

CASELLA WASTE SYSTEMS INC

Form DEF 14A

April 24, 2017

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**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the**

**Securities Exchange Act of 1934**

**(Amendment No. )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

**CASELLA WASTE SYSTEMS, INC.**

**(Name of Registrant as Specified In Its Charter)**

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

- (1) Title of each class of securities to which transaction applies:
  
  
  
  
  
  
  
  
  
  
- (2) Aggregate number of securities to which transaction applies:
  
  
  
  
  
  
  
  
  
  
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Fee paid previously with preliminary materials.

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

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(3) Filing party:

(4) Date Filed:

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**CASELLA WASTE SYSTEMS, INC.**

25 Greens Hill Lane

Rutland, Vermont 05701

**NOTICE OF THE 2017 ANNUAL MEETING OF STOCKHOLDERS**

**To be Held on Tuesday, June 6, 2017**

The 2017 Annual Meeting of Stockholders (the "2017 Annual Meeting") of Casella Waste Systems, Inc., a Delaware corporation (the "Company," "we," "us" or "our"), will be held on Tuesday, June 6, 2017 at 10:00 a.m. Eastern Time, at the Killington Grand Hotel, located at 228 East Mountain Road, Killington, Vermont 05751, to consider and act on the following matters:

1. To elect three Class II directors, each to serve for a term expiring at the 2020 Annual Meeting of Stockholders;
2. To approve, in an advisory "say-on-pay" vote, the compensation of our named executive officers, as described in the Compensation Discussion and Analysis, executive compensation tables and accompanying narrative disclosures in this proxy statement;
3. To recommend, in an advisory "say-on-frequency" vote, the frequency of future advisory "say-on-pay" votes;
4. To ratify the appointment of RSM US LLP, an independent registered public accounting firm, as our independent auditors for the fiscal year ending December 31, 2017; and
5. To transact such other business as may properly come before the 2017 Annual Meeting and any postponement, adjournment, rescheduling or continuation thereof.

Stockholders of record of our Class A common stock and our Class B common stock at the close of business on April 20, 2017, the record date for the 2017 Annual Meeting, are entitled to notice of, and to vote at, the 2017 Annual Meeting or any adjournment thereof. Your vote is important regardless of the number of shares you own. If you are a stockholder of record, please vote in one of the following ways:

***Vote over the Internet*** by going to the website of our tabulator, Computershare Trust Company, N.A., at [www.investorvote.com/CWST](http://www.investorvote.com/CWST) and following the instructions for Internet voting shown on the enclosed proxy card;

***Vote by Telephone***, by calling 1-800-652-VOTE (8683) and following the recorded instructions; or

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***Vote by Mail***, by completing and signing your enclosed proxy card and mailing it in the enclosed postage prepaid envelope. If you vote over the Internet or by telephone, please do not mail your proxy card.

If your shares are held in street name, that is, held for your account by a bank, broker or other nominee, please use the enclosed voting instruction form for your shares to be voted by mail or telephone or over the Internet.

All stockholders are invited to attend the 2017 Annual Meeting in person. You may obtain directions to the 2017 Annual Meeting by contacting our Investor Relations Department at 1-802-775-0325. Whether or not you plan to attend the 2017 Annual Meeting in person, we urge you to take the time to vote your shares.

Please read the attached proxy statement in its entirety, as it contains important information you need to know to vote at the 2017 Annual Meeting.

By order of the Board of Directors,

April 24, 2017

*John W. Casella*

Rutland, Vermont

*Chairman and Chief Executive Officer*

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**PROXY STATEMENT**

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**CASELLA WASTE SYSTEMS, INC.**

**25 Greens Hill Lane**

**Rutland, Vermont 05701**

**PROXY STATEMENT**

*for the*

**2017 ANNUAL MEETING OF STOCKHOLDERS**

**To be held on Tuesday, June 6, 2017**

**TIME, DATE AND PLACE OF 2017 ANNUAL MEETING**

This proxy statement and the enclosed proxy card are being furnished to you in connection with the solicitation of proxies by Casella Waste Systems, Inc. (the Company, we, us or our ) Board of Directors (the Board ), for use at the 2017 Annual Meeting of Stockholders to be held on Tuesday, June 6, 2017 at 10:00 a.m. Eastern Time, at the Killington Grand Hotel, located at 228 East Mountain Road, Killington, Vermont 05751, and at any adjournments, postponements, continuations or reschedulings thereof (the 2017 Annual Meeting ), pursuant to the enclosed Notice of the 2017 Annual Meeting.

The Notice of the 2017 Annual Meeting, this proxy statement, the accompanying proxy card and our Annual Report to Stockholders for the fiscal year ended December 31, 2016 (the 2016 Annual Report ), are being mailed to stockholders on or about April 28, 2017. Stockholders should review the information provided herein in conjunction with our 2016 Annual Report that accompanies this proxy statement. Our principal executive offices are located at 25 Greens Hill Lane, Rutland, Vermont 05701, and our telephone number is (802) 775-0325.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS**

**For the 2017 Annual Meeting of Stockholders to be Held on Tuesday, June 6, 2017**

The proxy materials, which include this proxy statement, a proxy card and our 2016 Annual Report are available for viewing, printing and downloading at <http://ir.casella.com/annual-proxy.cfm>.

A copy of our Annual Report on Form 10-K (including financial statements and schedules) for the fiscal year ended December 31, 2016, as filed with the Securities and Exchange Commission (the SEC ), except for exhibits, will be furnished without charge to any stockholder upon oral or written request to Casella Waste Systems, Inc., Attn: Investor Relations, 25 Greens Hill Lane, Rutland, Vermont 05701, Telephone: 1-802-775-0325.

This proxy statement and our Annual Report on Form 10-K for the fiscal year ended December 31, 2016 are also available on the SEC 's website at [www.sec.gov](http://www.sec.gov).

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This summary highlights information that is contained elsewhere in this proxy statement and does not include all of the information that you should consider. You should read the entire proxy statement carefully before voting.

**2017 Annual Meeting of Stockholders**

**Date and Time** Tuesday, June 6, 2017 at 10:00 a.m. Eastern Time

**Location** Killington Grand Hotel, 228 East Mountain Rd., Killington, VT 05751

**Record Date** April 20, 2017

**Voting Matters and Board Recommendations**

<b>Item</b>	<b>Proposal</b>	<b>Board Recommendation</b>	<b>Page Number</b>
1	Elect three Class II Directors	For	59
2	Approve, in an advisory say-on-pay vote, the compensation of our named executive officers	For	61
3	Recommend, in an advisory say-on-frequency vote, the frequency of future advisory say-on-pay votes	Every 1 YEAR	63
4	Ratify the appointment of RSM US LLP as the Company's independent auditors for the fiscal year ending December 31, 2017	For	64
5	Transact other business that properly comes before the meeting		

**2017 Nominees for the Board of Directors**



Name	Age	Principal Occupation	Committee Memberships
<b>Joseph G. Doody</b>	64	Vice Chairman, Staples, Inc.	Compensation (Chair)
<b>Emily Nagle Green</b>	59	Former President and Chief Executive Officer of Smart Lunches, Inc.	Compensation Nominations and Governance
<b>Gregory B. Peters</b> (Nominee for Class A Director)*	71	Managing General Partner of Lake Champlain Capital Management, LLC	Compensation Audit Nominations and Governance (Chair)

\* Elected by vote of holders of Class A Common Stock only.

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**Company Performance Highlights and Execution Against Strategic Plan**

Over the last several years, we have performed well against our key strategic initiatives, with this solid execution translating into strong stockholder value creation in the fiscal year ended December 31, 2016 ( fiscal 2016 ).

<b>Increase landfill returns</b>	<b>Drive collection profitability</b>	<b>Create value through resource solutions</b>	<b>Improve balance sheet &amp; reduce risk</b>
<p>Drive pricing in disposal capacity constrained markets in our Eastern region; pivoted Western region strategy to balance pricing over volumes.</p>	<p>Target profitable revenue growth, operating efficiencies, and selling or swapping under-performing routes or operations.</p>	<p>Our recycling, organics, and customer solutions operations provide value-added resource services to help our customers meet their sustainability goals.</p>	<p>Deploy capital in a disciplined manner and focus on debt repayment with excess cash flows.</p>
<p>Annual landfill volumes up +779,000 (or +21.9%) since fiscal 2013.</p>	<p>Collection pricing growth of +4.6% in fiscal 2016.</p>	<p>Introduced SRA fee in fiscal 2015 to substantially reduce commodity volatility.</p>	<p>October 2016 refinancing reduced cash interest costs by approximately \$11 million per year.</p>
<p>Landfill price up +2.1% in fiscal 2016.</p>	<p>Cost of operations as a % of collection revenues down -640 bps from fiscal 2014 to fiscal 2016.</p>	<p>Recycling operating income up +630% from fiscal 2014 to fiscal 2016, while commodity prices down -9% over same period.<sup>(1)</sup></p>	<p>Disciplined capital strategy &amp; increased hurdle rates.</p>
<p>Received important landfill expansions in early fiscal 2016 at Ontario, Chemung and Hyland landfills.</p>			<p>Reduced consolidated leverage ratio in fiscal 2016.</p>

(1) Operating income for our recycling operation excludes inter-company management fees from both comparative periods.

(2) Peer stocks include: Covanta Holding Corporation, Republic Services, Inc., Waste Connections, Inc. and Waste Management, Inc. Performance is measured as total shareholder return from December 31, 2015 to December 30, 2016.

**Executive Compensation Highlights**

We maintain an executive compensation program that reflects our corporate strategy and short- and long-term business objectives and that provides performance-based pay that aligns the interests of our executives with those of our stockholders.

Our stockholders have shown their support for our executive compensation program as evidenced by a 97% favorable say on-pay vote at our 2016 Annual Meeting of Stockholders.

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Our Compensation Committee periodically reviews our executive compensation program to ensure continued alignment with our philosophy, corporate strategy, and business objectives. As a result of the Compensation Committee's review during 2015 and the concurrent refresh of our Strategic Plan, we made several key changes to our executive pay practices for fiscal 2016 in order to further align pay with our performance and to ensure continued alignment of executive pay with our corporate strategy. These changes, which include a shift to more performance-based pay elements, are described in our Compensation Discussion and Analysis. The change in the overall mix of pay for our Chief Executive Officer is illustrated in the following charts:

- (1) Long-term target compensation for our Chief Executive Officer for fiscal 2016 does not include the performance-based stock options granted in fiscal 2016.

We employ a number of best practices with respect to executive compensation design:

Balance of short- and long-term incentive compensation; favors longer term

Majority of named executive officer pay is performance-based

Caps on named executive officer bonus payments

Limited use of perquisites

Executive officer and director stock ownership guidelines

Double-trigger equity vesting at change in control in our 2016 Incentive Plan

Clawback policy with respect to cash and equity incentive-based compensation

Anti-hedging policy

Commitment to no longer provide excise tax gross-ups in future employment agreements

Independent Compensation Committee advisor

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**PURPOSES OF THE 2017 ANNUAL MEETING**

At the 2017 Annual Meeting, our stockholders will consider and vote upon the following matters:

1. To elect three Class II directors, each to serve for a term expiring at the 2020 Annual Meeting of Stockholders;
2. To approve, in an advisory say-on-pay vote, the compensation of our named executive officers, as described in the Compensation Discussion and Analysis, executive compensation tables and accompanying narrative disclosures in this proxy statement;
3. To recommend, in an advisory say-on-frequency vote, the frequency of future advisory say-on-pay votes;
4. To ratify the appointment of RSM US LLP, an independent registered public accounting firm, as our independent auditors for the fiscal year ending December 31, 2017; and
5. To transact such other business as may properly come before the 2017 Annual Meeting and any postponement, adjournment, rescheduling or continuation thereof.

All proxies will be voted in accordance with the instructions contained in those proxies. Unless contrary instructions are indicated on the enclosed proxy, all shares of our Class A and Class B common stock represented by valid proxies received pursuant to this solicitation (and that have not been revoked in accordance with the procedures set forth herein) will be voted (a) FOR the election of all three director nominees nominated by our Board as set forth in this proxy statement, (b) FOR the approval, on an advisory basis, of the compensation of our named executive officers, (c) in favor of the frequency of every 1 YEAR for future advisory say-on-pay votes; (d) FOR the ratification of the appointment RSM US LLP as our independent auditors for the fiscal year ending December 31, 2017, and (e) in the discretion of the persons named on the proxy card in connection with any other business that may properly come before the 2017 Annual Meeting and any adjournments, postponements, reschedulings or continuations thereof, subject to compliance with Rule 14a-4(c) of the Securities Exchange Act of 1934, as amended (the Exchange Act ). At this time, except as otherwise disclosed in this proxy statement, the Board knows of no other business that may properly come before the 2017 Annual Meeting; however, if other matters properly come before the 2017 Annual Meeting, it is intended that the persons named in the proxy will vote thereon in accordance with their best judgment.

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**IMPORTANT INFORMATION ABOUT THE 2017 ANNUAL MEETING AND VOTING**

**Q. Why did I receive these proxy materials?** A. We are providing these proxy materials to you in connection with the solicitation by our Board of proxies to be voted at the 2017 Annual Meeting, to be held at the Killington Grand Hotel, located at 228 East Mountain Road, Killington, Vermont 05751, on Tuesday, June 6, 2017 at 10:00 a.m. Eastern Time.

**Q. What is included in the proxy materials?** A. The proxy materials include this proxy statement, a proxy card and our 2016 Annual Report, which includes our Annual Report on Form 10-K for the fiscal year ended December 31, 2016.

**Q. What are the recommendations of A. the Board?** Our Board unanimously recommends that you vote your shares as follows:

FOR the election of the three class II directors nominated by our Board as set forth in this proxy statement;

FOR the approval, in an advisory say-on-pay vote, of the compensation of our named executive officers;

in favor of the frequency of every 1 YEAR for future advisory say-on-pay votes; and

FOR the ratification of the appointment of RSM US LLP as our independent auditors for the fiscal year ending December 31, 2017.

**Q. Who can vote at the 2017 Annual Meeting and what are the voting rights of such stockholders?** A. Our Board fixed April 20, 2017 as the record date for the 2017 Annual Meeting. If you were a stockholder of record on the record date, you are entitled to vote (in person or by proxy) all of the shares that you held on that date at the 2017 Annual Meeting and at any postponement, adjournment, rescheduling or continuation thereof.

On the record date, we had 40,891,927 shares of Class A common stock outstanding (each of which entitles its holder to one vote per share) and 988,200 shares of Class B common stock outstanding (each of which entitles its holder to 10 votes per share). Unless indicated otherwise, in this proxy statement, we refer to our Class A common stock and our Class B common stock together as our common stock. Holders of our common stock do not have cumulative voting rights.

No securities other than our Class A common stock and Class B common stock are entitled to vote at the 2017 Annual Meeting. Only stockholders of record on April 20, 2017 are entitled to notice of, and to vote at, the 2017 Annual Meeting.

**Q. How do I vote?** A. **If your shares are registered directly in your name**, you may vote three ways:

- (1) **Over the Internet:** Go to the website of our tabulator, Computershare Trust Company, N.A., at [www.investorvote.com/CWST](http://www.investorvote.com/CWST). Use the vote control number printed on your enclosed proxy card to access your account and vote your shares. You must specify how you want your



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shares voted or your Internet vote cannot be completed and you will receive an error message. Your shares will be voted according to your instructions. You must submit your Internet proxy before 11:59 p.m., Eastern Time, on Monday, June 5, 2017, the day before the 2017 Annual Meeting, for your proxy to be valid and your vote to count.

- (2) **By Telephone:** Call 1-800-652-VOTE (8683), toll free from the United States, Canada and Puerto Rico, and follow the recorded instructions. You must specify how you want your shares voted and confirm your vote at the end of the call or your telephone vote cannot be completed. Your shares will be voted according to your instructions. You must submit your telephonic proxy before 11:59 p.m., Eastern Time, on Monday, June 5, 2017, the day before the 2017 Annual Meeting, for your proxy to be valid and your vote to count.
- (3) **By Mail:** If you received your proxy materials by mail, complete and sign your proxy card and mail it to Computershare Trust Company, N.A. in the postage prepaid envelope we provided. Computershare Trust Company, N.A. must receive the proxy card by Monday, June 5, 2017, the day before the 2017 Annual Meeting, for your proxy to be valid and your vote to count. Your shares will be voted according to your instructions.
- (4) **In Person at the Meeting:** If you attend the 2017 Annual Meeting, you may deliver your completed proxy card in person or you may vote by completing a ballot, which we will provide to you at the 2017 Annual Meeting.

**A. If your shares are held in street name,** meaning they are held for your account by a bank, broker or other nominee, you may vote:

- (1) **Over the Internet or by Telephone:** You will receive instructions from your bank, broker or other nominee if they permit Internet or telephone voting. You should follow those instructions.
- (2) **By Mail:** You will receive instructions from your bank, broker or other nominee explaining how you can vote your shares by mail. You should follow those instructions.
- (3) **In Person at the Meeting:** Contact your bank, broker or other nominee who holds your shares to obtain a broker's legal proxy and bring it with you to the 2017 Annual Meeting. A broker's legal proxy is not the form of proxy enclosed with this proxy statement. **You will not be able to vote shares you hold in street name through a bank, broker or other nominee in person at the 2017 Annual Meeting unless you have a legal proxy from that bank, broker or other nominee issued in your name giving you the right to vote your shares.**

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**Q. How will my shares be voted if I do not return my proxy or do not provide specific voting instructions in the proxy card or voting instruction form that I submit?**

**A. If your shares are registered directly in your name**, your shares will not be voted if you do not vote over the Internet, by telephone, by returning your proxy or by ballot at the 2017 Annual Meeting. If you submit a proxy card without giving specific voting instructions on one or more matters listed in the notice for the meeting, your shares will be voted as recommended by our Board on such matters, and as the proxyholders may determine in their discretion how to vote with respect to any other matters properly presented for a vote at the 2017 Annual Meeting, subject to compliance with Rule 14a-4(c) of the Exchange Act.

**If your shares are held in street name at a broker**, your broker may under certain circumstances vote your shares on routine matters if you do not timely provide voting instructions in accordance with the instructions provided by them. However, if you do not provide timely instructions, your broker does not have the authority to vote on any non-routine proposals at the 2017 Annual Meeting and a broker non-vote would occur.

**Q. What effect do broker non-votes have on the proposals?**

**A.** Under applicable stock exchange rules, brokers may vote shares in their discretion on routine matters for which their customers do not provide voting instructions; however, on matters considered non-routine, brokers may not vote shares without their customers instruction. Shares that are voted on routine proposals by brokers but not on those proposals deemed non-routine are referred to as broker non-votes with respect to the non-routine proposals.

**The election of directors (Proposal 1), the advisory say-on-pay vote (Proposal 2) and the advisory say-on-frequency vote (Proposal 3) are non-routine matters. The ratification of the appointment of our independent auditors (Proposal 4) is a routine matter.**

We encourage you to provide voting instructions to your bank, broker or other nominee by giving your proxy to them. This ensures that your shares will be voted at the 2017 Annual Meeting according to your instructions.

**Q. How will my shares be voted if I mark Abstain on my proxy card?**

**A.** We will count a properly executed proxy card marked Abstain as present for purposes of determining whether a quorum is present, but abstentions will not be counted as votes cast for or against any given matter.

**Q. Can I change my vote or revoke my proxy?**

**A. If your shares are registered directly in your name**, you may revoke your proxy or change your vote at any time before the 2017 Annual Meeting. To do so, you must do one of the following:

- (1) Vote over the Internet or by telephone as instructed above. Only your latest Internet or telephone vote is counted. You may not change your vote over the Internet or by telephone after 11:59 p.m., Eastern Time, on Monday, June 5, 2017.
- (2) Sign a new proxy and mail it as instructed above. Only your latest dated, valid proxy received by Computershare Trust Company, N.A. by Monday, June 5, 2017 will be counted.
- (3) Attend the 2017 Annual Meeting, request that your proxy be revoked and vote in person as instructed above. Attending the 2017 Annual Meeting will not revoke your Internet vote, telephone vote or proxy, as the case may be, unless you specifically request it.



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**If your shares are held in street name**, you may submit a new, later-dated voting instruction form or contact your bank, broker or other nominee. You may also vote in person at the 2017 Annual Meeting if you obtain a legal proxy as described in the answer to the question above entitled **How do I vote?** .

**Q. How many shares must be present to hold the 2017 Annual Meeting?**

- A. The presence, in person or by proxy, of shares representing a majority of the votes entitled to be cast at the 2017 Annual Meeting by the holders of our Class A common stock and our Class B common stock, voting together as a class, is necessary to constitute a quorum for the transaction of business at the 2017 Annual Meeting, other than the election of the director whom holders of Class A common stock, voting separately as a class, are entitled to elect, whom we refer to as the Class A Director. The presence, in person or by proxy, of shares representing a majority of the votes entitled to be cast at the 2017 Annual Meeting by holders of our Class A common stock is necessary to constitute a quorum for purposes of the election of the Class A Director. For purposes of determining whether a quorum exists, we count as present any shares that are voted over the Internet, by telephone, by mail or that are represented in person at the 2017 Annual Meeting. Abstentions are counted for the purpose of determining the presence of a quorum. Broker non-votes, if any, are counted for the purpose of determining the presence of a quorum. If a quorum is not present, we expect to adjourn the 2017 Annual Meeting until we obtain a quorum.

**Q. What vote is required to approve A. Proposal 1 Election of Three Class II Directors each matter and how are votes counted?**

Under our By-Laws, the holders of Class A common stock, voting separately as a class, are entitled to elect the Class A Director. Gregory B. Peters has been nominated as the Class A Director. The nominee for Class A Director receiving the highest number of votes FOR election as Class A Director cast by holders of Class A common stock will be elected as Class A Director and Class II director. The two nominees for director other than Mr. Peters receiving the highest number of votes FOR election cast by holders of Class A common stock and Class B common stock, voting together as a class, will be elected as the other Class II directors. **Proposal 1 is a non-routine matter.** Pursuant to our majority vote resignation policy included in the Company's Corporate Governance Guidelines, any nominee who is an incumbent director and who does not receive more votes for his or her election than votes withheld from his or her election in an uncontested election of directors would be required to offer his or her resignation to the Board.

If a stockholder does not vote for the election of directors because the authority to vote is withheld, because a proxy is not returned, because the broker holding the shares does not vote, or because of some other reason, the shares will not count in determining the total number of votes for each nominee. Proxies signed and returned to the Company unmarked will be voted FOR the three (3) nominees (Joseph G. Doody, Gregory B. Peters and Emily Nagle Green).

If your shares are held by a bank, broker or other nominee