

MATTHEWS INTERNATIONAL CORP  
Form DEF 14A  
January 16, 2018  
UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D. C. 20549

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SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934

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Filed by the Registrant  
Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for use of the Commission only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under § 240.14a-12

MATTHEWS INTERNATIONAL CORPORATION  
(Exact name of registrant as specified in its charter)

N/A

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

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

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2018  
NOTICE  
OF  
ANNUAL  
MEETING  
AND  
PROXY  
STATEMENT

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Notice of  
ANNUAL MEETING OF SHAREHOLDERS  
To be held February 15, 2018

To Our Shareholders:

The annual meeting of the Shareholders of Matthews International Corporation ("Matthews" or the "Company") will be held at 9:00 AM (PST) on Thursday, February 15, 2018 at The Heathman Hotel, located at 1001 Southwest Broadway, Portland, Oregon 97205 (the "Annual Meeting"), for the purpose of considering and acting upon the following:

1. To elect three directors of the Company for a term of three years;
2. To approve the adoption of the 2017 Equity Incentive Plan;
3. To ratify the appointment of Ernst & Young LLP as the independent registered public accounting firm to audit the records of the Company for the fiscal year ending September 30, 2018;
4. To provide an advisory (non-binding) vote on the executive compensation of the Company's named executive officers; and
5. To transact such other business as may properly come before the meeting.

Shareholders of record as of the close of business on December 29, 2017 will be entitled to vote at the Annual Meeting or any adjournments thereof.

Please indicate on the enclosed proxy card whether you will or will not be able to attend the Annual Meeting. Return the card in the enclosed envelope as soon as possible. If you receive more than one proxy card (for example, because you own common stock in more than one account), please be sure to complete and return all of them.

We hope you can be with us for this important occasion.

Sincerely,

/s/ Steven F. Nicola

Steven F. Nicola  
Chief Financial Officer and Secretary

January 16, 2018

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Matthews International Corporation  
Proxy Statement

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Matthews International Corporation  
Two NorthShore Center  
Pittsburgh, PA 15212 - 5851  
412-442-8200

Important Notice Regarding the Availability of Proxy Materials for the  
Shareholder Meeting to Be Held on February 15, 2018

The Company's 2018 Proxy Statement and the Annual Report to Shareholders for the fiscal year ended September 30, 2017 are available free of charge on the Company's website at <http://www.matw.com/investor/financial-reports>.

PROXY STATEMENT

The accompanying proxy is solicited by the Board of Directors of Matthews International Corporation ("Matthews" or the "Company") whose principal executive offices are located at Two NorthShore Center, Pittsburgh, Pennsylvania 15212. This proxy statement is being sent and made available to shareholders on or about January 16, 2018.

Execution of the proxy will not affect a shareholder's right to attend the meeting and vote in person. Any shareholder giving a proxy has the right to revoke it at any time before it is voted by giving notice to the Corporate Secretary or by attending the meeting and voting in person.

Matters to be considered at the Annual Meeting are those set forth in the accompanying Notice of Annual Meeting of Shareholders (the "Notice"). Shares represented by proxy will be voted in accordance with instructions. In the absence of instructions to the contrary, the proxy solicited will be voted FOR the proposals set forth therein.

Management does not intend to bring before the meeting any business other than that set forth in the Notice. If any other business should properly come before the meeting, it is the intention of management that the persons named in the proxy will vote in accordance with their best judgment.

## OUTSTANDING STOCK AND VOTING RIGHTS

The Company has one class of stock outstanding: Class A Common Stock, par value \$1.00 per share, referred to as the "Common Stock."

Each outstanding share of Common Stock of the Company entitles the holder to one vote upon any business properly presented at the shareholders' meeting. As provided in the Company's Articles of Incorporation, cumulative voting is not applicable to the election of directors.

The Board of Directors of the Company has established December 29, 2017 as the record date for shareholders entitled to vote at the Annual Meeting. The transfer books of the Company will not be closed, but only shareholders of record as of the close of business on December 29, 2017 will be entitled to vote at the Annual Meeting. A total of 32,291,571 shares of Common Stock are outstanding and entitled to vote at the meeting. A quorum (the presence in person or by proxy of the majority of the voting power of the Common Stock) is required to transact business at the Annual Meeting. The holders of 16,145,786 shares will constitute a quorum at the Annual Meeting.

### Broker Authority to Vote

Abstentions and broker non-votes (explained herein) will be counted for purposes of determining a quorum. If your shares are held in street name, follow the voting instructions that you receive from your broker, bank or other nominee. If you want to vote in person, you must obtain a legal proxy from your broker, bank, or other nominee and bring it to the Annual Meeting. If you do not submit voting instructions, your broker, bank, or other nominee may still be permitted to vote your shares under the following circumstances:

Discretionary items - The ratification of the selection of the independent registered public accounting firm (Proposal 3) is a discretionary item. Generally, brokers, banks and other nominees that do not receive instructions from beneficial owners may vote on this proposal in their discretion.

- Non-discretionary items - The election of directors (Proposal 1), approval of the adoption of the 2017 Equity Incentive Plan (Proposal 2) and the advisory resolution to approve executive compensation (Proposal 4) are non-discretionary items and may not be voted on by brokers, banks or other nominees who have not received voting instructions from beneficial owners (referred to as "broker non-votes").



## GENERAL INFORMATION REGARDING CORPORATE GOVERNANCE

### Board of Directors

The Board of Directors (sometimes referred to throughout this Proxy Statement as the “Board”) is the ultimate governing body of the Company. As such, it functions within a framework of duties and requirements established by Pennsylvania statute, government regulations, court decisions and the Company’s organizational documents. Generally, the Board of Directors reviews and confirms the basic objectives and broad policies of the Company, approves various important transactions, appoints the officers of the Company and monitors Company performance in key results areas. The Board also has oversight responsibility of the processes established to report and monitor systems for material risks applicable to the Company. The full Board regularly reviews enterprise-wide risk management, which includes relationships with significant customers, volatility of commodity costs, changes in the markets in which the Company operates and existing and potential competitors. In addition, each Board committee plays a significant role in carrying out the risk oversight function. The Executive Committee assists in monitoring and assessing relevant risks between the times at which the full Board convenes. The Nominating and Corporate Governance Committee oversees risks related to corporate governance and ethics. The Audit Committee oversees risks related to financial reporting and control; environmental, health and sustainability matters; management policies and guidelines; legal claims and issues; and information technology. The Finance Committee oversees the Company’s financial policies, strategies and capital structure. The Compensation Committee oversees risks related to human resources, succession planning and compensation. The Special Committee provides oversight of integration planning and implementation of the Company’s significant acquisitions.

### Board Composition

The Articles of Incorporation of the Company provide that the Board of Directors has the power to set the number of directors constituting the full Board, provided that such number shall not be less than five or more than fifteen. Until further action, the Board of Directors has fixed the number of directors constituting the full Board at ten, divided into three classes. The terms of office of the three classes of directors end in successive years.

After reviewing the independence standards contained in the NASDAQ listing requirements, the Board of Directors has determined that each of its directors is independent under these standards, other than Joseph C. Bartolacci, the Company’s President and Chief Executive Officer; David A. Schawk, President of the Company’s SGK Brand Solutions segment; and Gregory S. Babe, the Company’s Chief Technology Officer.

In the event a nominee does not receive a majority of votes cast, such director is required under the Company’s Corporate Governance Guidelines to resign from the Board of Directors. Acceptance of such resignation is at the discretion of the Board of Directors.

The Company’s Governance Guidelines provide that an employee member can remain on the Board for a period of no longer than one year following retirement from employment with the Company. Further, the Company’s By-laws and Governance Guidelines provide that no person may be eligible for nomination, nor elected to fill a vacancy on the Board of Directors after attaining 75 years of age, and any director that, if nominated would attain 75 years of age during such term as a director, shall retire from the Board of Directors immediately prior to the next annual meeting of the shareholders following such director attaining 75 years of age.

The Board of Directors has determined that an independent, non-employee member should be appointed to serve as Chairman of the Board. The Board believes that separation of the positions of Chairman of the Board and Chief Executive Officer, with the appointment of an independent, non-employee director as Chairman of the Board, strengthens the Company's corporate governance. John D. Turner is the Company's current independent, non-employee Chairman of the Board.

Mr. Turner and the other independent directors meet at such times as are necessary and generally on the dates of regularly scheduled Board meetings. The independent directors met a total of five times in fiscal 2017.

During fiscal 2017, there were six regularly scheduled Board meetings.

#### Board Committees

There are six standing committees appointed by the Board of Directors -- the Executive Committee, the Nominating and Corporate Governance Committee, the Audit Committee, the Finance Committee, the Compensation Committee and the Special Committee.

Each Committee has the same power as the Board of Directors to employ the services of outside consultants and to have discussions and interviews with personnel of the Company and others.

The principal functions of the six standing Committees are summarized as follows:

#### Executive Committee

The Executive Committee is appointed by the Board of Directors to have and exercise during periods between Board meetings all of the powers of the Board of Directors, except that the Executive Committee may not elect directors, change the membership of or fill vacancies on the Executive Committee, change the By laws of the Company or exercise any authority specifically reserved by the Board of Directors. Among the functions customarily performed by the Executive Committee during periods between Board meetings are the approval, within limitations previously established by the Board of Directors, of the principal terms involved in sales of securities of the Company, and such reviews as may be necessary of significant developments in major events and litigation involving the Company. In addition, the Executive Committee is called upon periodically to provide advice and counsel in the formulation of corporate policy changes and, where it deems advisable, make recommendations to the Board of Directors.

The members of the Executive Committee are John D. Turner (Chairperson), Katherine E. Dietze, Alvaro Garcia-Tunon, Morgan K. O'Brien and Jerry R. Whitaker. The Executive Committee holds meetings at such times as are required. The Executive Committee did not meet in fiscal 2017.

### Nominating and Corporate Governance Committee

The principal functions of the Nominating and Corporate Governance Committee are to (1) identify individuals qualified to become members of the Board of Directors, (2) recommend to the Board of Directors the director nominees for the next annual meeting of shareholders, (3) monitor and recommend to the Board of Directors changes, as necessary, to the Company's Corporate Governance Guidelines, (4) lead the Board of Directors in complying with its Corporate Governance Guidelines (5) review and make recommendations to the Board of Directors concerning director compensation and (6) review and approve related person transactions pursuant to the Company's Code of Conduct. The Nominating and Corporate Governance Committee is also responsible for the annual evaluations of the performance of the Board of Directors and Committees of the Board, including individual directors. The Committee is committed to ensuring that (i) the nominees for membership on the Board of Directors are of the highest possible caliber and are able to provide insightful, intelligent and effective guidance to the management of the Company and (ii) the governance of the Company is in full compliance with applicable law, reflects generally accepted principles of good corporate governance, encourages flexible and dynamic management without undue burdens and effectively manages the risks of the business and operations of the Company. From time to time, the Nominating and Corporate Governance Committee has retained the services of a third-party search firm to assist in the identification and evaluation of potential nominees for the Board of Directors. The Nominating and Corporate Governance Committee operates pursuant to a Charter and the Company's Corporate Governance Guidelines, which are available for viewing on the Company's website at [www.matw.com](http://www.matw.com) under the "Corporate" tab in the section entitled "Corporate Governance". The Board has determined that all members of the Nominating and Corporate Governance Committee are independent in accordance with the listing standards of NASDAQ. The Nominating and Corporate Governance Committee met four times during fiscal 2017. The current members of the Nominating and Corporate Governance Committee are Jerry R. Whitaker (Chairperson), Katherine E. Dietze and Terry L. Dunlap.

### Audit Committee

The principal functions of the Audit Committee are to provide oversight of (1) the integrity of the Company's financial statements, reports on internal controls and other financial information provided by the Company, (2) the Company's compliance with legal and regulatory requirements, (3) the qualifications and independence of the Company's independent registered public accounting firm and (4) the performance of the Company's internal audit function (including disclosure controls and procedures for internal controls over financial reporting) and independent registered public accounting firm. The Committee serves as a vehicle to provide an open avenue of communication between the full Board of Directors and the Company's financial management team and internal audit department, and the independent registered public accounting firm. The Audit Committee is responsible for appointing the Company's independent registered public accounting firm. The Audit Committee operates pursuant to a Charter, which is available for viewing on the Company's website at [www.matw.com](http://www.matw.com) under the section entitled "Corporate Governance".

All of the Audit Committee members, Alvaro Garcia-Tunon (Chairperson), Terry L. Dunlap and Morgan K. O'Brien, have been determined in the Board's business judgment to be independent from the Company and its management within the meaning of SEC regulations relating to audit committee independence, NASDAQ regulation and the Company's Corporate Governance Guidelines. All of the Audit Committee members are financial experts, as determined by SEC regulations, and, as such Mr. Garcia-Tunon, Mr. Dunlap and Mr. O'Brien are designated as the Audit Committee financial experts. During fiscal 2017, the Audit Committee met six times.

#### Finance Committee

The Finance Committee provides oversight of the Company's financial policies, strategies and capital structure. The Committee's principal responsibilities include review and monitoring of the Company's (1) significant capital expenditures, (2) mergers, acquisitions and divestitures, (3) capital structure, debt and equity offerings, (4) the dividend policy and share repurchase program, (5) risk management programs and (6) investor relations program. The Committee also provides oversight to the Pension Board on employee benefit plan matters and related plan investment management. Members of the Finance Committee are Katherine E. Dietze (Chairperson), Gregory S. Babe, Don W. Quigley, Jr. and Jerry R. Whitaker. The Finance Committee met five times in fiscal 2017.

#### Compensation Committee

The principal functions of the Compensation Committee, the members of which are Morgan K. O'Brien (Chairperson), Alvaro Garcia-Tunon and Don W. Quigley, Jr., are to review periodically the suitability of the remuneration arrangements (including benefits) for the principal executives of the Company, and to prepare an annual report on executive compensation for inclusion in the Company's Proxy Statement. The Committee also reviews, at least annually, succession plans for the position of Chief Executive Officer and other senior executive positions of the Company. The Compensation Committee operates pursuant to a Charter, which is available for viewing on the Company's website at [www.matw.com](http://www.matw.com) under the section entitled "Corporate Governance". The Board has determined that all members of the Compensation Committee are independent in accordance with the listing standards of NASDAQ. During fiscal 2017, the Compensation Committee met three times.

#### Special Committee

The Special Committee was established in 2014 to provide oversight of integration planning and implementation for the Company's significant acquisitions, including Schawk, Inc. ("Schawk") that was completed on July 29, 2014 and Aurora Casket Products Group, LLC ("Aurora") that was completed on August 19, 2015. The members of the Special Committee are Alvaro Garcia-Tunon (Chairperson), Gregory S. Babe, Joseph C. Bartolacci, and Terry L. Dunlap. The Committee met four times in fiscal 2017.

#### Compensation Committee Interlocks and Insider Participation

The Compensation Committee currently consists of Mr. O'Brien, Mr. Garcia-Tunon and Mr. Quigley. None of these Committee members has ever been an officer or employee of the Company or any of its subsidiaries. None of our executive officers serves or has served as a member of the board of directors, compensation committee or other board committee performing equivalent functions of any entity that has one or more executive officers serving as one of our directors or on our Compensation Committee.

#### Meeting Attendance

During fiscal 2017, all directors attended at least 75% of Board and respective Committee meetings.

Although the Company does not have a formal policy with regard to Board members attending the Annual Meeting of Shareholders, it is customary for the Board members to do so, and in general all or most of the Board members have attended annual meetings in the recent past.

## Compensation of Directors

Director compensation is determined and administered by the Nominating and Corporate Governance Committee. In performing its duties, the Committee consults with various independent third-party advisors. In fiscal 2017, the Committee consulted with Pay Governance LLC ("Pay Governance"), an independent human resources consulting firm.

Under the Company's Amended and Restated 2014 Director Fee Plan ("2014 Director Plan"), for fiscal 2017 each eligible independent director received an annual retainer valued at \$85,000, which was payable either in cash or in shares of the Company's Common Stock, as determined by the Nominating and Corporate Governance Committee. If payable in cash, a director may elect to receive the annual retainer in shares of Company Common Stock or Common Stock credited to a deferred stock account as phantom stock. If the annual retainer is paid in shares of Company Common Stock, a director may defer the receipt of such Common Stock into a deferred stock account as phantom stock.

Each independent director also receives an annual stock-based grant (non-statutory stock options, stock appreciation rights and/or restricted shares). The form and value of the awards are determined by the Nominating and Corporate Governance Committee. The value of the annual grants awarded for fiscal 2017 was \$125,000, issued in the form of restricted stock, which vests on the second anniversary of the date of the grant. At December 31, 2017, there were 85,343 shares available for future grant under the Amended and Restated 2014 Director Fee Plan.

The non-employee Chairman of the Board received an additional annual retainer fee of \$100,000 in fiscal 2017, which was paid in cash. In fiscal 2017 each Committee chairperson received an additional \$10,000 retainer fee for their services as a Committee chairperson (\$15,000 in the case of the Audit Committee chairperson). In addition, in fiscal 2017, Mr. Garcia-Tunon and Mr. Dunlap, the non-employee members of the Special Committee, received \$1,500 per day of service on the Committee. Other than this daily fee with respect to the Special Committee, directors receive no other meeting fees.

The Company does not provide any retirement benefits or perquisites to any of its non-employee directors.

The following table summarizes the director compensation earned by the non-employee directors of the Company for fiscal 2017.

Non-Employee Director Compensation Table

Name	Fees Earned or Paid in Cash (2)	Stock Awards (1) (3)	Total
J.D. Turner	\$ 185,000	\$ 125,000	\$ 310,000
K.E. Dietze	95,000	125,000	220,000
T.L. Dunlap	89,500	125,000	214,500
A. Garcia-Tunon	117,500	158,700	276,200
M.K. O'Brien	95,000	125,000	220,000
D.W. Quigley, Jr.	85,000	125,000	210,000
J.R. Whitaker	95,000	125,000	220,000

Amounts in this column reflect the grant date fair value of awards of restricted shares of the Company's Common Stock granted during fiscal 2017 computed in accordance with Financial Accounting Standards Board ASC Topic 718; however, the estimate of forfeiture related to service-based vesting conditions is disregarded for purposes of (1) this valuation. There were no forfeitures of restricted shares by any of the directors during fiscal 2017. On March 9, 2017, each of the non-employee directors were awarded 1,887 restricted shares with a grant date fair value of \$125,000. Mr. Garcia-Tunon and Mr. Whitaker elected to have the restricted share awards credited to a deferred stock account as phantom shares.

(2) Mr. Garcia-Tunon elected to receive fees of \$114,500 in shares of the Company's Common Stock credited to a deferred stock account as 1,728 phantom shares.

(3) Mr. Garcia-Tunon received an additional stock award of 500 shares on November 17, 2016 credited to a deferred stock account as phantom shares.

Access to Directors

The security holders of the Company may communicate in writing to the Board of Directors by sending such communication to the Board or a particular director in care of Steven F. Nicola, Chief Financial Officer and Secretary, at the Company's principle executive offices. At present, such communications will be directly forwarded to the Board or such particular director, as applicable.

## PROPOSAL 1

### ELECTION OF DIRECTORS

Nominations for election to the Board of Directors may be made by the Nominating and Corporate Governance Committee or by the shareholders.

Joseph C. Bartolacci, Katherine E. Dietze and Morgan K. O'Brien, whose terms of office are expiring, have been nominated by the Nominating and Corporate Governance Committee to serve for three-year terms that will end in 2021.

Shareholder nominations for directors to be elected at the 2019 Annual Meeting must be submitted to the Company in writing no later than 75 days prior to the anniversary date of the 2018 Annual Meeting, or December 2, 2018. Such nominations must be in writing in accordance with Section 6.1 of the Company's Restated Articles of Incorporation, and must include (1) the name and address of the shareholder who intends to make the nomination and of the person(s) to be nominated; (2) a representation that the shareholder is a holder of record of stock of the Company entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to nominate the person(s) specified in the notice; (3) a description of all arrangements or understandings between the shareholder and each nominee and any other person(s) (naming such person(s)) pursuant to which the nomination or nominations are to be made by the shareholder; (4) such other information regarding each nominee proposed by such shareholder as would be required to be included in a proxy statement filed pursuant to the proxy rules of the Securities and Exchange Commission, had the nominee been nominated by the Board of Directors; and (5) the consent of each nominee to serve as a director of the Company if so elected. The Nominating and Corporate Governance Committee and Board will consider any candidate for nominee as a director that is properly submitted by a shareholder in accordance with the Company's Articles of Incorporation and Bylaws. No such nominations have been received with respect to the 2018 Annual Meeting.

The Company's process for filling director vacancies includes determination of the professional skills and background desired to serve the best interests and current needs of the Company and its shareholders, possible retention of a third-party search firm to assist in the identification and evaluation of director candidates, consideration of candidates nominated by shareholders (if any), evaluation of a candidate's credentials and experience by the Nominating and Corporate Governance Committee (including personal interviews with selected candidates), and a formal recommendation by the Nominating and Corporate Governance Committee to the Board of Directors regarding the candidate considered to be the most qualified to fill the director vacancy.

The Committee assesses a candidate's background, skills, diversity, personal characteristics and business experience and applies the following criteria and qualifications: candidates are to be of the highest ethical character, share the values of the Company, have reputations, both personal and professional, consistent with the image and reputation of the Company, be highly accomplished in their respective field, with superior credentials and recognition, and provide the relevant expertise and experience necessary to assist the Board and the Company to increase shareholder value. The Board may prioritize the foregoing criteria depending on the current needs of the Board and the Company. The Board does not have a formal diversity policy for selecting directors, but considers diversity of race, gender and national origin to be relevant factors that are weighed with other criteria in recommending and nominating directors for election to the Board of Directors of Matthews.

Under the Company's Corporate Governance Guidelines, any director who experiences a change in principal occupation or primary business affiliation while serving as a director, must promptly offer to submit a letter of resignation as a director to the Chief Executive Officer and to the Nominating and Corporate Governance Committee. The Board, with input from the Nominating and Corporate Governance Committee and the Chief Executive Officer, will consider whether to accept such offer.

The Board of Directors has no reason to believe that any of the current nominees for director will become unavailable for election. However, if any nominee should become unavailable prior to the Annual Meeting, the accompanying proxy will be voted for the election in the nominee's place of such other person as the Board of Directors may recommend in the nominee's place.

Only affirmative votes are counted in the election of directors. The nominees for election as directors of the Class of 2021 who receive the highest number of votes cast for the election of directors at the Annual Meeting by the holders of the Company's Common Stock present in person or voting by proxy, a quorum being present, will be elected as directors. Abstentions, broker non-votes and instructions to withhold authority to vote for one or more of the nominees will result in those nominees receiving fewer votes but will not count as votes against the nominee.

The Board of Directors has implemented a director resignation policy under the Company's Governance Guidelines. The director resignation policy requires each nominee to the Board of Directors, prior to any election of directors, to submit a conditional resignation to the Board of Directors in connection with such nominee's nomination. In the event a nominee fails to receive the vote of at least a majority of the votes cast, the Nominating and Corporate Governance Committee will make a recommendation to the Board whether to accept or reject the tendered conditional resignation. The Board of Directors must act on the tendered resignation, taking into account the Nominating and Corporate Governance Committee's recommendation, within 90 days from the date of the certification of the election results. The Board shall promptly disclose its decision regarding the tendered resignation by furnishing a Current Report on Form 8-K to the Securities and Exchange Commission ("SEC"), including its rationale for accepting or rejecting the tendered resignation. In making their recommendation and decision, the Nominating and Governance Committee and Board may consider the following factors or other information that it considers appropriate and relevant: (i) the stated reasons, if any, why shareholders withheld their votes, (ii) possible alternative for curing the underlying cause of the withheld votes, (iii) the director's qualifications in light of the overall composition of the Board, (iv) the director's past and expected future contributions to the Company, (v) potential adverse consequences of accepting the resignation, including failure to comply with any applicable rule or regulation and (vi) the best interests of the Company and its shareholders. If the Board accepts a director's tendered resignation, the Board, in its sole discretion, may fill any resulting vacancy or decrease the size of the Board, pursuant to the Bylaws of the Company. If a director's resignation is not accepted by the Board, such director will continue to serve in accordance with existing Company regulations. Any director whose tendered resignation is being considered shall not participate in the deliberations conducted by the Nominating and Corporate Governance Committee or the Board.

The Board of Directors recommends that you vote FOR the election of the nominated directors.



The following information is furnished with respect to the persons nominated by the Board of Directors for election as directors and with respect to the continuing directors.

#### Nominees

Joseph C. Bartolacci, age 57, was appointed Chief Executive Officer of the Company in 2006, and has served on the Board of Directors since 2005. Prior to his appointment as Chief Executive Officer, he was President and Chief Operating Officer of the Company since 2005. Prior thereto, he held various positions within Matthews, including President, Casket Division; Executive Vice President of Matthews; President, Matthews Europe; President, Caggiati, S.p.A. (a wholly-owned subsidiary of Matthews) and General Counsel of Matthews. Mr. Bartolacci provides management's perspective in Board decisions about the business and strategic direction of the Company. He has first-hand operating experience in many of the Company's diverse global businesses and brings a well-developed understanding of the industries in which the Company operates, as well as the opportunities within those industries to drive shareholder value. Mr. Bartolacci received a Bachelor of Science degree in Accounting from Saint Vincent College and a Juris Doctor from the University of Pittsburgh. Mr. Bartolacci serves on the Special Committee of the Board. He also serves on the Company's Pension Board, the Board of the Jas. H. Matthews & Co. Educational and Charitable Trust, and on the boards of various subsidiaries of Matthews. Mr. Bartolacci is a member of the Board of Directors of Federated Investors, a global investment management company. He is also a member of the Board of Directors of Saint Vincent College and the Carnegie Science Center.

Katherine E. Dietze, age 60, has served on the Board of Directors of the Company since July 2008. Ms. Dietze was Global Chief Operating Officer, Investment Banking Division of Credit Suisse First Boston, a financial services company, until her retirement in 2005. She had also held the position of Managing Director, Investment Banking. Prior to joining Credit Suisse First Boston, Ms. Dietze was a Managing Director for Salomon Brothers Inc., a financial services company. Ms. Dietze brings a strong background in global investment and financial matters. With her background in investment banking, Ms. Dietze provides a unique and valuable perspective on global financial markets, investments and financial transactions. Ms. Dietze received a Bachelor of Arts degree from Brown University and graduated from Columbia University with a Masters in Business Administration in Finance and Marketing. Ms. Dietze serves as Chairperson of the Finance Committee and is a member of the Executive Committee. She is also a director and Chairperson of the Audit Committee and a member of the Governance Committee of Cowen Group, Inc., a financial services firm. She previously served as Chairperson of the Audit Committee and member of both the Governance and Compensation Committees for LaBranche, LLC, a financial services firm purchased by the Cowen Group in June 2011. In January 2011, Ms. Dietze was elected to the Board of Trustees of Liberty Property Trust, a real estate investment trust, where she currently is a member of the Audit and Chairperson of the Governance Committees.

Morgan K. O'Brien, age 57, has served on the Board of Directors of the Company since July 2011. Mr. O'Brien has served as the President and Chief Executive Officer of Peoples Natural Gas Company LLC, a utility serving the southwestern Pennsylvania market, since February 2010. Prior thereto, Mr. O'Brien served as President and Chief Executive Officer of Duquesne Light Holdings, an electric utility company serving western Pennsylvania, since 2001. He held various senior executive positions at Duquesne Light Holdings since 1991. Prior to joining Duquesne Light Holdings, Mr. O'Brien served in various management positions at PNC Bank and at major accounting firms. As a current Chief Executive Officer with more than 10 years experience in that role, Mr. O'Brien brings significant leadership skills to the Board of Directors. With his experience in the areas of accounting and taxation, he also provides the Board and the Audit Committee, of which he is a member, with strong financial skills. Mr. O'Brien is also Chairman of the Compensation Committee and is a member of the Executive Committee. Mr. O'Brien received a Bachelor's degree in Business Administration and a Masters degree in taxation from Robert Morris University. Mr. O'Brien serves on the Board of Directors of Peoples Natural Gas Company LLC, HFF, Inc. and on the Board of Trustees of Robert Morris University. He also serves on the boards of several civic and charitable organizations in western Pennsylvania.



## Continuing Directors

Gregory S. Babe, age 60, has served on the Board of Directors since November 2010. Mr. Babe has served as the Company's Chief Technology Officer since November 2015, and prior to that served as the Company's Executive Vice President, Global Information Technology and Integration starting in November 2014. Mr. Babe also serves as President and Chief Executive Officer of Liquid X Printed Metals, Inc., a Carnegie Mellon University spin out. From July 2012 to June 2013, Mr. Babe served as Chief Executive Officer of Orbital Engineering, Inc., a privately held engineering services company. Mr. Babe retired as President and Chief Executive Officer of Bayer Corporation and Bayer MaterialScience LLC in June 2012. Mr. Babe was appointed President and Chief Executive Officer of Bayer Corporation and Senior Bayer Representative for the United States and Canada in October 2008. Mr. Babe was responsible for the North American activities of the worldwide Bayer Group, an international health care, nutrition and high-tech materials group based in Leverkusen, Germany. In addition, he held the position of President and Chief Executive Officer of Bayer MaterialScience LLC, a producer of polymers and high-performance plastics in North America, from July 2004 until June 2012. Mr. Babe is considered well-qualified to serve on the Company's Board of Directors based on his experience as a Chief Executive Officer of a multinational manufacturing company. He possesses a strong background in manufacturing and regulatory and government affairs. Mr. Babe is a member of the Finance and Special Committees. He serves on the Board of the Benedum Foundation, where he is a member of the Audit Committee. Mr. Babe holds a Bachelor of Science degree in mechanical engineering from West Virginia University.

Terry L. Dunlap, age 58, has served on the Board of Directors since February 2015. Mr. Dunlap currently serves as the principal of Sweetwater LLC, a consulting and investing firm with a focus on manufacturing and technology. Prior thereto, Mr. Dunlap spent 31 years with Allegheny Technologies, where he served as Executive Vice President, Flat-Rolled Products from May 2011 until his retirement in December 2014, President, ATI Allegheny Ludlum from 2002 to 2014, and Group President, ATI Flat-Rolled Products from 2008 to May 2011. Mr. Dunlap's experience and knowledge in the global manufacturing industry are valuable resources to the Board of Directors. Mr. Dunlap received a Bachelor of Science degree in Marketing from Indiana University of Pennsylvania and attended the Loyola University of Chicago MBA program. Mr. Dunlap is a member of the Audit, Nominating and Corporate Governance, and Special Committees of the Board. Mr. Dunlap serves on the Board of Directors, Compensation and Audit Committees of TimkenSteel Corp., a specialty steel producer, and is a director and Chairman of the Compensation Committee of Elliot Group/EBARA Corp., a global producer of turbomachinery, compressors and turbines. He also serves as the Vice President of the Indiana University of Pennsylvania Foundation Board.

Alvaro Garcia-Tunon, age 65, has served on the Board of Directors since October 2009. Mr. Garcia-Tunon retired as the Chief Financial Officer of Wabtec Corporation ("Wabtec"), a provider of products and services for the global rail industry, effective January 1, 2014. He continued to work with Wabtec as a strategic advisor through December 2017. Mr. Garcia-Tunon was named Executive Vice President and Chief Financial Officer for Wabtec in February 2012. Prior to that, he was Executive Vice President, Chief Financial Officer and Secretary of Wabtec since December 2010. Prior thereto, he served as Senior Vice President, Chief Financial Officer and Secretary of Wabtec since 2003. Having served as the Chief Financial Officer of a public company with global operations, Mr. Garcia-Tunon has leadership skills in international business, corporate governance and risk management. As a Certified Public Accountant, he also provides the Board and the Audit Committee, of which he is a Chairman, the strong financial and accounting skills required to be considered a financial expert. Mr. Garcia-Tunon is also Chairman of the Special Committee and is a member of the Executive and Compensation Committees. Mr. Garcia-Tunon currently is serving on the Board of Directors of MSA Safety, Inc., a global leader in the development, manufacture and supply of safety products that protect people and facility infrastructures, since 2012, and serves on the Audit, Legal and Finance Committees of that Board. He also serves as a member of the Board of Directors and Audit Committee of Allison Transmission Holdings, Inc., a global provider of commercial-duty automatic transmissions and hybrid propulsion systems. Mr.

Garcia-Tunon is a board member of the William and Mary Law School foundation and Senator John Heinz History Center, where he serves as its Treasurer. Mr. Garcia-Tunon graduated from the College of William and Mary with a Juris Doctor degree and is a graduate of the University of Virginia with a Bachelor of Science degree in Commerce and Accounting.

Don W. Quigley, Jr., age 62, has served on the Board of Directors of the Company since September 2015. Mr. Quigley is currently a Senior Advisor for the Boston Consulting Group, a global management consulting firm. Mr. Quigley served as President of U.S. Sales of Mondelez International, Inc., a global provider of snack food and beverage products to consumers from 2012 until his retirement in March 2015. Prior thereto, he served as President, Global Consumer Sales of Kimberley-Clark Corporation from 2004 to 2012, and Vice President of Sales for PepsiCo from 1998 to 2004. Mr. Quigley's experience and knowledge as a senior sales and marketing executive at consumer products companies is a valuable resource to the Company. Mr. Quigley is a member of the Compensation and Finance Committees. Mr. Quigley received a Bachelor of Science degree in Business from the Kelley School at Indiana University, where he serves on the Dean's Advisory Council. He currently serves on the Board of Directors of Gold Eagle Company, a family-owned provider of automotive fluids and additives.

David A. Schawk, age 62, was named President, SGK Brand Solutions and elected to the Company's Board of Directors effective upon the Company's acquisition of Schawk on July 29, 2014. Mr. Schawk previously served as Schawk's Chief Executive Officer from July 2012, and Chief Executive Officer and President for more than five years prior thereto. He also served on the Schawk Board of Directors since 1992. Mr. Schawk is considered well-qualified to serve on the Company's Board of Directors based on his experience as a Chief Executive Officer and director of a multinational brand development and brand management company.

John D. Turner, age 72, has served as a director of the Company since 1999. Mr. Turner retired as Chairman and Chief Executive Officer of Copperweld Corporation, a manufacturer of tubular and bimetallic wire products, in 2003, where he had served as Chief Executive Officer since 1988. Mr. Turner's experience, knowledge and expertise as an executive in the metal manufacturing industry are valuable resources to the Company. During his tenure as a director, Mr. Turner has also served or participated on each of the Committees of the Board, providing him with the experience and perspective of the Board's decision making process in all areas of the Company's operations. Mr. Turner also has experience as a director for several large public companies. Mr. Turner serves as Chairman of the Executive Committee. Mr. Turner received a Bachelor's Degree in Biology from Colgate University. He currently also serves on the Board of Directors of Allegheny Technologies Incorporated, a position he has held since February 2004, and is the chairman of the Technology Committee of that Board.

Jerry R. Whitaker, age 67, has served on the Board of Directors of the Company since July 2011. Mr. Whitaker was President of Electrical Sector-Americas, Eaton Corporation, a global manufacturer of highly engineered products, until his retirement in June 2011. Prior thereto, he served in various management positions at Eaton Corporation since 1994. Prior to joining Eaton Corporation, Mr. Whitaker spent 22 years with Westinghouse Electric Corporation. Mr. Whitaker's experience and knowledge as an executive in global manufacturing industries and acquisition integration are valuable resources to the Company. Mr. Whitaker is the Chairman of the Nominating and Corporate Governance Committee and a member of the Finance and Executive Committees. Mr. Whitaker received a Bachelor of Science degree from Syracuse University and a Masters in Business Administration from George Washington University. He currently serves as a director on the boards of Crescent Electric Company, an independent distributor of electrical hardware and supplies, where he is a member of the Audit Committee and Chairman of the Compensation Committee, The Milliken Company, a privately-held diversified industrial company, where he is a member of the Compensation Committee and serves as Chairman of the Audit Committee, and Sealed Air Corporation, a global leader in packaging, food safety and hygiene, where he serves on the Nominating and Governance Committee and is Chairman of the Audit Committee. He is also on the advisory board for Universal Electric Company, a

manufacturer of customizable power distribution systems. Mr. Whitaker also serves on the Advisory Board of the School of Engineering at Syracuse University.

The term for each nominee and director is listed below:

Nominees:	Term to expire at Annual Meeting of Shareholders in:
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Joseph C. Bartolacci	2021
Katherine E. Dietze	2021
Morgan K. O'Brien	2021

Continuing Directors:

Terry L. Dunlap	2019
Alvaro Garcia-Tunon	2019
John D. Turner	2019
Jerry R. Whitaker	2019

Gregory S. Babe	2020
Don W. Quigley, Jr.	2020
David A. Schawk	2020

## PROPOSAL 2

## APPROVAL OF THE ADOPTION OF THE 2017 EQUITY INCENTIVE PLAN

On November 16, 2017 (the “Adoption Date”), the Board approved, subject to shareholder approval, the adoption of the Company’s 2017 Equity Incentive Plan (the “2017 Equity Plan”). The affirmative vote of a majority of the votes cast in person or by proxy at a meeting held prior to the anniversary of the Adoption Date in which the holders of at least a majority of the outstanding shares of the Company’s Common Stock are present (in person or by proxy) and voting is required for approval of adoption of the 2017 Equity Plan. If the shareholders of the Company do not approve the 2017 Equity Plan as proposed in this proxy statement, the 2017 Equity Plan will not be used by the Company. Upon approval of the 2017 Equity Plan, there will be no further grants under the existing 2012 Equity Incentive Plan, as amended (the “2012 Equity Plan”).

The 2017 Equity Plan is being adopted to maintain alignment of executive compensation with shareholder interests and, upon discontinuation of the existing 2012 Equity Plan, maintain a sufficient share reserve to facilitate equity grants as determined by the Compensation Committee. Through the various awards under the 2017 Equity Plan, employees may acquire shares based on the achievement of certain goals.

In order to determine the number of shares of Common Stock to be authorized under the 2017 Equity Plan, the Compensation Committee and the Board considered the needs by the Company for the shares and the potential dilution that awarding the requested shares may have on the existing shareholders. As set forth in the Compensation Discussion and Analysis, the Compensation Committee consulted Pay Governance LLC as an independent compensation advisor to assist in this regard. The compensation advisor examined a number of factors, including the Company’s burn rate and an overhang analysis, which the Compensation Committee considered. As a result, the Compensation Committee recommended to the Board that 1,700,000 shares be authorized under the 2017 Equity Plan. As of December 29, 2017, approximately 121,038 shares of Common Stock remained available for future grant under the current 2012 Equity Plan. If the 2017 Equity Plan is approved, no further grants will be made under the 2012 Equity Plan, and the 121,038 shares referred to above would no longer be available for future awards. The Board is seeking shareholder approval for the 2017 Equity Plan and the pool of shares available under the 2017 Equity Plan, which it expects is sufficient for approximately five years of awards based upon the historic rates of awards by the Compensation Committee under the predecessor plans.

The Compensation Committee and the Board also considered the burn rate with respect to Company equity awards. The burn rate is the total equity awards granted by the Company in a fiscal year divided by the total Common Stock outstanding at the beginning of the year. In fiscal 2015, 2016 and 2017, the Company made the following equity awards:

Year	Number of Full-Value Shares Granted to Employees (A)	Number of Full-Value Shares Granted to Non-Employee Directors (B)	Total Number of Full-Value Shares Granted (A+B)	Total Number of Stock Options Granted (C)
2017	216,655	9,434	226,089	—
2016	227,125	15,722	242,847	—
2015	215,370	16,065	231,435	—

Using the ISS Proxy Advisory Services methodology for calculating burn rate, which applies a multiplier of 3.0 to any full value awards (like the restricted shares and performance restricted shares for which the participant does not pay for the shares) awarded by the Company, the Company's three-year average (ISS adjusted) burn rate for equity grants made in fiscal 2015, 2016 and 2017 was 2.15%, which was below the Commercial & Professional Services (GICS 2020) industry benchmark of 4.24%, based on the Company's industry group and volatility. If the burn rate was not adjusted in accordance with ISS policy, the burn rate would decrease to 0.72%. The Compensation Committee and the Board were satisfied that the Company's burn rate over the past three years was an acceptable level and well below limits established by ISS.

An additional metric that the Compensation Committee and the Board used to measure the cumulative dilutive impact of the equity program is overhang. Overhang is defined as:

- outstanding stock options, plus
- outstanding full value awards, plus
- the number of shares available for future grant under the Company's 2014 Director Plan and the proposed 2017 Equity Plan (disregarding the remaining 2012 Equity Plan shares because no future grants would be made if the 2017 Equity Plan is approved),
- collectively divided by the total outstanding shares of Common Stock as of the record date.

As of December 29, 2017, the record date for shareholders entitled to vote at the Annual Meeting, the Company had no outstanding stock options, 21,494 restricted stock units (issuable as full value shares upon settlement of such restricted stock units) under the 2012 Equity Plan; plus no outstanding stock options, 6,034 deferred stock units (issuable as full value shares upon settlement of such deferred stock units), and 85,392 shares available for future grant under the Company's 2014 Director Plan; plus no outstanding stock options, 10,105 deferred stock units (issuable as full value shares upon settlement of such deferred stock units), and no shares available for future grant under the Company's 1994 Director Plan; plus 1,700,000 shares available for future grant under the proposed 2017 Equity Plan. As of that date, the Company had 32,291,571 outstanding shares of Common Stock. This results in an overhang of 5.6%.

The need for and value of such long term equity grants within the Company's overall compensation structure is also discussed in the "Long Term Incentive Compensation" section in the Compensation Discussion and Analysis. Additionally, shareholders of the Company are being asked to approve the 2017 Equity Plan for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended. Section 162(m) generally provides that the Company may not take a federal income tax deduction for compensation in excess of \$1,000,000 paid to certain executive officers in any one year. Performance based compensation may be exempt from this limit where compensation satisfies a number of technical tax related requirements. Among other requirements, Section 162(m) requires that shareholders re-approve certain executive compensation plans every five years for compensation awarded under such plans to be eligible to qualify as exempt performance-based compensation. The Company is asking shareholders to approve the 2017 Equity Plan to satisfy this requirement so that future awards under the 2017 Equity Plan may qualify as exempt performance-based compensation under Section 162(m).

#### Description of Equity Incentive Plan

The full text of the 2017 Equity Plan is set forth as Exhibit A to this Proxy Statement. The following description of the 2017 Equity Plan is qualified in its entirety by reference to Exhibit A.

General. The purposes of the 2017 Equity Plan are to encourage eligible employees of the Company and its subsidiaries to increase their efforts to make the Company and each subsidiary more successful, to provide an additional inducement for such employees to remain with the Company or a subsidiary, to reward such employees by providing an opportunity to acquire shares of the Company's Class A Common Stock, par value \$1.00 per share, on favorable terms and to provide a means through which the Company may attract able persons to enter the employ of the Company or one of its subsidiaries. The eligible employees are those employees of the Company or any subsidiary who share responsibility for the management, growth or protection of the business of the Company or any subsidiary, as determined by the Committee. As of September 30, 2017 there were approximately 11,000 employees in the Company.

Under the 2017 Equity Plan, the maximum number of shares available for grants or awards is an aggregate of 1,700,000 shares. The 2017 Equity Plan also includes a fixed sub-limit for the granting of incentive stock options. In general, without further shareholder approval, the maximum number of shares for which incentive stock options may be granted is 1,000,000 shares.

The 2017 Equity Plan provides for (i) the grant of incentive stock options under Section 422 of the Internal Revenue Code, (ii) the grant of nonstatutory stock options, (iii) the grant of stock appreciation rights, either granted in conjunction with stock options (i.e., tandem stock appreciation rights) or not in conjunction with options (i.e., freestanding stock appreciation rights), (iv) restricted share awards, (v) restricted stock units, (vi) performance units and (vii) other stock based awards. Although the 2017 Equity Plan permits the grant of incentive stock options, the Company has not granted incentive stock options under the 2012 Equity Plan or its prior equity incentive plans. The maximum number of shares as to which awards other than performance units or "other stock-based awards" may be made under the 2017 Equity Plan to any one employee in any one calendar year is 250,000 shares. The maximum value of the property, including cash, that may be paid or distributed to any participant pursuant to a grant of performance units in any one calendar year is \$5,000,000, and the maximum value of Common Stock and other property, including cash, that may be paid or distributed to any participant with respect to "other stock based awards" in any one calendar year is also \$5,000,000.

Share Counting. For purposes of the limit on the number of shares available under the 2017 Equity Plan and available for the sub-limit on incentive stock options (but not for the individual limit on shares that can be granted), each share of Common Stock which is subject to an award other than a stock option or a stock appreciation right is counted as one share, except that in case of performance units, shares of Common Stock are counted as one share for each actual share issued only at the time, if any, of the actual issuance of shares pursuant to the performance unit award.

Except in the case of performance unit awards (where shares of Common Stock are counted only upon actual issuance of the shares), to the extent that any award is forfeited, or any option and tandem stock appreciation right (if any) or any free-standing stock appreciation right terminates, expires or lapses without being exercised, or any award is settled for cash, the shares of Common Stock subject to such awards will again be available for awards under the 2017 Equity Plan. However, shares of Common Stock subject to such awards will continue to be counted for purposes of the individual limits on shares that can be granted.



If the exercise price of any stock option and/or the tax withholding obligations relating to any awards are satisfied by delivering shares or withholding shares relating to such award, the gross number of shares subject to the award will nonetheless be deemed to have been granted for purposes of the 2017 Equity Plan and any shares which are delivered back to the Company will not be added to the aggregate number of shares for which awards may be made under the 2017 Equity Plan. If shares of Common Stock are issued upon the exercise of a stock appreciation right, all shares subject to the stock appreciation right are counted regardless of the number of shares issued upon exercise. Additionally, if any shares of Common Stock are repurchased on the open market with the proceeds of a stock option exercise, each such repurchased share of Common Stock is deemed to have been granted for purposes of the 2017 Equity Plan and any shares of Common Stock so repurchased will not be added to the aggregate number of shares for which Awards may be made under the 2017 Equity Plan.

**Administration.** The 2017 Equity Plan will be administered by a Committee appointed by the Board of Directors. At present, this is the Compensation Committee. None of the members of such Committee are eligible to participate in the 2017 Equity Plan.

Subject to the provisions of the 2017 Equity Plan, the Committee has full and final authority, in its discretion, to make awards under the 2017 Equity Plan, and to determine the employees to whom each award is made and the number of shares covered thereby. In determining the eligibility of any employee, as well as in determining the number of shares covered by each award, the Committee considers the position and responsibilities of the employee being considered, the nature and value to the Company or a subsidiary of his or her services, his or her present and/or potential contribution to the success of the Company or a subsidiary and such other factors as the Committee may deem relevant.

The Committee also has the power to interpret the 2017 Equity Plan and to prescribe such rules, regulations and procedures in connection with the operations of the 2017 Equity Plan as it deems necessary and advisable in its administration of the 2017 Equity Plan.

**Terms of Stock Options.** The option price for each stock option may not be less than 100% of the fair market value of the Company's Common Stock on the date of grant of the stock option except that, in the case of an incentive stock option granted to an employee who owns actually or constructively pursuant to the rules contained in Section 424(d) of the Internal Revenue Code more than 10% of the total combined voting power of all classes of stock of the Company or any subsidiary (a "Ten Percent Employee"), the option price may not be less than 110% of such fair market value. Fair market value of the Common Stock for all purposes under the 2017 Equity Plan is the mean between the publicly reported highest and lowest sales prices per share of Class A Common Stock of the Company as quoted on the NASDAQ Exchange on the date as of which fair market value is determined. As of December 29, 2017, the fair market value of the Common Stock of the Company as determined by the above-stated formula was \$53.07 per share. No stock option may be exercised after the expiration of ten years from the date of grant (five years in the case of an incentive stock option granted to a Ten Percent Employee). Unless the Committee, in its discretion, otherwise determines, an exercisable stock option may be exercised in whole or in part. Otherwise stock options may be exercised at such times, in such amounts and subject to such restrictions as are determined in its discretion by the Committee.

The option price for each stock option is payable in full in cash at the time of exercise; however, in lieu of cash the person exercising the stock option may, if authorized by the Committee at the time of grant in the case of an incentive stock option or at any time in the case of a nonstatutory stock option, pay the option price in whole or in part by delivering to the Company shares of Common Stock having a fair market value on the date of exercise of the stock option equal to the option price for the shares being purchased, except that any portion of the option price representing a fraction of a share must be paid in cash.

If the person exercising a stock option participates in a broker or other agent-sponsored exercise or financing program, the Company may cooperate with all reasonable procedures of the broker or other agent to permit participation by the person exercising the stock option in the exercise or financing program, but the exercise of the stock option shall not be deemed to occur and no shares of the Common Stock will be issued until the Company has received full payment in cash for the option price from the broker or other agent.

The aggregate fair market value (determined as of the time the incentive stock options are granted) of the shares of Common Stock with respect to which incentive stock options are exercisable for the first time by a participant in the 2017 Equity Plan during any calendar year may not exceed \$100,000. If the date on which any incentive stock options may first be exercised would be accelerated pursuant to any provision of the 2017 Equity Plan or any stock option agreement, or amendment thereto, and the acceleration of such exercise date would result in a violation of this \$100,000 restriction, then, notwithstanding any such provision, but subject to the authorization provided for in the following sentence, the exercise dates of such incentive stock options will be accelerated only to the date or dates, if any, that do not result in a violation of the \$100,000 restriction, and in such event the exercise dates of the incentive stock options with the lowest option prices would be accelerated to the earliest such dates. The Committee may, in its discretion, authorize the acceleration of the exercise date of one or more incentive stock options even if such acceleration would violate the \$100,000 restriction and one or more incentive stock options would thereby be converted in whole or in part to nonstatutory stock options.

**Stock Appreciation Rights.** A stock appreciation right (“SAR”) entitles the holder to receive, on exercise, the excess of the fair market value of the Common Stock on the exercise date over the SAR grant price. The Committee may grant SAR awards as stand-alone awards or in tandem with a related option award under the 2017 Equity Plan. The SAR grant price is set by the Committee and may not be less than the fair market value of the Common Stock on the date of the grant. Payment upon exercise will be in cash, shares of Common Stock, or both. Unless otherwise determined by the Committee, any related option will no longer be exercisable to the extent a tandem SAR has been exercised, and the exercise of an option will cancel the related tandem SAR.

**Repricing Prohibited.** The 2017 Equity Plan prohibits repricing of options or SARs without further shareholder approval. Repricing means the grant of a new option or SAR in return for the cancellation, exchange or forfeiture of an award that has a higher grant price than the new award, the amendment of an outstanding award to reduce the grant price, the cancellation or repurchase of an option or SAR at a time when grant price is greater than the fair market value of the Common Stock or any action that would be treated, for accounting purposes, as a repricing. The grant of a substitute award under the anti-dilution and anti-enlargement provisions explained under “Miscellaneous,” below, is not a repricing.

**Other Terms of Options and SARS.** Unless the Committee determines otherwise, the following provisions of this paragraph will apply in the event of any termination of employment, except that the third preceding paragraph will apply in any event if the exercise date of any incentive stock option is accelerated. If the employment of a participant who is not a Disabled Participant (as defined in the 2017 Equity Plan) is voluntarily terminated with the consent of the Company or a subsidiary or a participant retires under any retirement plan of the Company or a subsidiary (i) any then outstanding incentive stock option held by the participant is exercisable (but only to the extent the stock option was exercisable immediately prior to the termination of employment) at any time prior to the expiration of the stock option or within three months after the date of termination of employment, whichever is the shorter period, and (ii) any nonstatutory stock option or SAR held by the participant is exercisable (but only to the extent the stock option or SAR was exercisable immediately prior to the termination of employment of the participant) at any time prior to the expiration of the stock option or SAR or within one year after the date of termination of employment, whichever is the shorter period. If the employment of any participant is voluntarily terminated with such consent and such

termination occurs because the participant is a Disabled Participant, any then outstanding stock option or SAR held by the participant is exercisable in full (whether or not so exercisable immediately prior to the termination of employment) at any time prior to the expiration of the stock option or SAR or within one year after the date of termination of employment, whichever is the shorter period. In the event of the death of a participant during employment, any then outstanding stock option or SAR is exercisable in full (whether or not so exercisable immediately prior to the death of the participant) by the person or persons entitled to do so under the will of the participant or, if the participant shall fail to make testamentary disposition of the stock option or SAR or shall die intestate, by the legal representative of the participant, in either case at any time prior to the expiration of the stock option or SAR or within one year after the date of death, whichever is the shorter period. In the event of the death of a participant after termination of employment during a period when a stock option or SAR is exercisable, any outstanding stock option or SAR held by the participant at the time of death is exercisable by the person or persons entitled to do so under the will of the participant or by the legal representative of the participant (but only to the extent the stock option or SAR was exercisable immediately prior to the death of the participant) at any time prior to the expiration of the stock option or SAR within one year after the date of death, whichever is the shorter period.

If the employment of any participant terminates for any other reason, unless the exercise period of a stock option or SAR following termination of employment has been extended upon the occurrence of one or more of the events described under “Additional Rights in Certain Events” below, the rights of the participant under any then outstanding stock option or SAR terminate at the time of such termination of employment.

Unless the Committee, in its discretion, otherwise determines, no stock option or SAR granted under the 2017 Equity Plan is transferable other than by will or by the laws of descent and distribution, and a stock option or SAR may be exercised during a participant’s lifetime only by the participant. If the Committee determines that an award is transferable, it may do so only to the extent that such transfer is made without the payment of value or consideration to the participant.

Each grant of a stock option or SAR must be confirmed by an agreement between the Company and the participant which sets forth the terms of the stock option or SAR.

**Performance Goals.** The Committee may establish performance goals (“Performance Goals”) in connection with the grant of restricted stock, restricted stock units, performance units or “other stock-based awards.” In the case of awards to participants who may be covered employees under Section 162(m) of the Internal Revenue Code where the Committee wishes to qualify the award for the performance-based exception to the limitations on compensation deductions under Section 162(m) of the Internal Revenue Code, the Committee may designate the award as a “Qualified Performance-Based Award” and must certify in writing when the Performance Goals have been achieved. In such cases, the Performance Goals will be based on one or more of the following:

The following criteria for the Company on a consolidated basis, one or more of its direct or indirect subsidiaries, and/or one or more divisions of the foregoing, either in absolute terms or relative to the performance of (x) the Company, its subsidiaries or divisions (for a different period), (y) one or more other companies or (z) an index covering multiple companies: (1) Net Income, (2) Net Income Growth, (3) Economic Value Added (earnings less a capital charge), (4) EBITDA (earnings before interest, taxes, depreciation and amortization) or adjusted EBITDA, (i)(5) Sales, (6) Revenue Growth, (7) Costs, (8) Expenses, (9) Gross Margin, (10) Operating Margin, (11) Pre-tax Profit or Income, (12) Market Share, (13) Return on Net Assets, (14) Return on Assets, (15) Return on Capital, (16) Return on Invested Capital, (17) Cash Flow, (18) Free Cash Flow, (19) Operating Cash Flow, (20) Operating Income, (21) EBIT (earnings before interest and taxes), (22) Debt to Earnings (including EBITDA and EBIT), (23) Working Capital, (24) Working Capital as a percent of sales, (25) Performance versus budgeted amounts, (26) Innovation as measured

by a percentage of sales from new products, (27) Environmental Emissions Improvement, (28) Workforce Diversity and (29) Safety Performance

The following criteria for the Company, either in absolute terms or relative to the performance of the Company (for a different period), one or more other companies or an index covering multiple companies: (1) Stock Price, (2) (ii) Return on Shareholders' Equity, (3) Earnings per Share (basic, diluted, GAAP or non-GAAP), (4) Cash Flow per Share and (5) Total Shareholder Return (stock price appreciation plus dividends)

**Restricted Stock.** Restricted stock awards are actual shares of Common Stock issued to a participant subject to such restrictions (including restrictions on the right of the participant to sell, assign, transfer, pledge or otherwise encumber the shares awarded while such shares are subject to restrictions) as the Committee may impose thereon. Except as otherwise determined by the Committee, the participant shall have, with respect to the shares of the restricted stock, all the rights of a shareholder of the Company, including the right to vote the shares and receive cash dividends, provided that such cash dividends will not be paid to such participant unless and until the shares of Common Stock subject to the restricted stock award become vested. Prior to or at the time of grant, the Committee shall condition the award on the continued employment by the participant, Performance Goals as set by the Committee, or both. Except in the case of a Qualified Performance-Based Award, the Committee may modify or waive any restrictions it imposes. Following a restricted stock award and prior to the lapse of the applicable restrictions, to the extent that share certificates representing the restricted shares are issued, such certificates will either bear a legend referencing the restrictions or will be held by the Company in escrow. Upon the lapse of the applicable restrictions (and not before such time), any share certificates representing the restricted shares and unpaid dividends, if any, will be delivered to the participant, or any shares evidenced by book-entry will be marked unrestricted. If the restrictions applicable to the restricted stock award are not satisfied within the applicable period, the shares subject to the award will be forfeited, any certificates returned to the Company and any book entries changed to evidence transfer of the shares to the Company.

**Restricted Stock Unit Awards.** Restricted stock units are awards denominated in shares of Common Stock that will be settled, subject to the terms and conditions of the restricted stock units and at the sole discretion of the Committee, in an amount of cash, shares of Common Stock, or both, based upon the fair market value of a specified number of shares of Common Stock. The vesting of such units will be conditioned upon the continued service of the participant, the attainment of Performance Goals as set by the Committee, or both. Except in the case of a Qualified Performance-Based Award, the Committee may modify or waive any of the conditions applicable to restricted stock units. Restricted stock units generally may not be transferred by a participant. Participants granted restricted stock units will not be entitled to any dividends payable on the Common Stock unless the agreement relating to the award provides otherwise and shall not have any voting rights with respect to such units.

**Performance Units.** Performance units may be granted by the Committee either alone or in addition to other awards under the 2017 Equity Plan and subject to the satisfaction of Performance Goals specified by the Committee. The Committee may select periods during which the Performance Goals chosen by the Committee are measured for the purpose of determining the extent to which a performance unit has been earned. The Committee decides whether the Performance Goals have been achieved, what amount of the award will be paid and the form of payment, which may be cash, shares of Common Stock or other property or any combination. Performance units will not have any voting rights and holders of performance units will not be shareholders of the Company unless and until shares of Common Stock are issued. Performance units generally may not be transferred by a participant.

Other Awards. The Committee may award Common Stock and other awards that are valued in whole or in part by reference to, or are otherwise based upon, Common Stock, including but not limited to, unrestricted stock or dividend equivalents. Any such award shall be subject to such terms and conditions as established by the Committee.

Certain Restrictions on Certain Awards. Except as otherwise provided in the 2017 Equity Plan, and subject to certain exceptions set forth in the 2017 Equity Plan, awards of restricted stock, restricted stock units, performance units, or other stock-based awards are generally subject to vesting during a restriction period of at least three years following the date of grant. However, a restriction period of only at least one year following the date of grant may be used if vesting is conditional, in whole or in part, upon the achievement of performance goals. Awards with restriction periods of at least three years may first vest upon completion of one year of service measured from the vesting commencement date of the award and thereafter on a pro rata basis over the remainder of any such restriction period. The Committee may grant or accelerate awards without regard to the foregoing requirements for up to, collectively for all such awards, five percent (5%) of the shares available for award under the 2017 Equity Plan.

Additional Rights in Certain Events. The 2017 Equity Plan provides for acceleration of the exercisability and extension of the expiration date of stock options and SARs, for the lapse of the restrictions on restricted share awards, and for the vesting of restricted stock units and performance units upon the occurrence of one or more events described in Section 11 of the 2017 Equity Plan ("Section 11 Events"). Such an event is deemed to have occurred when (i) the Company acquires actual knowledge that any person (other than the Company, a subsidiary or any employee benefit plan sponsored by the Company) has acquired beneficial ownership, directly or indirectly, of securities representing 20% or more of the voting power of the Company, (ii) during any period of two consecutive years less than a majority of the total number of authorized members of the Board of Directors (excluding vacant seats) are persons who were either directors at the beginning of such period and individuals whose election by the Company's security holders, or nomination for election, was approved by a vote of at least a majority of the members of the Nominating and Corporate Governance Committee (consisting of directors then still in office who were directors at the beginning of such period or who were approved for election or nomination in accordance with Section 11 of the 2017 Equity Plan) or at least two-thirds of the directors then still in office who were directors on the Adoption Date or who were so approved (other than individuals whose initial assumption of office is in connection with an election or proxy contest), provided that for purposes of determining whether a Section 11 Event has occurred, each Board then-authorized seat shall count once, (iii) the consummation of a merger, consolidation, share exchange, division or sale or other disposition of assets of the Company as a result of which the shareholders of the Company immediately prior to such transaction do not hold, directly or indirectly, immediately following such transaction, a majority of the voting power of (x) in the case of a merger or consolidation, the surviving or resulting corporation, (y) in the case of a share exchange, the acquiring corporation or (z) in the case of a division or a sale or other disposition of assets, each surviving, resulting or acquiring corporation which, immediately following the transaction, holds more than 30% of the consolidated assets of the Company immediately prior to the transaction or (iv) the commencement of any liquidation or dissolution of the Company (other than pursuant to any transfer of 70% or more of the consolidated assets of the Company to an entity or entities controlled by the Company and/or its shareholders following such liquidation or dissolution).

Unless the agreement or an amendment thereto otherwise provides, but subject to the \$100,000 restriction described above for incentive stock options and exceptions for certain participants described in Section 11 of the 2017 Equity Plan, notwithstanding any other provision contained in the 2017 Equity Plan, upon the occurrence of any Section 11 Event (i) all outstanding stock options and SARs become immediately and fully exercisable whether or not otherwise exercisable by their terms, (ii) all stock options and SARs held by a participant whose employment with the Company or a subsidiary terminates within one year of any Section 11 Event for any reason other than voluntary termination with the consent of the Company or a subsidiary,

retirement under any retirement plan of the Company or a subsidiary or death are exercisable for a period of three months from the date of such termination of employment, but in no event after the expiration date of the stock option or SARs, (iii) all restrictions applicable to restricted stock awards under the 2017 Equity Plan which have not previously lapsed will lapse regardless of the scheduled lapse of such restrictions and (iv) all restricted stock units and performance units are considered to be earned and payable in full, any vesting conditions are considered to have been satisfied, and such restricted stock units and performance units will be settled in cash as promptly as is practicable after the Section 11 Event. None of the provisions (i) to (iv) above in this paragraph will apply to a participant whose securities are included in those determining the beneficial ownership of a person referred to in subsection (i) of the Section 11 Events above.

Miscellaneous. The Board of Directors may alter or amend the 2017 Equity Plan at any time except that, without approval of the shareholders of the Company, no alteration or amendment may (i) increase the maximum aggregate number of shares of Common Stock for which awards may be made under the 2017 Equity Plan, (ii) increase the maximum aggregate number of shares as to which incentive stock options may be granted pursuant to the sub-limit under the 2017 Equity Plan, (iii) make any changes in the class of employees eligible to be granted awards under the 2017 Equity Plan, (iv) change the maximum number of shares as to which awards may be made to any participant under the 2017 Equity Plan, (v) change the maximum amount that may be paid or distributed to any participant in any one calendar year under the 2017 Equity Plan pursuant to a grant of performance units or other stock-based awards, (vi) change the restrictions regarding repricing explained above, (vii) change the option price or base price of any SAR permitted under the 2017 Equity Plan, (viii) be made if shareholder approval of the amendment is at the time required for awards under the 2017 Equity Plan to qualify for the exemption from Section 16(b) of the 1934 Act provided by Rule 16b-3 or by the rules of the NASDAQ Exchange or any other stock exchange on which the Common Stock may then be listed or (ix) be made to the extent such approval is needed for Qualified Performance-Based Awards to qualify for an exemption under Section 162(m) of the Internal Revenue Code. In addition, no alteration or amendment of the 2017 Equity Plan may, without the written consent of the holder of any award theretofore granted under the 2017 Equity Plan, adversely affect the rights of such holder with respect thereto. The Board of Directors may also terminate the 2017 Equity Plan at any time, but termination of the 2017 Equity Plan would not terminate any outstanding awards granted under the 2017 Equity Plan or cause a revocation or forfeiture of any restricted stock award under the 2017 Equity Plan.

The 2017 Equity Plan contains anti-dilution and anti-enlargement provisions providing for adjustment or substitution in the shares available for awards under the 2017 Equity Plan, in the various maximum limitations on awards under the 2017 Equity Plan, in the number of shares covered by outstanding awards under the 2017 Equity Plan and in the exercise price of outstanding awards in certain events, including mergers, consolidations, acquisitions of shares, stock rights offering, liquidation, separation, spinoff, disaffiliation of a subsidiary, extraordinary dividend, stock dividend, stock split, revenue stock split, reorganization, share combination or recapitalization.

Awards to a participant may, in the Committee's sole discretion at any time between the date of grant and the third anniversary of any exercise, payment or vesting of such awards, be cancelled, suspended or required to be repaid to the Company if the participant (i) competes with the Company or its subsidiaries, (ii) induces or attempts to induce any customer, supplier, licensee or certain others to cease doing business with the Company or its subsidiaries, or interferes with the Company's or any of its subsidiaries' relationships with such customer, supplier, licensee or other person, (iii) solicits employees to leave the employment of the Company or its subsidiaries or interferes with their employment relationship, or (iv) defames or disparages the Company, its subsidiaries or certain related persons. Unless the agreement related to an award or an amendment otherwise provides, these provisions do not apply following the occurrence of one or more of the events described under "Additional Rights in Certain Events" above.

All awards under the 2017 Equity Plan constitute a special incentive payment to the participant and are not taken into account in computing the amount of salary or compensation of the participant for the purpose of determining benefits under any other benefit plan or under any agreement between the Company and the participant, unless such plan or agreement specifically provides otherwise.

The 2017 Equity Plan has indemnification provisions providing indemnity for actions taken under the 2017 Equity Plan by members of the Company's Board and the Company's officers.

The 2017 Equity Plan contains provisions intended to comply with both Section 409A of the Internal Revenue Code (related to deferred compensation) and, as discussed above under Performance Goals, Section 162(m) of the Internal Revenue Code (related to performance-based awards). The Committee may establish procedures allowing payment of an award to be deferred, provided any deferral is consistent with Section 409A of the Internal Revenue Code. In such cases of deferral, the participant may be entitled to receive interest or dividends, or dividend equivalents, with respect to shares covered by the award, but in no event will any of the same be paid on any unearned performance units or performance share units until such units vest.

#### Possible Anti-takeover Effect

The provisions of the 2017 Equity Plan providing for the acceleration of the exercise date of outstanding stock options and SARs upon the occurrence of a Section 11 Event, the extension of the period during which outstanding stock options and SARs may be exercised upon termination of employment following a Section 11 Event, the lapse of restrictions applicable to restricted stock and other awards, and accelerated vesting of restricted stock units and performance units upon the occurrence of a Section 11 Event may be considered as having an anti-takeover effect.

#### Awards to Named Officers and Other Employees

The 2017 Equity Plan is new and no awards have been made under it. The Committee has not yet established guidelines or standards on the types of awards it may grant under the 2017 Equity Plan to the named officers or other participants or the number of shares that the awards will cover.

#### Share Repurchases May Prevent Dilution

For a number of years, the Company has had and the Company currently has in place an active share repurchase program. The Company has no specific policy or practice with respect to the repurchase of shares under such program in order to offset grants of shares under its equity plans. However, the effect of any such share repurchase program will be to prevent or minimize the dilutive effect of stock-based compensation plans.

#### Federal Income Tax Consequences

The following is a brief summary of certain of the Federal income tax consequences of awards under the 2017 Equity Plan. It is intended for the information of shareholders considering how to vote at the meeting and not as tax guidance to participants in the 2017 Equity Plan. This summary is not intended to be exhaustive, is based on U.S. federal income tax law currently in effect, does not constitute tax advice and, among other things, does not address possible state, local or foreign tax consequences under present law nor does it describe consequences based on particular circumstances.

**Incentive Stock Options.** A participant does not recognize any taxable income upon receipt of an incentive stock option or generally, at the time of exercise of an incentive stock option, whether cash or shares are used to pay the exercise price. The exercise of an incentive stock option, however, generally does result in an increase in a participant's taxable income for alternative minimum tax purposes.

If a participant exercises an incentive stock option and does not dispose of the shares received in a subsequent "disqualifying disposition" (generally, a sale, gift or other transfer within two years after the date of grant of the incentive stock option or within one year after the shares are transferred to a participant), upon disposition of the shares any amount realized in excess of the participant's tax basis in the shares disposed of is treated as a long-term capital gain, and any loss is treated as a long-term capital loss. In the event of a "disqualifying disposition", the difference between the fair market value of the shares received on the date of exercise and the option price (limited, in the case of a taxable sale or exchange, to the excess of the amount realized upon disposition over the participant's tax basis in the shares) is treated as compensation income received by the participant in the year of disposition. Any additional gain is taxable as a capital gain and any loss as a capital loss, which is long-term or short-term depending on whether the shares were held for more than one year. Special rules apply in determining the compensation income recognized upon a disqualifying disposition if the option price of the incentive stock option is paid with shares of Common Stock. If shares of Common Stock received upon the prior exercise of an incentive stock option are transferred to the Company in payment of the option price of an incentive stock option within either of the periods referred to above, the transfer is considered a "disqualifying disposition" of the shares transferred, but only compensation income determined as stated above, and no capital gain or loss, is recognized.

Neither the Company nor any of its subsidiaries is entitled to a deduction with respect to shares received by a participant upon exercise of an incentive stock option and not disposed of in a "disqualifying disposition." If an amount is treated as compensation received by a participant because of a "disqualifying disposition," the Company or one of its subsidiaries generally is entitled to a deduction in the same amount for compensation paid, subject to the "Limits on Deductions/Other Tax Matters" below.

**Nonstatutory Stock Options.** A participant generally does not recognize any taxable income upon receipt of a nonstatutory stock option. Upon the exercise of a nonstatutory stock option the amount by which the fair market value of the shares received, determined as of the date of exercise, exceeds the option price is treated as compensation income received by the participant in the year of exercise. If the option price of a nonstatutory stock option is paid in whole or in part in shares, no income, gain or loss is recognized by a participant on the receipt of shares equal in value on the date of exercise to shares delivered in payment of the option price. The fair market value of the remainder of the shares received upon exercise of the nonstatutory stock option, determined as of the date of exercise, less the amount of cash, if any, paid upon exercise is treated as compensation income received by the participant on the date of exercise of the stock option.

The Company or one of its subsidiaries generally is entitled to a deduction for compensation paid in the same amount that is treated as compensation received by the participant upon exercise of a nonstatutory stock option, subject to the "Limits on Deductions/Other Tax Matters" below.



**Stock Appreciation Rights.** A participant generally does not recognize any taxable income upon receipt of a SAR (whether as a stand-alone award or in tandem with a related option award). Upon the exercise of a SAR the amount by which the fair market value of the Common Stock subject to the SAR on the exercise date exceeds the SAR grant price is treated as compensation income received by the participant in the year of exercise, whether received in cash, shares of Common Stock or both. The Company or one of its subsidiaries generally is entitled to a deduction for compensation paid in the same amount that is treated as compensation received by the participant upon exercise of the SAR, subject to the “Limits on Deductions/Other Tax Matters” below.

**Restricted Stock.** A participant does not recognize any taxable income upon the grant of the award, provided the shares are subject to restrictions (that is, they are nontransferable and subject to a substantial risk of forfeiture). However, the participant may elect under Section 83(b) of the Internal Revenue Code to recognize compensation income in the year of the award in an amount equal to the fair market value of the shares on the date of the award, determined without regard to the restrictions. If the participant does not make a Section 83(b) election, the fair market value of the shares on the date the restrictions lapse is treated as compensation income to the participant and is taxable in the year the restrictions lapse. If the participant does not make a Section 83(b) election, dividends paid to the participant on the shares prior to the date the restrictions lapse will be treated as compensation income. The Company or one of its subsidiaries generally is entitled to a deduction for compensation paid in the same amount that is treated as compensation income to the participant, subject to the “Limits on Deductions/Other Tax Matters” below.

**Restricted Stock Units.** A participant generally does not recognize any taxable income upon receipt of restricted stock units. Any cash and the fair market value of any shares of Common Stock received by a participant upon the vesting of restricted stock units are treated as compensation income received by the participant in the year of receipt. The Company or one of its subsidiaries generally is entitled to a deduction for compensation paid in the same amount that is treated as compensation income received by the participant upon vesting of the restricted stock units, subject to the “Limits on Deductions/Other Tax Matters” below.

**Performance Units.** A participant generally does not recognize any taxable income upon receipt of performance units. Any cash and the fair market value of any shares of Common Stock and other property received by a participant when performance units are earned are treated as compensation income received by the participant in the year of receipt. The Company or one of its subsidiaries generally is entitled to a deduction for compensation paid in the same amount that is treated as compensation income received by the participant upon the earning of performance units, subject to the “Limits on Deductions/Other Tax Matters” below.

**Other Awards.** The tax consequences to the participant and the Company of awards of Common Stock and other awards that are valued by reference to or otherwise based upon Common Stock will be dependent upon the nature and structure of the award.

**Deferred Compensation.** While the Committee may establish procedures allowing payment of an award to be deferred, any deferral under the 2017 Equity Plan is intended to comply with Section 409A of the Internal Revenue Code so as to avoid additional taxes under Section 409A of the Internal Revenue Code being imposed on the participant.

**Limits on Deductions/Other Tax Matters.** Certain events described above under “Additional Rights in Certain Events” may result in (i) a 20% Federal excise tax (in addition to Federal income tax) to a participant on certain compensation resulting from awards previously received under the 2017 Equity Plan and (ii) the loss of a compensation deduction which would otherwise be allowable to the Company or one of its subsidiaries as explained above.

The Company or one of its subsidiaries generally is entitled to a deduction for compensation paid provided the compensation is reasonable. However, Section 162(m) of the Internal Revenue Code disallows a compensation deduction for compensation paid to the principal executive officer and any of the other three highest compensated officers (other than the principal financial officer) of the Company in excess of \$1 million each in any taxable year of the Company, except that compensation that is performance-based may be excluded from this deduction limitation. (The \$1 million deduction limit is reduced by the amount of any compensation deduction disallowed under the immediately preceding paragraph.) The 2017 Equity Plan has been structured so that compensation arising from the exercise of nonstatutory stock options, SARs or the disqualifying disposition of shares acquired upon exercise of incentive stock options should be performance-based within the meaning of Section 162(m) of the Internal Revenue Code. As indicated above, the 2017 Equity Plan also permits the Committee to designate awards other than options and SARs as Qualified Performance-Based Awards with the objective of qualifying such awards as performance-based within the meaning of Section 162(m) of the Internal Revenue Code. Nevertheless, it is possible that awards may be made which may be subject to the limits of Section 162(m) of the Internal Revenue Code.

In addition to the 2017 Equity Plan, the Company also has a Director Fee Plan. The Director Fee Plan is more fully described in the “Compensation of Directors” section of this Proxy Statement.

#### Equity Plan Information

The following table provides information about grants under the Company’s equity compensation plans as of September 30, 2017:

#### Equity Compensation Plan Information

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column)
	(a)	(b)	(c)
Equity compensation plans approved by security holders	27,504		