DOVER MOTORSPORTS INC
Form 4
January 05, 2016

FORM 4

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

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

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

OMB APPROVAL

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

(Print or Type Responses)

1. Name and Address of Reporting Person *
BELOHOUBEK KLAUS M

(Last) (First) (Middle)

3411 SILVERSIDE ROAD, TATNALL BLDG., SUITE 201

(Street)

WILMINGTON, DE 19810

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
DOVER MOTORSPORTS INC [DVD]

3. Date of Earliest Transaction (Month/Day/Year)
01/03/2016

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
Sr. VP, General Counsel & Secy

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

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

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock, $.10 par value	01/03/2016		A		12,000	A	$ 0	149,193 (1)	D	

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

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SEC 1474 (9-02)

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

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

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
BELOHOUBEK KLAUS M 3411 SILVERSIDE ROAD TATNALL BLDG., SUITE 201 WILMINGTON, DE 19810			Sr. VP, General Counsel & Secy	

Signatures

Klaus M. Belohoubek	01/05/2016
**Signature of Reporting Person	Date

Explanation of Responses:

*	If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
**	Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
(1)	Shares granted January 3, 2016 vest one-fifth per year beginning on the second anniversary of the grant date. Out of total securities beneficially owned in Column 5, 48,000 represent shares of restricted stock granted under the Company's Incentive Stock Plan in transactions exempt under Rule 16b-3 which have not yet vested (beneficial ownership in unvested shares is disclaimed for Section 16 purposes).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
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3/1/2017
3/1/2019
19,290

Explanation of Responses:

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3/1/2020
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2/22/2017
2/22/2019
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5,434

6,019

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Explanation of Responses:

2/22/2020
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5,434

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2/22/2021
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2/16/2016
2/16/2019
7,802

8,071

5,534

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2/16/2020
7,803

8,072

5,534

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4/15/2015
4/15/2019
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7,208

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2/17/2015
2/17/2019
8,875

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6,280

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Total per NEO

173,255

61,853

52,520

29,215

56,003

—

(4) For Ms. Buck, Column (g) includes unvested annual RSUs awarded in February 2016, March 2017 and February 2018, which vest ratably over 3 years and unvested retention RSUs granted in February 2016, which cliff vest after

3 years. For Ms. Little, Column (g) includes unvested annual RSUs awarded in February 2016, February 2017 and February 2018, which vest ratably over 3 years, unvested retention RSUs granted in February 2016, which cliff vest after 3 years and unvested new hire RSUs granted in April 2015, which vest ratably over 4 years. For Mr. O'Day, Column (g) includes unvested annual RSUs awarded in February 2016, February 2017 and February 2018, which vest ratably over 3 years. For Mr. Tillemans and Ms. West, Column (g) includes unvested new hire and replacement RSUs granted in April 2017 and May 2017, respectively, which vest ratably over 3 years and unvested annual RSUs awarded in February 2018, which vest ratably over 3 years. Column (h) sets forth the value of the RSUs reported in Column (g) using the $107.18 closing price per share of our Common Stock on the NYSE on December 31, 2018, the last trading day of 2018. Column (h) also includes the value of dividend equivalents accrued through December 31, 2018, on the RSUs included in Column (g).

(5) Based on progress to date against the performance metrics established for open PSU performance cycles, the first number in Column (i) for each NEO is the maximum number of PSUs potentially payable for the 2018-2020 performance cycle ending on December 31, 2020 and the second number in Column (i) for each NEO is the maximum number of PSUs potentially payable for the 2017-2019 performance cycle ending on December 31, 2019. For Mr. O'Day only, the third number in Column (i) is the target number of PSUs potentially payable for the special PSU award granted to him on May 2, 2017, with a performance cycle ending on May 2, 2019. The actual number of PSUs earned, if any, will be determined at the end of each performance cycle and may be fewer than the number reflected in Column (i). Column (j) sets forth the value of PSUs reported in Column (i) using the $107.18 closing price per share of our Common Stock on the NYSE on December 31, 2018, the last trading day of 2018.

2018 Option Exercises and Stock Vested Table

The following table and explanatory footnotes provide information with regard to amounts paid to or received by our NEOs during 2018 as a result of the exercise of stock options or the vesting of stock awards:

	Option Awards[1]		Stock Awards[2] [3]	
Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ($)
(a)	(b)	(c)	(d)	(e)
Ms. Buck	—	—	10,237	1,123,408
	—	—	5,044	510,297
Ms. Little[4]	37,764	318,366	8,912	978,003
	—	—	6,505	675,289
Mr. O'Day	—	—	7,247	795,286
	—	—	2,054	210,847
Mr. Tillemans[5]	—	—	2,199	202,937
Ms. West[6]	—	—	13,234	1,234,097
Ms. Turner[7]	—	—	5,795	635,943
	—	—	39,206	4,480,571

(1) Column (b) represents the number of stock options exercised by the NEO during 2018, and Column (c) represents the market value at the time of exercise of the shares purchased less the exercise price paid.

(2) For Mmes. Buck, Little and Turner and Mr. O’Day, the first number in Column (d) includes the number of PSUs earned from the 2016-2018 performance cycle that ended on December 31, 2018, as determined by the Compensation Committee, or, in the case of Ms. Buck, by the independent members of our Board. The number of PSUs included in Column (d) reflects payment of the 2016-2018 PSU cycle at 131.08% of target. All of the applicable NEOs received payment of the award in Common Stock in February 2019. In accordance with the terms of the PSU award agreement, each PSU represents one share of our Common Stock valued in Column (e) at $109.74, the closing price of our Common Stock on the NYSE on February 26, 2019, the date the Compensation Committee approved the PSU payment.

Ms. Turner elected to defer 100% of the PSUs earned from the 2016-2018 performance cycle. As a result, on the award payment date, 266 shares were liquidated to cover the associated tax liability and the remaining 5,529 shares were credited to Ms. Turner's Deferred Compensation account.

(3) For Mmes. Buck, Little and Turner and Mr. O’Day, the second number in Column (d) reflects annual RSUs that were distributed in 2018 from the 2016 and 2017 awards and the number in Column (e) sets forth the value of such RSUs at vesting on February 16, 2018 and March 22, 2018, respectively, and cash credits equivalent to dividends accrued during the vesting period.

Ms. Little elected to defer 100% of her 2016 annual award. As a result, on the vesting date of these RSUs, because the cash credits earned for the shares deferred exceeded the tax liability associated with those shares, all of the 1,332 shares were credited to Ms. Little’s Deferred Compensation account and she received a cash payment for the remaining dividend value (less cash withheld to meet tax obligations).

Ms. Turner elected to defer 100% of her 2016 and 2017 annual awards. As a result, on the vesting date of these RSUs, because the cash credits earned for the 1,166 and 1,000 shares deferred, respectively, exceeded the tax liability associated with those shares, a total of 2,166 shares were credited to Ms. Turner’s Deferred Compensation account and she received a cash payment for the remaining dividend value (less cash withheld to meet tax obligations).

(4) For Ms. Little, the second number in Column (d) also reflects RSUs that were distributed in 2018 from a 2015 award and the number in Column (e) sets forth the value of such RSUs at vesting on April 15, 2018 and cash credits equivalent to dividends accrued during the vesting period. Ms. Little elected to defer 100% of this award. Because the cash credits earned for the shares deferred exceeded the tax liability associated with those shares, all of the 4,136 shares were credited to Ms. Little's Deferred Compensation account and she received a cash payment for the remaining dividend value (less cash withheld to meet tax obligations).

(5) For Mr. Tillemans, the number in Column (d) reflects RSUs that were distributed in 2018 from 2017 awards and the number in Column (e) sets forth the value of such RSUs at vesting on May 3, 2018 and cash credits equivalent to dividends accrued during the vesting period.

(6) For Ms. West, the number in Column (d) reflects RSUs that were distributed in 2018 from 2017 awards and the number in Column (e) sets forth the value of such RSUs at vesting on June 1, 2018 and cash credits equivalent to dividends accrued during the vesting period.

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(7) For Ms. Turner, the second number in Column (d) also reflects RSUs that were distributed in 2018 in connection with her retirement and the number in Column (e) sets forth the value of such RSUs at vesting on October 24, 2018 and cash credits equivalent to dividends accrued during the vesting period. These amounts are further described in the section entitled “Separation Payments under Confidential Separation Agreement and Release.” Ms. Turner elected to defer 100% of her 2016 and 2017 annual awards. As a result, on the vesting date of the portion of these RSU awards that received accelerated vesting treatment in connection with Ms. Turner's retirement, because the cash credits earned for the 1,166 and 2,001 shares deferred, respectively, exceeded the tax liability associated with those shares, a total of 3,167 shares were credited to Ms. Turner’s Deferred Compensation account and she received a cash payment for the remaining dividend value (less cash withheld to meet tax obligations).

2018 Pension Benefits Table

Ms. Buck is a participant in our pension plan and is fully vested in benefits under that plan. Ms. Buck is also eligible to participate in our non-qualified DB SERP. No benefit is payable under the DB SERP if the executive officer terminates employment prior to age 55 or if he or she does not have five years of service with the Company. As of December 31, 2018, Ms. Buck had attained age 55 with five years of service and therefore was fully vested in her DB SERP benefit.

The combination of the pension and DB SERP plans was designed to provide a benefit upon retirement at or after reaching age 60 based on a joint and survivor annuity equal to 55% of final average compensation for an executive with 15 or more years of service (reduced pro rata for each year of service under 15). Effective January 1, 2007, the benefit payable under the DB SERP to an executive who was age 50 or over as of January 1, 2007, was reduced by 10%, and the benefit payable to an executive who had not attained age 50 as of January 1, 2007, was reduced by 20%. As a result, the benefit payable to Ms. Buck was reduced by 20%.

Under the terms of the DB SERP, final average compensation is calculated as the sum of (i) the average of the highest three calendar years of base salary paid over the last five years of employment with the Company and (ii) the average of the highest three OHIP awards, paid or deferred, for the last five years of employment with the Company. The benefit accrued under the DB SERP is payable upon retirement (subject to the provisions of Section 409A of the IRC) as a lump sum or a life annuity with 50% benefit continuation to the participant’s surviving spouse, or payment may be deferred in accordance with the provisions of the Company’s Deferred Compensation Plan. The lump sum is equal to the actuarial present value of the joint and survivor pension earned, reduced by the lump sum value of the benefits to be paid under the pension plan and the value of the executive’s Social Security benefits. If the executive terminates employment after age 55 but before age 60, the benefit is reduced for early retirement at a rate of 5% per year for the period until the executive would have turned 60.

The following table and explanatory footnote provide information regarding the present value of benefits accrued under the pension plan and the DB SERP, as applicable, for each NEO as of December 31, 2018. The amounts shown for the DB SERP reflect the reduction for the present value of the benefits under the pension plan and Social Security benefits.

Name	Plan Name	Number of Years Credited Service (#)	Present Value of Accumulated Benefit[(1)] ($)	Payments During Last Fiscal Year ($)
(a)	(b)	(c)	(d)	(e)
Ms. Buck	Pension Plan	14	169,528	—
	DB SERP	14	10,859,612	—
Ms. Little	—	—	—	—
Mr. O'Day	—	—	—	—
Mr. Tillemans	—	—	—	—
Ms. West	—	—	—	—
Ms. Turner	—	—	—	—

(1)These amounts have been calculated using discount rate, mortality and other assumptions consistent with those used for financial reporting purposes as set forth in Note 10 to the Company's Consolidated Financial Statements included in our 2018 Annual Report on Form 10-K which accompanies this Proxy Statement. The actual payments would differ due to plan assumptions. The estimated vested DB SERP benefit, as of December 31, 2018, for Ms. Buck was $11,002,231. The amount is based on Ms. Buck's final average compensation under the terms of the DB SERP, as of December 31, 2018, as shown below:

Name	Final Average Compensation ($)
Ms. Buck	1,857,532
Ms. Little	—
Mr. O'Day	—
Mr. Tillemans	—
Ms. West	—
Ms. Turner	—

2018 Non-Qualified Deferred Compensation Table

Our NEOs are eligible to participate in the Company's Deferred Compensation Plan. The Deferred Compensation Plan is a non-qualified, non-funded plan that permits participants to defer compensation that would otherwise be paid to them currently. The Deferred Compensation Plan is intended to secure the goodwill and loyalty of participants by enabling them to defer compensation when the participants deem it beneficial to do so and by providing a vehicle for the Company to make, on a non-qualified basis, contributions that could not be made on the participants' behalf to the 401(k) plan. The Company credits the Deferred Compensation Plan with a specified percentage of compensation for NEOs participating in the non-qualified DC SERP.

Our NEOs may elect to defer payments to be received from the OHIP, PSU and RSU awards, but not stock options or base salary. Amounts deferred under the DB SERP, DC SERP, OHIP, PSU and RSU awards are fully vested and are credited to the individual's account under the Deferred Compensation Plan. Participants elect to receive payment at

termination of employment or some other future date. DB SERP payments designated for deferral into the Deferred Compensation Plan are not credited as earned but are credited in full upon the participant’s retirement.
Payments are distributed in a lump sum or in annual installments for up to 15 years. All amounts are payable in a lump sum following a Change in Control (as such terms is defined in the EICP). All elections and payments under the Deferred Compensation Plan are subject to compliance with Section 409A of the IRC, which may limit elections and require a delay in payment of benefits in certain circumstances.

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While deferred, amounts are credited with notional earnings as if they were invested by the participant in one or more investment options offered by the Deferred Compensation Plan. The investment options under the Deferred Compensation Plan consist of investment in a deferred common stock unit account that we value according to the performance of our Common Stock (for awards paid in stock) or in mutual funds or other investments available to participants in our 401(k) plan (for awards paid in cash). The participants' accounts under the Deferred Compensation Plan fluctuate daily, depending upon performance of the investment options elected.

Effective January 1, 2007, we began crediting the deferred compensation accounts of all employees, including the NEOs, with the amount of employer matching contributions that exceed the limits established by the IRS for contribution to the 401(k) plan. These amounts are credited in the first quarter of the year after they are earned. As shown in the footnotes to the 2018 Summary Compensation Table, these amounts are designated as "Supplemental 401(k) Match" and are included as "All Other Compensation" in the year earned. These amounts also are included in Column (c) of the 2018 Non-Qualified Deferred Compensation Table in the year earned. All of our NEOs are eligible for a Supplemental 401(k) Match credit for 2018. With the exception of Mr. Tillemans and Ms. West, all of the NEOs are fully vested in the Supplemental 401(k) Match credits presented and will be paid at a future date or at termination of employment, as elected by the executive subject to the provisions of Section 409A of the IRC. Mr. Tillemans and Ms. West will vest in this benefit upon completion of two years of employment. If vested, they will receive payment for this benefit at termination of employment subject to the provisions of Section 409A of the IRC.

Effective January 1, 2007, we began crediting the deferred compensation accounts of all employees hired on or after January 1, 2007, including eligible NEOs, with the amount of Core Retirement Contributions that exceed the limits established by the IRS for contribution to the 401(k) plan. These amounts are credited in the first quarter of the year after they are earned. As shown in the footnotes to the 2018 Summary Compensation Table, these amounts are designated as "Supplemental Core Retirement Contribution" and are included as "All Other Compensation" in the year earned. These amounts also are included in Column (c) of the 2018 Non-Qualified Deferred Compensation Table in the year earned. Mmes. Little, Turner and West and Messrs. O'Day and Tillemans are eligible for a Supplemental CRC credit for 2018. Ms. Little and Mr. O'Day are fully vested in this benefit and will receive payment at termination of employment subject to the provisions of Section 409A of the IRC. Mr. Tillemans and Ms. West will vest in this benefit upon completion of two years of employment. If vested, they will receive payment for this benefit at termination of employment subject to the provisions of Section 409A of the IRC. Ms. Turner was fully vested in this benefit upon her retirement.

Mmes. Little and West and Messrs. O'Day and Tillemans are also eligible to participate in our DC SERP, a part of the Deferred Compensation Plan. The DC SERP provides annual allocations to the Deferred Compensation Plan equal to a percentage of compensation determined by the Compensation Committee in its sole discretion. In order to receive the annual DC SERP allocation, an executive must (i) defer into the 401(k) plan the maximum amount allowed by the Company or the IRS and (ii) be employed on the last day of the plan year, unless the executive terminates employment after age 55 and completion of five years of continuous employment preceding termination, dies or becomes disabled. After completing five years of service with the Company, an executive is vested in 10% increments based on his or her age. An executive age 46 with five years of service is 10% vested and an executive age 55 with five years of service is 100% vested. The annual DC SERP allocation for Mmes. Little and West and Messrs. O'Day and Tillemans is equal to 12.5% of base salary and OHIP award for the calendar year, whether paid or deferred.

Mr. O'Day is 100% vested in his DC SERP benefit, while Mmes. Little and West and Mr. Tillemans are 0% vested because they have not yet completed five years of continuous employment with the Company. Ms. Turner was eligible to participate in our DC SERP benefit prior to her retirement and she was fully vested at retirement.

The following table and explanatory footnotes provide information relating to the activity in the Deferred Compensation Plan accounts of the NEOs during 2018 and the aggregate balance of the accounts as of December 31, 2018:

Name	Executive Contributions in Last Fiscal Year(1) ($)	Registrant Contributions in Last Fiscal Year(2) ($)	Aggregate Earnings in Last Fiscal Year(3) ($)	Aggregate Withdrawals/ Distributions(4) ($)	Aggregate Balance at Last Fiscal Year-End(5) ($)
(a)	(b)	(c)	(d)	(e)	(f)
Ms. Buck	—	97,439	(241,511)	—	10,126,110
Ms. Little	534,511	217,380	2,927	—	2,365,723
Mr. O'Day	—	197,583	(58,435)	—	2,076,715
Mr. Tillemans	—	183,911	(4,458)	—	250,549
Ms. West	—	194,081	(7,060)	—	251,771
Ms. Turner	861,496	102,687	(157,767)	1,867,601	4,316,421

(1) Column (b) reflects the value of RSU awards that otherwise would have been received by Mmes. Little and Turner during 2018 and the value of PSU awards that otherwise would have been received by Ms. Turner during 2018 had they not been deferred under the Deferred Compensation Plan.

(2) For Ms. Buck, Column (c) reflects the Supplemental 401(k) Match contributions earned for 2018. For Mmes. Little, Turner and West and Messrs. O'Day and Tillemans, Column (c) reflects the DC SERP, the Supplemental 401(k) Match contributions and the Supplemental CRC earned for 2018. These contributions are included in Column (i) of the 2018 Summary Compensation Table.

(3) Column (d) reflects the adjustment made to each NEO's account during 2018 to reflect the performance of the investment options chosen by the executive. Amounts reported in Column (d) were not required to be reported as compensation in the 2018 Summary Compensation Table.

(4) Column (e) reflects the aggregate value of vested amounts under the Deferred Compensation Plan paid to Ms. Turner in connection with her retirement in 2018. In accordance with section 409A of the IRC, these payments were delayed for six months following Ms. Turner's separation from service.

(5) Column (f) reflects the aggregate balance credited to each NEO as of December 31, 2018, including the 2018 amounts reflected in Columns (b), (c) and (d). The following table indicates the portion of the Column (f) balance that reflects amounts disclosed in a Summary Compensation Table included in proxy statements for years prior to 2018:

Name	Amounts Reported in Previous Years(a) ($)
Ms. Buck	3,852,805
Ms. Little	2,148,342
Mr. O'Day	1,870,940
Mr. Tillemans	66,638
Ms. West	57,690
Ms. Turner	4,187,286

(a) This amount reflects the fair market value as of December 31, 2018, of vested PSU, RSU and OHIP awards as well as DC SERP, Supplemental 401(k) Match and Supplemental CRC credits. The amounts disclosed in the Summary Compensation Table included in proxy statements for years prior to 2018 reflect the grant date value of such awards, rather than the fair market value as of December 31, 2018.

Potential Payments upon Termination or Change in Control

We maintain plans covering our NEOs that will require us to provide incremental compensation in the event of termination of employment or a Change in Control (as such term is defined in the applicable governing document), provided certain conditions are met. The following narrative takes each hypothetical termination of employment situation – voluntary resignation, termination for Cause, death, disability, retirement, termination without Cause, and resignation for Good Reason – and a Change in Control of the Company, and describes the additional amounts, if any, that the Company would pay or provide to the NEOs, or their beneficiaries, as a result. This narrative regarding hypothetical termination events does not include information on benefits the Company would pay or provide to Ms. Turner upon the occurrence of such events as she was no longer an employee of the Company on December 31, 2018. Instead, the actual payments made to Ms. Turner upon her retirement are described below under the section entitled "Separation Payments under Confidential Separation Agreement and General Release."

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The narrative below and the amounts shown reflect certain assumptions we have made in accordance with SEC rules. We have assumed that the termination of employment or Change in Control occurred on December 31, 2018, and that the value of a share of our Common Stock on that day was $107.18, the closing price on the NYSE on December 31, 2018, the last trading day of 2018.

In addition, in keeping with SEC rules, the following narrative and amounts do not include payments and benefits which are not enhanced by a qualifying termination of employment or Change in Control. These payments and benefits are referred to as "vested benefits" and include:

- Vested benefits accrued under the 401(k) and pension plans;
- Accrued vacation pay, health plan continuation and other similar amounts payable when employment terminates under programs generally applicable to the Company's salaried employees;
- Vested Supplemental 401(k) Match and Supplemental CRC provided to the NEOs on the same basis as all other employees eligible for Supplemental 401(k) Match and Supplemental CRC;
- Vested benefits accrued under the DB SERP and account balances held under the Deferred Compensation Plan as previously described in the sections entitled "2018 Pension Benefits Table" and "2018 Non-Qualified Deferred Compensation Table"; and
- Stock options which have vested and become exercisable prior to termination of employment or Change in Control.

Voluntary Resignation (other than a Resignation for Good Reason)

We are not obligated to pay amounts over and above vested benefits to a NEO who voluntarily resigns. Vested stock options may not be exercised after the NEO's resignation date unless the executive meets retirement eligibility requirements (separation after attainment of age 55 with at least five years of continuous service).

Termination for Cause

If we terminate a NEO's employment for Cause, we are not obligated to pay the executive any amounts over and above vested benefits. The NEO's right to exercise vested stock options expires upon termination for Cause, and amounts otherwise payable under the DB SERP are subject to forfeiture at the Company's discretion. In general, a termination will be for Cause if the executive has been convicted of a felony or has engaged in gross negligence or willful misconduct in the performance of duties, material dishonesty or a material violation of Company policies, including our Code of Conduct, or bad faith actions in the performance of duties not in the best interests of the Company.

Death or Disability

If a NEO dies prior to meeting the vesting requirements under the DB SERP, no benefits are paid. As of December 31, 2018, Ms. Buck was fully vested in her DB SERP benefit and her estate would therefore be entitled to a payout of such benefits in the event of her death.

If a NEO dies or becomes disabled prior to meeting the vesting requirements under the 401(k) plan or for the Supplemental 401(k) Match, Supplemental CRC or DC SERP benefits, the accrued amounts under those plans become vested. Mr. Tillemans and Ms. West are not fully vested in these benefits. In the event of death or disability, Mr. Tillemans and Ms. West would have received $290,375 and $289,656, respectively, as a result of vesting.

Ms. Little is not fully vested in her DC SERP benefit. In the event of death or disability, Ms. Little would have received $482,697 as a result of vesting.

In the event of termination due to disability, long-term disability (“LTD”) benefits are generally payable until age 65, but may extend longer if disability benefits begin after age 60, and are offset by other benefits such as Social Security. The maximum amount of the monthly LTD payments from all sources, assuming LTD began on December 31, 2018, is set forth in the table below:

	Long-Term Disability Benefit			
Name	Maximum Monthly Amount ($)	Years and Months Until End of LTD Benefits (#)	Total of Payments ($)	Lump Sum Benefit[(1)] ($)
Ms. Buck	35,000	7 years 9 months	3,255,000	317,566
Ms. Little	25,000	6 years 5 months	1,925,000	851,681
Mr. O'Day	25,000	1 year	300,000	169,148
Mr. Tillemans	25,000	7 years 3 months	2,175,000	607,556
Ms. West	25,000	8 years 9 months	2,625,000	622,624

(1) For Ms. Buck, the amount reflects additional DB SERP and pension plan benefits payable at age 65 that are attributable to benefit service credited during the disability period, along with additional SRC contributions through the year prior to which she reaches age 65. For Mr. O’Day, the amount reflects 12 additional months of CRC, Supplemental CRC and DC SERP credit upon disability. For Ms. Little, the amount reflects two additional years of CRC, Supplemental CRC and DC SERP credit and vesting in the DC SERP upon disability. For Mr. Tillemans and Ms. West, amounts reflect an additional two years of CRC, Supplemental CRC and DC SERP credits and vesting in their respective 401(k) Match, CRC, Supplemental 401(k) Match, Supplemental CRC and DC SERP upon disability.

Treatment of Stock Options upon Retirement, Death or Disability

In the event of retirement, death or disability, vested stock options remain exercisable for a period of three or five years, not to exceed the option expiration date. The exercise period is based upon the terms and conditions of the individual grant. Retirement is defined as separation after attainment of age 55 with at least five years of continuous service.

Options that are not vested at the time of retirement, death or disability will generally vest in full (subject to the exception described in the following sentence) and the options will remain exercisable for three or five years following termination, depending on the terms and conditions of the grant. Options granted in the year of retirement are prorated based upon the number of full calendar months worked in that year.

The following table provides the number of unvested stock options that would have become vested and remained exercisable during the three-year or five-year periods following death or disability, or retirement if applicable, on December 31, 2018, and the value of those options based on the excess of the fair market value of our Common Stock on December 31, 2018, the last trading day of 2018, over the applicable option exercise price. As of December 31, 2018, Ms. Buck and Mr. O’Day were considered retirement eligible based on the provisions of all outstanding option awards. Because Mmes. Little and West and Mr. Tillemans were not considered retirement eligible as of December 31, 2018, they would have forfeited 61,853 stock options, 56,003 stock options and 29,215 stock options, respectively, upon voluntary separation.

	Stock Options	
Name	Number[(1)] (#)	Value[(2)] ($)
Ms. Buck	173,255	935,068
Ms. Little	61,853	479,725
Mr. O'Day	52,520	318,405
Mr. Tillemans	29,215	136,682
Ms. West	56,003	276,156

(1) Represents the total number of unvested options as of December 31, 2018.

(2) Reflects the difference between $107.18, the closing price for our Common Stock on the NYSE on December 31, 2018, the last trading day of 2018, and the exercise price for each option. Options for which the exercise price exceeds $107.18 are not included in the calculations.

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Treatment of RSUs upon Retirement, Death or Disability

In the event of retirement, death or disability, RSUs that are not vested will generally vest in full (subject to the exception described in the following sentence). RSUs granted in the year of retirement are prorated based upon the number of full calendar months worked in that year. The retention RSU awards granted to Ms. Buck and Ms. Little in 2016 were subject to forfeiture in the event of retirement.

The following table provides the number of unvested RSUs that would have vested on December 31, 2018, if the executive’s employment terminated that day due to death or disability. Mmes. Little and West and Mr. Tillemans were not considered retirement eligible as of December 31, 2018 and they would have forfeited 22,068 RSUs, 32,338 RSUs and 7,329 RSUs, respectively, upon voluntary separation. Ms. Buck's retention RSU award was subject to forfeiture in the event of retirement and she would have forfeited 55,316 RSUs upon a voluntary separation.

	Restricted Stock Units	
Name	Number[(1)]	Value[(2)]
	(#)	($)
Ms. Buck	78,291	8,901,689
Ms. Little	22,068	2,520,219
Mr. O'Day	5,868	655,444
Mr. Tillemans	7,329	814,215
Ms. West	32,338	3,606,203

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(1) Represents the total number of unvested RSUs as of December 31, 2018.

(2) Based on the closing price of $107.18 for our Common Stock on the NYSE on December 31, 2018, the last trading day of 2018, plus accrued dividend equivalents.

Treatment of PSUs upon Retirement, Death or Disability

In general, in the event of retirement, death or disability, any unvested contingent PSUs are prorated based on the number of full or partial months worked in each of the open PSU cycles. Any remaining unvested contingent PSUs not prorated are forfeited. The special PSU award granted to Mr. O’Day in 2017 is subject to forfeiture in the event of his retirement.

The following table provides the total number of contingent PSUs each NEO would be entitled to if the executive’s employment ended on December 31, 2018 due to death or disability, or retirement if applicable. As of December 31, 2018, Ms. Buck and Mr. O’Day were considered retirement eligible based on the provisions of all open PSU cycles, with the exception of Mr. O’Day’s special PSU award. Mmes. Little and West and Mr. Tillemans were not considered retirement eligible as of December 31, 2018 and they would have forfeited all of their contingent PSUs upon voluntary separation. Mr. O’Day would have forfeited 9,341 contingent PSUs upon voluntary separation per the provisions of his special PSU award agreement.

	Performance Stock Units	
Name	Number[(1)]	Value[(2)]
	(#)	($)
Ms. Buck	34,771	3,726,756
Ms. Little	15,408	1,651,429
Mr. O'Day	19,896	2,132,453
Mr. Tillemans	4,630	496,243
Ms. West	7,262	778,341

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(1) For the 2016-2018 PSU cycle, amount reflects the total number of contingent PSUs calculated by multiplying the number of contingent target PSUs by 131.08%, the final performance score for that cycle. For the 2017-2019 and 2018-2020 PSU cycles and Mr. O’Day’s special PSU award, amount reflects the total number of contingent PSUs at target.

(2)

Based on the closing price of $107.18 for our Common Stock on the NYSE on December 31, 2018, the last trading day of 2018.

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Termination without Cause; Resignation for Good Reason

Under Ms. Buck’s employment agreement and the EBPP 3A, as applicable, we have agreed to pay severance benefits if we terminate a NEO’s active employment without Cause or if the NEO resigns from active employment for Good Reason, in each case as defined in the applicable document. Severance benefits consist of a lump sum payment calculated as a multiple of base salary as well as continued OHIP eligibility, calculated as the lower of target or actual Company performance, for a set period of time, as shown in the table below. Additionally, all NEOs would be entitled to receive a pro rata payment of the OHIP award, if any, earned for the year in which termination occurs, continuation of health and welfare benefits and financial planning and tax preparation benefits for a set period of time, as shown in the table below as well as outplacement services up to $35,000.

Plan	Benefit Entitlement Severance Multiple	OHIP Continuation	Health and Welfare Benefits	Financial Planning and Tax Preparation Benefits
Ms. Buck’s employment agreement and participants in EBPP 3A on or before February 22, 2011	2 times	24 months	24 months	24 months
Participants in EBPP 3A after February 22, 2011	1.5 times	18 months	18 months	18 months

If a NEO has not met retirement eligibility requirements and his or her employment is terminated for reasons other than for Cause, or if the NEO terminates for Good Reason, he or she will be eligible to exercise all vested stock options and a prorated portion of his or her unvested stock options held on the date of separation from service for a period of 120 days following separation. If the NEO is age 55 or older with five or more years of continuous service and his or her employment is terminated for reasons other than for Cause, or if the NEO terminates for Good Reason, the NEO will be entitled to exercise any vested stock options until the earlier of three or five years (based on the provisions of the individual grant) from the date of termination or the expiration of the options.

In addition, if a NEO has not met retirement eligibility requirements and his or her employment is terminated for reasons other than for Cause, or if the NEO terminates for Good Reason, the NEO will vest in a prorated portion of any unvested RSUs held on the date of separation from service.

The following table provides the incremental amounts that would have vested and become payable to each NEO had his or her employment terminated on December 31, 2018, under circumstances entitling the NEO to severance benefits as described above:

Name	Salary ($)	OHIP at Target ($)	PSU Related Payments(1) ($)	Vesting of Stock Options(1) ($)	Vesting of Restricted Stock Units(1) ($)	Value of Benefits Continuation(2) ($)	Value of Financial Planning and Outplacement(3) ($)	Total ($)
Ms. Buck	2,266,000	3,399,000	—	—	6,082,409	41,444	68,000	11,856,853
Ms. Little	988,095	839,881	—	343,048	2,199,100	28,006	59,750	4,457,880
Mr. O'Day	1,254,600	1,003,680	—	—	—	27,124	68,000	2,353,404
Mr. Tillemans	975,000	780,000	—	61,210	520,011	2,796	59,750	2,398,767
Ms. West	1,018,875	815,100	—	122,617	2,383,293	28,105	59,750	4,427,740

(1) Reflects the value of equity awards that would have vested and become payable to each NEO over and above amounts they would have received upon a voluntary termination.

(2) Reflects projected medical, dental, vision and life insurance continuation premiums paid by the Company during the applicable time period following termination.

(3) Value of maximum payment for financial planning and tax preparation continuation during the applicable time period following termination plus outplacement services of $35,000.

For information with respect to stock options, RSUs and PSUs held by each NEO as of December 31, 2018, refer to the Outstanding Equity Awards at 2018 Fiscal-Year End Table.

Change in Control

The EBPP 3A and the terms of the applicable award agreements provide for the vesting and payment of the following benefits to each of the NEOs upon a Change in Control:

- An OHIP payment for the year in which the Change in Control occurs, calculated as the greater of target or the estimated payment based on actual performance through the date of the Change in Control;
- To the extent not vested, full vesting of benefits accrued under the DB SERP and the Deferred Compensation Plan;
- To the extent not vested, full vesting of benefits under the 401(k) and pension plans;
- If not replaced with awards that qualify as Replacement Awards (as defined in the EICP), full vesting of all outstanding RSUs and stock options;
- If not replaced with awards that qualify as Replacement Awards (as defined in the EICP), a vested and non-forfeitable right to receive a lump sum cash payment equal to the target PSU grant for the performance cycle ending in the year of the Change in Control, determined based upon the greater of target or actual performance through the date of the Change in Control, with each PSU valued at the higher of (a) the highest closing price for our Common Stock during the 60 days prior to (and including the date of) the Change in Control and (b) the price at which an offer is made to purchase shares of our Common Stock from the Company's stockholders, if applicable (the higher of (a) and (b), the "Transaction Value"); and
- If not replaced with awards that qualify as Replacement Awards (as defined in the EICP), a vested and non-forfeitable right to receive a lump sum cash payment equal to the target PSU grant for the second year of the performance cycle and a prorated portion of the target PSU grant for the first year of the performance cycle at the time of the Change in Control, with each PSU valued at the higher of the Transaction Value and the highest closing price of our Common Stock from the date of the Change of Control until the earlier of the end of the applicable grant cycle or the NEO's separation from service.

Under our EICP and the terms of the applicable award agreements, awards that are continued as Replacement Awards after a Change in Control are not subject to accelerated vesting or payment upon the Change in Control. In the event of termination of employment within two years following the Change in Control for any reason other than termination for Cause or resignation without Good Reason, the replacement awards will vest and become payable as described below.

The following table and explanatory footnotes provide information with respect to the incremental amounts that would have vested and become payable on December 31, 2018, if a Change in Control occurred on that date.

Name	OHIP Related Payment(1) ($)	PSU Related Payments(2) ($)	Vesting of Stock Options(3) ($)	Vesting of Restricted Stock Units(3) ($)	Retirement and Deferred Compensation Benefits(4) ($)	Total(5) ($)
Ms. Buck	—	927,986	—	6,355,034	—	7,283,020
Ms. Little	3,310	970,207	479,725	2,520,219	482,697	4,456,158
Mr. O'Day	—	1,231,625	—	—	—	1,231,625
Mr. Tillemans	39,446	656,650	136,682	814,215	290,375	1,937,368
Ms. West	—	1,054,996	276,156	3,606,203	289,656	5,227,011

(1) With the exception of Ms. Little and Mr. Tillemans, the amount of the OHIP award earned for 2018 was greater than target. Therefore, no incremental amount attributable to that program would have been payable upon a Change in Control. For Ms. Little and Mr. Tillemans, reflects the difference between the target amount and the actual amount earned.

(2) Amounts reflect vesting of PSUs awarded, as follows:

- For the performance cycle which ended on December 31, 2018, the difference between a value per PSU of $110.01, the highest closing price for our Common Stock on the NYSE during the last 60 days of 2018, and a value per PSU of $107.18, the closing price of our Common Stock on the NYSE on December 31, 2018, the last trading day of 2018;

- For the performance cycle ending December 31, 2019, and for Mr. O'Day's special PSU award, at target performance, with a value per PSU of $110.01, the highest closing price for our Common Stock on the NYSE during the last 60 days of 2018; and
- For the performance cycle ending December 31, 2020, one-third of the contingent target units awarded, at target performance, with a value per PSU of $110.01, the highest closing price for our Common Stock on the NYSE during the last 60 days of 2018.

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Because Mr. O'Day and Ms. Buck were retirement eligible as of December 31, 2018, as of that date they had already vested in a portion of the PSU awards for the performance cycles ending December 31, 2019 and December 31, 2020. Accordingly, with respect to these NEOs, the amount for the performance cycle ending December 31, 2019, reflects only (i) an incremental payment of the portion of the PSU award that would vest upon ta Change in Control if the awards were not continued as Replacement Awards (i.e., 1/3 of the total award) and (ii) an incremental benefit equal to the difference between a value per PSU of $110.01, the highest closing price of our Common Stock on the NYSE during the last 60 days of 2018, and a value per PSU of $107.18, the closing price of our Common Stock on the NYSE on December 31, 2018, the last trading day of 2018, while the amount for the performance cycle ending December 31, 2020, reflects only an incremental benefit equal to the difference between a value per PSU of $110.01 and a value per PSU of $107.18.

(3) Reflects the value of equity awards that would have vested and become payable to each NEO over and above amounts that would have already vested.

(4) Reflects the full vesting value of DB SERP benefits and more favorable early retirement discount factors as provided under the EBPP 3A. Ms. Buck is fully vested in her DB SERP benefit and the more favorable early retirement factors do not apply to the CEO, so no additional benefit is applicable. For Ms. West and Mr. Tillemans, the amount includes the vesting of their respective DC SERP benefit, 401(k), Supplemental 401(k) Match, CRC and Supplemental CRC. For Ms. Little, the amount includes the vesting of her DC SERP benefit. Mr. O'Day is fully vested in his DC SERP benefit so no additional benefit is applicable.

(5) For any given executive, the total payments made in the event of a Change in Control would be reduced to the "safe harbor" limit under IRC Section 280G if such reduction would result in a greater after-tax benefit for the executive.

Termination without Cause or Resignation for Good Reason after Change in Control

If a NEO's employment is terminated by the Company without Cause or by the NEO for Good Reason within two years after a Change in Control, we pay severance benefits under the EBPP 3A to assist the NEO in transitioning to new employment. These severance benefits as of December 31, 2018, consist of:

- A lump sum cash payment equal to two (or, if less, the number of full and fractional years from the date of termination to the executive's 65th birthday, but not less than one) times:
- The executive's base salary; and
- The highest OHIP award payment paid or payable during the three years preceding the year of the Change in Control (but not less than the OHIP target award for the year of the termination) ("Highest OHIP");
- For replacement PSU awards, a lump sum cash payment equal to the target PSU grant for the performance cycle ending in the year of the Change in Control, determined based upon the greater of target or actual performance through the date of the Change in Control, with each PSU valued at the Transaction Value;
- For replacement PSU awards, a lump sum cash payment equal to the target PSU grant for the second year of the performance cycle and a prorated portion of the target PSU grant for the first year of the performance cycle at the time of the Change in Control, with each PSU valued at the higher of the Transaction Value and the highest closing price of our Common Stock from the date of the Change of Control until the NEO's separation from service;
- For replacement stock options and RSU awards (including accrued cash credits equivalent to dividends that would have been earned had the executive held Common Stock instead of RSUs), full vesting of all unvested stock options and RSUs;
- Continuation of medical, dental, vision and life benefits for 24 months (or, if less, the number of months until the executive attains age 65, but not less than 12 months), or payment of the value of such benefits if continuation is not permitted under the terms of the applicable plan;
- For executives who do not participate in the pension plan, a lump sum equal to the CRC rate times the sum of their base salary and Highest OHIP times the number of years in their severance period (two, or, if less, the number of full and fractional years from the date of termination to the executive's 65th birthday, but not less than one). IRS limitations imposed on the 401(k) and pension plans will not apply for this purpose;
- Outplacement services up to $35,000 and reimbursement for financial counseling and tax preparation services for two years;
-

An enhanced matching contribution cash payment equal to the 401(k) matching contribution rate of 4.5% multiplied by the executive's base salary and Highest OHIP calculated as if such amounts were paid during the years in the executive's severance period. For this purpose, the IRS limitations imposed on the 401(k) plan do not apply;

- For executives who participate in the DB SERP, an enhanced benefit reflecting an additional two years of credit; and
- For executives who participate in the DC SERP, an enhanced benefit reflecting a cash payment equal to the applicable percentage rate multiplied by his or her base salary and Highest OHIP calculated as if such amounts were paid during the years in the executive's severance period.

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The following table provides amounts that would have vested and become payable to each NEO over and above amounts they would have received upon a termination by the Company without Cause or by the NEO for Good Reason, assuming a Change in Control occurred and the executive's employment terminated on December 31, 2018:

Name	Lump Sum Cash Severance Payment ($)	PSU Related Payments[1] ($)	Vesting of Stock Options ($)	Vesting of RSUs ($)	Value of Medical and Other Benefits Continuation ($)	Value of Financial Planning and Outplace-ment ($)	Value of Enhanced DB SERP/ DC SERP and 401(k) Benefit[2] ($)	Total[3] ($)
Ms. Buck	—	927,986	—	272,625	—	—	6,756,963	7,957,574
Ms. Little	609,325	970,207	136,677	321,119	9,678	8,250	487,460	2,542,716
Mr. O'Day	—	1,231,625	—	—	—	—	225,828	1,457,453
Mr. Tillemans	585,000	656,650	75,472	294,204	946	8,250	468,000	2,088,522
Ms. West	611,325	1,054,996	153,539	1,222,910	9,712	8,250	489,060	3,549,792

(1) Amounts reflect vesting of PSUs awarded as described in footnote (2) to the Change in Control table.

(2) For Ms. Buck, this value reflects the amounts of enhanced DB SERP, 401(k) Match and Supplemental 401(k) Match over a 24-month period. For

Mmes. Little and West and Mr. Tillemans, the value reflects the amounts of DC SERP, CRC, Supplemental CRC, 401(k) Match and Supplemental 401(k) Match that would have been paid had they remained employees for 24 months after their termination. For Mr. O'Day, the value reflects the amounts of DC SERP, CRC, Supplemental CRC, 401(k) Match and Supplemental 401(k) Match that would have been paid had he remained an employee for 12 months after his termination.

(3) For any given executive the total payments made in the event of termination after a Change in Control would be reduced to the "safe harbor" limit under IRC Section 280G if such reduction would result in a greater after-tax benefit for the executive.

Separation Payments under Confidential Separation Agreement and General Release

On January 18, 2018, we announced that Ms. Turner, then Senior Vice President, General Counsel and Corporate Secretary, had informed the Company of her intention to retire effective March 31, 2018. In connection with her retirement, Ms. Turner entered into a Confidential Separation Agreement and General Release pursuant to which she received or will receive certain payments and benefits, including the following:

- A lump sum cash separation payment equal to $964,020;
- Payment of her 2018 OHIP award ($446,168) and eligibility to receive a pro rata 2019 OHIP award, depending on Company performance;
- Retirement treatment for stock options, RSUs and PSUs, which resulted in accelerated vesting of 44,251 stock options, accelerated vesting and distribution of 3,850 RSUs and a non-forfeitable right to receive 6,982 contingent target PSUs;
- Accelerated vesting and distribution of 33,190 retention RSUs granted in February 2016;
- Health and welfare benefit continuation for 18 months;
- A lump sum distribution of vested amounts under the Deferred Compensation Plan, including the DC SERP, equal to $1,867,601;
- Reimbursement for financial counseling and tax preparation for a maximum of 24 months following her retirement (maximum reimbursement of $15,000 for financial counseling and $1,500 for tax preparation in 2018 and 2019, and $3,750 for financial counseling and $375 for tax preparation in 2020); and
- Outplacement services equal to $35,000.

Under the terms of the Confidential Separation Agreement and General Release, Ms. Turner remains subject to all of the terms and conditions of her ECRCA with the Company, dated as of June 8, 2012, that survive the termination of her employment with the Company. In consideration of the payments and benefits provided to Ms. Turner under the Confidential Separation Agreement and General Release, she executed a release of all claims against the Company.

CEO Pay Ratio Disclosure

The annual total compensation of our CEO for fiscal year 2018 was $11,718,372. The median of the annual total compensation for all employees, excluding the CEO, for fiscal year 2018 was $29,270. As a result, we estimate that the ratio of the annual total compensation of our CEO to the annual total compensation of the median employee for fiscal year 2018 was 400 to 1.

We identified the median employee using base salary, including overtime, earned in the first nine months of 2018 for all employees, excluding our CEO, as of October 9, 2018, the second Tuesday in October in 2018. After identifying the median employee, we calculated annual total compensation for such employee using the same methodology used for calculating the total compensation of our NEOs as set forth in the Summary Compensation Table.

Equity Compensation Plan Information

The following table provides information about all of the Company's equity compensation plans as of December 31, 2018:

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)) (#)
	(a)	(b)	(c)
Equity compensation plans approved by security holders[1]			
Stock Options	5,394,382	94.28	
Performance Stock Units and Restricted Stock Units	999,018	N/A	
Subtotal	6,393,400	94.28	9,949,523
Equity compensation plans not approved by security holders	N/A	N/A	N/A
Total	6,393,400	94.28[2]	9,949,523

(1) Includes amounts earned or paid in cash or shares of Common Stock at the election of the director or deferred by the director under the Directors' Compensation Plan. Column (a) includes stock options, PSUs and RSUs granted under the EICP. Of the securities available for future issuances under the EICP in column (c), 5,201,978 were available for awards of stock options and 4,747,545 were available for full-value awards such as PSUs, performance stock, RSUs, restricted stock and other stock-based awards. Securities available for future issuance of full-value awards may also be used for stock option awards.

(2) Weighted-average exercise price of outstanding stock options only.

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PROPOSAL NO. 3 – ADVISE ON NAMED EXECUTIVE OFFICER COMPENSATION

The Board of Directors unanimously recommends that stockholders
ü vote FOR approval, on a non-binding advisory basis, of the compensation
of the Company's named executive officers

In accordance with the Dodd-Frank Wall Street Reform and Consumer Protection Act and related SEC rules, and as required under Section 14A of the Exchange Act, we are providing stockholders an opportunity to conduct an advisory vote regarding the compensation of our NEOs as disclosed in this Proxy Statement.

Prior to submitting your vote, we encourage you to read our Compensation Discussion & Analysis and the accompanying executive compensation tables for details about our executive compensation program, including information about the 2018 compensation of our NEOs.

As discussed in more detail in the Compensation Discussion & Analysis, we believe our executive compensation program is competitive and governed by pay-for-performance principles. We emphasize compensation opportunities that reward results. Our stock ownership requirements and use of stock-based incentives reinforce the alignment of the interests of our executives with those of our long-term stockholders. In doing so, our executive compensation program supports our strategic objectives and mission.

Accordingly, we ask you to approve the following resolution at the Annual Meeting:

“RESOLVED, that the stockholders of The Hershey Company approve, on an advisory basis, the compensation paid to the Company’s named executive officers, as disclosed in the Proxy Statement for the 2019 Annual Meeting of Stockholders pursuant to the SEC’s compensation disclosure rules, including the Compensation Discussion & Analysis, the Executive Compensation Tables and the related narrative discussion.”

Because your vote is advisory, it will not be binding upon the Board. However, as noted in the Compensation Discussion & Analysis, the Compensation Committee and the Board will, as deemed appropriate, take into account the outcome of the vote when considering future decisions affecting executive compensation.

The affirmative vote of the holders of at least a majority of the shares of Common Stock and Class B Common Stock (voting together as a class) represented at the Annual Meeting, in person or by proxy, is required to approve this proposal.

SECTION 16(a) BENEFICIAL OWNERSHIP
REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires our directors and executive officers, as well as any person who is the beneficial owner of more than 10% of our outstanding Common Stock, to file reports with the SEC and NYSE showing their ownership and changes in ownership of the Company's securities. Copies of these reports also must be furnished to us. Based on an examination of these reports and on written representations provided to us, it is our opinion that all reports for 2018 were timely filed.

CERTAIN TRANSACTIONS AND RELATIONSHIPS

Item 404 of SEC Regulation S-K requires that we disclose any transaction or series of similar transactions, or any currently proposed transaction(s), in which (i) the Company was or is to be a participant, (ii) the amount involved exceeds $120,000 and (iii) any of the following persons had or will have a direct or indirect material interest:

- Our directors or nominees for director;
- Our executive officers;
- Persons owning more than 5% of any class of our outstanding voting securities; or
- The immediate family members of any of the persons identified in the preceding three bullets.

Policies and Procedures Regarding Transactions with Related Persons

The Board has adopted a written Related Person Transaction Policy that governs the review, approval or ratification of related person transactions. The Related Person Transaction Policy may be viewed on the Investors section of our website at www.thehersheycompany.com.

Under the Related Person Transaction Policy, each related person transaction, and any significant amendment or modification to a related person transaction, must be reviewed and approved or ratified by a committee of our Board composed solely of independent directors who have no interest in the transaction. We refer to each such committee as a Reviewing Committee. The Related Person Transaction Policy also permits the disinterested members of the full Board to act as a Reviewing Committee.

The Board has designated the Governance Committee as the Reviewing Committee primarily responsible for the administration of the Related Person Transaction Policy. In addition, the Board has designated a special Reviewing Committee to oversee certain transactions involving the Company and Hershey Trust Company, Milton Hershey School, the Milton Hershey School Trust and companies owned by or affiliated with any of the foregoing. Finally, the Related Person Transaction Policy provides that the Compensation Committee will review and approve, or review and recommend to the Board for approval, any employment relationship or transaction involving an executive officer of the Company and any related compensation.

When reviewing, approving or ratifying a related person transaction, the Reviewing Committee will examine all material facts about the related person's interest in, or relationship to, the transaction, including the approximate dollar value of the transaction. If the related person transaction involves an outside director or nominee for director, the Reviewing Committee also may consider whether the transaction would compromise the director's status as an "independent director," "outside director" or "non-employee director" under the Board's Corporate Governance Guidelines, the NYSE Rules, the IRC or the Exchange Act.

Transactions with Hershey Trust Company, Milton Hershey School and the
Milton Hershey School Trust

During 2018, there were no transactions with the Company in which any executive officer, director or nominee for director, or any of their immediate family members, had a direct or indirect material interest that would need to be disclosed pursuant to Item 404 of SEC Regulation S-K, nor were any such transactions planned.

In any given year, we may engage in certain transactions with Hershey Trust Company, Milton Hershey School, the Milton Hershey School Trust and companies owned by or affiliated with any of the foregoing. These transactions are typically immaterial, ordinary-course transactions that do not constitute related person transactions. However, from time to time we may also engage in related person transactions with Hershey Trust Company, Milton Hershey School, the Milton Hershey School Trust and/or their subsidiaries and affiliates. Under the Board's Corporate Governance Guidelines, a special Reviewing Committee composed of the independent, disinterested members of the Executive Committee must approve these transactions.

Effective November 7, 2018, the Company entered into a Stock Purchase Agreement with Hershey Trust Company, as trustee for the Milton Hershey School Trust, pursuant to which the Company agreed to purchase 450,000 shares of the Company's common stock from Milton Hershey School Trust at a price equal to $106.30 per share, for a total purchase price of $47,835,000. The transaction was approved by the independent directors of the Company's Board having no affiliation with Hershey Trust Company, Milton Hershey School, the Milton Hershey School Trust or their affiliates.

The Company was not a participant in any other transactions in 2018, and does not currently contemplate being a participant in any transactions in 2019, with any stockholder owning more than 5% of any class of the Company's outstanding voting securities that would need to be disclosed pursuant to Item 404 of SEC Regulation S-K.

During 2018, we engaged in transactions in the ordinary course of our business with Hershey Trust Company, Milton Hershey School and companies affiliated with Hershey Trust Company, Milton Hershey School and the Milton Hershey School Trust. These transactions involved the sale and purchase of goods and services as well as the leasing of real estate at market rates. The transactions were primarily with Hershey Entertainment & Resorts Company, a company that is owned by the Milton Hershey School Trust. All sales and purchases were made on terms and at prices we believe were generally available in the marketplace and were in amounts that were not material to us or to Hershey Entertainment & Resorts Company. Therefore, these transactions did not require approval under our Related Person Transaction Policy.

Although our transactions with Hershey Trust Company, Milton Hershey School and the companies affiliated with each of the foregoing and with the Milton Hershey School Trust (including Hershey Entertainment & Resorts Company) are either immaterial or otherwise not required to be disclosed under Item 404 of SEC Regulation S-K, because of our relationship with these entities, we have elected to disclose the aggregate amounts of our purchase and sale transactions with these entities for your information. In this regard:

- Our total sales to these entities in 2018 were approximately $1.5 million; and
- Our total purchases from these entities in 2018 were approximately $1.7 million.

We do not expect the types of transactions or the amount of payments to change materially in 2019.

Effective June 1, 2017, the Company entered into a lease with Hershey Entertainment & Resorts Company for a portion of a building owned and occupied by the Company in Hershey, Pennsylvania. The leased area consists of approximately 17,660 square feet of storage space in the building that is not being utilized currently by the Company. The lease permits Hershey Entertainment & Resorts Company to renew the lease for subsequent one-year terms and, if space is available, to request an increase in the area occupied. The lease is on terms we believe are generally available in the marketplace and is not material to us or Hershey Entertainment & Resorts Company. Rent during 2018 was $66,850, which included a pro rata allocation of utilities, insurance, maintenance and other operating costs.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

Mmes. Arway, Haben and Koken and Messrs. Mead, Palmer and Ridge served as members of our Compensation Committee at various times during 2018. None of the members of our Compensation Committee served as one of our officers or employees during 2018 or at any time in the past, and neither they nor any other director served as an executive officer of any entity for which any of our executive officers served as a director or member of its compensation committee.

None of the members of our Compensation Committee has a relationship with us that is required to be disclosed under Item 404 of SEC Regulation S-K.

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OTHER MATTERS

Householding of Proxy Materials

The SEC has adopted rules that allow us to send in a single envelope our Notice of Internet Availability of Proxy Materials or a single copy of our proxy solicitation and other required annual meeting materials to two or more stockholders sharing the same address. We may do this only if the stockholders at that address share the same last name or if we reasonably believe that the stockholders are members of the same family. If we are sending a Notice of Internet Availability of Proxy Materials, the envelope must contain a separate notice for each stockholder at the shared address. Each Notice of Internet Availability of Proxy Materials must contain a unique control number that each stockholder will use to gain access to our proxy materials and vote online. If we are mailing a paper copy of our proxy materials, the rules require us to send each stockholder at the shared address a separate proxy card.

We believe this rule is beneficial both to our stockholders and to the Company. Our printing and postage costs are lowered anytime we eliminate duplicate mailings to the same household. However, stockholders at a shared address may revoke their consent to the householding program and receive their Notice of Internet Availability of Proxy Materials in a separate envelope, or, if they have elected to receive a full copy of our proxy materials in the mail, receive a separate copy of these materials. If you have elected to receive paper copies of our proxy materials and want to receive a separate copy of these materials for our 2019 Annual Meeting, please call our Investor Relations Department, toll free, at (800) 539-0261. If you consented to the householding program and wish to revoke your consent for future years, simply call, toll free, (866) 540-7095, or write to Broadridge, Householding Department, 51 Mercedes Way, Edgewood, New York 11717.

Information Regarding the 2020 Annual Meeting of Stockholders

The 2020 Annual Meeting of Stockholders is expected to be held on May 12, 2020. To be eligible for inclusion in the proxy materials for the 2020 Annual Meeting of Stockholders, a stockholder proposal must be received by our Secretary by no later than December 13, 2019, and must comply in all respects with applicable rules of the SEC. Stockholder proposals should be addressed to The Hershey Company, c/o Secretary, 19 East Chocolate Avenue, Hershey, Pennsylvania 17033.

A stockholder may present a proposal not included in our proxy materials from the floor of the 2020 Annual Meeting of Stockholders only if our Secretary receives notice of the proposal, along with additional information required by our by-laws, between January 22, 2020 and February 21, 2020. Notice should be addressed to The Hershey Company, c/o Secretary, 19 East Chocolate Avenue, Hershey, Pennsylvania 17033.

The notice must contain the following additional information:

- The stockholder’s name and address;
- The stockholder’s shareholdings;
- A brief description of the proposal;
- A brief description of any financial or other interest the stockholder has in the proposal; and
- Any additional information that the SEC would require if the proposal were presented in a proxy statement.

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A stockholder may nominate a director from the floor of the 2020 Annual Meeting of Stockholders only if our Secretary receives notice of the nomination, along with additional information required by our by-laws, between January 22, 2020 and February 21, 2020. The notice must contain the following additional information:

- The stockholder's name and address;
- A representation that the stockholder is a holder of record of any class of our equity securities;
- A representation that the stockholder intends to make the nomination in person or by proxy at the meeting;
- A description of any arrangement the stockholder has with the individual the stockholder plans to nominate and the reason for making the nomination;
- The nominee's name, address and biographical information;
- The written consent of the nominee to serve as a director if elected;
- Any additional information regarding the nominee that the SEC would require if the nomination were included in a proxy statement regardless of whether the nomination may be included in such proxy statement; and
- Any stockholder holding 25% or more of the votes entitled to be cast at the 2020 Annual Meeting of Stockholders is not required to comply with these pre-notification requirements.

By order of the Board of Directors,
Damien Atkins
Senior Vice President,
General Counsel and Secretary

April 11, 2019

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VOTE BY INTERNET - www.proxyvote.com

Use the Internet to transmit your voting instructions until 11:59 p.m. EDT on May 20, 2019. Have your proxy and voting instruction card in hand when you access the website and follow the instructions to obtain your records and to create an electronic voting instruction form.

VOTE BY PHONE - (800) 690-6903

Use any touch-tone telephone to transmit your voting instructions until 11:59 p.m. EDT on May 20, 2019. Have your proxy and voting instruction card in hand when you call and follow the instructions from the telephone voting site.

VOTE BY MAIL

Mark, sign and date your proxy and voting instruction card and return it in the postage-paid envelope we have provided or return it to The Hershey Company, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

THE HERSHEY COMPANY

P.O. BOX 819

HERSHEY, PA 17033-0819

E70542-P16939-Z73811

THIS PROXY AND VOTING INSTRUCTION CARD IS VALID ONLY WHEN SIGNED AND DATED.

For
All

Withhold
All

For All
Except

To withhold authority to vote for any individual nominee(s), mark "For All Except" and write the number(s) of the nominee(s) on the line below.

THE HERSHEY COMPANY

1. Election of Directors

Nominees:

07) M. D. Koken

08) R. M. Malcolm

09) A. J. Palmer

10) J. R. Perez

11) W. L. Schoppert

12) D. L. Shedlarz

01) P. M. Arway

02) J. W. Brown

03) M. G. Buck

04) C. A. Davis

05) M. K. Haben

06) J. C. Katzman

For

Against

Abstain

The Board of Directors recommends you vote FOR Proposals 2 and 3:

!

!

!

2. Ratify the appointment of Ernst & Young LLP as independent auditors for 2019.

!

!

The Board of Directors recommends you vote FOR each of the following nominees:

!

3. Approve named executive officer compensation on a non-binding advisory basis.

The proxies are authorized to vote, in their discretion, for a substitute should any nominee become unavailable for election and upon such other business as may properly come before the meeting.

NOTE: Please follow the instructions above to vote by Internet or telephone, or mark, sign (exactly as name(s) appear(s) above) and date this card and mail promptly in the postage-paid, return envelope provided. Executors, administrators, trustees, attorneys, guardians, etc., should so indicate when signing.

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Admission Ticket

THE HERSHEY COMPANY

2019 Annual Meeting of Stockholders

Tuesday, May 21, 2019

10:00 a.m. EDT

GIANT Center

550 West Hersheypark Drive

Hershey, PA 17033

Presenting this Admission Ticket at

HERSHEY'S CHOCOLATE WORLD Attraction

entitles you to 25% off selected items

from 9:00 a.m. until 6:00 p.m. EDT

on May 21, 2019.

Offer good on May 21, 2019, only.

Important Notice Regarding the Availability of Proxy Materials for the

2019 Annual Meeting of Stockholders to be held on May 21, 2019:

The Notice of 2019 Annual Meeting and Proxy Statement, 2018 Annual Report to Stockholders

and proxy card are available at www.proxyvote.com.

FOLD AND DETACH HERE

FOLD AND DETACH HERE

E70543-P16939-Z73811

THE HERSHEY COMPANY

The undersigned hereby appoints M. G. Buck and D. Atkins, and each of them, as proxies, with full power of substitution, to attend The Hershey Company (the "Company") Annual Meeting of Stockholders to be held at 10:00 a.m. EDT, May 21, 2019, at GIANT Center, 550 West Hersheypark Drive, Hershey, Pennsylvania, or at any adjournment thereof ("Annual Meeting"), and to vote all of the undersigned's shares of the Company's Common Stock in the manner directed on the reverse side of this card. The shares represented by this proxy, when executed properly, will be voted in the manner directed. If direction is not given but the card is signed, this proxy will be voted FOR the election of all nominees under Proposal 1, FOR Proposal 2 and FOR Proposal 3 as set forth on the reverse side, and in the discretion of the proxies with respect to such other business as may properly come before the meeting.

This proxy is solicited on behalf of the Board of Directors pursuant to a separate Notice of 2019 Annual Meeting and Proxy Statement dated April 11, 2019, receipt of which is hereby acknowledged. The shares of Common Stock represented by this proxy shall be entitled to one vote for each such share held. Except with regard to voting separately as a class on the election of J. R. Perez and W. L. Schoppert, shares of Common Stock will vote together with shares of Class B Common Stock without regard to class.

THIS PROXY AND VOTING INSTRUCTION CARD IS CONTINUED ON THE REVERSE SIDE.

STOCKHOLDER'S PROXY AND VOTING
INSTRUCTION CARD

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VOTE BY INTERNET - www.proxyvote.com

Use the Internet to transmit your voting instructions until 11:59 p.m. EDT on May 20, 2019. Have your proxy card in hand when you access the website and follow the instructions to obtain your records and to create an electronic
voting instruction form.

VOTE BY PHONE - (800) 690-6903

Use any touch-tone telephone to transmit your voting instructions until 11:59 p.m. EDT on May 20, 2019. Have your proxy card in hand when you call and follow the instructions from the telephone voting site.

VOTE BY MAIL

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to The Hershey Company, c/o Broadridge, 51 Mercedes Way,
Edgewood, NY 11717.

THE HERSHEY COMPANY

P.O. BOX 819

HERSHEY, PA 17033-0819

E70544-P16939-Z73811

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

For
All

Withhold
All

For All
Except

To withhold authority to vote for any individual nominee(s), mark "For All Except" and write the number(s) of the nominee(s) on the line below.

THE HERSHEY COMPANY

The Board of Directors recommends you vote FOR each of the following nominees:

!

!

!

1. Election of Directors

Nominees:

01) P. M. Arway

02) J. W. Brown

03) M. G. Buck

04) C. A. Davis

05) M. K. Haben

06) J. C. Katzman

07) M. D. Koken

08) R. M. Malcolm

09) A. J. Palmer

10) D. L. Shedlarz

For

Against

Abstain

The Board of Directors recommends you vote FOR Proposals 2 and 3:

!

!

!

2. Ratify the appointment of Ernst & Young LLP as independent auditors for 2019.

!

!

!

3. Approve named executive officer compensation on a non-binding advisory basis.

The proxies are authorized to vote, in their discretion, for a substitute should any nominee become unavailable for election and upon such other business as may properly come before the meeting.

NOTE: Please follow the instructions above to vote by Internet or telephone, or mark, sign (exactly as name(s) appear(s) above) and date this card and mail promptly in the postage-paid, return envelope provided. Executors, administrators, trustees, attorneys, guardians, etc., should so indicate when signing.

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Admission Ticket

THE HERSHEY COMPANY

2019 Annual Meeting of Stockholders

Tuesday, May 21, 2019

10:00 a.m. EDT

GIANT Center

550 West Hersheypark Drive

Hershey, PA 17033

Presenting this Admission Ticket at

HERSHEY'S CHOCOLATE WORLD Attraction

entitles you to 25% off selected items

from 9:00 a.m. until 6:00 p.m. EDT

on May 21, 2019.

Offer good on May 21, 2019, only.

Important Notice Regarding the Availability of Proxy Materials for the

2019 Annual Meeting of Stockholders to be held on May 21, 2019:

The Notice of 2019 Annual Meeting and Proxy Statement, 2018 Annual Report to Stockholders

and proxy card are available at www.proxyvote.com.

FOLD AND DETACH HERE

FOLD AND DETACH HERE

E70545-P16939-Z73811

THE HERSHEY COMPANY

CLASS B COMMON STOCK

This Proxy is Solicited on Behalf of the Board of Directors

The undersigned, having received the Notice of 2019 Annual Meeting and Proxy Statement of The Hershey Company (the “Company”) dated April 11, 2019, appoints M. G. Buck and D. Atkins, and each of them, as proxies, with full power of substitution, to represent and vote all of the undersigned’s shares of the Company’s Class B Common Stock at the Annual Meeting of Stockholders to be held at 10:00 a.m. EDT, May 21, 2019, at GIANT Center, 550 West Hersheypark Drive, Hershey, Pennsylvania, or at any adjournment thereof.

The shares represented by this proxy will be voted in the manner directed herein by the undersigned stockholder(s), who shall be entitled to cast ten votes for each such share held. If direction is not given but the card is signed, this proxy will be voted FOR the election of all nominees under Proposal 1, FOR Proposal 2 and FOR Proposal 3 as set forth on the reverse side, and in the discretion of the proxies with respect to such other business as may properly come before the meeting.

This proxy is continued on the reverse side.

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