VIAD CORP
Form 4
March 28, 2017

FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL

OMB Number:	3235-0287
Expires:	January 31, 2005
Estimated average burden hours per response...	0.5

(Print or Type Responses)

1. Name and Address of Reporting Person [*]
STRIEDEL LESLIE S

(Last) (First) (Middle)

1850 N. CENTRAL AVE., SUITE 1900

(Street)

PHOENIX, AZ 85004-4565

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
VIAD CORP [VVI]

3. Date of Earliest Transaction (Month/Day/Year)
03/27/2017

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
Chief Accounting Officer

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	03/27/2017		F [(1)]		316	D	$ 44.85	4,006	D	
Common Stock								893.1934	I	by 401K Plan

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Owne Follo Repo Trans (Instr
								Date Exercisable	Expiration Date	Title	Amount or Number of Shares		
				Code	V	(A)	(D)						

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
STRIEDEL LESLIE S 1850 N. CENTRAL AVE., SUITE 1900 PHOENIX, AZ 85004-4565			Chief Accounting Officer	

Signatures

By: Deborah J. DePaoli For: Leslie S. Striedel	03/28/2017
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Shares were surrendered for taxes in connection with vesting of restricted stock granted March 26, 2014.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. t 0pt 0pt;width:4.9%;">

(d)

(e)

(f)

(g)

(h)

(i)

(j)

Dennis R. Woods
President and CEO of the
Company and Bank

2006

$

370,347

$

0

$

0

$

68,997

$

547,219

$

190,698

$

57,547

$

1,234,808

Ken L. Donahue
SVP and CFO
of the Company and Bank

2006

$

144,481

$

0

$

0

$

0

$

134,400

$

44,739

$

17,429

$

341,049

Rhodlee A. Braa
SVP and CCO
of the Company and Bank

2006

$

143,172

$

0

$

0

$

0

$

134,400

Explanation of Responses:

$

44,739

$

17,429

$

339,740

David L. Eytcheson
SVP and CCO
of the Company and Bank

2006

$

142,472

$

0

$

0

$

0

$

134,400

$

44,739

$

35,479

$

357,090

William F. Scarborough
SVP and CBO
of the Company and Bank

2006

$

118,505

$

0

$

0

59,185

$

Explanation of Responses:

134,400

$

19,911

$

13,882

$

286,698

---

(1) Includes compensation for accrued personal days not used (maximum 5 days) plus imputed income for life insurance provided by the Company in excess of $50,000 of coverage plus imputed income for the personal use of the Company provided automobile for the CEO and CCO.

(2) The Company has not granted stock awards.

(3) The amounts in column (f) reflect the dollar amount recognized for financial statement report purposes for the fiscal year end December 31, 2006, in accordance with FAS 123(R), of awards pursuant to the Company s Stock Option Plan. Assumptions used in the calculation of these amounts are included the Company s audited financial statements for the fiscal year ended December 31, 2006 included in the Company s Annual Report on Form 10-K.

(4) The Company s named executive officers participate in a non-equity incentive plan in which annual bonuses payments are paid to them based on a percentage of adjusted net income. Amounts in this column represent payments earned in 2006 and paid in 2007 under this plan.

(5) The amounts in column (h) reflect the actuarial increase in the present value of the named executive officer s benefits under the officer s supplemental executive retirement plan salary continuation agreement. The amounts established by the Company are determined using interest rate assumptions consistent with those used in the Company s financial statements.

(6) See following table for details of All Other Compensation column amounts.

19

All Other Compensation

Name	Auto	Club Membership	401(k)	Health Insurance (1)	Directors Fees	SERP-Medicare Tax (2)	Total
Dennis R. Woods	$ 16,301	$ 7,633	$ 11,000	$ 5,552	$ 15,600	$ 1,461	$ 57,547
Ken L. Donahue	$ 0	$ 0	$ 11,000	$ 5,552	$ 0	$ 877	$ 17,429
Rhodlee A. Braa	$ 0	$ 0	$ 11,000	$ 5,552	$ 0	$ 877	$ 17,429
David L. Eytcheson	$ 18,050	$ 0	$ 11,000	$ 5,552	$ 0	$ 877	$ 35,479
William F. Scarborough	$ 0	$ 0	$ 5,900	$ 7,659	$ 0	$ 323	$ 13,882

---

(1) Includes the cost for medical, dental, and vision insurance premiums paid by the Company for the coverage of the executive s family and disability insurance premiums paid for the executive.

(2) Medicare taxes on benefits associated with the SERP that the Company paid on behalf of the executive officer.

The following table sets fourth supplemental information to the Summary Compensation Table on the grant of options of stock, the Company had no non-equity incentive plan awards or stock awards in 2006.

Grants of Plan Based Awards

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards (1) Threshold $	Target $	Maximum $	All Other Option Awards # of Securities Underlying Options #	Exercise or Base Price of Option Awards(2) $/share	Grant Date Fair Value of Stock and Option Awards (3) $
Dennis R. Woods, CEO	2/6/06	N/A	N/A	N/A	50,000	$ 16.88	$ 182,556
Kenneth L. Donahue, CFO	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Rhodlee A. Braa, CCO	N/A	N/A	N/A	N/A	N/A	N/A	N/A
David L. Eytcheson	N/A	N/A	N/A	N/A	N/A	N/A	N/A
William F. Scarborough, CBO	N/A	N/A	N/A	N/A	N/A	N/A	N/A

---

(1) The Company s named executive officers participate in a non-equity incentive plan in which annual bonuses payments are paid to them based on a percentage of adjusted net income, and the bonus payments earned under this plan in 2006 and paid in 2007 are shown in the Summary Compensation Table in the non-equity incentive plan compensation column.

(2) Closing price of Company stock at February 6, 2006, the grant date of the options.

(3) The amounts in this column reflect the fair value dollar amount of the stock options over the vesting period in accordance with FAS 123(R). The assumptions used in the calculation of these amounts are included the Company s audited financial statements for the fiscal year ended December 31, 2006 included in the Company s Annual Report on Form 10-K.

20

Stock Options

The initial grant of stock options to executives has historically been at the time their employment commenced. The exercise price is the closing price of the Company stock on the date of grant. The date of grant is the date the Committee grants the option; however if the Committee grants the option effective as of a future grant date, the closing price on the future grant date is the exercise price for those options.

The CEO was granted initial options to purchase 17,500 (210,000 adjusted for all stock splits) shares on 9/1/1994. The other executive officers, with the exception of the CBO, were granted options to purchase 10,000 (120,000 shares adjusted for all stock splits) shares at the time their employment with the Company commenced. The CBO was granted options of 30,000 (60,000 adjusted for all stock splits) shares at commencement of his employment on August 1, 2005.

The number of initial options granted to each named executive officer followed the pattern established since the inception of the Company for the original executive officers, except that the original CEO had an initial option grant for 25, 000 (300,000 adjusted for all stock splits) shares and the current CEO s initial grant was for 17,500 (210,000 adjusted for all stock splits) shares.

Subsequent to the initial option grants, the CEO was granted 17,500 (210,000 adjusted for all stock splits) additional options on 6/17/1996, 20,000 (120,000 adjusted for all stock splits) shares on 7/21/1997 and 25,000 (50,000 adjusted for the 2-for-1 stock split of May 1, 2006) shares on 2/6/2006. The other executive officers, with the exception of the CBO, were granted additional options of 10,000 (60,000 adjusted for all stock splits) shares on 7/21/1997.

Outstanding Equity Awards at Fiscal Year-End

	Option Awards		**Equity Incentive Plan Awards:**		
Name (a)	**Number of Securities Underlying Unexercised Options (#) Exercisable (b)**	**Number of Securities Underlying Unexercised Options (#) Unexercisable (c)**	**Number of Securities Underlying Unexercised Unearned Options (#) (d)**	**Option Exercise Price ($) (e)**	**Option Expiration Date (f)**
Dennis R. Woods	0	50,000	N/A	$ 16.88	2/6/2016
Kenneth L. Donahue	60,000	0	N/A	$ 5.67	7/21/2007
Rhodlee A. Braa	30,000	0	N/A	$ 5.67	7/21/2007
David L. Eytcheson	0	0	N/A		
William F. Scarborough	12,000	48,000	N/A	$ 14.44	8/15/2015

21

The following table provides information on options exercised during 2006. The Company has no stock awards.

Option Exercises and Stock Vested

Name (a)	**Option Awards Number of Shares Acquired On Exercise (#)** (b)	**Value Realized On Exercise ($)** (c)
Dennis R. Woods		
Kenneth L. Donahue		
Rhodlee A. Braa	30,000	$ 470,490
David L. Eytcheson		
William F. Scarborough		

Employment Agreement for the CEO

The CEO, Dennis Woods has an employment agreement for a term of three years that commenced on January 1, 2006 to be the President and CEO of the Company. The three-year term of the employment agreement is automatically extended for an additional year unless notice is provided by Mr. Woods or the Company prior to January 1 of the year of extension. The employment agreement provides Mr. Woods with an annual base salary of $360,000 per year and incentive compensation equal to 4% of the after tax net income of the Company as reported on a consolidated basis for each year of the term of employment. The employment agreement allows Mr. Woods to draw on the incentive compensation on a quarterly basis throughout the year, and be paid up to 20% of the expected annual incentive compensation following the filing of the 10-Q for each respective quarter based on unaudited quarterly results, though no quarterly payment shall exceed 25% of the expected annual incentive compensation pursuant to the Company s budget.

The employment agreement also provides Mr. Woods with a stock option grant of 50,000 shares (adjusted for the stock split). That stock option grant was made to Mr. Woods on February 6, 2006. Furthermore, Mr. Wood s employment agreement provides him with six weeks paid vacation for the first year of the term, six weeks and two days for the second year of the term and seven weeks for the third year of the term and any extension year of his employment agreement. A Bank owned automobile for business and personal use is provided to Mr. Woods under his employment agreement, and the reasonable expenses for the vehicle operation and maintenance is paid by the Bank. The personal use of such automobile is included as additional compensation paid to Mr. Woods for income tax purposes. Pursuant to the employment agreement, the initial fees and membership dues associated with Mr. Woods membership in the San Joaquin Country Club are paid for by the Company.

In the event of termination of Mr. Woods during the term of his employment agreement by the Company without cause or by Mr. Woods for just reason, then the Company shall pay a lump sum of 24 months of Mr. Woods then base salary at the time of termination and provide him with continuing participation in all health, disability, and life insurance benefits at the Company s expense for 24 months following his termination. Mr. Woods shall be deemed to have terminated his employment with just reason if such termination shall result, in whole or in part, from any of the following events:

- the breach by the Company of any material provision of this Agreement;
- receipt by Mr. Woods of a notice from the Company that the Company intends to terminate employment under this Agreement;
- the failure of a successor or assign of the Company s rights under this Agreement to assume the Company s duties hereunder;
- the Company directs Mr. Woods to perform any unlawful act;
- Mr. Wood ceases to be a member of the Board;
- Mr. Woods duties are materially reduced;
- a relocation of Mr. Woods s principal place of employment by more than 20 miles from downtown Fresno, California;
- liquidation or dissolution of Bank; or
- the death or total disability of Mr. Woods.

Mr. Woods shall be terminated for cause if, but only if, such termination (i) shall result solely from Employee s continued and willful failure or refusal to substantially perform his duties in accordance with the terms of his employment agreement and shall have been approved by the Board; provided, however, that Mr. Woods first shall have received written notice specifying the acts or omissions alleged to constitute such failure or refusal and such failure or refusal continues after Mr. Woods shall have had reasonable opportunity (but in no event less than 30 days) to correct the same; (ii) Mr. Woods is subject to removal proceedings brought by a bank regulatory authority; or (iii) Mr. Woods is formally charged with a felony involving dishonesty or moral turpitude. In the event, Mr. Woods is (i) subject to a removal proceeding and such proceeding is not successful or (ii) charged with a felony involving dishonesty or moral turpitude but not convicted then he will not be deemed to be removed for cause and be entitled to termination benefits as if his termination was not for cause. For purposes of the for cause termination provision in his employment agreement, no act, or failure to act, on the part of Mr. Woods shall be deemed willful unless done, or omitted to be done, by Mr. Woods not in good faith and without reasonable belief that Mr. Wood s action or omission was in the best interest of the Company. The payments to be made to Mr. Woods after termination of employment shall be subject to (i) Mr. Woods execution of a release agreement satisfactory to the Company and (ii) Mr. Wood s compliance with an agreement providing that he will (A) not disparage the Company, (B) not to solicit or attempt to solicit, directly or indirectly any employee or customer of the Company for a period of one year following termination, and (C) not to be directly or indirectly, employed by, be connected with, or have an interest of any kind in, any person or entity owning managing, controlling, operating, or otherwise participating or assisting in any business that is similar to or in competition with Company or any of its affiliates, within a 20 mile radius of any location where the Company or any subsidiary or parent thereof has a place of business.

The employment agreement for Mr. Woods also contains change in control benefits described under the section titled, Executive Change in Control Agreements herein.

Supplemental Executive Retirement Plan

The initial Supplemental Executive Retirement Plan was for the CEO was established in June 2006. The initial SERP s for other named executive officers, except for the CBO hired in 2005, were established in January 1997. All SERP s are fully earned after twelve years of full time employment and will provide post-retirement benefits to each of the named executive officers for 15 years following retirement. The detailed description of the SERP s or salary continuation agreements for each of the named executive officers is as follows:

Mr. Woods has a salary continuation agreement with United Security Bank that provides that United Security Bank will pay him $100,000 per year for 15 years following his retirement from United Security Bank at age 61. In the event of disability while Mr. Woods is actively employed prior to age 61, he will have the option to take a benefit amount based on the vesting schedule below for 15 years beginning at the earlier of the time when he reaches age 61 or the date on which he is no longer entitled to disability benefits under his principal disability insurance policy. In the event Mr. Woods dies while actively employed by United Security Bank prior to age 61, his beneficiary will receive from United Security Bank $100,000 per year for 15 years beginning one month after his death. In the event of termination without cause, early retirement, or voluntary termination, Mr. Woods shall receive a benefit amount based on the vesting schedule below for 15 years beginning with the month following the month in which Mr. Woods terminates employment and attains age 61. The vesting schedule is 25% for the first year of service beginning July 3, 1996, 15% for the second year of service, 10% for the third year of service, 6% per year of service for the following eight years of service and 2% for the twelfth year of service. In the event Mr. Woods is terminated for cause he will forfeit any benefits from the salary continuation agreement.

Mr. Donahue has a salary continuation agreement with United Security Bank that provides that United Security Bank will pay him $50,000 per year for 15 years following his retirement from United Security Bank at age 59. In the event of disability while Mr. Donahue is actively employed prior to age 59, he will have the option to take a benefit amount based on the vesting schedule below for 15 years beginning at the earlier of the time when he reaches age 59 or the date on which he is no longer entitled to disability benefits under his principal disability insurance policy. In the event Mr. Donahue dies while actively employed by United Security Bank prior to age 59, his beneficiary will receive from United Security Bank $50,000 per year for 15 years beginning one month after his death. In the event of termination without cause, early retirement, or voluntary termination, Mr. Donahue shall receive a benefit amount based on the vesting schedule below for 15 years beginning with the month following the month in which Mr. Donahue terminates employment and attains age 59. The vesting schedule is 8.33% for each year of service beginning January 1, 1997. In the event Mr. Donahue is terminated for cause he will forfeit any benefits from the salary continuation agreement.

Mr. Eytcheson has a salary continuation agreement with United Security Bank that provides that United Security Bank will pay him $50,000 per year for 15 years following his retirement from United Security Bank at age 68. In the event of disability while Mr. Eytcheson is actively employed prior to age 68, he will have the option to take a benefit amount based on the vesting schedule below for 15 years beginning at the earlier of the time when he reaches age 68 or the date on which he is no longer entitled to disability benefits under his principal disability insurance policy. In the event Mr. Eytcheson dies while actively employed by United Security Bank prior to age 68, his beneficiary will receive from United Security Bank $50,000 per year for 15 years beginning one month after his death. In the event of termination without cause, early retirement, or voluntary termination, Mr. Eytcheson shall receive a benefit amount based on the vesting schedule below for 15 years beginning with the month following the month in which Mr. Eytcheson terminates employment and attains age 68. The vesting schedule is

8.33% for each year of service beginning January 1, 1997. In the event Mr. Eytcheson is terminated for cause he will forfeit any benefits from the salary continuation agreement.

Mr. Braa has a salary continuation agreement with United Security Bank that provides that United Security Bank will pay him $50,000 per year for 15 years following his retirement from United Security Bank at age 66. In the event of disability while Mr. Braa is actively employed prior to age 66, he will have the option to take a benefit amount based on the vesting schedule below for 15 years beginning at the earlier of the time when he reaches age 66 or the date on which he is no longer entitled to disability benefits under his principal disability insurance policy. In the event Mr. Braa dies while actively employed by United Security Bank prior to age 66, his beneficiary will receive from United Security Bank $50,000 per year for 15 years beginning one month after his death. In the event of termination without cause, early retirement, or voluntary termination, Mr. Braa shall receive a benefit amount based on the vesting schedule below for 15 years beginning with the month following the month in which Mr. Braa terminates employment and attains age 66. The vesting schedule is 8.33% for each year of service beginning January 1, 1997. In the event Mr. Braa is terminated for cause he will forfeit any benefits from the salary continuation agreement.

Mr. Scarborough has a salary continuation agreement with United Security Bank that provides that United Security Bank will pay him $50,000 per year for 15 years following his retirement from United Security Bank at age 63. In the event of disability while Mr. Scarborough is actively employed prior to age 63, he will have the option to take a benefit amount based on the vesting schedule below for 15 years beginning at the earlier of the time when he reaches age 63 or the date on which he is no longer entitled to disability benefits under his principal disability insurance policy. In the event Mr. Scarborough dies while actively employed by United Security Bank prior to age 63, his beneficiary will receive from United Security Bank $50,000 per year for 15 years beginning one month after his death. In the event of termination without cause, early retirement, or voluntary termination, Mr. Scarborough shall receive a benefit amount based on the vesting schedule below for 15 years beginning with the month following the month in which Mr. Scarborough terminates employment and attains age 63. The vesting schedule is 8.33% for each year of service beginning January 1, 2006. In the event Mr. Scarborough is terminated for cause he will forfeit any benefits from the salary continuation agreement.

The amounts selected for each officer were approved by the Board of Directors based on recommendations of a firm specializing in SERP s. The SERP s were added to executive benefits so that the Company s executive compensation program remained competitive with its peers.

25

The following table sets forth information on pension benefits.

Pension Benefits

Name (a)	Plan Name (1) (b)	Number of Years Credited Service (#) (c)	Present Value of Accumulated Benefit ($)(2) (d)	Payments During Last Fiscal Year ($) (e)
Dennis R. Woods	SERP	11	$ 825,349	$ 0
Kenneth L. Donahue	SERP	10	$ 350,589	$ 0
Rhodlee A. Braa	SERP	10	$ 350,589	$ 0
David L. Eytcheson	SERP	10	$ 350,589	$ 0
William F. Scarborough	SERP	1	$ 19,703	$ 0

(1) Each named executive officer participates in a supplemental executive retirement plan (SERP) that provides salary continuation benefits that vest evenly over 12 years.

(2) Present value of benefit earned in accordance with FAS 106. (See Note 11 to the Company s financial statements included in the 2006 Annual Report).

The Company does not have any deferred compensation plan.

Nonqualified Deferred Compensation

Name (a)	Executive Contributions in Last Fiscal Year ($) (b)	Company Contributions in Last Fiscal Year ($) (c)	Aggregate Earnings in Last Fiscal Year ($) (d)	Aggregate Withdrawals/ Distributions ($) (e)	Aggregate Balance at Last Fiscal Year End ($) (f)
Dennis R. Woods	N/A	N/A	N/A	N/A	N/A
Kenneth L. Donahue	N/A	N/A	N/A	N/A	N/A
Rhodlee A. Braa	N/A	N/A	N/A	N/A	N/A
David L. Eytcheson	N/A	N/A	N/A	N/A	N/A
William F. Scarborough	N/A	N/A	N/A	N/A	N/A

Perquisites

The CEO is permitted personal use of a Company owned automobile. Use of the automobile is provided for both business and personal use. The costs of a social membership in the San Joaquin Country Club and costs of membership in the Tehama Country Club are paid by the Company for the CEO. These memberships are primarily used for entertaining customers or potential customers but can be used for personal benefit at his discretion. These benefits are provided to the CEO primarily to ensure his total compensation package remains competitive with peers. The CEO also earns directors fees.

26

The COO is permitted personal use of a Company owned automobile. This benefit is provided to the COO primarily because his duties include frequent visits to 11 branches of the Company. The Committee believes it is more equitable to the COO to provide him with a vehicle due to his job duties and such arrangement being more cost effective for the Company than mileage reimbursement at the allowed IRS rate.

The named executive officers have health insurance coverage for their spouses and dependents with the premiums paid by the Company. The Company also pays the Medicare taxes on the benefits of SERP s that vest each year for each of the named executive officers.

401(k) and ESOP

A component of Company s 401 (k)/ESOP recognizes and rewards employee s contributions to its successful operation by enabling those employees to acquire a proprietary interest in United Security Bancshares common stock. All employees of United Security Bank are eligible to participate in the 401(k) Plan upon the first day of the month after date of hire. Participants are automatically vested 100% in all employee contributions that they may invest in any of several authorized investment vehicles, including Company common stock. United Security Bank contributes funds to match the employee s 401(k) Plan contribution up to 5% of the employee s eligible annual compensation. These contributions are invested in Company stock and are subject to certain vesting requirements over a period of six years. Under the ESOP portion of the plan, the Company annually contributes shares of common stock for each eligible employee s account in an amount proportionate to the employee s compensation. The Company s contribution is at the discretion of the board of directors and has been 8% of employee compensation for all but two years since its inception in 1994 through 2006. In those two years the Company s contribution was 10% of employee compensation. Employees thereby have a vested interest in contributing on an ongoing basis to the profitability of the Company, and with a vesting period of six years, they have the additional incentive to remain with United Security Bank on a long-term basis.

Executive Change in Control Agreements

The Committee believes that change in control agreements are appropriate for its top executives because have contributed to the success of the Company, and therefore it is important to protect them in the event of a change in control.

During 2002, the United Security Bank entered into Change in Control Agreements with the named executive officers as well as in 2005 when the CBO was hired. Under these agreements, the executives are entitled to receive a Change in Control Payment (as defined) in the event (i) they are not retained by the resulting corporation for a period of one year from the time of completion of the Bank s acquisition in a position comparable to that vice president (or highest level executive vice president in the case of the CEO) of the resulting corporation or a position of Executive or (ii) the resulting corporation reduces Executive s base salary by more than 10% any time within one year (three years for CEO) after the time of consummation, in which case the resulting corporation shall pay the executive a lump sum amount in cash equal to the sum of (A) the last year (last three years for CEO) of such executive s total compensation, inclusive of executive s base annual salary and bonus for such year (three years for CEO) and (B) the amount necessary to cover any golden parachute taxes that may be assessed pursuant to Section 280G of the Internal Revenue Code of 1986, as amended from time to time on such lump sum payment to the executive.

27

Effective January 1, 2007, at which time the CEO s current employment agreement became effective, the following change in control provisions apply.

(A) A change in ownership of the Company or the Bank occurs on the date that any person (or group of persons) acquires ownership of stock of the Company or the Bank that, together with stock held by such person or group, constitutes more than fifty percent (50%) of the total fair market value or total voting power of the stock of Company or the Bank, respectively.

(B) A change in effective control of Company or the Bank occurs on the date that: (i) any person (or group of persons) acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by such person or persons) ownership of stock of the Company or the Bank possessing thirty-five percent (35%) or more of the total voting power of the stock of the Company or the Bank, respectively; or (ii) a majority of members of the Company or Bank s Board is replaced during any twelve (12) month period by directors whose appointment or election is not endorsed by a majority of the members of the Company s or the Bank s Board, respectively prior to the date of the appointment or election.

(C) A change in the ownership of a substantial portion of The Company or the Bank s assets occurs on the date that any person (or group of persons) acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by such person or persons) assets from the Company or the Bank, respectively that have a total gross fair market value equal to, or more than, forty percent (40%) of the total gross fair market value of all of the assets of the Company or the Bank, respectively immediately prior to such acquisition or acquisitions. For the purposes of the Change in Control agreement, transfers of the outstanding voting securities of the Company or the Bank made on account of deaths or gifts, transfers between family members, former spouses or transfers to a qualified retirement plan maintained by the Company or the Bank shall not be considered in determining whether there has been a Change in Control.

In the event of a Change of Control, the CEO shall be paid a lump sum amount in cash equal to three times the average of the last three (3) years of the CEO s total compensation, inclusive of the CEO s base annual salary and all incentive compensation immediately following the date of completion of the Change of Control. The Change of Control payment is reduced to such amount that results in the greatest amount of the Change in Control payment that is deductible by the Company for federal income tax purposes after taking into account all other compensation payments to or for the benefit of the CEO that are included in determining the deductibility of such payments under Section 280G of the Code or any successor to Section 280G of the Code. In the event that all other compensation payments to or for the benefit of CEO results in the limitation of the deductibility by the Company of such payments under Section 280G or any successor to Section 280G of the Code, then no payment shall be made to the CEO pursuant to his Change in Control Agreement.

28

The table below shows the maximum amounts that would be paid to the named executive officers under their respective agreements based on the executive s salary at December 31, 2006; and assumes the triggering event was December 31, 2006.

Change in Control Payments

	Voluntary Termination Prior to Change in Control	Potential Payment Post Change in Control (1)	Potential Gain from Acceleration of Unvested Unexercised Incentive Stock Options(2)	Total Potential Income Triggered by a Change in Control(3)
Dennis Woods, CEO	0	2,170,851	361,250	2,532,101
Ken Donahue, CFO	0	276,400		276,400
Rhondlee A. Braa, CCO	0	276,400		276,400
David Eytcheson, COO	0	276,400		276,400
William Scarborough, CBO	0	252,400	463,920	716,320

---

(1) The CEO s Change in Control (CIC) agreement provides for a lump sum payment equal to the prior three years salary and incentive compensation subject to the deductibility under Section 280G of the Internal Revenue Code of 1986, as amended. All other executive officers CIC agreements provide for a lump sum payment equal to the last year of such executive s total compensation, inclusive of executive s base annual salary and bonus for such year and the amount necessary to cover any golden parachute taxes that may be assessed pursuant to Section 280G of the Internal Revenue Code of 1986, as amended from time to time on such lump sum payment to the executive.

(2) The CEO has 50,000 unvested-unexercised shares, grant price is $16.875, the CBO has 48,000 unvested-unexercised shares, grant price is $14.435, market price per share $24.10 (closing price on 12/29/06).

(3) The calculations assume the event triggering payments occurred on December 31, 2006.

Director Compensation

Director compensation is evaluated and recommended by the Committee and approved by the Board of Directors. Non-employee directors receive cash compensation for committee attendance, premiums for serving as chairs of certain committees, and equity grants in the form of stock options.

During 2006, directors of United Security Bancshares and United Security Bank were compensated for monthly board meetings based on a performance rating structure ranging from a minimum of $800 per meeting up to $1,300 per meeting. In addition, the vice chairman received an additional $200 per meeting and the secretary received an additional $250 per meeting. Also, directors, other than Mr. Woods, were paid $200 for their attendance at committee meetings, other than loan committee meetings, and were paid $300 for their attendance at loan committee meetings, if such committee meeting was held on a day other than the regular board of directors meeting. The chairman of the audit committee also received $400 per audit meeting and the chairman of the risk management committee received $300 per risk management meeting.

Historically the non-employee Company directors have received equity compensation in the form of nonqualified stock options. The Committee selected this form of equity compensation because it aligned the interests of the Board of Directors to those of the shareholder and also because of accounting and tax treatments of such awards.

The following table shows compensation paid or accrued for the last fiscal year to the Company s non-employee directors. Mr. Woods does not receive committee fees and his director meeting fees are disclosed.

The following table sets forth information on director compensation:

NON-EMPLOYEE DIRECTOR COMPENSATION TABLE 2006

Name	Fees Earned Or Paid in Cash($)	Stock Awards($)	Option Awards ($)	Non-Equity Incentive Plan Compen-sation ($)	Change in Pension Value And Nonqualified Deferred Compensation Earnings($)	All Other Compen-sation	Total($)
Robert G. Bitter, PHARM D. Secretary	19,200						19,200
Stanley Cavalla	16,000						16,000
Tom Ellithorpe	29,900						29,900
Todd Henry	19,300						19,300
Ronnie D. Miller Vice Chairman	28,100						28,100
Robert Mochzuki, M.D.	15,900						15,900
Walter Reinhard	17,100						17,100
John Terizan	14,600						14,600
Mike Woolf	9,800						9,800

Director Emeritus Plan

During 1995, United Security Bank also established a Directors Emeritus Plan, which was amended in May, 2000. Those directors who (i) retire as directors of United Security Bank or (ii) retired as directors of Golden Oak Bank and Legacy Bank and who signed a shareholder s agreement are eligible to participate in the Directors Emeritus Plan. Each Director Emeritus will be a lifetime position or until a Director Emeritus shall sell a majority of his or her ownership in United Security Bank. Directors Emeritus receive a monthly fee of $400, and receive preferential deposit and customer service with free checking as long as they serve as a Director Emeritus. Director Emeritus benefits terminate upon (i) the ultimate sale of United Security Bank, (ii) the sale of a majority of the Director Emeritus shares of United Security Bank s common stock, or (iii) the finding by United Security Bank s board of directors that the Director Emeritus is engaging in activities or making statements which are detrimental to United Security Bank or United Security Bank s public image.

Independent Accountants

The firm of Moss Adams LLP served as certified independent public accountants for United Security Bancshares with respect to the year 2006, and Moss Adams LLP has been appointed as United Security Bancshares certified independent public accountants for 2007. United Security Bancshares board has determined the firm of Moss Adams LLP to be fully independent of the operations of United Security Bancshares.

30

Aggregate fees billed by Moss Adams LLP to United Security Bancshares for the year ended 2006 are as follows:

Audit and audit related fees	$ 231,773
Tax fees associated with consulting and return preparation	43,015

The Audit Committee of United Security Bancshares has considered the provision of nonaudit services provided by Moss Adams LLP to be compatible with maintaining the independence of Moss Adams LLP.

Moss Adams LLP audited United Security Bancshares financial statements for the year ended December 31, 2006. It is anticipated that a representative of Moss Adams LLP will be present at the meeting and will be available to respond to appropriate questions from shareholders at the meeting.

Shareholder Proposals

Shareholder proposals to be submitted for presentation at the 2008 annual meeting of shareholders of United Security Bancshares must be received by United Security Bancshares no later than December 27, 2007.

For any proposal that is not submitted for inclusion in next year s proxy statement, but is instead sought to be presented directly at the 2008 Annual Meeting, SEC rules permit management to vote proxies in its discretion if United Security Bancshares: (1) receives notice of the proposal before the close of business on March 2, 2008, and advise shareowners in the 2008 proxy statement about the nature of the matter and how management intends to vote on such matter; or (2) do not receive notice of the proposal prior to the close of business on March 2, 2008.

Incorporation by Reference

To the extent that this Proxy Statement has been or will be specifically incorporated by reference into any filing by United Security Bancshares under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, the sections of the Proxy Statement entitled Compensation Committee Report , and Audit Committee Report shall not be deemed to be so incorporated unless specifically otherwise provided in any such filing.

Certain Transactions

Some of the directors and executive officers of United Security Bancshares and their immediate families, as well as the companies with which they are associated, are customers of, or have had banking transactions with, United Security Bank in the ordinary course of United Security Bank s business, and United Security Bank expects to have banking transactions with such persons in the future. In management s opinion, all loans and commitments to lend in such transactions were made in compliance with applicable laws and on substantially the same terms, including interest rates and collateral, as those prevailing for comparable transactions with other persons of similar creditworthiness and in the opinion of management did not involve more than a normal risk of collectibility or present other unfavorable features.

31

Other Matters

Management does not know of any matters to be presented at the meeting other than those set forth above. However, if other matters come before the meeting, it is the intention of the persons named in the accompanying proxy to vote the shares represented by the proxy in accordance with the recommendations of management on such matters, and discretionary authority to do so is included in the proxy.

United Security Bancshares

Dated: April 16, 2007

Robert G. Bitter, Secretary

It is very important that every shareholder vote. We urge you to sign and return the enclosed proxy as promptly as possible, whether or not you plan to attend the meeting in person. In order to facilitate the providing of adequate accommodations, please indicate on the proxy whether or not you expect to attend the meeting.

A copy of United Security Bancshares annual report to the Securities and Exchange Commission on Form 10-K for the year ended December 31, 2006 is available without charge upon written request to Mr. Ken Donahue at 2126 Inyo Street, Fresno, California, 93721.

32

Proxy

United Security Bancshares

This proxy is solicited on behalf of the board of directors. The undersigned hereby appoints Tom Ellithorpe, Ronnie D. Miller and John Terzian as proxyholders with full power of substitution, to represent, vote and act with respect to all shares of common stock of United Security Bancshares which the undersigned would be entitled to vote at the meeting of shareholders to be held on May 16, 2007, at 7:00 p.m., at the Bank s head office located at 2126 Inyo Street, Fresno, California or any adjournments thereof, with all the powers the undersigned would possess if personally present as follows:

1. Election of eleven (11) persons to be directors.

Robert G. Bitter, Pharm. D.	Ronnie D. Miller
Stanley J. Cavalla	Walter Reinhard
Tom Ellithorpe	John Terzian
R. Todd Henry	Dennis R. Woods
Gary Luke Hong	Michael T. Woolf, D.D.S.
Robert M. Mochizuki	

o FOR ALL NOMINEES LISTED ABOVE (except as marked to the contrary below)

o WITHHOLD AUTHORITY

(INSTRUCTION: To withhold authority to vote for any individual nominee, write that nominee s name on the space below:)

2. Transaction of such other business as may properly come before the meeting and any adjournment or adjournments thereof.

Please Sign and Date Below

The board of directors recommends a vote FOR each of the directors named above. The proxy confers authority to vote and shall be voted in accordance with such recommendation unless a contrary instruction is indicated, in which case, the shares represented by the proxy will be voted in accordance with such instruction. **If no instruction is specified with respect to the matter to be acted upon, the shares represented by the proxy will be voted in accordance with the recommendations of management. If any other business is presented at the meeting, this proxy confers authority to and shall be voted in accordance with the recommendations of management.**

(Please date this proxy and sign your name exactly as it appears on your stock certificate. Executors, administrators, trustees, etc., should give their full title. If a corporation, please sign in full corporate name by the president or other authorized officer. If a partnership, please sign in partnership name by an authorized person. All joint owners should sign.)

o I Do o I Do Not Expect to Attend the Meeting.

(Number of Shares)

(Please Print Your Name)

(Please Print Your Name)

(Date)

(Signature of Shareholder)

(Signature of Shareholder)

This proxy is solicited on behalf of the board of directors and may be revoked prior to its exercise by filing with the secretary of United Security Bancshares a duly executed proxy bearing a later date or an instrument revoking this proxy or by attending the meeting and voting in person.