

- disallowing re-pricing stock options for poor stock performance;
- limiting the number of shares that may be awarded; and
- requiring the Compensation Committee to meet the definition of independence to enable any award intended to qualify as "performance-based compensation" to meet Section 162(m) of the Internal Revenue Code.

The Amended Stock Option Plan allows four types of stock-based compensation awards:

Incentive Stock Options ("ISO") allow the optionee to buy a certain number of shares of Westamerica common stock at a fixed price, which is established on the date of the option grant. ISOs are intended to meet the requirements of Section 422 of the Internal Revenue Code which provide advantages if certain conditions are met. If the optionee holds the acquired stock for the designated holding period, the optionee defers the timing of recognizing taxable income related to exercising the ISO. If the optionee complies with the ISO requirements, the Corporation does not receive a corporate tax deduction related to the shares issued.

Nonqualified Stock Options ("NQSO") also give the optionee the option to buy a certain number of shares of Westamerica common stock at a fixed price, which is established on the date of grant. Unlike ISOs, NQSOs do not allow deferral of taxable income for the optionee. At the time NQSOs are exercised, the optionee incurs taxable income equal to the spread between the exercise price and the market price of the stock, and the Corporation receives a corporate tax deduction in the same amount.

Stock Appreciation Rights ("SAR") provide the holder a cash payment equal to the difference between the fair market value of the Corporation's common stock on the date the SAR is surrendered and the fair market value of the Corporation's common stock on the date the SAR was granted. The optionee incurs taxable income at the time the SAR is settled and the Corporation receives a corporate tax deduction in the same amount.

Restricted Performance Share Grants ("RPS"), as noted above, are awards of the Corporation's common stock that are subject to the achievement of performance objectives. Award recipients receive shares at the end of the performance measurement period only if performance objectives are achieved. The award recipient incurs taxable income at the time any RPS vests and the Corporation receives a corporate tax deduction in the same amount.

Determination of Awards to Grant

In determining which type of stock-based compensation awards to grant, the Compensation Committee considers the attributes of each form of incentive. Examples include the ability to motivate management to make decisions based on the long-term interests of Shareholders, the desire to compensate with shares rather than cash, and the tax consequences of each type of award. The Compensation Committee retains the latitude to utilize all forms of incentives provided under the Amended Stock Option Plan. In the current and preceding years, the Compensation Committee has utilized NQSO and RPS based on the motivational aspects of stock price appreciation, the settlement in shares rather than cash, and the preservation of tax deductions for the Corporation. At February 28, 2011, the Corporation had no ISO or SAR awards outstanding.

Determination of Option Exercise Price

The Amended Stock Option Plan also requires the exercise price of each NQSO or ISO to be no less than one hundred percent (100%) of the fair market value of the Corporation's common stock on the date of grant. As described above, the Amended Stock Option Plan does not allow re-pricing stock options for poor stock price performance.

Stock-based compensation awards are submitted by the Compensation Committee to the full Board of Directors for review. As described above, these meetings have routinely occurred in January immediately following the closure of the calendar year for which performance is measured for incentive compensation purposes. The Compensation Committee meeting has routinely been held during the same week as the related Board of Directors meeting. These January meetings follow by no more than ten business days the Corporation's public disclosure of its financial results for the preceding year. As a result, stock option grants are awarded, and the exercise price of such grants are determined at a time when the Corporation has broadly disseminated its financial condition and current operating results to the public. The Corporation's outstanding stock option grants are dated, and related stock option exercise prices are determined, on the January date the Compensation Committee meets to approve such grants.(1)

Long-Term Incentive Attributes

The Board of Directors has designated the Compensation Committee as the administrator of the Amended Stock Option Plan. The Compensation Committee reports to the Board the terms and conditions of stock option awards. In carrying out this responsibility, the Compensation Committee designs such awards as long-term incentives. The terms and conditions of currently outstanding awards include:

- NQSO vest one-third (1/3) on each anniversary of the grant date. As such, NQSO grants become fully vested over a three-year period. NQSO grants expire on the tenth anniversary of the grant date. The Corporation does not pay dividends on shares underlying NQSO grants until the optionee exercises the option and the shares are outstanding on a dividend record date.
- RPS awards vest three years following the grant date, only if corporate performance objectives are achieved over the three-year period. The Corporation does not pay dividends on RPS shares until vesting occurs and shares awarded become outstanding on a dividend record date.

Compensation for the Chairman, President & CEO

Mr. Payne performs two functions for the Corporation. These two functions tend to be compensated separately at similarly sized banking institutions. Mr. Payne serves as Chairman of the Board and Chief Executive Officer with responsibilities including oversight of the organization and external strategic initiatives. Mr. Payne also serves as President and Chief Operating Officer with responsibilities including daily management of internal operations. Mr. Payne's total compensation reflects these broad responsibilities. Consistent with the overall compensation philosophy for senior executives, Mr. Payne's compensation has a greater amount of pay at-risk through incentives than through base salary. Since Mr. Payne is compensated as an executive, he is not eligible to receive compensation as a Director.

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(1) Due to merger and acquisition activity, the Corporation converts stock option grants outstanding for acquired companies based on the terms and conditions of related merger agreements. The dating of such converted stock options generally remains as originally dated by the acquired company. As a result, the Corporation at times has options outstanding related to acquisitions with grant dates different from its routine stock option granting practices.

As noted on page 28 of the proxy under the Pension Benefits Table, during 1997 the Corporation entered into a nonqualified pension agreement ("Pension Agreement") with Mr. Payne in consideration of Mr. Payne's agreement that RPS granted in 1995, 1996 and 1997 would be canceled. In entering the Pension Agreement, the Board of Directors considered the following:

- Mr. Payne had a significant beneficial interest in Corporation common stock, which was more than adequate to continue to provide motivation for Mr. Payne to continue managing the Corporation in the best interests of Shareholders.
- In 1997, the Corporation had consummated its largest acquisition, with significant total asset growth of approximately 51 percent. One of the Board's objectives was to provide a compensation mechanism providing retention features for Mr. Payne. Retention of Mr. Payne as President and Chief Executive Officer was desired following the Corporation's significant growth. The RPS shares surrendered for the Pension Agreement were scheduled to vest on dates in 1998, 1999 and 2000, while the Pension Agreement was not fully vested until December 31, 2002. Additionally, the 20-year certain pension provided under the Pension Agreement commences upon Mr. Payne's attainment of age 55. Mr. Payne was age 42 at the time of entering the Pension Agreement.
- The economic value of the surrendered RPS and the Pension Agreement were considered equivalent based on actuarial assumptions.

Compensation Awarded to Named Executive Officers

Base salaries for participants in the executive compensation program are generally limited to foster an environment where incentive compensation motivates and rewards corporate, divisional, and individual performance. As such, base pay increases are generally infrequent and limited to "control points" assigned to each position. The non-equity cash incentive formula has the following components:

"Target"		Composite Corporate		Cash
Cash	X	Divisional and Individual	=	Incentive
Incentive		Performance Level		Award

In structuring performance goals for the named executive officers, the Compensation Committee emphasizes goals, which if achieved, will benefit the overall Corporation. As such, senior management level positions have high relative weighting on corporate objectives, and divisional leadership positions also have significant weighting on divisional objectives. The "target" cash incentive and the weighting of goals for the named executive officers for 2010 performance were as follows:

	"Target" Cash Incentive	Goal Weighting Corporate	Divisional	Individual
Mr. Payne	$ 371,000	80%	–	20%
Mr. Thorson	82,000	55%	25%	20%
Ms. Finger	82,000	55%	20%	25%
Mr. Hansen	73,900	55%	35%	10%
Mr. Robinson	75,000	50%	40%	10%

The Compensation Committee establishes corporate goals with the intent to balance current profitability with long-term stability of the Corporation and its future earnings potential. The 2010 corporate performance goals related to current year "profitability" included return on equity, return on assets and diluted earnings per share.

The performance goals designed to maintain the long-term stability of the Corporation include "quality" and "control" components. The "quality" measures include loan portfolio quality measures (originated classified loans and other real estate owned, originated non-performing loans and originated other real estate owned, and net loan losses to average originated loans) and service quality measures (external service quality to customers and internal service quality of support departments and branches). The "control" measures include non-interest expense to revenues (efficiency ratio), the level of non-interest expenses, and internal audit results. By maintaining both current year "profitability" goals and longer-term "quality" and "control" goals, Management has a disincentive to maximize current earnings at the expense of longer-term results.

For 2010, the Compensation Committee expected a slow growth economy with a high level of uncertainty. Further, the Compensation Committee established 2010 corporate performance goals explicitly excluding the impact of mergers and acquisitions. As a result, the Committee reserved the ability to exercise a certain degree of judgment in adjusting target goals based on the resulting operating environment and merger and acquisition activity.

The Compensation Committee determined the 2010 operating environment was generally characterized as follows:

- The economy demonstrated potential for continued recovery following a severe recession. The economy grew at a slow pace throughout the year supported by significant government fiscal and monetary stimulus. The rate and duration of unemployment remained high due to inadequate job creation. The financial condition of potential borrowers was strained by these economic conditions, particularly the high rate of unemployment. Demand for bank loans from qualified borrowers was weak.
- Bank failures continued to rise; 140 banks failed in 2009 while 157 banks failed in 2010. The Federal Deposit Insurance Corporation ("FDIC") reported in the fourth quarter 2010 that the number of "problem" banks continued to rise. The Deposit Insurance Fund remained in a deficit position, causing insurance assessments to remain elevated.
- New legislation imposed regulations on financial institutions which significantly curtailed long-standing sources of revenue.
- The Federal Reserve maintained very low short-term interest rates. Interest rates on high-quality loans and investment securities consistently remained low, well below the yields on the Company's interest earning assets.

The Compensation Committee considered Management's response to the current operating environment including:

- The acquisition of assets and assumption of liabilities of the former Sonoma Valley Bank from the FDIC. This in-market acquisition built franchise value in a previously unrepresented market in Sonoma County.
- Management consistently maintained conservative loan underwriting practices to appropriately manage the Company's exposure to credit risk.
- Management adopted new revenue-producing products and services, and adjusted pricing and terms on deposit products.
- Management maintained an "interest rate neutral" position with its assets, liabilities and capital. As such, future changes in interest rates should not have a significant impact on revenue.
- Adequate capital levels were maintained to accommodate growth opportunities.

The Compensation Committee chose to make adjustments to actual results to take into account the impact of the operating environment including acquisition of the former Sonoma Valley Bank and loan activity. Adjusted actual results against "target" performance goals were:

	Performance "Target"	Adjusted Actual Results
Profitability Goals:		
Return on average shareholders' equity	18.7%	18.6%
Return on average assets	1.95%	2.01%
Diluted earnings per share	$ 3.30	$ 3.30
Quality Goals:		
Classified originated loans and other real estate owned	$ 65 million	$ 70 million
Non-performing originated loans and other real estate owned	$ 30 million	$ 33 million
Net loan losses to average originated loans	0.55%	0.79%
Service quality	Improving	Improving
Control Goals:		
Non-interest expense to revenues (efficiency ratio)	43.8%	44.1%
Non-interest expenses	$ 130.1 million	$ 127.1 million
Below satisfactory internal audits	none	none

In reviewing the operating environment, Management's response to the operating environment, and adjusted results compared to "target" performance goals, the Compensation Committee determined corporate performance to be 110% of target goals.

As described above, divisional and individual goals are used in conjunction with corporate performance goals to determine cash bonus awards.

In addition to daily management responsibilities, Mr. Payne's individual goals included:

- Outbound merger and acquisition activities;
- Completing the acquisition of the former Sonoma Valley Bank;
- Investor relations calling activities;
- Customer sales and service activities;
- Satisfactory regulatory examination and other audit results; and
- Maintaining effective cycle of branch and credit underwriting office reviews and inspections.

Based on individual performance against these goals, the Committee exercised its discretion and assigned Mr. Payne a composite corporate and individual performance level of 67%.

In addition to routine on-going divisional responsibilities, Mr. Thorson managed the Finance Division toward functional goals, which included:

- Integration of the acquired Sonoma Valley Bank accounting systems;
- Implementation of new SEC reporting requirements;
- Management of regulatory examination process; and
- Improvements in effectiveness of divisional service delivery.

Based on the Finance Division's results, the Committee determined divisional performance to be 119%.

In addition to daily management responsibilities, Mr. Thorson's individual goals included:

- Merger and acquisition due diligence; and
- Capital management activities.

Based on individual performance against these goals, the Committee determined Mr. Thorson's individual performance to be 138%. In considering all elements of performance, the Committee exercised its discretion and assigned Mr. Thorson a composite corporate, divisional and individual performance level of 136%.

In addition to routine on-going divisional responsibilities, Ms. Finger managed the Treasury Division toward functional goals, which included:

- Management of merchant credit card and trust operations including sales activities and loss mitigation and prevention; and
- Management of balance sheet, including investment portfolio activity, interest rate risk position, funding, and liquidity.

Based on the Treasury Division's results, the Committee determined divisional performance to be 120%.

In addition to daily management responsibilities, Ms. Finger's individual goals included:

- Merger and acquisition due diligence; and
- Management of any corporate litigation.

Based on individual performance against these goals, the Committee determined Ms. Finger's individual performance to be 128%. As a result, Ms. Finger's composite corporate, divisional and individual performance level was 116%.

In addition to routine on-going divisional responsibilities, Mr. Hansen managed the Operations and Systems Division toward functional goals, which included:

- Improvement in internal service quality;
- Expense control including mitigation of operating losses; and
- Satisfactory audit results.

Based on the Operations and Systems Division's results, the Committee determined divisional performance to be 120%.

In addition to daily management responsibilities, Mr. Hansen's individual goals included:

- Project leadership relative to evolution of computing systems; and
- Personnel succession planning.

Based on individual performance against these goals, the Committee determined Mr. Hansen's individual performance to be 121%. As a result, Mr. Hansen's composite corporate, divisional and individual performance level was 115%.

In addition to routine on-going divisional responsibilities, Mr. Robinson managed the Banking Division toward functional goals which included:

- Implementation of new sales management measurement systems;
- Management of operating activities of the branch system; and
- Personnel development and management.

Based on the Banking Division's results, the Committee determined divisional performance to be 119%.

In addition to daily management responsibilities, Mr. Robinson's individual goals included:

- Calling activities on existing and prospective customers;
- Management of sales activities including direct management in certain geographic regions; and
- Personnel succession planning.

Based on individual performance against these goals, the Committee determined Mr. Robinson's individual performance to be 125%. As a result, Mr. Robinson's composite corporate, divisional and individual performance level was 115%.

Based on the above described performance against objectives, the Committee determined cash incentive awards as follows:

	"Target" Cash Incentive	X	Composite Corporate Divisional and Individual Performance Level	=	Cash Incentive Award
Mr. Payne	$ 371,000		67%		$ 250,000
Mr. Thorson	82,000		136%		111,500
Ms. Finger	82,000		116%		95,400
Mr. Hansen	73,900		115%		84,700
Mr. Robinson	75,000		115%		86,300

The size of stock grants is determined by corporate performance using a stated formula. For achievement of corporate performance in 2010, the following stock grants were awarded in January 2011:

	"Target" Nonqualified Stock Option Grant	X	Corporate Performance Level	=	Nonqualified Stock Option Award
Mr. Payne	–		110%		–
Mr. Thorson	19,300		110%		21,200
Ms. Finger	19,300		110%		21,200
Mr. Hansen	17,500		110%		19,200
Mr. Robinson	19,400		110%		21,300

	"Target" RPS Grant	X	Corporate Performance Level	=	RPS Award
Mr. Payne	2,270		110%		2,500
Mr. Thorson	2,200		110%		2,420
Ms. Finger	2,200		110%		2,420
Mr. Hansen	1,980		110%		2,180
Mr. Robinson	2,220		110%		2,440

RPS awards vest three years following the grant date, only if certain corporate performance objectives are achieved over the three-year period. In January 2011, the Compensation Committee evaluated whether the three-year corporate performance objectives were met for RPS awards granted in January 2008. The performance objectives for the RPS granted in January 2008 included:

- 3-year cumulative diluted earnings per share (EPS);
- 3-year average of annual return on average total assets (ROA);
- 3-year average of annual return on average shareholders' equity relative to industry average ROE (ROE differential);
- Ending non-performing assets to total assets (NPA); and
- 3-year average of annual growth in revenues per share (RevPS growth).

The RPS would vest if any one of the following performance results were achieved:

- 4 of 5 objectives reaching "threshold" performance level;
- 3 of 5 objectives reaching "target" performance level; or
- 2 of 5 objectives reaching "outstanding" performance level.

The goals and achieved results were:

	Threshold	Target	Outstanding	Result
EPS	$ 9.75	$ 10.10	$ 10.30	Below Threshold
ROA	1.95%	2.00%	2.10%	Outstanding
ROE differential	3.0%	3.5%	4.5%	Outstanding
NPA	0.70%	0.55%	0.40%	Below Threshold
RevPS growth	1.0%	2.0%	4.0%	Below Threshold

With two of the five goals achieved at "outstanding" performance level, the Compensation Committee determined the RPS shares awarded in 2008 vested upon achievement of three-year goals.

Nonqualified Deferred Compensation Programs

The Corporation maintains nonqualified deferred compensation programs to provide senior and mid-level executives the ability to defer compensation in excess of the annual limits imposed on the Corporation's 401(k) plan. The Corporation believes these tax deferral programs enhance loyalty and motivate retention of executives. These programs allow executives to defer cash pay and RPS shares upon vesting. The programs also allow directors to defer director fees.

- Cash pay deferred in the program accumulates in accounts in the names of the participating directors and executives. The Corporation credits the balance of these accounts with interest using an interest rate that approximates the crediting rate on corporate-owned life insurance policies, which finance the cash pay deferral program. Deferrals and interest credits represent general obligations of the Corporation.
- The common stock the Corporation issues to executives upon the vesting of RPS grants may be deferred into the program and deposited into a "Rabbi Trust." Since these shares are outstanding shares of the Corporation's common stock, the Corporation pays dividends on these shares at the same rate paid to all Shareholders. The shares held in the "Rabbi Trust" are subject to claims by the Corporation's creditors.

Employment Contracts

None of the executives named in the accompanying tables have employment contracts with the Corporation.

Compensation in the Event of a Change in Control

The banking industry has significant merger and acquisition activity. To promote retention of senior executives, unvested NQSO and RPS grants contain a “change in control” provision, which trigger full vesting upon a change in control. The Compensation Committee determined these provisions were appropriate in order to retain executives to continue managing the Corporation after any “change in control” was announced through its ultimate consummation. Since none of the named executive officers have entered employment contracts with the Corporation, they serve in an “at-will” capacity and could terminate their employment at any time. The Compensation Committee felt it would be in the best interests of Shareholders to have a retention mechanism in place to provide continuity of management during a “change in control” process. Further, the Committee expects the named executive officers would be terminated by an acquiring institution rather than retained in a similar functional capacity.

The Corporation also maintains a Severance Payment Plan covering all employees to promote employee retention. The Severance Payment Plan provides salary continuation benefits for employees in the event of a “change in control.” The amount of salary continuation benefits is based on years of service and corporate title, but in no event exceed the equivalent of one times annual salary. All named executive officers are eligible for one year’s salary under the plan.

Other

Internal Revenue Code (“IRC”) Section 162(m) places a limit on the amount of compensation that may be deducted by the Corporation in any year with respect to certain of the Corporation’s highest-paid executives. Certain “performance-based compensation” is not counted toward this limit. The Corporation intends generally to qualify compensation paid to executive officers for deductibility under the IRC, including Section 162(m), but reserves the right to pay compensation that is not deductible.

Board Compensation Committee Report

We, the Compensation Committee of the Board of Directors of the Corporation, have reviewed and discussed the Compensation Discussion and Analysis with Management. Based on that review and discussion, we have recommended to the Board of Directors inclusion of the Compensation Discussion and Analysis in this Proxy Statement and the Corporation’s Annual Report on Form 10-K for the year ended December, 31, 2010.

Submitted by the Employee Benefits and Compensation Committee

Patrick D. Lynch, Chairman
Etta Allen
Arthur C. Latno, Jr.
Ronald A. Nelson

Compensation Committee Interlocks and Insider Participation

No member of the Compensation Committee is a current or former officer or employee of the Corporation or any of its subsidiaries, or entered into (or agreed to enter into) any transaction or series of transactions with the Corporation or any of its subsidiaries with a value in excess of $120,000. None of the executive officers of the Corporation has served on the Board of Directors or on the Compensation Committee of any other entity, where one of that entity’s executive officers served either on the Board of Directors or on the Compensation Committee of the Corporation.

Summary Compensation Table

The following table sets forth summary compensation information for the chief executive officer, chief financial officer and each of the other three most highly compensated executive officers for the fiscal years ending December 31, 2010, 2009 and 2008. These persons are referred to as named executive officers elsewhere in this Proxy Statement.

SUMMARY COMPENSATION TABLE FOR FISCAL YEAR 2010

Name and Principal Position	Year	Salary	Stock Awards (1)	Option Awards (2)	Non-Stock Incentive Plan Compensation (3)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (4)	All Other Compensation (5)	TOTAL
David L. Payne	2010	$ 371,000	$ –	$ –	$ 250,000	$ –	$ 21,104	$ 642,104
Chairman,	2009	371,000	–	–	450,000	–	19,476	840,476
President & CEO	2008	371,000	444,907	–	375,000	–	18,558	1,209,465
John “Robert” A. Thorson	2010	149,000	124,577	140,816	111,500	11,868	15,798	553,559
SVP & Chief	2009	142,000	117,982	97,416	113,300	10,171	15,722	496,591
Financial Officer	2008	135,000	134,320	156,711	94,000	12,982	20,561	553,574
David L. Robinson	2010	150,000	125,143	141,493	86,300	9,491	16,926	529,353
SVP/Banking	2009	150,000	118,816	98,318	85,800	8,229	21,760	482,923
Division Manager	2008	150,000	134,791	157,646	84,000	11,005	21,164	558,606
Jennifer J. Finger	2010	129,996	124,577	140,816	95,400	10,136	19,025	519,950
SVP & Treasurer	2009	129,996	117,982	97,416	93,700	9,254	19,847	468,195
	2008	129,996	134,320	156,711	91,800	12,346	14,291	539,464
Dennis R. Hansen	2010	130,008	112,118	126,599	84,700	8,395	31,711	493,531
SVP/Operations & Systems	2009	130,008	106,309	88,396	85,300	7,529	31,833	449,375
Division Manager	2008	130,008	120,653	141,696	83,600	9,888	31,732	517,577

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(1) Stock Awards represent RPS shares as described in the Compensation Discussion & Analysis. The amounts shown represent the aggregate grant date fair market value.

(2) Option awards represent Nonqualified Stock Options as described in the Compensation Discussion & Analysis. The amounts shown represent the aggregate grant date fair market value.

(3) The amounts shown are non-equity incentive compensation only. No interest or other form of earnings was paid on the compensation.

(4) The amounts include interest paid on deferred cash compensation to the extent the interest exceeds 120% of the long-term Applicable Federal Rates with compounding. The Corporation has no defined benefit pension plan. Mr. Payne has a pension agreement, which is discussed under “Pension Benefits.”

(5) Each of the above-named executive officers received less than $10,000 of aggregate perquisites and personal benefits, except for Mr. Hansen who received a car allowance of $12,000. All other compensation includes Corporation contributions to defined contribution plans (401(k) and Profit Sharing), and amounts added to taxable wages using IRS tables for the cost of providing group term life insurance coverage that is more than the cost of $50,000 of coverage. It also includes the dollar value of the benefit to Mr. Payne for the portion of the premium payable by the Corporation with respect to a split dollar life insurance policy (projected on an actuarial basis), and a bonus paid to Mr. Payne in the amount of his portion of the split dollar life insurance premium.

Based on the compensation disclosed in the Summary Compensation Table, approximately 34% of total compensation comes from base salaries. See Compensation Discussion and Analysis for more details.

Grants Of Plan-Based Awards Table For Fiscal Year 2010

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards Threshold	Target	Maximum	All Other Stock Awards: Number of Shares of Stock or Units(1)	All Other Stock Awards: Number of Securities Underlying Options (2)	Exercise or Base Price of Option Awards ($/Share)(2)	Grant Date Fair Value (3)
David L. Payne	1/28/10	$ 0	$ 371,000	$ 556,500	–	–	–	–
	1/28/10	–	–	–	–	–	–	–
	1/28/10	–	–	–	–	–	–	–
John "Robert" A. Thorson	1/28/10	0	82,000	123,000	–	–	–	–
	1/28/10	–	–	–	2,200	–	$ 0	124,575
	1/28/10	–	–	–	–	20,800	56.63	140,816
David L. Robinson	1/28/10	0	75,000	112,500	–	–	–	
	1/28/10	–	–	–	2,210	–	0	125,141
	1/28/10	–	–	–	–	20,900	56.63	141,493
Jennifer J. Finger	1/28/10	0	82,000	123,000	–	–	–	–
	1/28/10	–	–	–	2,200	–	0	124,575
	1/28/10	–	–	–	–	20,800	56.63	140,816
Dennis R. Hansen	1/28/10	0	73,900	110,850	–	–	–	–
	1/28/10	–	–	–	1,980	–	0	112,117
	1/28/10	–	–	–	–	18,700	56.63	126,599

(1) Includes RPS grants. There is no dollar amount of consideration paid by any executive officer on the grant or vesting date of an award.

The material terms of the RPS grants are as follows:

- The performance and vesting period is three years;
- Multiple performance goals are established by the Compensation Committee for each grant;
- Compensation Committee may revise the goals upon significant events;
- Three-year performance criteria are limited to those provided in the Amended Stock Option Plan, as described on page 16;
- Accelerated vesting occurs upon dissolution or liquidation of the Corporation or sale of all assets to another entity or a tender offer for 5% or more of outstanding stock; and
- No dividends are paid or accrued prior to settlement or deferral delivery of shares which takes place approximately two months after vesting.

(2) Includes NQSO grants with an exercise price of not less than 100% of fair market value as of the date of grant.

The material terms of the NQSO's listed in the table are as follows:

- Options vest ratably over three years beginning one year from date of grant;
- Options expire 10 years following grant date;
- Exercise price is 100% of fair market value as defined in the Amended Stock Option Plan;
- Dividends are not paid on unexercised options;
- Vesting ceases upon termination of employment, whatever the reason, except if vesting is accelerated as described below;
- Vested options may be exercised within 90 days of termination of employment and within one year upon death or disability; and

- Accelerated vesting occurs upon dissolution or liquidation of the Corporation or sale of all assets to another corporation or a tender offer for 5% or more of outstanding stock.

(3) The amounts shown for NQSOs and RPS awards represent the aggregate grant date fair market value.

Outstanding Equity Awards Table at Fiscal Year End 2010

Name	Option Awards Number of Securities Underlying Unexercised Options (#) Exercisable(1)	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price($)	Option Expiration Date	Stock Awards Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) (2)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($) valued at 12/31/10(2)
David L. Payne	250,000	–	$ 38.74000	1/23/12		
	250,000	–	40.75000	1/23/13		
	250,000	–	49.61000	1/22/14		
	250,000	–	52.53900	1/26/15	9,440	$ 523,637
John "Robert" A. Thorson	5,770	–	40.75000	1/23/13		
	10,830	–	49.61000	1/22/14		